



Ang inyong Kabalikat sa Pag-unlad

ANNUAL REPORT 2024



San Mateo, Isabela



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2024 ANNUAL REPORT

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1. Corporate Policy

Rural Bank of San Mateo (Isabela), Inc. continues to be the most trusted bank in the locality and the neighboring towns of San Mateo and in the Cagayan Valley Region. For the past 62 years, the bank's commitment to the community has always been the best service to its clientele. We serve because we care.

#AngInyongKabalikatsaPagunlad





RBSMI Vision Statement, Mission Statement and Core Values

I. The RBSMI Vision Statement

“To be strong, stable, and trusted Rural Bank in the Cagayan Valley Region”.

Highlights of the Statement:

The statement highlights the following important concepts:

Strong - A strong bank that has a solid balance sheet, healthy capital reserves, and the ability to manage assets and liabilities effectively.

Stable – A bank that demonstrates reliable profitability and sustainable growth over time.

Trusted – A bank that fosters a sense of confidence among its clients, making it a preferred choice for managing finances.

Cagayan Valley region – The bank’s area of operation; refers to Cagayan Valley as a geographical area

II. The RBSMI Mission Statement

**To be a partner in the growth and development of agricultural and other rural businesses –
“KABALIKAT SA PAG-UNLAD”**

Highlights of the Statement:

The statement highlights the following important concepts:

Partner in the growth and development of agricultural and rural businesses

- The bank is committed to actively supporting the success and sustainability of agricultural and other rural businesses, ultimately leading to broader economic benefits for the community.

“KABALIKAT SA PAG-UNLAD”

- RBSMI tag line inspired by the bank’s mission statement.

III. The RBSMI Core Values

Integrity

Professionalism

Commitment to excellence and innovation

Partnership



THE BANK'S BRAND AND BUSINESS MODEL

"Ang Inyong Kabalikat sa Pag-Unlad"

Rural Bank of San Mateo (Isabela), Inc. is focused on providing high quality and responsive financial products to its clients within the Cagayan Valley Region and Cordillera Administrative Region. We contribute to the local economy by providing credit facilities to constituents.

The Bank offers various deposit products according to the needs of its clients. The Bank also facilitates real-time transactions. Fund transfers and bills payment, through partnership with a digital technology platform. To boost the agriculture sector, RBSMI sticks to its mandate of offering several agri-related loan products. In helping the growth of the economy, the Bank also provides commercial loans and consumer loans.



CHAIRPERSON'S REPORT

I would like to take this opportunity to reflect on the challenges and accomplishments of 2024 as we reflect on our 62 years in San Mateo. It has been a year of adaptation, as we navigated a landscape shaped by evolving regulatory requirements and the steady transformation of the financial sector. Solid performance in our core business saw income grow by 17% to 20 million pesos, in line with the ambitious targets we had set at the beginning of the year. As we look to the future, we remain resolute in our commitment to long-term growth, operational excellence, and continued stability, keeping in mind our vision to be “Kabalikat sa pag-unlad” of our rural community.

Regulatory Challenges and Policy Adaptation

This year, our primary focus was on adapting to an increasingly complex regulatory environment. The Board of Directors, together with the Management Committee, invested considerable time and resources to adhere to stringent regulations by revising internal processes, updating our systems, and refining our risk management strategies, thereby putting in place robust compliance mechanisms and transparent relationships with regulators. The successful collaboration between the Board and Management was reflected in the satisfactory evaluation of the bank at the recently concluded Bangko Sentral ng Pilipinas examination.

Financial Performance

In terms of financial performance, our income grew by 17%. While we faced headwinds from regulatory changes and market volatility, we did see an increase in overall revenues, which demonstrates the resilience of our business model. That said, we recognize the need for more robust measures to drive higher growth, especially as we face an increasingly competitive banking environment.

Throughout the year, the bank's deposit levels have consistently increased, despite a funding cost of less than 1%. This clearly reflects our customers' trust and confidence in our initiatives. As a result, our liquidity position remained stable, ensuring the smooth continuation of the bank's operations.

Sustaining the bank's revenue is a challenging task for all of us, and it begins with maintaining a strong and high-quality loan portfolio. We are pleased to report an increase in our loan portfolio, despite the intense competition in the financial landscape from informal lenders, new entrants, and established competitors.

We remain committed to achieving more milestones for RBSMI as we continue to improve our operations, including hiring and training employees, enhancing existing policies and procedures to comply with regulatory requirements, managing both inherent and emerging risks effectively, and attracting more quality borrowers.



Looking Ahead

As we look to the future, we remain optimistic about the opportunities that lie ahead. Our continued focus on strengthening our core business operations will ensure we are well-positioned to meet both regulatory challenges and market demands. We are committed to maintaining a strong capital base and are actively exploring innovative solutions that will drive long-term value for our customers and shareholders.

We will also be enhancing our efforts to achieve stronger income growth, ensuring that we build on our strengths and continue to deliver value in an ever-changing financial landscape. While the past year presented its fair share of challenges, it has also reinforced the importance of agility, resilience, and strategic foresight.

Conclusion

In closing, I would like to thank our dedicated employees for their hard work and commitment during a year of significant change. I also extend my gratitude to our loyal customers and shareholders for your continued trust and support. We are committed to upholding the values that have served as the foundation of our bank for the past 62 years, and we are confident that we will emerge from this year even stronger and more prepared for the future.

Together, we will continue to navigate the complexities of the financial world and unlock new opportunities for sustainable growth and success. Let us work hand-in-hand to ensure RBSMI remains a trusted, reliable, and thriving institution for years to come.

PATRICIA ROSARIO MARIA G. REMIJAN
Chairperson of the Board



PRESIDENT'S REPORT

To our dear stockholders, my fellow Board of Directors, my dear colleagues, RBSMI officers, to our guests from Alas Oplas Co., ladies and gentlemen, I would like to extend my warm greetings to all of you.

It is my privilege to present the Annual Report of the Rural Bank of San Mateo (Isabela), Inc. for the year ending December 31, 2024. Every year is a testament of the Bank's resilience as we face many challenges in the financial landscape, BSP, PDIC and other government regulating bodies and overcome them. These challenges strengthen our vision of becoming a strong, stable, and trusted rural bank in the Cagayan Valley Region.

With BSP mandatory increase in capitalization of P50M for banks with 1 to 5 branches, Rural Bank of San Mateo (Isabela) Inc. is very much compliant with a Total Capital of P192M, and out of the 383 existing Rural Banks, RBSMI ranks #51 as to Total Assets. Truly, God has guided and directed us in every step of the way.

RBSMI's challenge is the digital transformation and adoption of mobile applications. Due to the strict BSP regulations and risks involved, further study is needed. As digital platforms evolve, we are looking for other ways to be digitally compliant, one of which is the use of QR PH launched by BSP and the e-wallet.

In the year 2022, RBSMI was examined by the BSP and got favorable results. It was only after three years that BSP examiners came last November 2024 to conduct their on-site examination. Several concerns were raised across various areas, as outlined in their Advance Report on Examination Findings (AREF); the bank was given an opportunity to address these issues. and on January 13, 2025, BSP issued their evaluation of the bank's response, and we are grateful that most of our replies were deemed acceptable.

As we look ahead to 2025, we are confident that RBSMI is well-positioned to sustain its growth trajectory and remain committed to achieving our strategic objectives. Your ongoing support will enable the bank to maintain strong capital adequacy and ensure financial resilience, protecting us against economic volatility.

In closing, I want to extend my heartfelt gratitude to our committed Board of Directors and all employees for their hardwork and dedication. Together, we've made remarkable progress in 2024, and I am confident that the solid foundation we've established will drive RBSMI even to far greater heights.

Maraming Salamat po. And to God be all the Glory.

KATRINA MARIE P. PILAPIL
President and Chief Executive Officer



2. Financial Summary

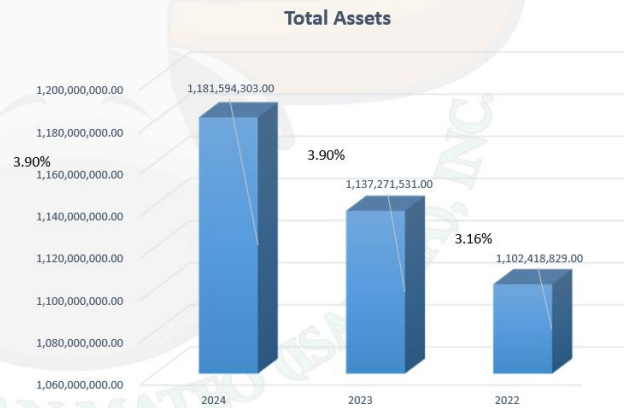
		2024	2023
Profitability			
	Net Interest Income	92,630,651.00	80,563,173.00
	Total Non-Interest Income	23,222,015.00	22,621,898.00
	Total Non-Interest Expense	61,418,134.00	59,681,723.00
	Pre-Provision Profit	54,434,532.00	43,503,348.00
	Provision for Credit Losses	26,597,262.00	20,049,330.00
	Net Income	20,876,203.00	17,884,372.00
Selected Balance Sheet Data			
	Liquid Assets	469,918,575.38	472,720,478.00
	Gross Loans	695,014,699.91	647,432,835.00
	Total Assets	1,181,594,303.00	1,137,271,531.00
	Deposits	962,995,813.00	934,275,318.00
	Total Equity	195,499,632.00	179,440,532.00
Selected Ratios			
	Return on Equity	11.77%	9.35%
	Return on Assets	1.90%	1.40%
	CAR	17.54%	16.48%



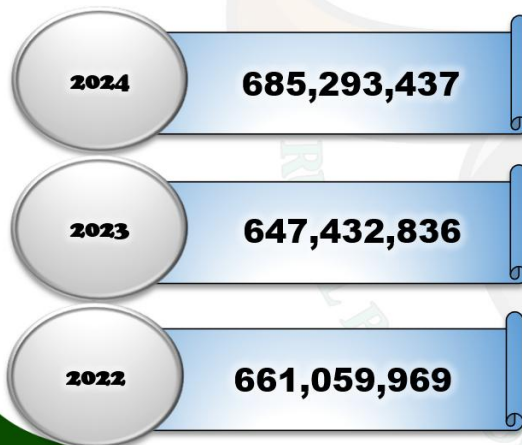
TOTAL ASSETS



The bank's total assets increase by 3.90% due to increase in deposits to other depository bank and investment on Retail Treasury Bills

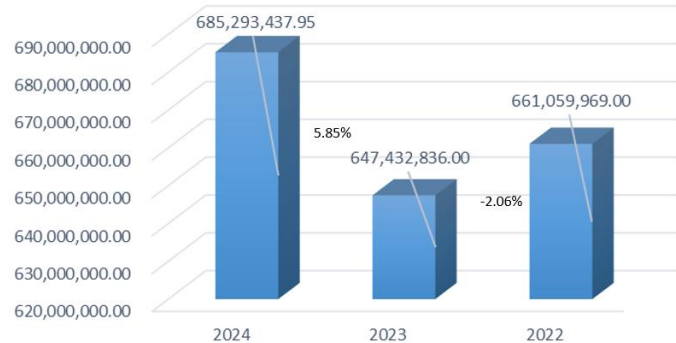


LOAN PORTFOLIO



The bank's loan portfolio increase by 5.85%.

Loan Portfolio (Amortized cost)

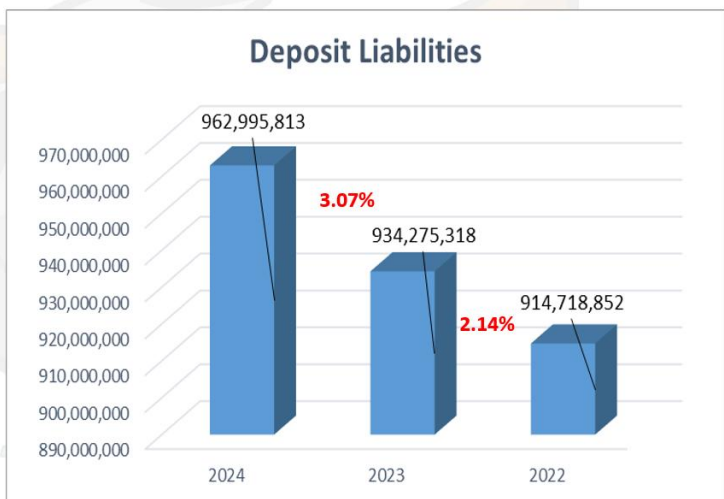




TOTAL LIABILITIES

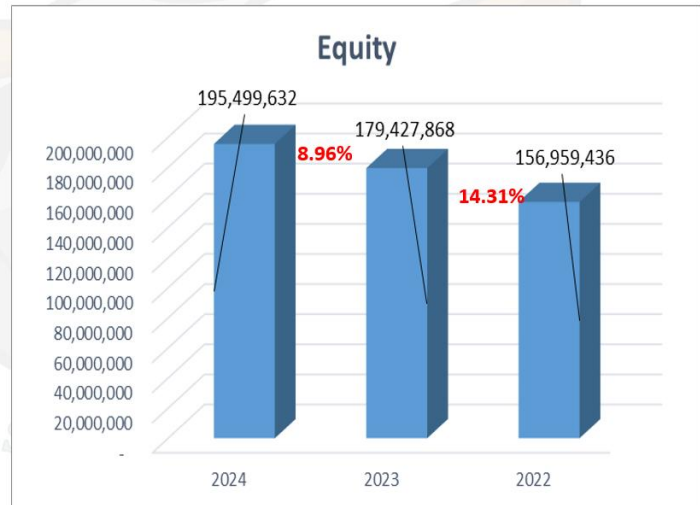


DEPOSIT LIABILITIES

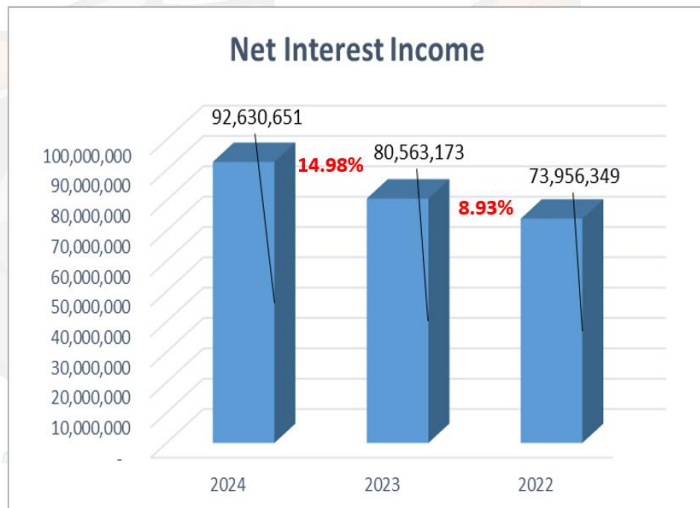




EQUITY



NET INTEREST INCOME





OTHER INCOME

2024

23,222,015

2023

22,621,898

2022

11,388,696



OPERATING EXPENSE

2024

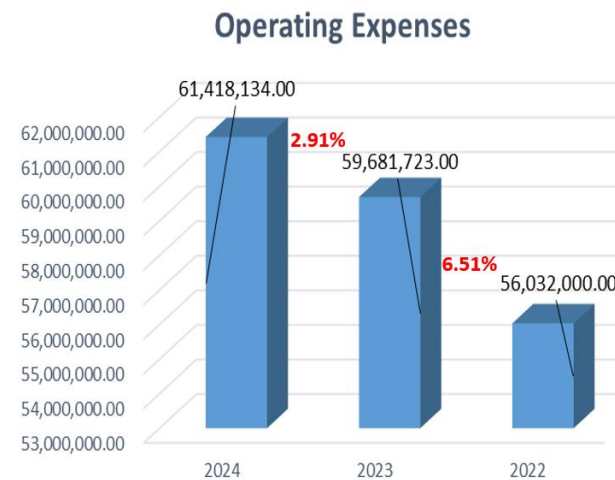
61,418,134

2023

59,681,723

2022

56,032,000





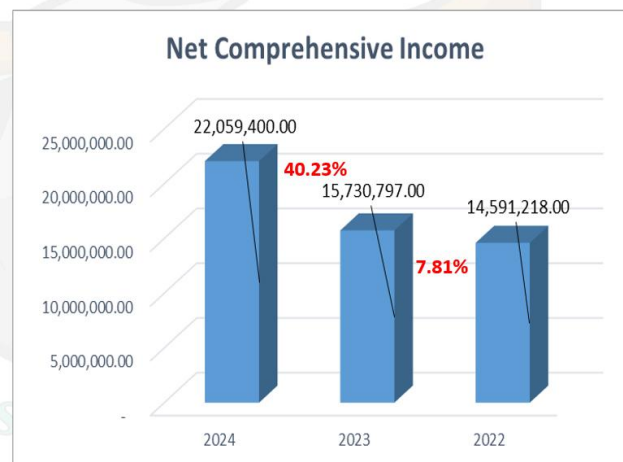
NET INCOME

2024	20,876,203
2023	17,884,372
2022	11,438,757



NET COMPREHENSIVE INCOME

2024	22,059,400*
2023	15,730,797
2022	14,591,218



**Note: Reflects Actuarial Gain on Retirement Benefit Obligation*



3. Financial Condition and Results of Operations

a. Review of the bank's operations and result of operations for the financial year including details and explanations for any significant change during the year

The Bank's commitment to sustaining its financial growth and enhancing its financial position is reflected in the increase in total resources. RBSMI successfully raised its total assets by 4.19%, growing from 1.13 billion in 2023 to 1.18 billion in 2024. This growth is primarily attributed to higher investments in Retail Treasury Bonds and an increase in the Loan Portfolio. The growth was further supported by a 3.07% rise in deposit liabilities, which increased from 934 million in 2023 to 962 million in 2024.

A strong capital base is essential in maintaining the stability, safety, and profitability of the bank. In 2024, RBSMI saw a 6.46% increase in total Capital, rising from 179 million in 2023 to 195 million. A key factor driving this growth was the accumulation of retained earnings from the bank's generated profits.

The bank's loan portfolio, its largest asset, remains the primary source of revenue. In 2024, the loan portfolio balance increased by 5.87%, growing from 647 million in 2023 to 685 million as of year end of 2024. As a result, the bank's Net Interest Income stayed robust, rising by 15.56% from 80 million in 2023 to 92 million in 2024.

Non-interest income experienced a slight increase from 22.62 million in 2023 to 23.22 million in 2024. Despite a modest 5.05% increase in non-interest expenses, our Net Income continued to grow, posting a 16.72% increase from 17.8 million in 2023 to 20.87 million in 2024.

In addition to these quantitative data, management also monitors financial indicators to ensure that RBSMI effectively manages risk, improves operational efficiency, complies with regulatory requirements, and enhances profitability and shareholder value.

The Past Due Ratio is a key measure of the bank's asset quality and an important indicator of credit risk. While it rose to 15.14% in 2024 from 13.17% in 2023, corrective measures have been implemented to ensure effective management.

The Liquidity Ratio is another important financial indicator to consider. Although it saw a slight decline from 50.08% in 2023 to 49.19% in 2024, it remains well above the bank's internal limit of 30%. This ratio reflects the bank's ability to meet maturing obligations and address fund requests from depositors and borrowers.

Another key financial indicator is the Return on Assets (ROA), which measures how effectively the bank generates income relative to its assets. In 2024, RBSMI achieved a ROA of 1.49%, an improvement over the 1.41% ROA in 2023. This accomplishment reflects better management of operations, including loan origination, investments, and cost controls, resulting in higher profitability. Conversely, the Return on Equity (ROE) experienced a slight decline, from 9.40% in 2023 to 9.34% in 2024.

Banking activities inherently involve risks due to various operations, such as deposit-taking, investing, and lending. If not properly managed, these risks could lead to potential losses. This is where the bank's capital adequacy ratio plays a crucial role; it acts as a financial buffer to absorb possible losses and provides a



solid foundation for early supervisory intervention. The BSP mandates a minimum Capital Adequacy Ratio (CAR) of 10%. RBSMI has exceeded this requirement, achieving a CAR of 17.54%, demonstrating the bank's ability to remain solvent even in challenging financial conditions.

b. Highlights of major activities during the year that impact operations

This year is another milestone for RBSMI as we celebrate the 62nd founding anniversary of the Bank. The highlight of the celebration was set on June 11, 2024.

A short video clip was posted in the facebook page of the bank which can be accessed through this link - <https://www.facebook.com/share/v/15vZYEHend/>



The Bank also conducted its 1st ever Business Recovery Plan through the combined efforts of the Management Committee and the Oversight Group. The planning process allowed each officer involved to have a better understanding of the impact of severe stress scenarios to the operations of the Bank. This planning allowed the Bank to have more prudent regulatory ratio analysis and be legally and technically prepared to continue business operations in times of crisis or distress.

This year, the Bank also conducted its 1st Institutional Risk Assessment through the combined efforts of the Compliance Department and the Branch Operations Division. The results allowed the Bank to identify areas in the branch operations which is a potential area for money launderers to commit its illegal act and through this, the Bank were able to set up stronger due diligence processes.



c. Major strategic initiatives of the bank

IV. The Strategic Goal

The Goal Statement:

To achieve a net income of 18m by 2024 and 10% increase every year after.

Highlights of the Goal Statement

The management firmly believes that profits strengthen the Bank's ability to build up buffers against a negative shock brought by uncertain events in the economy. Thus, a sustainable revenue growth is essential.

The goal statement will have to be reinforced by the supporting goals to measure RBSMI's accomplishments by the year 2024 to 2028. The supporting goals, which were further elaborated when the strategic objectives were later drawn, are as follows:

Supporting Goal 1: INCREASE PROFITABILITY

5-year Target	Year 1 Budget 2024	Year 2 Budget 2025	Year 3 Budget 2026	Year 4 Budget 2027	Year 5 Budget 2028
Deposit Liabilities	887,040,551.93	895,910,957.45	904,870,067.02	913,918,767.69	932,197,143.05
Increment		8,870,405.52	8,959,109.57	9,048,700.67	18,278,375.35
Allocation of Deposit Liability increment per year:					
93% Allocated to Loan Portfolio		8,249,477.13	8,331,971.90	8,415,291.62	16,998,889.08
2% Allocated to Reserve Requirements		177,408.11	179,182.19	180,974.01	365,567.51
5% Allocated to Investments/Due from Banks		443,520.28	447,955.48	452,435.03	913,918.77
Total Increment		8,870,405.52	8,959,109.57	9,048,700.67	18,278,375.35
Loan Portfolio	821,578,322.47	829,827,799.61	838,159,771.51	847,208,472.18	865,486,847.53
Loan to Deposit Ratio	93%	93%	93%	93%	93%

- The Management intends to strengthen its revenue by realizing a net income of 18 million. To support this goal, proper utilization of funds must be implemented. The Management projected a deposit volume of 887 million and 93% of this fund will be utilized for lending operations while the 2% and 5% will be used for reserve requirements and allocated to investment, respectively.

To increase the Bank's profitability, the following activities must be carried out.

1.1 Loan Portfolio

Loan Portfolio is the biggest asset of the bank and the predominant source of revenue. To support the Bank's strategic goal, the following action plan must be observed:

- Enhance and improve lending operations to achieve a loan portfolio balance of 821m for the year 2024 and increase to 864m by 2028.



- For 2024, the management decided to prioritized loans extended to borrowers engaged in farming and small and medium enterprises under the credit guarantee facility of PHILGUARANTEE.
- The Management also aims to support borrowers who intends to buy and/or construct house and lot for residence.

Target Loan Portfolio by Product	2024 Target	2025 Target	2026 Target	2027 Target	2028 Target
BUILDING CONST.	11,709,732.29	11,209,732.29	10,409,732.29	9,509,732.29	9,309,732.29
BACK TO BACK LOAN	25,359,658.97	12,359,658.97	4,359,658.97	2,359,658.97	1,259,658.97
COMMERCIAL LOAN	336,652,118.98	341,652,118.98	345,652,118.98	347,652,118.98	351,152,118.98
CONSUMER LOAN	25,665,933.31	27,365,933.31	28,600,507.37	29,900,507.37	31,200,507.37
FARMERS LOAN	198,117,053.81	201,017,053.81	202,817,053.81	204,117,053.81	205,617,053.81
FARM EQUIP LOAN	19,556,194.64	16,356,194.64	13,056,194.64	10,356,194.64	8,356,194.64
FINANCIAL BACK UP	36,418,176.28	38,618,176.28	40,318,176.28	41,538,176.28	42,758,176.28
FRINGE BENEFIT LOAN	10,818,856.48	11,518,856.48	12,018,856.48	12,068,856.48	12,118,856.48
LIVESTOCK & POULTRY	28,665,604.95	28,165,604.95	27,665,604.95	27,165,604.95	26,965,604.95
MAGSASAKA LOAN	19,891,591.33	23,686,600.82	26,405,560.41	28,262,865.51	30,362,865.51
MOTORCYCLE FINANCIN	9,462,578.37	9,264,226.48	10,064,226.48	9,864,226.48	10,164,226.48
PABAHAY LOAN	47,394,962.46	51,194,962.46	53,994,962.46	56,794,962.46	60,094,962.46
REAL EST. PRO ACQUI	15,906,330.41	17,088,449.57	19,257,409.15	21,266,629.55	25,013,654.77
SELFIE LOAN	1,592,068.29	992,068.29	692,068.29	401,633.12	201,633.12
SALARY LOAN	1,107,048.63	607,048.63	407,048.63	207,048.63	7,048.63
TRUCK&EQUIP	33,260,413.27	38,465,001.46	41,905,706.84	45,208,317.17	50,369,667.31
TOTAL	821,578,322.47	829,561,687.42	837,624,886.03	846,673,586.69	864,951,962.05

1.2 Deposit Liabilities

Majority of the Bank's resources are funded by deposit liabilities. These deposits are essential in realizing the Bank's Targets on its Loan Portfolio. Therefore, the following strategies must be implemented:

- Continue building up good customer relationship in order to achieve a Deposit balance of 887 million by 2024 and approximately 932 million by 2028.

Target Deposit Liabilities	2024	2025	2026	2027	2028
Demand Deposit	167,914,700.86	168,914,700.86	169,914,700.86	170,914,700.86	173,914,700.86
Regular Savings Deposit	554,405,900.86	558,726,306.38	563,135,415.97	567,634,116.64	577,962,491.99
Special Savings Deposit	144,846,972.46	146,846,972.46	148,846,972.46	150,846,972.46	154,146,972.46
Junior Savers Club	16,135,837.35	16,945,837.35	17,755,837.35	18,565,837.35	19,475,837.35
Basic Deposit Account	359,806.47	999,806.47	1,639,806.47	2,279,806.47	2,919,806.47
ATM	3,377,333.93	3,477,333.93	3,577,333.93	3,677,333.93	3,777,333.93
Total	887,040,551.93	895,910,957.45	904,870,067.04	913,918,767.71	932,197,143.06



1.3 Investment

- To effectively utilize excess funds, the Bank's target is to maintain an investment balance of not exceeding 15% of the Deposit Liabilities.
- 2% of the Target Deposit Liabilities every year will be added to the Investment balance.

1.4 Others

- To formulate an effective way how to properly dispose remaining ROPA accounts to generate additional revenue.
- Enhance collection strategies to reduce past due accounts thereby reducing provisioning cost.
- To employ strategies to reduce overhead cost
- To continuously advertise and cross-sell other income generating services.

Supporting Goal 2: STRENGTHEN RISK MANAGEMENT

2.1 Risk Identification

- Risk Appetite Statement
- Risk Management Policy
- Risk Management Process and Infrastructure
- Risk identification, monitoring, and controlling
- Risk communication

2.2 Risk Planning and Analysis

1. Credit risk
2. Market risk
3. Interest rate (banking book) risk
4. Liquidity
5. Operational risk
6. Compliance risk
7. Strategic
8. Reputation risk – risk arising from negative public opinion.

2.3 Information Technology Risk Management

Supporting Goal 3: REINFORCE CAPITAL ADEQUACY

3.1 Capital Adequacy Ratio

- Achieve a Capital Adequacy Ratio of more than 15% this 2023 and above 18% by 2027 which will be supported by the following activities:
 - Constant monitoring of Other Risk Assets specifically non-performing loan accounts
 - Continuous advertisement of low risk weighted assets such as, back-to-back loan (0%), Pabahay Loan -1st mortgage (50%) and Commercial Loan (50%)



3.2 Capital Build Up Plan

- Increase Capital to 250 million by 2027 through the following action plans.

Year	Action Plan
2024-2025	Subscribe and pay another 25% of the 500,000.00 additional authorized shares
2024-2029	Fully subscribed additional shares in order to reach target of P100,000,000.00 Capital.

Supporting Goal 4: ENHANCE BANK IMAGE

- 4.1 Maximize service quality through a Quality Management Program
- 4.2 Effectively use social media platforms
- 4.3 Build positive image through relevant corporate social responsibility programs

Supporting Goal 5: TRANSFORM BANK ORGANIZATION

- 5.1 Enhance Internal Control and Processes
- 5.2 Enhance systems to monitor plans and strategies against actual performance
- 5.3 Effectively nurture in house talent

Supporting Goal 6: STRENGTHEN INFORMATION TECHNOLOGY

- 6.1 Transform into more IT driven existing systems and procedures/process
- 6.2 Implement mobile app



d. Challenges, opportunities, and responses during the year

By August 2024, the Head of Internal Audit Department tendered her resignation. The Bank was not able to identify immediately a potential successor by that time since most of the Internal Audit Department's staffs are still new and with less than 3 years experience. The Audit Committee appointed an interim OIC Head to fill in the gap but was not able to retain the position due to lack of actual audit experience. Upon careful review of the audit experience of the remaining staff in the Internal Audit, Ms. Lovely Miguel was appointed to succeed in leading the bank's Internal Audit Department, in an OIC position. Now, the Bank is ensuring that selected successors based on the bank's succession plan are deemed qualified and equipped with the necessary skills.

By October 2024, the Bank prepared for the BSP regular examination. The Bank have aligned its resources in order to have favorable results from the examination. There were some areas for improvements on the deposit operations of the Bank as well as in strengthening its Know-your-customer (KYC) process including the AML Risk Profiling. Overall, the Bank is grateful with the results of the examination as this will further strengthen the bank's overall robust risk management.



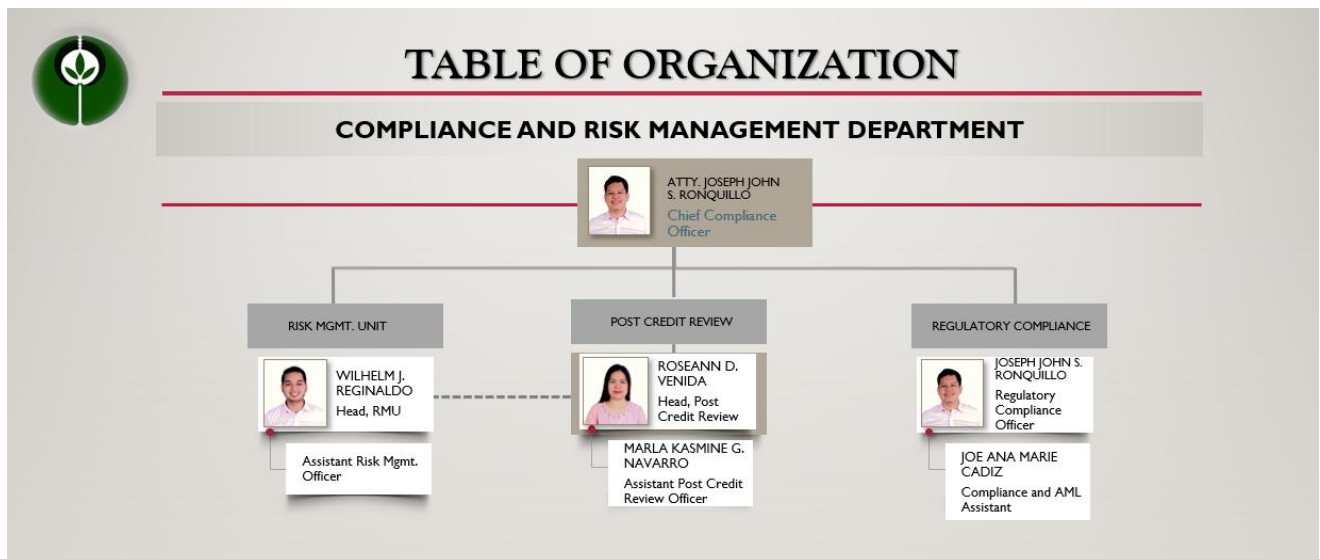
5. Risk Management Framework Adopted

a. Overall risk management culture and philosophy

In compliance with BSP Circular 971 on Risk Governance issued on August 22, 2017, the bank sets forth the creation of the Risk Management Unit with the following functions:

- 1) Overseeing the risk-taking activities across the bank, as well as evaluating whether these remain consistent with the bank's risk-appetite and strategic directions;
- 2) Responsible for identifying, measuring, monitoring and reporting risk on a bank-wide basis as part of the second line of defense;
- 3) Maintains the bank's overall risk exposure within the parameters set by the Board;
- 4) Assess adequacy of loan loss provisioning and credit review function;
- 5) Risk management policy development; and
- 6) Directly report to the Board of Directors on the different risk exposures of the bank.

The Bank's Risk Management Unit is now attached to the Compliance Department and further merged as the Compliance and Risk Management Department (CRMD). The over-all CRMD is now manned by five (5) personnel.





CREDIT RISK

The Bank's overall lending strategy is anchored on a risk-based system process. From loan application until loan remediation, the Bank has in-placed adequate lending policies compiled under Credit Manual System.

The Bank continues its risk-based lending mechanism in order to strengthen credit risk. The Bank continually adheres to the concepts of separate risk rating on the borrower (Borrower's Risk Rating) and facility (Facility Risk Rating). Loan pricing methodology has been adopted to a more complex and detailed formula integrating the cost of funds, the credit risk percentage plus the spread set by the board. Loan limits has been regularly monitored and reported to the Board of Directors. The Bank also adopted an internal SBL, lower than the regulatory limit, as a prudent process. Policy on Related Party Transactions was enhanced. Credit Stress Testings were consistently exercised quarterly capturing highly concentrated industries and exposures and reported to the Board. The Bank also makes sure that there is an adequate allowance for credit losses.

LIQUIDITY RISK

Liquidity position and gap reporting policy were put into place to mitigate liquidity risk arising from mismatches in the timing at which assets and liabilities mature. This is made possible through the combined effort of the Controllershship Department who is tasked mainly of the monitoring of the day-to-day funds management together with the Credit Administration Department, Marketing Department and Branch Managers. Liquidity Stress Testings were conducted on a quarterly basis. The Bank's Contingency Funding Plan is currently being reviewed to adapt new recovery plans and funding options.

OPERATIONS RISK

The creation of the three major divisions within the Bank allowed risk to be easily identified, assessed and controlled. Incident reports and breaches to operational procedures are systematically reported through the Bank's Core Banking System. The Bank's Business Continuity Plan (BCP) was enhanced and BCP testing was consistently implemented annually. The Bank's Succession Plan was consistently reviewed and updated annually. Several manuals on branch operations, deposit operations, and accounting manuals were developed and enhanced in order to have a stronger internal control.

ENVIRONMENTAL AND SOCIAL RISK

The bank aims to develop a comprehensive environmental and social risk management system by 2025. Currently, the Bank is aligning its loan portfolio and policies relating to ESRMS.



b. Risk appetite and strategy

2024 General Risk Appetite Statement

Rural Bank of San Mateo (Isabela), Inc. having mandated to make needed credit available and readily accessible in the rural areas by virtue of Rural Banking Act (R.A. 7353) shall provide loans primarily for countryside development and as also embodied by the institution's mission and vision statement.

The bank shall have high risk appetite for credit facilities primarily for the purpose of meeting the normal credit needs of farmers, fishermen or farm families owning or cultivating land dedicated to agricultural production as well as those in the agri-business sector.

RISK APPETITE – INDUSTRY CLASS

The bank has high risk tolerance to growing and high performing industries and low risk tolerance to industries with adverse historical background.

Risk Classification Legend:

- *High Risk: Past Due Ratio of 10% and above*
- *Medium Risk: more than 5% but below 10%*
 - *Low Risk: 5% and below*

RISK APPETITE –SBL/LARGE EXPOSURE LOAN/ ECONOMICALLY INTERDEPENDENT BORROWERS

The bank's limit to economically interdependent borrowers is consistent with the internal Single Borrower's Limit of Twenty Three (23%) of the qualifying capital of the Bank.



RISK APPETITE – OUT-OF-TERRITORY BORROWERS

The bank is not aggressive in extending credit facilities to out-of-territory (Region 2 and CAR) borrowers which includes loans whose collaterals are outside of bank's business operations and shall set a determined loan limit on a group scale.

Out-of-territory borrowers – should not exceed 15% of the loan portfolio (group-wide) but not exceeding the SBL.

RISK APPETITE – TYPE OF COLLATERAL/SECURITY

The bank recognizes diverse type of collaterals that can be offered by borrowers ranging from those secured by Real Estate Mortgage, Chattel Mortgage, Hold-out of deposit and even those loans that are unsecured in nature. The bank has high risk appetite for loans that are fully secured and low risk appetite for those that are not.

- *Real Estate Mortgage – no defined limit*
- *Chattel Mortgage – 20% of the Loan Portfolio*
- Unsecured loan – 10% of the Loan Portfolio*

RISK APPETITE – LOAN CLASSIFICATION

The bank shall adhere with the following minimum percentage of compliance with the standard set by the Bangko Sentral ng Pilipinas (BSP), as follows;

- *Agriculture, Fisheries and Rural Development Financing – 60%*
- *Micro and Small Scale Enterprise loan – 12%*
- *Medium Scale Enterprise Loan – 60-70%*

RISK APPETITE – LOAN PRODUCT

2024 – The bank has high risk tolerance to high performing products and low risk tolerance to products with adverse historical background.



c. Bank-wide risk governance structure and risk management process

The Board of Directors sets the tone at the top. They periodically review risk limits and thresholds. The Management Team ensures that those limits and appetites set were not breached.

The Bank's risk management policies cover the following:

- 1) Structure of limits and guidelines to govern risk-taking. These shall include actions that shall be taken when risk limits are breached, including notification and escalation to higher level of Management and corresponding sanctions for excessive risk taking;
- 2) Clearly delineated responsibilities for managing risk based on the three (3) lines of defense;
- 3) System for measuring risk;
- 4) Checks and balances system; and
- 5) Framework for risk data aggregation and risk reporting.

The degree of sophistication of the risk management and internal control processes and infrastructure shall keep pace with developments in the bank such as balance sheet and revenue growth; increasing complexity of the business; risk configuration or operating structure; geographical expansion; mergers and acquisitions; or the introduction of new products or business lines, as well as with the external risk landscape; business environment; and industry practice. This should enable a dynamic, comprehensive, and accurate risk reporting.

In this respect, the bank shall ensure that the risk data aggregation capabilities meet the following principles:

- 1) Accuracy and integrity - this refers to the capability to generate accurate and reliable risk data to meet normal and stress reporting accuracy requirements.
- 2) Completeness - this refers to the capability to capture and aggregate all material risk data across the banking group. Data should be available by business line, legal entity, asset type, industry, as relevant for the risk in question, and should permit the identification and reporting of risk exposures, concentrations, and any emerging risks.
- 3) Timeliness - this refers to the capability to generate aggregate and up-to-date risk data in a timely manner while also meeting the principles relating to accuracy and integrity, completeness and adaptability. Timing shall depend upon the nature and potential volatility of the risk being measured as well as its criticality to the overall risk profile of the bank. Timing shall also depend on the bank-specific frequency requirements for risk management reporting, under both normal and stress/crisis situations, set based on the characteristics and overall risk profile of the bank.
- 4) Adaptability - this refers to the capability to generate aggregate risk data to meet a broad range of on- demand, ad hoc risk management reporting requests, including requests during stress/crisis situations, requests due to changing internal needs and requests to meet supervisory queries.



d. AML measurement systems, governance and culture, and description of the overall Money Laundering (ML)/ Terrorist Financing (TF) risk management framework to prevent the use of the bank for ML/TF activities

In conformity with the Bangko Sentral ng Pilipinas' policy on Anti-Money Laundering, Rural Bank of San Mateo (Isabela), Inc. has adopted the Money Laundering and Terrorist Financing Prevention Program Manual.

This is a compilation of the policies and procedures adopted to:

- (a) protect the integrity and confidentiality of bank accounts and ensure that the Philippines, in general, and the covered persons, in particular, shall not be used, respectively, as a money laundering site and conduit for the proceeds of an unlawful activity as herein defined; and
- (b) to protect life, liberty and property from acts of terrorism and to condemn terrorism and those who support and finance it and reinforce the fight against terrorism by criminalizing the financing of terrorism and related offenses.

The Bank's Board of Directors sets out the AML policies of the Bank and this was enforced by the Chief Compliance Officer and the AML Assistant by making sure that these policies were properly carried out. Compliance Bulletins are published within the Bank for reference of the Branch Operations for any updates and enhancements to the Bank's MTPP. The Bank ensures that all personnel dealing with deposits and other reportable transactions are equipped with the proper knowledge and training to carry out the mandate of the AMLA. At least every two (2) years, a refresher training is conducted by the Compliance Department.

RBSMI has an established AML Risk Profiling System for all its clients which to identify what degree of diligence should be imposed depending on the resulting risk level. Such profiling system is incorporated in the Bank's core banking system. The Risk Profiling covers the client's sources of fund, address, occupation, volume of transactions, inclusions in negative media reports, sanctions, among others.

The Bank also adheres to the Covered Transaction Reporting thresholds as well as the parameters set out in the law for determining and reporting suspicious transactions.

Every time there is an amendment to the AML laws, rules, and regulations, the Compliance Department is proactive in enhancing also its MTPP in order that the Bank's remains abreast with any developments. UNSCs, Targeted Financial Sanctions, and AML Advisories are timely and regularly circulated to all the branches and concerned departments of the Bank.

The Bank's MTPP further incorporates measures for prevention of OSEC – Online Sexual Exploitation of Children and measures to monitor and address Proliferation Financing and Terrorism Financing.



6. Corporate Governance

a. Overall corporate governance structure and practices

The Board of Directors and the Management of the RURAL Bank OF SAN MATEO (ISABELA), INC. (RBSMI) commit themselves to the principles and best practices contained in the bank's Manual on Corporate Governance – even as they acknowledge that the conscientious and strict adherence to the provisions of this Manual will positively guide the attainment of the bank's corporate goals – mission and vision.

The provisions of the Corporate Governance Manual institutionalize the general and special principles and tenets of good corporate governance of the Rural Bank of San Mateo (Isabela), Inc. and all layers of the organization, including the Board of Directors and the various levels of Management.

b. Selection process for the board and senior management

The Board of Directors shall consist of seven (7) members, two (2) of whom are independent directors.

All directors shall be elected by and from among the stockholders (owning at least one (1) share of corporate stock of the bank). For independent directors, their nomination and election must comply with the requirements set forth under the Manual of Regulations for Banks (MORB) of the BSP.

Annual election of directors is done during the annual stockholders' meeting every 13th of February. Directors are selected from a pool of candidates who possess the qualifications as stated in the bank's by-laws. Seven directors are elected based on the number of votes obtained from the election held. Members of the Board of Directors undergo performance appraisal and self-assessment annually using the format set by the Bank.

The Board of Directors select senior management based on factors such as performance and length of service. Annual performance appraisal is conducted to assess each senior management's accomplishments for the year. Promotion and/or any movement of senior management is subject to Board approval. The Head of the Internal Audit Department is selected by the Audit Committee.

c. Board's overall responsibility

The board of directors is primarily responsible for defining the Bank vision and mission. It shall approve and oversee the implementation of strategies to achieve corporate objectives. It shall also approve and oversee the implementation of the risk governance framework and the systems of checks and balances. It shall establish a sound corporate governance framework. The board of directors shall approve the selection of the CEO and key members of senior management and control functions and oversee their performance.

- a. The board of directors shall define the Bank's corporate culture and values. It shall establish a code of conduct and ethical standards in the Bank's and shall institutionalize a system



that will allow reporting of concerns or violations to an appropriate body. In this regard, the board of directors shall:

- (1) Approve a code of conduct or code of ethics, which shall articulate acceptable and unacceptable activities, transactions and behavior that could result or potentially result in conflict of interest, personal gain at the expense of the Bank's as well as the corresponding disciplinary actions and sanctions. The code of conduct shall explicitly provide that directors, officers, and all personnel are expected to conduct themselves ethically and perform their job with skill, due care, and diligence in addition to complying with laws, regulations, and company policies.
 - (2) Consistently conduct the affairs of the bank with a high degree of integrity and play a lead role in establishing the Bank's corporate culture and values. The board of directors shall establish, actively promote, and communicate a culture of strong governance in the Bank's, through adopted policies and displayed practices. The board of directors shall ensure that the CEO and executive team champion the desired values and conduct, and that they face material consequences if there are persistent or high profile conduct and value breaches.
 - (3) Oversee the integrity, independence, and effectiveness of Bank's policies and procedures for whistleblowing. It shall allow employees to communicate, with protection from reprisal, legitimate concerns about illegal, unethical or questionable practices directly to the board of directors or to any independent unit. Policies shall likewise be set on how such concerns shall be investigated and addressed, for example, by an internal control function, an objective external party, senior management and/or the board of directors itself. It shall prevent the use of the facilities of the Bank's in the furtherance of criminal and other improper or illegal activities, such as but not limited to financial misreporting, money laundering, fraud, bribery or corruption.
- a. The board of directors shall be responsible for approving the Bank's objectives and strategies and in overseeing management's implementation thereof. In this regard, the board of directors shall:
- (1) Ensure that the Bank's has beneficial influence on the economy by continuously providing services and facilities which will be supportive of the national economy.
 - (2) Approve the Bank's strategic objectives and business plans. These shall take into account the Bank's long-term financial interests, its level of risk tolerance, and ability to manage risks effectively. In this respect, the board of directors shall establish a system for measuring performance against plans.
 - (3) Actively engage in the affairs of the Bank's and keep up with material changes in the Bank's business and regulatory environment as well as act in a timely manner to protect the long term interests of the Bank.
 - (4) Approve and oversee the implementation of policies governing major areas of the Bank's operations. The board of directors shall regularly review these policies, as well



as evaluate control functions with senior management to determine areas for improvement as well as to promptly identify and address significant risks and issues.

- b. The board of directors shall be responsible for the appointment/selection of key members of senior management and heads of control functions and for the approval of a sound remuneration and other incentives policy for personnel. In this regard, the board of directors shall:
 - (1) Oversee selection of the CEO and other key personnel, including members of senior management and heads of control functions based on the application of fit and proper standards. Integrity, technical expertise, and experience in the Bank's business, either current or planned, shall be the key considerations in the selection process. Moreover, since mutual trust and a close working relationship are important, the members of senior management shall uphold the general operating philosophy, vision and core values of the Bank.
 - (2) Approve and oversee the implementation of performance standards as well as remuneration and other incentives policy.
 - (3) Oversee the performance of senior management and heads of control functions:
 - (a) The board of directors shall regularly monitor and assess the performance of the management team and heads of control functions based on approved performance standards. The Board of Directors as a body assess the Compliance Function while the Audit Committee assess the Internal Audit Function.
 - (b) The board of directors shall hold members of senior management accountable for their actions and enumerate the possible consequences if those actions are not aligned with the board of directors' performance expectations. These expectations shall include adherence to the Bank's values, risk appetite and risk culture, under all circumstances.
 - (c) The board of directors shall regularly meet with senior management to engage in discussions, question, and critically review the reports and information provided by the latter.
 - (d) The Bank's Audit Committee conducts its quarterly meeting together with the Internal Audit Department and whenever the circumstances warrant a special meeting.
 - (4) Engage in succession planning for the CEO and other critical positions, as appropriate. In this respect, the board of directors shall establish an effective succession planning program. The program should include a system for identifying and developing potential successors for the CEO and other critical positions.
 - (5) Ensure that personnel's expertise and knowledge remain relevant. The board of directors shall provide its personnel with regular training opportunities as part of a professional development program to enhance their competencies and stay abreast of developments relevant to their areas of responsibility.



- (6) Ensure that employee pension funds are fully funded or the corresponding liability appropriately recognized in the books of the Bank's at all times, and that all transactions involving the pension fund are conducted at arm's length terms.
- c. The board of directors shall be responsible for approving and overseeing implementation of the Bank's corporate governance framework. In this regard, the board of directors shall:
- (1) Define appropriate governance structure and practices for its own work, and ensure that such practices are followed and periodically reviewed.
 - (2) Develop a remuneration and other incentives policy for directors that shall be submitted for approval of the stockholders. The board of directors shall ensure that the policy is consistent with the long-term interest of the Bank's, does not encourage excessive risk-taking, and is not in conflict with the director's fiduciary responsibilities.
 - (3) Adopt a policy on retirement for directors and officers, as part of the succession plan, to promote dynamism and avoid perpetuation in power.
 - (4) Conduct and maintain the affairs of the Bank's within the scope of its authority as prescribed in its charter and in existing laws, rules and regulations.
 - (5) Maintain, and periodically update, organizational rules, by-laws, or other similar documents setting out its organization, rights, responsibilities and key activities.
 - (6) Oversee the development, approve, and monitor implementation of corporate governance policies. The board of directors shall ensure that corporate governance policies are followed and periodically reviewed for ongoing improvement.
 - (7) Approve the policy on the handling of RPTs to ensure that there is effective compliance with existing laws, rules and regulations at all times, that these are conducted on an arm's length basis, and that no stakeholder is unduly disadvantaged.
 - (8) Define an appropriate corporate governance framework for group structures, which shall facilitate effective oversight over entities in the group. The board of directors of the parent company shall ensure consistent adoption of corporate governance policies and systems across the group.
- d. The board of directors shall be responsible for approving Bank's risk governance framework and overseeing management's implementation thereof.
- e. The Board of Directors, through its Audit Committee, ensures the effectiveness and adequacy of the internal control system of the Bank through the approval of the annual audit plan. The Internal Audit Department shall prepare an accomplishment report quarterly vis-à-vis the approved Internal Audit Plan for the year and reports its progress and percentage of accomplishment to the Audit Committee.



d. Description of the role and contribution of executive, non-executive, and independent directors, and of the chairman of the board

Role and Major Contribution of the Chairperson of the Board of Directors

The Chairperson of the board of directors shall provide leadership in the board of directors. He shall ensure effective functioning of the board of directors, including maintaining a relationship of trust with members of the board of directors. He shall:

- (1) Ensure that the meeting agenda focuses on strategic matters including discussion on risk appetites, and key governance concerns;
- (2) Ensure a sound decision making process;
- (3) Encourage and promote critical discussion;
- (4) Ensure that dissenting views can be expressed and discussed within the decision-making process;
- (5) Ensure that members of the board of directors receives accurate, timely, and relevant information;
- (6) Ensure the conduct of proper orientation for first time directors and provide training opportunities for all directors; and
- (7) Ensure conduct of performance evaluation of the board of directors at least once a year.

For 2024, the Chairperson of the Board, in partnership with President Katrina Pilapil, and the management team, the Chairperson initiated and updated several of the bank's policies to improve efficiency and the delivery of our banking services. She also streamlined the working of the board by introducing house rules that bring more order to the board meetings.

Role and Contribution of Executive Directors:

- (1) Board Governance. Works with board in order to fulfill the organization mission.
- (2) Financial Performance and Viability. Develops resources sufficient to ensure the financial health of the organization.
- (3) Mission and Strategy. Works with board and staff to ensure that the mission is fulfilled through programs, strategic planning and community outreach.
- (4) Operations. Oversees and implements appropriate resources to ensure that the operations of the organization are appropriate.

Director-President Katrina Marie Pilapil ensures that the Board's directives are carried out by the Management Team. Director Paolo Petines, as Head of the Branch Operations, sees to it that the Branches adheres to the Bank's Policies and Operation Manual System.

Role and Contribution of Non-Executive Directors:

- (1) Strategy. Non-Executive Directors should constructively challenge and help develop proposals on strategy.



- (2) Performance. Non-Executive Directors should scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.
- (3) Risk. Non-Executive Directors should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.
- (4) People. Non-Executive Directors are responsible for determining appropriate levels of remuneration of executive directors, and have a prime role in appointing, and where necessary removing, executive directors and in succession planning.

Director Michelle Christine Arcenal further helped in the formulation of the bank's succession plan and gave meaningful inputs for employee retention. Director Arcenal, being a member of the Audit Committee, provided measures to strengthen the bank's internal control particularly on dealing with internal fraud.

Director Manuel Petines provided inputs for streamlining loan process particularly for those borrowers in the agricultural sector.

Role and Contribution of Independent Directors:

Independent directors have an important role to play in the progress of the Bank. They are considered as both a safeguard and a significant source of competitive advantage.

The role of independent directors broadly includes improving corporate credibility and governance standards, functioning as watchdog, maintaining balance in a promoter dominated scenario, play vital role in risk management. Their main role in the company is to protect the interests of the minority shareholders vis-à-vis the promoters.

The main role of independent directors is to improve corporate governance standards. Independent directors help in the proper functioning of the corporate because of the fact that they do not have any pecuniary interest in the company and that they will represent the interest of the shareholders.

The independent directors on corporate board lies takes an independent decision on a given subject without being influenced in any manner. They provide transparency in respect of the disclosures in the working of the company as well as providing balance towards resolving conflict areas. They have a significant role in protecting the stakeholders' interests.

The independent directors also play a key role as a member of the audit committee of the company. The chairman of the audit committee is an independent director.

Independent Director Judge Raul Babaran and Independent Director Jonathan De Veyra lead the revision of the Bank's Audit Committee Charter in conformity with the MORB and the bank's current practice. They also lead in the selection of the External Auditor and the selection of the OIC Head of the Internal Audit Department.



e. Board composition

NAME	TYPE OF DIRECTORSHIP	NUMBER OF YEARS SERVED AS DIRECTOR	# OF SHARES HELD	PERCENTAGE OF SHARES HELD TO TOTAL OUTSTANDING SHARES
Patricia Rosario Maria G. Remijan	Non-executive	6	10,289	1.7148%
Katrina Marie P. Pilapil	Executive	19	32,020	5.3367%
Michelle Christine P. Arcenal	Non-executive	5	14,315	3.0137%
Paolo N. Petines	Executive	4	18,082	3.2617%
Manuel Y. Petines	Non-Executive	20	27,958	4.6597%
Raul V. Babaran	Non-executive	3	1	0.0002%
Jonathan B. De Veyra	Non-executive	4	2	0.0003%



BOARD OF DIRECTORS 2024



PATRICIA ROSARIO MARIA G. REMIJAN

Chairperson of the Board



ACCT. JONATHAN B. DE VEYRA, MBA
Vice Chairperson of the Board and Member of Audit Committee



KATRINA MARIE P. PILAPIL
Director / President and Chief Executive Officer



ARCH. MICHELLE CHRISTINE P. ARCENAL
Director



PAOLO N. PETINES
Director and Head of Branch Operations Unit



MANUEL Y. PETINES
Director



JUDGE RAUL V. BABARAN (ret.)
Independent Director and Chairperson of the Audit Committee



f. Board qualification

To qualify for directorship to the Board of Directors of RBSMI, the following qualifications are considered:

(1) Integrity and Probity:

- Have strong moral principles;
- Must have a record of integrity in his/her personal and professional dealings, a good reputation and willingness to place the interests of the Bank above any conflicting self-interest;
- Must not have any relationship or potential conflict of interests that the candidate or any of his or her related interests has with the bank or its affiliate; and
- Honesty and decency.

(2) Physical/Mental Fitness:

- Must be physically and mentally fit; and
- Must have firm commitment to regularly attend and be prepared for Board and committee meetings.

(3) Relevant Education:

- Must be a Graduate of any 4-year course; and
- Have basic knowledge of the banking Industry, financial regulatory system, and laws and regulations that govern bank operations.

(4) *Financial Literacy/training:*

- Must have attended Corporate Governance Training and Seminar;
- Must have a financial and business acumen; and
- Must have training on financial analysis and basic accounting or any related course.

MINIMUM QUALIFICATIONS OF INDEPENDENT DIRECTOR

(1) is not or was not a director, officer or employee of the BANK, its subsidiaries, affiliates or related interests during the past three (3) years counted from the date of his election/appointment;

(2) is not or was not a director, officer, or employee of the BANK's substantial stockholders and their related companies during the past three (3) years counted from the date of his election/appointment;

(3) is not an owner of more than two percent (2%) of the outstanding shares or a stockholder with shares of stock sufficient to elect one (1) seat in the board of directors of the institution, or in any of its related companies or of its majority corporate shareholders;

(4) is not a close family member of any director, officer or stockholder holding shares of stock sufficient to elect one (1) seat in the board of directors of the BANK or any of its related companies or of any of its substantial stockholders. Close family members shall refer to persons related to the BSFI's directors, officers and stockholders (DOS) within the second degree of consanguinity or affinity, legitimate or common-law. These shall include the spouse, parent, child, brother, sister,



grandparent, grandchild, parent-in-law, son-/daughter-in-law, brother/sister-in-law, grandparent-in-law, and grandchild-in-law of the BSFI's DOS;³

(5) is not acting as a nominee or representative of any director or substantial shareholder of the BANK, any of its related companies or any of its substantial shareholders;

(6) is not or was not retained as professional adviser, consultant, agent or counsel of the BANK, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm during the past three (3) years counted from the date of his election;

(7) is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the BANK or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment;

(8) was not appointed in the BANK, its subsidiaries, affiliates or related interests as Chairman "Emeritus", "Ex-Officio", Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the board of directors in the performance of its duties and responsibilities during the past three (3) years counted from the date of his appointment;

(9) is not affiliated with any non-profit organization that receives significant funding from the BANK or any of its related companies or substantial shareholders; and

(10) is not employed as an executive officer of another company where any of the BANK's executives serve as directors.

g. List of Board-level committees including membership and function

Audit Committee - The audit committee shall be composed of at least three (3) members of the board of directors, who shall all be non-executive directors, majority of whom shall be independent directors, including the Chairperson: Provided, that the Chairperson of the audit committee shall not be the Chairperson of the board of directors or of any other board-level committees. The audit committee shall have accounting, auditing or related financial management expertise or experience commensurate with the size, complexity of operations and risk profile of the Bank.

Duties of the Audit Committee – The audit committee shall oversee the financial reporting framework, monitor and evaluate the adequacy of internal control system, oversee the internal audit and external audit function, oversee the implementation of corrective actions, investigate significant issues/concerns raised and establish whistle blowing mechanism.

The Audit Committee shall assist the Board of Directors in fulfilling its oversight responsibilities for:

1. The integrity of the financial statements of the Company;



2. The systems of internal controls over the Company's financial reporting, audit process, compliance with legal and regulatory requirements, and code of ethics that management and the Board of Directors have established as well as the conduct of the regular review of the internal control system, at least annually;
3. The qualifications and independence of the Company's registered public accounting firm (the "External Auditor"); and
4. The performance of the internal audit function and the external auditor.

The Board of Directors, through its Audit Committee, ensures the effectiveness and adequacy of the internal control system of the Bank through the approval of the annual audit plan. The Internal Audit Department shall prepare an accomplishment report quarterly vis-à-vis the approved Internal Audit Plan for the year and reports its progress and percentage of accomplishment to the Audit Committee.

RBSMI Audit Committee

Chairperson: Independent Director Judge Raul V. Babaran (Ret.)
Members: Independent Director Jonathan B. De Veyra
Director Michelle Christine P. Arcenal

h. Directors' attendance at Board and Committee meetings

NAME	Position	BOARD MEETINGS	AUDIT COMMITTEE
1. Remijan, Patricia Rosario Maria G.	Chairperson of the Board	11/13	
2. De Veyra, Jonathan B.	Vice Chairperson of the Board	13/13	4/4
3. Pilapil, Katrina Marie P.	Executive Director/ President/CEO	12/13	
4. Arcenal, Michelle Christine P.	Director	13/13	4/4
5. Petines, Paolo N.	Director	13/13	
6. Manuel Y. Petines	Director	13/13	
7. Babaran, Raul V.	Independent Director	12/13	4/4



j. Executive Officers/ Senior Management



Chief Executive Officer - Katrina Marie P. Pilapil

Age and Nationality: 54 yrs. old, Filipino

Rank: President

Ms. Pilapil is a graduate of BSC Accounting at De La Salle University. She has over 27 years of banking experience since 1997. She first joined RBSMI as Assistant General Manager to General Manager and as Chief Operating Officer. On year 2014, she was appointed as the new Bank's President and by 2020, the Bank's Chief Executive Officer.

Chief Operating Officer – Relita P. Cruz

Age and Nationality: 43 yrs. old, Filipino

Rank: Vice President

Ms. Relita Cruz is a graduate of Bachelor of Science in Accountancy. She has been with the Bank since 2003 and held various positions as Secretary to the President, Accounting Clerk, Budget Officer and Head of Controllership Department. She was appointed as the Chief Operating Officer effective October 01, 2023.





Chief Compliance Officer – Atty. Joseph John S. Ronquillo

Age and Nationality: 30 yrs. old, Filipino

Rank: Assistant Vice President

Atty. Joseph John S. Ronquillo has more than one decade of banking experience since May 2013. Prior to his appointment as the Bank's Chief Compliance Officer, he is the Head of Risk Management Unit from June 2018 – October 2020. He is also the Compliance Assistant from October 2017 – May 2018. A Licensed Professional Teacher and admitted to the Philippine Bar on December 2023.

Lending Division Head – Viensor D. Valenzuela

Age and Nationality: 47 yrs. Old, Filipino

Rank: Assistant Vice President

Mr. Viensor D. Valenzuela is a graduate of Bachelor of Science in Commerce major in Management. He has more than two decades of banking experience since 1998 and held various positions such as loan clerk, loan officer and Chief Appraiser. Prior to his appointment as the Lending Division Head, he served as the Head of the Remedial Management Department.





Marketing Department Head – Maritess C. Hermosura

Age and Nationality: 51 yrs. old, Filipino

Rank: Senior Manager

Ms. Maritess C. Hermosura is a graduate of BSBA Major in Marketing Management. She has been with the Bank since 2007 and held various positions as Teller, Loan Officer, Head of Credit Administration Department and currently as Head of Marketing Department.

Branch Operations Head – Paolo N. Petines

Age and Nationality: 44 yrs. old, Filipino

Rank: Senior Manager

Mr. Paolo Petines is a graduate of BS Marketing Management. He has been in continuous service with the Bank for over 10 years. Mr. Petines was the Bank's Corporate Secretary prior to his election as a Director in 2020. He held various positions such as Security Officer, Head of Marketing Support, and Head of IT Department of RBSMI.





k. Performance Assessment Program

The Bank conducts performance assessment of its officers and employees on an annual basis, and quarterly, as needed. Evaluation is done using the performance appraisal module on the Core Banking System. Department Heads evaluate their subordinates and measure their performance. The Department Heads are evaluated by the Division Heads and the Division Heads are evaluated by the President. The Head of the Compliance and Risk Management Department is evaluated by the Board of Directors as a body, and the Head of Internal Audit Department is evaluated by the Board Audit Committee.

The Bank employs the following the criteria for performance appraisal:

- a. Performance based on Key Results Area as outlined in the Bank's Strategic Plan which is assessed per employee;
- b. Core competencies;
- c. Compliance Rating; and
- d. Internal Audit Rating

l. Orientation and Education Program

Orientation Program for New Employees

Rural Bank of San Mateo (Isabela) aims to provide the new employee the guidelines to start right in the Company, and to bridge the gap between the selection process and the day-to-day working relationships of the new employee in his job.

The Bank follows certain procedures in the New Employee Orientation. It sets out the guidelines in the preparation of before a new employee arrives, on his first day of work, and in the succeeding period of time until he becomes a regular employee of the bank.

RBSMI has recently updated its orientation program by providing a structured employee on-boarding process depending on the function of the new employee.

Education Program

The Bank encourages officers and employees to attend seminars and trainings to further enhance their capabilities and to broaden their knowledge in the banking industry. Seminars and trainings conducted by Rural Bankers Association of the Philippines (RBAP) and other group/training providers are essential to the officers and staff. AML Trainings are conducted regularly and all employees should have a refresher training every two years.

Cost of seminars and trainings is shouldered by the Bank and budgeted annually per department.



RURAL BANK OF SAN MATEO (ISABELA), INC.
LIST OF IN-HOUSE TRAININGS ATTENDED FOR ALL EMPLOYEES
For the Year 2024

NO.	DATE	TITLE OF SEMINAR/TRAINING	PROVIDER	ATTENDEES
1	18-May-2024	Basic Banking Practices on Cash Operations	RURAL BANK OF SAN MATEO (ISABELA), INC. - Branch Operation Division	Service Officer-Luna Branch
				Paying/Receiving Teller - Head Office
				Service Officer-Alfonso Lista Branch
				Paying/Receiving Teller - Head Office
				Manager-Luna Branch
				Chief Operating Officer/Head, Corporate Resources Division
				Senior Savings Bookkeeper/Customer Assistance Officer
				Paying/Receiving Teller - A. Lista Branch
				Service Officer-Ramon Branch
				Controller
				Paying/Receiving Teller - Luna Branch
				OIC Paying/Receiving Teller - A. Lista Branch
				Accounting Assistant
				OIC Head, Post Credit Review
				Head, Central Accounting and Bookkeeping Section
				Sundries Teller - Head Office
				Head, Branch Banking Unit/Manager, Main Branch/Security Officer
				Service Officer-Main Branch/Fund Manager
				Head, Budget/MIS Section
				Accounting Assistant
				Internal Audit Officer
				Manager-A.lista Branch
2	22-May-2024	Write Shop Seminar on Policies, Procedures and Manuals	RURAL BANK OF SAN MATEO (ISABELA), INC. - Compliance Department	Head, HR Mgmt. Dept.
				Head, Risk Management Unit/Data Protection Officer
				Head, Lending Division/Head, Remedial Department
				OIC Head, Corporate Services Department
3	20-Aug-2024	Anti-Money Laundering/Counter-Terrorism Financing (AML/CTF) Fundamentals	RURAL BANK OF SAN MATEO (ISABELA), INC. - Compliance Department	Head, Risk Management Unit/Data Protection Officer
				Supervisor, Loans Marketing
				Marketing Assistant
				Internal Audit Assistant
				Senior Account Officer
				Sundries Teller
				Sundries Teller



				Service Officer-Ramon Branch
				Controller
				Marketing Assistant
				Account Officer
				Manager-San Manuel Branch
4	30-Aug-2024	Basic Rural Banking Course	RURAL BANK OF SAN MATEO (ISABELA), INC. - Branch Operation Division	Senior Account Officer -Head Office
				Manager-Luna Branch
				Chief Operating Officer/Head, Corporate Resources Division
				Senior Savings Bookkeeper/Customer Assistance Officer
				Supervisor, Loans Marketing
				Head, HR Mgmt. Dept.
				Senior Account Officer - A. Lista Branch
				OIC Manager-Ramon Branch
				Head, Branch Banking Unit/Manager,Main Branch/Security Officer
				Head, Lending Division/Head, Remedial Department
				Senior Account Officer - Ramon Branch
				Manager-A.lista Branch
5	2-Sep-2024	Leadership Skills	RURAL BANK OF SAN MATEO (ISABELA), INC. - Management Committee	Senior Account Officer - Head Office
				Manager-Luna Branch
				Senior Savings Bookkeeper/Customer Assistance Officer
				Supervisor, Loans Marketing
				Head, HR Mgmt. Dept.
				Senior Account Officer - A. Lista Branch
				OIC Manager-Ramon Branch
				Head, Branch Banking Unit/Manager,Main Branch/Security Officer
				Head, Lending Division/Head, Remedial Department
				Internal Audit Officer
				Senior Account Officer - Ramon Branch
				Manager-A.lista Branch
				Internal Audit Assistant
6	13-Sep-2024	Basic Rural Banking Operation	RURAL BANK OF SAN MATEO (ISABELA), INC. - Branch Operation Division	Manager-Luna Branch
				Controller
				Head, Marketing Department
				President/CEO
				Head, Risk Management Unit/Data Protection Officer
				Head, Lending Division/Head, Remedial Department
				Internal Audit Officer



				OIC Head, Corporate Services Department
7	28-Oct-2024	Anti-Money Laundering Act CIR. 706	RURAL BANK OF SAN MATEO (ISABELA), INC. - Compliance Department	Loan Servicing Assistant - San Manuel Branch
				Compliance Assistant
				Marketing Assistant - Head Office
				Sundries Teller - Head Office

RURAL BANK OF SAN MATEO (ISABELA), INC.
LIST OF EXTERNAL TRAININGS ATTENDED FOR ALL EMPLOYEES
For the Year 2024

NO.	DATE	TITLE OF SEMINAR/TRAINING	PROVIDER	ATTENDEES
1	Feb. 27-28, 2024	Compliance Officers and Internal Auditors 2nd Annual Convention	RURAL BANKERS ASSOCIATION OF THE PHILIPPINES	Chief Compliance Officer and Head, Internal Audit
		Significant Issuances of BSP 2023		
		Financial Supervision Sector Priorities in 2024		
		Common Issues and Concerns on Independent Compliance Testing (ICT)		
		Common Findings and Observation on Institutional Risk Assessment (IRA)		
		Data Privacy: Data Privacy Sectoral Code		
		Enterprise Risk Management		
		Operational Risk Management		
		Enhancing Internal Audit Programs		
		Internal Control		
		Sustainable Finance Framework for Rural Banks		
2	Mar. 15-16, 2024	Approach to Creating Recovery & Resolution Plans (BSP CIR 1158)	RURAL BANKERS ASSOCIATION OF THE PHILIPPINES	Head, Risk Management Unit/Data Protection Officer
3	June 17-18, 2024	Basic Corporate Governance Course for Rural Bank Directors & Officers	RURAL BANKERS ASSOCIATION OF THE PHILIPPINES	Chief Operating Officer/Head, Corporate Resources Division
				Internal Audit Officer
4	21-Jun-2024	AML Intermediate Course on Institutional Risk Assessment (IRA) & Transaction Monitoring	RURAL BANKERS ASSOCIATION OF THE PHILIPPINES	Chief Operating Officer/Head, Corporate Resources Division
				Internal Audit Officer



5	6-Jul-2024	Rural Banking 101	RURAL BANKERS ASSOCIATION OF THE PHILIPPINES	Chief Operating Officer/Head, Corporate Resources Division
				Internal Audit Officer
6	July 24-26, 2024	Regional Anti-Money Laundering/Countering Terrorism and Proliferation Financing Training	RURAL BANKERS ASSOCIATION OF THE PHILIPPINES	Head, Risk Management Unit/Data Protection Officer
				Chief Compliance Officer
7	9-Aug-2024	Employers' and Fund Coordinators' Forum	HOME DEVELOPMENT MORTGAGE FUND	Compensation and Benefit Assistant
8	10-Aug-2024	Employment Termination: "Do's and Dont's"	HR CALABARZON GROUP, INC.	Head, HR Mgmt. Dept.
9	5-Sep-2024	EOPT Roadshow 2024	BUREAU OF INTERNAL REVENUE	Compensation and Benefit Assistant
				OIC Head, Internal Audit Department
				Head, Central Accounting and Bookkeeping Section
10	20-Sep-2024	Labor Standards	HR CALABARZON GROUP, INC.	Head, HR Mgmt. Dept.
11	10-Oct-2024	Basic Taxation on Banks	ALAS OPLAS CO. AND CPAS	Controller
				Head, HR Mgmt. Dept.
				Internal Audit Officer
12	Dec. 4-5, 2024	BSP Cybersecurity & IT Risk Fundamentals Roadshow 2024	BSP North Luzon Regional Office (NLRO) - Baguio City	Head, Risk Management Unit/Data Protection Officer
				Technical Support Assistant
13	19-Dec-2024	Employer's and Fund Coordinators' Forum	PAG IBIG - Cauayan City	Compensation and Benefit Assistant



m. Retirement and Succession Policy

RETIREMENT AND SUCCESSION POLICY FOR DIRECTORS

Policy Statement

It is the objective of the Company to establish a policy on retirement and remuneration for directors in order to give due recognition to the valuable contributions of the retiring members of the Board.

Terms and Conditions

1. Age- the bank recognizes the importance of experience and expertise of its directors and with it comes long years of practice and exposure in the business. Hence, the bank sets the age limit of retirement to eighty(80) years old but the Board may opt to waive depending on the following conditions:
 - a. Result of the Annual Self/Peer Evaluation of the Board and effective “fit and proper” assessment for more effective board refreshment.
 - b. The Board shall also evaluate all facts and circumstances when considering a director’s tenure in accordance with good governance practices, including (without limitation) to accommodate the transition of a new Chairman or new directors or to provide continuity to further strategic objectives or address external factors affecting the bank.
2. Only the Executive Director is entitled to receive regular retirement benefits as an employee of the bank. An Executive Director is one who is involved in the day-to-day operations of the bank. Non-Executive Directors shall not receive any retirement benefits.
3. Retirement of Officers is done with the requisite succession planning and in accordance with the bank’s policies and implementing guidelines of its retirement plan for all employees, the bank’s amended By-Laws, Labor Code and the Corporation Code of the Philippines.
4. Only Independent Directors has a term limit of nine (9) years reckoned from year 2012.

1.1 Procedures

1.1.1 The replacement of any Board of Director shall be governed by the Constitution and By-Laws of the Bank.

1.2 Qualifications for Board of Directors:

Fit and Proper for the Position of Director must have:



Integrity and Probity:

Have Strong Moral Principles

Must have a record of integrity in his/her personal and professional dealings, a good reputation and willingness to place the interests of the Bank above any conflicting self-interest.

Must not have any relationship or potential conflict of interests that the candidate or any of his or her related interests has with the bank or its affiliate.

Honesty and Decency

Physical/Mental Fitness:

Must be Physically and Mentally Fit

Must have firm commitment to regularly attend and be prepared for Board and committee meetings.

Relevant Education:

Must be a Graduate of any 4 yrs. course

Have basic knowledge of the Banking Industry, Financial regulatory system, and laws and regulations that Governs Bank Operation

Financial Literacy/training:

Must have Corporate Governance Training and Seminar

Must have a Financial and Business Acumen

Must have Training on Financial Analysis, Basic Accounting

Competencies relevant to the Job

Must know the existing Laws and Regulations of BSP

Must have Basic financial knowledge including how to read Balance Sheet and Income Statement.

Previous Employment with the Bank is an advantage or any similar Industry



Knowledge & Experience, skills, diligence and independent mind

1. Must have Previously Managed a Business, or from a banking or similar industry or a Lawyer or Accountant
2. Must have a basic understanding of Banking, regulatory systems, laws and regulations
3. Possess a skill set that complements those of the other directors
4. Has skills that supports banks long range Vision

Sufficiency of time to carry out responsibilities

Learn the Business

Commit to Board Activities:

Prepare for and Attend Meetings

Review Examination and Audit Reports and
Ensure responsiveness

Keep up with the affairs of the Bank;

Pursue professional development
opportunities

1.3 Assessing Directors:

- Integrity/probity, consideration shall be given to the director's market reputation
 - Observe conduct and Behavior
 - His/her ability to continuously comply with company policies and applicable laws
-
- The Director shall submit to BSP the required certification and other documentary proof within 20 banking days from the date of Election.
 - Non Submission of complete documentary requirement shall be construed as his failure to establish his qualification and results in his removal from the Board of Directors.



RETIREMENT POLICY FOR EMPLOYEES

1. RETIREMENT

The Company respects the security of tenure of its employees and recognizes their continual contribution to the Company's mission and objectives.

An employee who has reached the age of 60 years and has rendered at least ten (10) years of service in the Company may avail of the retirement benefit of 200% of current monthly basic pay x no. of years of service.

The proceeds of this retirement pay shall not be taxable provided that the bank has a BIR approved retirement plan.

The BOD has the discretion, upon proper evaluation, to give additional benefit or rewards, financial or otherwise, to any employee or officer of the RBSMI based on his/her exemplary work, outstanding performance and proven loyalty to the Bank that contributed greatly to its growth and development.

Succession Plan

Purpose and Use

Succession Plan is being published by Rural Bank of San Mateo (Isabela), Inc. (RBSMI) because of its desire to ensure that all critical positions of the Company should have a backup in case employees leave for whatever reason. This Plan should be read and understood by all members of the Board of Directors (BOD). The Human Resources Development and Management (HR Mgmt. Section Head) Unit shall assist the BOD in implementing the policies and procedures stated herein.

All RBSMI employees are encouraged to be familiar with this Plan and to coordinate with their immediate Superiors regarding Training and Development Plan details to fully understand their career path in the Organization.

The Board of Directors and President positions in the Company are the central elements in the Organization's success. Therefore, ensuring that the functions of the President including Section/Department Heads are well-understood and even shared among Senior Management. It is important to safeguard the organization against unplanned and unexpected change in leadership. This kind of risk management is equally helpful in facilitating a smooth leadership.

This document outlines a leadership development and emergency succession plan for Rural Bank of San Mateo (Isabela), Inc. and reflects the Bank's Succession Plan and its commitment to sustaining a healthy functioning Organization.

The purpose of this plan is to ensure that the Bank's leadership on specific Section/Department in general will have adequate information and strategies to effectively manage the bank in the event that any Board



of Director, the President and/or Division/Department/Section Heads are unable to fulfill their duties due to resignation, termination, retirement or incapacity.

Principle

RBSMI shall subscribe to the following principles in connection with Succession Plan:

RBSMI communicates to its employees that they are valuable and that RBSMI shall nurture and develop employees from within RBSMI. Those who have skills, knowledge, qualities, experience and desire can be groomed to move up to fill specific positions.

RBSMI commits to develop employee career paths and acknowledges the fact that communication with employees regarding their career path and plan is being done effectively.

Mentoring and coaching is a continued process and endeavor for RBSMI officers and employees so that there is a continued transfer of learning on all levels of the organization.

RBSMI is an employer that invests in its people and provides opportunities and support for their advancement.

RBSMI shall consider for posting an employee for a certain critical position only if that employee has the necessary skills, knowledge, qualities, experience and full desire to learn the ropes of the job.

Policies

A change in executive leadership is inevitable for Organizations and can be a very challenging time. Therefore, it is the policy of RBSMI to be prepared for an eventual permanent change in leadership either planned or unplanned to ensure the stability of the Bank until such time a new permanent leadership is identified. The BOD shall be responsible for implementing this policy and its related procedures.

It is also the policy of RBSMI that the BOD assesses the permanent leadership needs of RBSMI to help ensure the selection of a qualified and capable leader. There shall be two kinds of Succession Plan for the critical positions in the Bank:

Interim Officer

To ensure that RBSMI operations are not interrupted while the BOD and HR Mgmt. Section Head assess the leadership needs and recruit a permanent officer, the BOD and HR Mgmt. Section Head will appoint an Interim Officer. The Interim Officer ensures that the Organization continue to operate without disruption and that all organizational commitments previously made are adequately executed, including but not limited to, loans approved, reports due, licenses and others.

Pool of Candidates

It is also the policy of RBSMI to develop a diverse pool of candidates and consider at least two (2) finalist candidates for its permanent Officers position. RBSMI shall implement an external recruitment and selection process, while at the same time encouraging the professional development and advancement



of current employees. The Interim Officer and any other interested internal candidates are encouraged to submit their qualifications for review and consideration by the search committee according to the guidelines established for the search and recruitment process.

Identification of Critical Position Levels

2.1 There shall be three (3) levels in the Organization, based on the to-date Main Table of Organization of RBSMI that Succession Planning meetings be done in coordination with the HR Mgmt. Section Head Unit every year to review and ensure that the critical positions of key officers are covered. There shall be a next in rank in case an Officer is no longer able to serve his position permanently due to any of the following reasons: resignation, termination, retirement or incapacity.

RBSMI Board has identified the three (3) levels of Succession Planning coverage as follows:

Critical Position Level 1

The Critical Position for Level 1 shall be the President.

Critical Position Level 2

The Critical Position Level 2 positions shall be the: COO, Division Heads and Control Functions Head (Head for Lending, Branch Operations Head, Corporate Resources and Head for Internal Audit and Compliance)

Critical Position Level 3

The Critical Position Level 3 positions shall be the: Bank Officers/Office Heads (Branch Banking Head, Credit Administration Head, Remedial Management Head, Controllorship Head, Corporate Services Head, IT Head, CorCom and Marketing Support Head, Credit Services Head, Branch Manager, Branch Service Officer, HR Mgmt. Section Head, Loans Servicing Supervisor).

Appointing an Acting President

Based on the anticipated duration of the temporary planned short term or long-term absence, the anticipated return date, and accessibility of the current President, the Board of Directors shall appoint the Acting President as indicated in Succession Plan Matrix.

Standing appointees to the position of Acting President in replacement of the President.

The first priority in line to be the Acting President is the Vice President (1st Priority)

The 2nd priority in line is the Compliance Officer



The Board of Directors shall see to it that the appointee complies all the requirements and qualifications needed by a President position, including those imposed by the Bangko Sentral Ng Pilipinas and other statutory agencies.

Implementation plan for Divisions and Operation and Oversight Group (Level 2 position)

The President shall be responsible in reviewing every year to ensure that there shall be someone next in rank in case any or both of these two employees cannot serve the organization due to any of the reasons mentioned above. The next in rank for consideration of these positions shall be any qualified Department Heads in Level 3.

Implementation Plan for Bank Officers/Office Heads (Level 3 position)

The Heads of every Division and Operation and Oversight Group shall be responsible in reviewing every year to ensure that there shall be someone to replace the existing positions if in case they cannot serve the organization due to any of the reasons mentioned above.



n. Remuneration Policy

Remuneration Policy and structure for executive and non-executive directors

Excerpt from the Bank's Remuneration Policy for Directors state:

Remuneration for Directors- upon approval of the majority of its shareholders and Board of Directors as a whole, both shall determine the level of remuneration or benefits for Directors which shall be sufficient to attract and retain directors and compensate them for attendance at meetings of the Board and Board Committees, commitments to time and specific contributions through chairmanship and membership in board committees.

- a. Personnel and Compensation Committee- this committee shall be tasked to recommend remuneration of the Board of Directors based on size and scope of the bank, industry standards and set by reference to the numerous responsibilities taken on by directors as well as for undertaking risks as a Board member.
- b. Remuneration Framework- to be reviewed annually to ensure that it remains competitive and consistent with the bank's high performance culture, objectives and long-term risk assessment and strategies.
- c. Compensation- may be in various forms, fixed by way of resolution of the Board of Directors. The Board may provide that only non-executive directors shall be entitled to such compensation.
- d. The Executive Director- receives remuneration as Officer and not as Director of the Company.
- e. Non-Executive Directors- shall be entitled to receive from the bank, pursuant to resolution of the Board, fees, and other compensation for his services as director. The Board shall have sole authority to determine the amount, form and structure of the fees and other compensation of the directors.

Remuneration policy for senior management

Remuneration and compensation for all management levels of the Bank follows one policy only, the Bank's Compensation and Remuneration Policy as aligned with the Labor Laws of the Philippines.

The company needs to ensure that their compensation and remuneration policy adheres to employment legislation including elements of compensation and remuneration that are regulated by provincial employment standards.



OBJECTIVES:

1. Establishing salary ranges – Rural Bank of San Mateo (Isabela), Inc. need to determine where they have to pay specific jobs/job categories in relation to the employment market (industry and regional compensation norms, SEC/IC/BSP, DOLE).
2. Criteria for Salary Increases- in order to ensure fair and equitable compensation practices, the company need to clearly establish, communicate and apply decision making criteria for salary increases. Decisions on salary increases can be based on a number of factors, such as seniority, cost of living increases, or performance (merit) based.
3. Remuneration- theses include fixed remuneration (including fixed salary) – performance-based remuneration (variable salary) – pension schemes, where applicable, other benefits in kind, separation pay-where applicable.
 - The fixed remuneration is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and local market conditions.
 - The performance-based remuneration motivates and rewards high performers who significantly contribute to sustainable results, perform according to set expectations for the individual in question, strengthen long-term customer relations, and generate income.

PROCEDURES

1. Salary reviews- to be conducted annually vis-à-vis the result of the annual Performance Appraisal by the members of the company's Compensation Committee or BOD.
2. 13th Month Pay- mandatory as per government regulations and policies, to be given annually or semi-annually to employees whether regular or probationary in status
3. Bonus and Incentives Pay- based on performance, financial statement and KRA/target goal attainment, given to regular employees/ Board of Directors only.

Top 4 highest paid employees of the Bank for 2024:

1. Katrina Marie P. Pilapil – President-CEO
2. Relita P. Cruz – VP and COO
3. Vlensor D. Valenzuela – AVP and Lending Division Head
4. Maritess C. Hermosura – Head of Marketing Department



o. Policies and procedures on related party transactions

i. **Overarching policies and procedures for managing related party transactions**

RB SAN MATEO (ISA), INC. shall apply strict and consistent compliance with laws and regulations relating to DOSRI and related party transactions as defined in BSP Circular No. 895. It shall ensure that every Related Party Transaction is conducted in a manner that will protect the Bank from conflict of interest which may arise between the Bank and its Related Parties. Furthermore, proper review, approval and disclosure of Related Party Transactions should be done in compliance with legal and regulatory requirements.

The policy on Related Party Transactions is embodied in the Risk Management System Manual in accordance with Circular No. 895 dated December 14, 2015.

Related parties shall cover the Bank's subsidiaries as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities) that the Bank exerts direct/indirect control over or that exerts direct/indirect control over the Bank; the Bank's DOSRI, and their close family members, as well as corresponding persons in affiliated companies. These shall also include such other person/juridical entity whose interests may pose potential conflict with the interest of the Bank, hence, is identified as a related party.

The above definition shall also include direct or indirect linkages to a Bank identified as follows:

(1) Ownership, control or power to vote, of ten percent (10%) to less than twenty percent (20%) of the outstanding voting stock of the borrowing entity, or vice versa;

(2) Interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations or directors holding nominal share in the borrowing corporation;

(3) Common stockholders owning at least ten percent (10%) of the outstanding voting stock of the Bank and ten percent (10%) to less than twenty percent (20%) of the outstanding voting stock of the borrowing entity; or

(4) Permanent proxy or voting trusts in favor of the Bank constituting ten percent (10%) to less than twenty percent (20%) of the outstanding voting stock of the borrowing entity, or vice versa.



Related party transactions which are reportable to the BSP are as follows:

1. A related party transaction is reportable to BSP if it meets all the following conditions:
 - 1.1 The counterparty falls within the definition of related party (refer to #2 below); and
 - 1.2 The nature of the transaction is among the identified reportable transactions (refer to #3); and
 - 1.3 The amount is considered “significant” (refer to #3 and #4).

2. Related Party Shall Cover the following:

2.1 DOSRI-

The compliance, monitoring and reporting of DOSRI accounts shall continue to be conducted in accordance with existing regulations internal policies and shall not be deemed superseded, revised or amended by this policy. Specifically all DOSRI transaction require final approval by the Board of Directors.

2.2 Other Related Parties

2.2.1 RB SAN MATEO (ISA), INC. RELATED

a.) Expanded Related Interest (RI) for Directors and Officers (Key Management)

Related interest of	Under DOSRI
	Only first degree of consanguinity of affinity; legitimate or common law
a. Directors of RB SAN MATEO(ISA), INC.	Include
b.Officers of RB SAN MATEO(ISA), INC. with rank of SVP	Include

The extent of coverage of related interest of RB SAN MATEO (ISA), INC. Directors whether regular or independent, and RB SAN MATEO (ISA), INC. Officers with a position of Vice President and higher (otherwise known as the Key Management personnel or KMPs), shall be expanded as follows:

- b.) Entities that are related to RB SAN MATEO (ISA), INC. through common Directors/ Senior Officers but are not classified as DOSRI or affiliate as defined in section a.&b. above.
- c.) Entities that are owned by the spouses and/ or 1st degree relatives of the RB SAN MATEO (ISA), INC. Director/ senior officer that are not classified as DOSRI provided ownership is at least 10%.



d.) Entities that are owned by the 2nd degree relatives of a RB SAN MATEO (ISA), INC. Director / Senior Officer that are not DOSRI provided ownership is more than 50%

3. Others

- a) Entity where the performance of its obligation with RB SAN MATEO (ISA), INC. is dependent on an arrangement between the said entity
- b) Any other entity which as determined by Compliance or Legal Office has a significant amount of influence shall be vetted by the Board of Directors to ensure that compliance and good governance standards are maintained.

4. Amount of Threshold per Transaction

	TYPE	AMOUNT
1.	Agency arrangements/ service contracts / construction contract/ lease arrangements and other similar contracts	Cumulative P1.0M per counterparty
2.	Asset purchases and sales contract	P1M per transaction
3.	Loan/Lease availments, Investments & Joint Ventures, Write-off of Related Party Transaction	P1M per transaction
4	Investments	P1M per transaction
5	Purchase or sales of goods	P1M per transaction
6	Rendering or receiving of services contact	P1M per transaction
7	Transfer of technology	P1M per transaction
8	Such other significant transactions which, a determined by the Board, could pose material risk or potential abuse to the bank and its stakeholders.	P1M per transaction

Note:

- 1st degree- children, parents;
- 2nd degree - grandchildren, grandparents, siblings;
- 3rd degree - great grandparents, great Grand children, nieces and nephews, uncles and aunts;
- 4th degree - great great grandparents, great great Grand children, first cousins



**GUIDELINES IN ENSURING
ARMS LENGTH TRANSACTIONS
/**

The related party transaction or credit accommodation should be compared to at least two (2) similar transactions who are Non-RPT account, which shall include the following:

- a. Price;
- b. Commissions;
- c. Interest Rates;
- d. Fees;
- e. Tenor / Term;
- f. Collateral requirement; and
- g. Other conditions

The result of the comparison should not result to more favourable economic terms to such related parties than similar transactions with non-related parties under similar circumstances. The Bank may employ the services of an external expert, opening the transaction to a bidding process or publication of available property for sale, as applicable and as determined by the Bidding Committee.

**VETTING PROCESS and PRICE
DISCOVERY MECHANISM**

All material RPTs shall be vetted and endorsed by the Bidding Committee.

The minutes of the meeting should comprehensively reflect all the discussions made by the Bidding Committee and or the Board of Directors or the approving body.

CONFLICT OF INTEREST

The members of the Board of Directors, stockholders and management should disclose to the Board of Directors whether they directly, indirectly or on behalf of third parties, have a financial interest in any transaction or matter affecting the Bank.

Directors and officers with personal interest in the transaction shall abstain from the discussion, approval and management of such transaction or matter affecting the Bank. The inhibition made by the concerned director shall be duly noted in the minutes of the meeting. The concerned director may temporarily leave the meeting while the matter subject of the conflict of interest is being discussed of the Board of Directors.



ii. Material RPTs

Material Related Party Transactions
RURAL BANK OF SAN MATEO (SABELA), INC. 044225
Name of Bank Bank Code
12/31/2024
Date

Parent Bank/QB and Subsidiary/Affiliate	Related Counterparty	Relationship Between the Parties	Transaction Code	Type of Transaction	Amount/Contract Price	Terms	Rationale for Entering into the Transaction
A. Bank/QB							
a. Subsidiaries and Affiliates							
b. DOSRI							
c. Others	CR DOMINGO CONSTRUCTION AND POWER DEVELOPMENT, INC.	RELATED PARTY OF A STOCKHOLDER (CLOSE FAMILY MEMBER)		BORROWINGS	9,300,000.00	10 YEARS, AMORTIZED, 10% INTEREST RATE AND 2% BANK CHARGE, RESTRUCTURED PAST DUE LOAN	FULLY SECURED LOAN, GRANTED IN ARMS LENGTH
	CR DOMINGO CONSTRUCTION AND POWER DEVELOPMENT, INC.	RELATED PARTY OF A STOCKHOLDER (CLOSE FAMILY MEMBER)		BORROWINGS	13,550,000.00	10 YEARS, AMORTIZED, 10% INTEREST RATE AND 2% BANK CHARGE, RESTRUCTURED PAST DUE LOAN	FULLY SECURED LOAN, GRANTED IN ARMS LENGTH
	CR DOMINGO CONSTRUCTION AND POWER DEVELOPMENT, INC.	RELATED PARTY OF A STOCKHOLDER (CLOSE FAMILY MEMBER)		BORROWINGS	6,230,000.00	10 YEARS, AMORTIZED, 10% INTEREST RATE AND 2% BANK CHARGE, RESTRUCTURED PAST DUE LOAN	FULLY SECURED LOAN, GRANTED IN ARMS LENGTH
	Domingo, Edward Yutangco	RELATED PARTY OF A STOCKHOLDER (CLOSE FAMILY MEMBER)		BORROWINGS	1,500,000.00	2 YEARS, AMORTIZED, 12% INTEREST RATE AND 2% BANK CHARGE	FULLY SECURED LOAN, GRANTED IN ARMS LENGTH
	Coloma, Auston Jr. Tan	RELATED PARTY OF A STOCKHOLDER (CLOSE FAMILY MEMBER)		BORROWINGS	3,060,000.00	3 YEARS, AMORTIZED, 14% INTEREST RATE, 2% BANK CHARGE	FULLY SECURED LOAN, GRANTED IN ARMS LENGTH
	Coloma, Auston Jr. Tan	RELATED PARTY OF A STOCKHOLDER (CLOSE FAMILY MEMBER)		BORROWINGS	250,000.00	2 YEARS, DIMINISHING, 15% PER ANNUM INTEREST RATE, 3% BANK CHARGE	FULLY SECURED LOAN, CHATTEL MORTGAGE
B. Subsidiary 1							
a. Subsidiaries and Affiliates							
b. DOSRI							
c. Others							
C. Subsidiary 2							
a. Subsidiaries and Affiliates							
b. DOSRI							
c. Others							
D. Affiliate 1							
a. Subsidiaries and Affiliates							
b. DOSRI							
c. Others							



p. **Self-Assessment Function**

i. **The structure of the internal audit and the compliance functions including its role, mandate/authority, and reporting process**

INTERNAL AUDIT FUNCTION

The Bank's Internal Audit Department has the following responsibility, authority, and independence:

RESPONSIBILITY. The major responsibilities of the Internal Auditor include:

- To inform and advise the board of directors, audit committee, and management of the Bank and other allowed users of the Internal Audit Program;
- To coordinate activities with other operating departments or divisions to achieve the objectives of the audit and the objectives, mission, and vision of the Bank;
- To discharge the responsibilities referred to above.

The Internal Auditor does not have direct responsibility nor authority over any of the activities to be reviewed by him/her. Therefore, the Internal Audit review does not in any way relieve the management of the operations and of the responsibilities assigned to the personnel complement. The effectiveness and efficiency of operations continues to be the responsibility of the Bank's management.

AUTHORITY. Management provides the Internal Auditor full access to all the records, properties and personnel relevant to all subjects under review. Also, the Internal Auditor is free to review and apprise policies, plans, procedures, and records, and to propose possible improvements thereto.

INDEPENDENCE. Independence is essential to the effectiveness of the Internal Auditing function. This independence is obtained primarily through organizational status and objectivity. The Internal Audit Department directly reports to the Audit Committee of the Board of Directors.

COMPLIANCE FUNCTION

The Chief Compliance Officer has the general responsibility of assisting the board of directors in providing oversight in the implementation of the Bank's compliance system.

The Compliance function facilitates the effective management of compliance risk by:

- a. Advising the board of directors and senior management on relevant laws, rules and regulations, including information on developments in the areas;
- b. Discussion with bank personnel on compliance issues, and acting as contact point within the bank for compliance queries by bank personnel;
- c. Establishment of written guidance to staff on the appropriate implementation of laws, rules and standards through policies and procedures and other documents such as compliance manuals, code of conduct, and other guidelines;
- d. Identification, documentation and assessment of compliance risks associated with the Bank's business activities, including new products and business units;
- e. Assessment of the Bank's compliance procedures and guidelines, following up of deficiencies and formulation of proposal for amendments;



- f. Monitor and testing compliance by performing sufficient and representative compliance testing; and
- g. Maintenance of a constructive working relationship with the Bangko Sentral ng Pilipinas and other regulators.

The Chief Compliance Officer directly reports to the Board of Directors.

ii. The review process adopted by the Board to ensure effectiveness and adequacy of the internal control system

The Board Audit Committee shall monitor and evaluate the adequacy of internal control system, oversee the internal audit and external audit function, oversee the implementation of corrective actions, investigate significant issues/concerns raised and establish whistle blowing mechanism.

The Audit Committee shall assist the Board of Directors in fulfilling its oversight responsibilities through checking that the systems of internal controls over the Company's financial reporting, audit process, compliance with legal and regulatory requirements, and code of ethics that management and the Board of Directors have established as well as the conduct of the regular review of the internal control system, at least annually.

The Internal Audit Department directly reports to the Audit Committee the results of its audit findings, special/fraud audits, and other auditing and consulting activities to ensure that the Bank's Business Operating Units takes corrective actions in a prudent manner to sufficiently address any noted exceptions, weaknesses, and non-compliance to policies and regulations.

The Board Audit Committee holds its meeting quarterly, either in-person or virtual, depending on the circumstances, to ensure the effectiveness and adequacy of the internal control system of RBSMI. The Committee deliberates and thoroughly discusses on issues related to the Bank's internal controls, and recommends measure to strengthen the overall quality of the Risk Management System. The Auditee Units' responses and actions taken are presented before the Audit Committee and the Committee assesses sufficiency of the reply.

In 2024, the Board Audit Committee held 4 meetings with 100% attendance from all its members. One notable accomplishment of the Committee is the revision of the Audit Committee Charter.

q. Dividend policy

The Bank follows BSP Regulations in the declaration of dividend to its stockholders. The amount of dividends is based on the proposed amended by-laws of the bank - SECTION 5. Earnings – The bank shall, at the end of the fiscal year, apply the amount of its earnings in excess of operating expenses during such fiscal year to replenishing any impairment to its capital. Any sums remaining shall be the basis in the distribution of dividends to stockholders

The Bank declared Six Million Pesos (P6,000,000.00) Cash Dividends to its stockholders on July 18, 2024.



r. Corporate Social Responsibility Initiatives

The Rural Bank of San Mateo (Isabela), Inc. (RBSMI) believes that it must carry out its own Corporate Social Responsibility Program as a means of giving back the blessings it received to the community where it belongs.

Rationale

Corporate Social Responsibility (CSR) is the continuing commitment by every business entity to behave ethically and contribute to the economic development and help in environmental preservation/protection while improving the quality of life of the workforce and their families as well as of the local community and society at large.

Objectives:

1. To provide assistance to community development projects of the Local Government Units within which the company's offices are located;
2. To provide assistance to projects being catered to by Non-Government Organizations;
3. To award scholarship programs to the less fortunate but well-deserving students from the public schools where the company's offices are located
4. To extend scholarship program to children of deserving employees;
5. To extend scholarship program to employees
6. To donate educational materials, gadgets, tools and instruments to public schools for instructional purposes to aide better-learning capabilities of students.
7. To donate materials for school improvements
8. To extend assistance either in cash or in kind to victims of calamities, pandemic and other unforeseen events
9. To conduct humanitarian programs for the community in need

Funding:

The amount of One Million Pesos (Php1,000,000.00) shall be appropriated by the Board of Directors from the Retained Earnings of the bank from which all CSR projects will be funded. The unused funds shall automatically be reverted back to the retained earnings of the bank at the end of each fiscal year. The amount of P1,000,000.00 shall be automatically renewed for appropriation at the beginning of each of the succeeding years.

Terms and Conditions:

- A. Community Development Projects of the LGUs- the company shall donate either financially or in kind to poverty alleviation, livelihood, socio-economic projects of the LGUs subject for Board approval.



- B. NGO Projects- the company shall help by donating to community development projects catered by NGOs in areas affected by calamities, poverty and war, subject for Board approval.
- C. Humanitarian programs- the company may conduct programs that may help alleviate poverty and address other arising concerns in every community where its corporate offices and other nearby towns.
- D. Scholarship Programs-
 - 1. The company shall choose one student belonging from the Top Ten honor roll of at least one public high school per year(those in the areas where offices of the company are located).
 - 2. A Memorandum of Agreement shall be entered to by and between the company and the chosen student scholar or in case he/she is still a minor, he/she shall be represented by his/her parents/guardians. Included in the MOA shall be the condition that if the student scholar will not be able to fulfill item no. 5 of this program, he/she shall be liable to refund to the bank the full amount of the scholarship.
 - 3. The company shall provide either the full or partial tuition fee of the student scholar for the course relevant to banking and finance subject for Board approval.
 - 4. The student scholar shall maintain a grade point average of 1.75(90%) throughout the semester covered by the scholarship. Failure to maintain said average shall automatically forfeit the scholarship grant for the succeeding semester. Course should be related to banking.
 - 5. Upon graduation, the student scholar shall serve the company for an equivalent of one(1) year per year of scholarship.
 - 6. Children of well-deserving employees may apply for this scholarship program subject for approval by the Board.
 - 7. Continuing Education Program- employees who wish to pursue graduate programs on Master in Business Administration (MBA), Corporate Law or Bachelor of Laws and Letters (LIB) / Juris Doctor (JD), Certified Public Accountant (CPA) Review and other related courses needed in their functions within the company may avail of the continuing education program. Every semester availed of shall be equivalent to one (1) year of service to be rendered in the bank. A Memorandum of Agreement shall be contracted between the company and the employee-beneficiary for the aforementioned purpose.
- E. Educational materials, gadgets, tools and instruments- the company shall donate Educational materials, gadgets, tools and instruments to schools within areas where company offices are located subject for Board approval. The materials shall be given after the recipient school enters into a Memorandum of Agreement with the company that the former shall plant twenty (20) seedlings of fruit-bearing trees and shall take care of the same until maturity within its premises with proper documentation.
- F. Funding per project- donations either in kind or in cash shall not exceed One Hundred Thousand Pesos (Php100,000.00) per project as per approval of the Board.

In case of projects not listed above;

- 1. Projects which are not included in the above-listed conditions shall also be subject to Board approval;
- 2. As well as those included in the above-written conditions which require more than One Hundred Thousand Pesos (Php100,000.00) amount of funding per project.



In case of projects not listed above;

Projects which are not included in the above-listed conditions shall also be subject to Board approval;

As well as those included in the above-written conditions which require more than One Hundred Thousand Pesos (Php100,000.00) amount of funding per project.

Corporate responsibility to society is part of the Bank's corporate governance. The Bank's strongest support came from the society so it is only appropriate to at least give back in return in the form of good corporate governance. Therefore, RBSMI CSR aims to embrace responsibility for corporate actions and to encourage a positive impact on the environment and stakeholders.

Every year, RBSMI actively participates in the Department of Education's Brigada Eskwela by donating paints and this year, to comply with the regulation on sustainability, the Bank also distributed trash bins and fruit bearing trees to different schools.

For 2024, the Bank also conducted literacy seminars for farmers in coordination with the Local Government Unit and Barangays.



s. Consumer Protection Practices

i. **Role and responsibility of the Board and Senior Management for the development of consumer protection strategy and establishment of an effective oversight over the bank's consumer protection programs**

Rural Bank of San Mateo (Isabela), Inc. (RBSMI) is in full support of the State's policy of providing protection to its consumers, upholding their welfare and establishing principles and standards of conduct for the banking industry. For this, the Bank has the role of ensuring that the best interests of financial consumers are protected.

ROLES AND RESPONSIBILITIES OF OVERSIGHT BODIES

BOARD OF DIRECTORS

- The Board of Directors (BOD) has the ultimate responsibility for the level of customer risk assumed by Rural Bank of San Mateo (Isabela), Inc. (RBSMI) Accordingly, the Board approves the Bank's overall business strategies and significant policies, including those related to managing and taking customer risks.
- The Board of Directors takes steps to develop an appropriate understanding of the customer risks the Bank faces through briefings from auditors and experts external to the organization.
- The Board of Directors provides clear guidance regarding the level of customer protection risk acceptable to the Bank and ensures that senior management implements the procedures and controls necessary to comply with the policies that have been adopted.
- The BOD is responsible for developing and maintaining a sound Customer Protection Risk Management System that is integrated into the over-all framework for the entire product and service life-cycle.
- Each director has a level of knowledge commensurate with the nature of his or her role in managing the Bank's customer protection program. This can be done through attendance to trainings and seminars, interaction with experts and regulatory personnel knowledgeable to this line.
- The Board reviews and approves appropriate customer protection policies to limit risks inherent in the Bank's significant business lines, activities, or products, including ensuring effective oversight of any third-party providers that provide products and services for the Bank.



- The Board periodically reviews and approves customer protection risk exposure limits to conform to any changes in the Bank's strategies and addresses the extent of protection assumed by the customers when new products are introduced.

SENIOR MANAGEMENT

- Senior management is responsible for implementing a program to manage the customer compliance risks associated with the Bank's business model, including ensuring compliance with laws and regulations on both a long-term and a day-to-day basis. Accordingly, management should be fully involved in its activities and possess sufficient knowledge of all major products to ensure that appropriate risk controls are in place and that accountability and lines of authority are clearly delineated.
- Senior management also is responsible for establishing and communicating a strong awareness of, and need for, effective customer protection risk controls and high ethical standards.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

- The BOD and Senior Management periodically review the effectiveness of the Customer Protection Risk Management System (CPRMS) including how findings are reported and whether the audit mechanism in place enable adequate oversight.
- The BOD and Senior Management must ensure that sufficient resources are devoted to the customer protection program.
- They must be certain the FCP weaknesses are properly addressed and corrective actions are taken in a timely manner.
- The Board and Senior Management are sufficiently familiar with and are using adequate record keeping and reporting systems to measure and monitor the major sources of customer risk to the Bank.
- The Board and Senior Management ensure that the depth of staff resources is sufficient to operate and manage the Bank's customer protection activities soundly and that employees have the integrity, ethical values, and competence that are consistent with a prudent management philosophy and operating style.
- The Board and Senior Management anticipate and respond to customer protection risks that may arise from changes in the Bank's competitive environment and to risks associated with new or changing regulatory or legal requirements.



ii. The consumer protection risk management system of the bank

The Customer Protection Risk Management System (CPRMS) is a means by which a Bank can identify, measure, monitor and control customer protection risks inherent in its operations. The risks belong to the financial customer or the Bank.

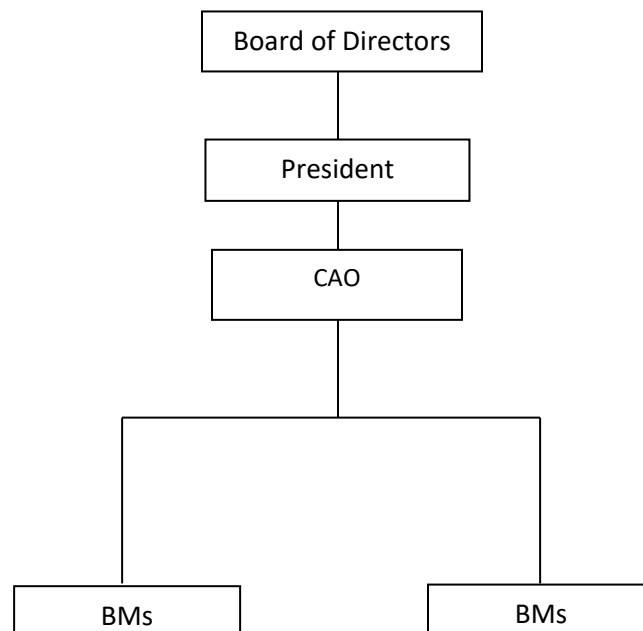
The CPRMS is proportionate to the size, structure and complexity of Rural Bank of San Mateo (Isabela), Inc. (RBSMI) operations. It provides the foundation for ensuring the Bank's adherence to CP standards of conduct and compliance with customer protection laws, rules and regulations in order to prevent risk to the Bank and any harm or financial loss to the customer.

The policies and procedures of the CPRMS are embodied in the Financial Consumer Protection Manual of the Bank.

iii. The consumer assistance management system of the bank which shall include the customer assistance policies and procedures as well as the corporate structure for handling complaint

STRUCTURE

Rural Bank of San Mateo (Isabela), Inc. (RBSMI) follows its existing operational channel in handling customer complaints. It has designated its Branch Managers to serve as the Customer Assistance Officers (CAOs). The CAOs then report to the HCAO for the latter to present and discuss the report on complaints to the President, and subsequently report to the Board which will provide action based on the recommendations of the President. The structural chart for CAMS is presented below:





ROLES OF CUSTOMER ASSISTANCE OFFICER (CAO)

The Branch Managers who are designated as CAOs shall have the following functions and responsibilities:

- a. Receives and acknowledges customer concerns, either complaint or request. A Complaint/Request Form shall be provided to the customer to file the complaint with the Bank;
- b. Records customer's concerns in a logbook. A database of concerns is encoded in the computer
- c. Makes an initial review and investigation of concerns of the customer. He/She shall see to it that the primary cause of the customer's concern is identified properly;
- d. Processes concerns of the customer. The CAO shall immediately address the concern of the customer. If the concern requires Head CAO's assistance, send immediately the concern to them;
- e. Provides official reply to the customer. The reply shall be approved by the Head CAO ;
- f. In order to determine whether the Bank has satisfactorily addressed the concern of the customer, requests client feedback;
- h. Prepares and submits a summary report to Head Customer Assistance Office (HCAO)

Consumer Assistance Channels:

Contact Number: 09175210985 / (078) 323-0815

Email Address: rbsmi_consumerassistance@rbsanmateoisa.com

Facebook page: <https://www.facebook.com/Rural-Bank-of-San-Mateo-Isabela-Inc-405677642816604>

Contact Person: Nestor A. Dres – Consumer Assistance Officer



b. List of major stockholders of the bank, including nationality, percentage of stockholdings and voting status

Name of Stockholder	Nationality	Shares Subscribed and Paid	Percentage of Ownership	Voting Status
Petines, Ma. Linda N.	Filipino	136,503	22.75%	Active
Gapud, Nenita P.	Filipino	96,322	16.05%	Active
Mayo, Helen P.	Filipino	76,887	12.81%	Active
Pilapil, Katrina Marie P.	Filipino	32,020	5.34%	Active
Petines, Manuel Y.	Filipino	27,958	4.66%	Active
Ramos, Ma. Alexandra P.	Filipino	23,619	3.94%	Active
Mayo, Mark Stephen P.	Filipino	22,632	3.77%	Active
Petines, Angelo N. (estate)	Filipino	21,844	3.64%	Active
Petines, Paolo N.	Filipino	19,570	3.26%	Active
Petines, Soledad	Filipino	18,640	3.11%	Active
Arcenal, Michelle Christine P.	Filipino	18,082	3.01%	Active
Petines, Reginald	Filipino	18,082	3.01%	Active
Petines, John Paul	Filipino	18,082	3.01%	Active
Total		530,241	88.37%	



a. PRODUCTS AND SERVICES

PRODUCTS & SERVICES OFFERED

Livestock & Poultry Loan a facility which aim to attract small dairy and meat growers including poultry raisers and fishers

Truck and Equipment loan offered to businessmen willing to invest trucks and heavy equipment for business use

Building Construction and Improvement is a kind of loan intended for commercial building construction or improvement

Financial Backup loan to provide additional capital to small and medium entrepreneur in line with their existing business

Commercial Loan a kind of loan intended for additional capital for business

Personal "Selfie" Loan this product is an unsecured loan which extend financial assistance to professionals

Farm Equip Loan loan offered for farmers and businessman willing to invest in farm equipment for business use

Fringe Benefit Loan a kind of loan granted to employees which are already five years in service.

Farmers Loan is a kind of loan which can be availed by an individual or farmer for agricultural purposes

Consumer Loan is a kind of loan intended for personal consumption purposes

Real Est. Property Acquisition a kind of loan intended to finance purchase of lots and condominium

Magsasaka loan - is a loan facility which can be availed by small or marginal farmers to finance their farming activities

Pabahay loan - it is a loan facility intended for the purchase of residential units, house & lot, condominium and construction of residential houses

Deposits and Savings Products

- 1 Basic Deposit Account
- 2 Regular Savings Account
- 3 Special Savings Deposits
- 4 SSD - Long Term (5 years + 1 day)
- 5 Demand Deposit (Checking Account)
- 6 RBSMI Jr. Savers Club (5 - 6 years old)
- 7 ATM (member of Nationlink/ Bancnet)

Gov't Documents Contribution

PHILHEALTH
PAG-IBIG
DFA
SSS

Bayad Center/ ECPAY/ i2i

Home Credit, Globe Handyphone(GPHONE), Globeline(Innove), PLDT, PT&T, Digitel, Bayantel, BPI Credit Card, AUB Credit Card, Maynila Water Services, Visa Card, Master Card, UB Credit Card, Dragonpay, Insurance, Schools, and many more, one stop shop

OTHER SERVICES

Online Deposit to Commercial Bank

Western Union Remittances

Bills Payment ISELCO I

RURALNET amd i2i

Domestic Remittance
Cebuana Lhullier
Mhullier
RDVillarica

International Remittance
iRemit
Transfast

Flight Ticketing • Domestic Flight Ticketing • Domestic Flight Ticket

Mga kababayan, nais po naming ipabatid na kami ay tumatanggap na po ng bayad ng koryente. Magtungo lamang po sa aming mga tanggapan.

#StaySafe #KeepSafe
#RBSMIAngInyongKabalikatSaPagUnlad





MAGSASAKA LOAN

Narito na ang iyong sandigan sa...

DPagsasaka (palay, mais, prutas at gulay)

DPag-aalaga na baboy, kambing pati na
rin manok, pato, itik, pugo, atbp.

DPangingisda (tilapia, hito at iba pa)



Halina't magsadya sa aming tanggapan o Tumawag sa numero

Main Office- San Mateo (0917-8936218)

Luna Branch (0975-9329709)

A. Lista Branch (0967-7918849)

Ramon Branch (0905-6045673)

San Manuel (0917-5298152)



Rural Bank of San Mateo(ISA.), Inc. "Ang Inyong Kabalikatan Sa Pag-Unlad"

PANGARAP
MONG BAHAY,
ABOT- KAMAY
MO NA!



PABAHAY LOAN

Ask us how!

MAIN OFFICE 0917-881-0254
SAN MANUEL, ISA. : 0917-529-8152
LUNA BRANCH: 0917-503-4302
A. LISTA BRANCH: 0917-585-4031
RAMON, ISA. : 0917-529-8214



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RBSMI FINANCING



For more information
Please call :

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SAN MANUEL: 0917-529-8152
LUNA: 0917-503-4302 /
0975-932-9706
ALFONSOLISTA: 0917-585-6031
RAMON: 0917-529-8214

Basic Requirements

- Valid IDs and 2x2 Picture
- Proof of income
- Price quotation
- CR/OR

Visit our FB page
Facebook.com/RBSanMateoIsabela/

RURAL BANK OF SAN MATEO (ISABELA), INC.

 **RURAL BANK OF SAN MATEO (ISA.) INC.**

General Requirements

Driver's license 1, 2 (1)
Quotation from dealer(2)
Proof of income(3)
If with business:
ITR/ In- House Income Statement
DTI
Business Permit
Proof of sales
Bank Statement
If Employed:
Certificate of employment
3 months Pay Slip



MOTOR FIN



For more information Please call

A. Lista Branch 09175856031
Ramon Branch 09175858214

Main Branch 09178936218

San Manuel Branch 09175298152
Luna Branch 09175856032



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**RENEWABLE
ENERGY
LOAN**



**WE ARE NOW OPEN FOR
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In partnership with 

SECURED LOAN FOR:

- ✓ RESIDENTIAL
- ✓ COMMERCIAL
- ✓ AGRO INDUSTRIAL/
AGRICULTURAL



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PLEASE CALL**

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Facebook
Rural Bank of San Mateo
(Isabela), Inc.

LUNA BRANCH: 0917 - 585 - 6032 A. LISTA BRANCH: 0917 - 585 - 6031 **MAIN OFFICE: 0917 - 893 - 6218** SAN MANUEL, ISA. 0917 - 529 - 8152 RAMON, ISA. 0917 - 585 - 8214

0917 - 282 - 8032 0917 - 282 - 8031 0917 - 893 - 6218 0917 - 529 - 8152 0917 - 282 - 8034

LUNA BRANCH A. LISTA BRANCH **MAIN OFFICE** SAN MANUEL, ISA. RAMON, ISA.

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(Isabela), Inc.

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(ISABELA), INC.**

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LOAN**

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Gadgets for online
class?**

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- ✓ **FAST APPROVAL**
- ✓ **TERM OF UP TO 12 MONTHS**
- ✓ **NO HIDDEN CHARGES**



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RAMON, ISA. 0917 - 585 - 8214

0917 - 282 - 8032 0917 - 282 - 8031 0917 - 893 - 6218 0917 - 529 - 8152 0917 - 282 - 8034

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AGRO INDUSTRIAL
COMMERCIAL
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SECURED LOAN FOR



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RAMON, ISA. 0917 - 585 - 8214
A. LISTA BRANCH: 0917 - 585 - 6031
SAN MANUEL, ISA. 0917 - 529 - 8152

RURAL BANK OF SAN MATEO (ISABELA), INC.

BACK TO BACK LOAN

APPLY NOW!

VISA APPROVED

ing. Flying.

PASSPORT VISA

PASSPORT VISA

OTHER SERVICES OFFERED

RURAL BANK OF SAN MATEO (ISABELA), INC.

WE ACCEPT PAYMENTS OF

INTERNET/TEL/CABLE/LOAD

PLDT
DIGITEL

ABS-CBN MOBILE
SKYCABLE
BAYANTEL

BROADBAND EVERYWHERE
EASTERN TELECOM
GATE
GLOBELINES
G-QUEST
MYCLOUD
ONEWAYSMS
PTST
VIACOM
WI TRIBE
SIGNAL TV

SCHOOL

ATENED SCHOLAR
DELASALLE UNIV
DELASALLE ZOBEL
LASALLE GREENHILLS
XAVIER
XAVIER AA

MOBILE PLAN/LOAD

GLOBE
TOUCH MOBILE(TM)
SMART
TALK'N'TEXT
SUN CELLULAR
GHPHONE

GOV'T DOCUMENTS

NBI
PIONEER LIFE
POEA
PRC
SEC

GOV'T CONTRIBUTIONS

PAG-IBIG
PHILHEALTH
SSS

AIR TICKETING

AIR ASIA
AIRPAZ
CEBU PACIFIC
PAL
SKYJET

OTHERS

HOME CREDIT
DRAGONPAY
BPI CREDITCARD
DRAGONGAMES
PSBANK LOAN
AEON CREDIT
AGODA
ASIALINK
AUB CREDITCARD
AVEVIA
CASHSENSE
CHINA TRUST
CITIFINANCIAL
CTIBANK SAVINGS LOAN
DOCTORCASH
PAYEXPRESS
FB FINANCIAL
FINASWIDE
ICONNEX
INSULAR SAVERS
MAYBRIDGE
METRO FASTBET
NORKIS
OPTIMUM BANK
PESOPAY
PHILSMILE
SOUTH ASIALINK
WORLD VISION



b. Website

The Bank's website can be accessed through www.rbsanmateoisa.com

c. List of banking units

BRANCHES	ADDRESS	CONTACT DETAILS
Head Office	National Highway, Barangay 3, San Mateo, Isabela	(078) 323-0815 / 323-0817 0917-585-6033 rbsanmateoisa@rbap.org
Alfonso Lista, Ifugao Branch	Santa Maria, Alfonso Lista, Ifugao	0977-817-5764
Luna, Isabela Branch	Centro, Luna, Isabela	0917-585-6032
Ramon, Isabela Branch	Bugallon Proper, Ramon, Isabela	0917-529-8214
San Manuel, Isabela Branch	National Highway, San Manuel, Isabela	0917-529-8152



2024 SUSTAINABILITY REPORT





SUSTAINABILITY PHILOSOPHY

The management of Environmental and Social Risk shall increase stakeholder's value and contribution to the Bank's long term sustainability on its immediate commitment to balance economic success with Environmental and Social responsibility.

RBSMI Sustainability Principles






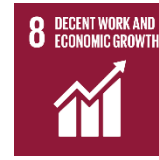

- A. Rural Bank of San Mateo (Isabela), Inc. (RBSMI) is committed to balance economic success with Environmental and Social responsibility.
- B. RBSMI aligns its strategic objectives with the United Nations 17 Sustainable Development Goals (SDGs).
- C. Effective management of Environmental and Social Risks is a result of the collective action of all personnel in the Bank.
- D. The management of Environmental and Social Risks shall increase the stakeholder's value and contribute to the Bank's long-term sustainability in its immediate commitment.

RBSMI Sustainability Strategy

- A. Promotion of renewable energy which entails the use of solar panels and other renewable energy sources.
- B. Promote food security through good and modern agricultural practices.
- C. Selective provision of loan to borrowers with sustainable practices.
- D. Support to economic empowerment through the provision of accessible credit.
- E. Promotion of social equality through affordable housing loan.
- F. Support employment generation through MSME Financing.




Scope of Sustainable Finance

Loan Products	Description	Alignment with SDGs	Loan Portfolio
<ul style="list-style-type: none"> Renewable Green Energy Loan 	Financing of renewable energy resources for houses, buildings and other agro-industrial purposes. Either by solar panels, windmills and hydroelectric.	  	0.00% P0
<ul style="list-style-type: none"> Agricultural Loan Farmers Loan Sandigan ng Magsasaka Loan Livestock and Poultry Loan Farm Machinery Financing 	Financial services provided to farmers, farm machinery operators and to individuals engaged in other agricultural activities (e.g. livestock, poultry, fishery, etc.).	 	31.36% P205.44M
<ul style="list-style-type: none"> Commercial Loan Financial Back-up Loan Selfie Loan 	<p>It is a debt-based funding arrangement typically used to fund major capital expenditures and or cover operational costs that the company may otherwise be unable to afford.</p> <p>An unsecured loan which aims to provide additional capital to small and medium entrepreneurs in line with their existing business.</p> <p>An unsecured loan which can be availed of by employed individuals, working professionals, Overseas Filipino Workers/Seaman with notarized contract or, if self-employed, with business registered and operating.</p>	 	47.38% P310.42M



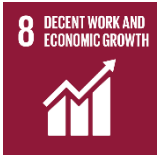



<ul style="list-style-type: none"> • Consumer Loan • Fringe Benefit Loan • Salary Loan for employees 	<p>This type of loan product can either be “SECURED or UNSECURED Loan” which can be availed by any individual intended for the following purposes:</p> <ul style="list-style-type: none"> • Personal Consumption • Household expenditures such as: • Medical, Health care & wellness; • Acquisition of service vehicle; • Education; • Vacation & travel; • Special events; • Household expenditures (such as purchase of furniture, appliances, etc.); and • Other related purposes. <p>To uplift the living condition and cushion the high cost of living for the benefit of its officers and employees and to meet their housing, transportation, household and personal needs, do hereby adopt this financial assistance.</p> <p>An unsecured loan that can be availed by Rural Bank of San Mateo (Isabela), Inc.’s employees and security guards for personal purposes.</p>	<div> <div>4 QUALITY EDUCATION </div> <div>3 GOOD HEALTH AND WELL-BEING </div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES </div> </div>	<p>4.08% P26.68M</p>
<ul style="list-style-type: none"> • Educational Loan 	<p>This type of loan product can be availed by an employed individual, intended for the following purposes:</p> <ul style="list-style-type: none"> • Educational Purposes • Tuition fee • Laptop • And Other related costs 	<div> <div>4 QUALITY EDUCATION </div> </div>	<p>0.0004% P0.002M</p>
<ul style="list-style-type: none"> • Pabahay Loan 	<p>Housing loan is a type of financing offered by RBSMI to a borrower for real estate purposes such as purchase, construction, and refinancing.</p>	<div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES </div> </div>	<p>7.66% P50.20M</p>
<ul style="list-style-type: none"> • Building Construction or Improvements Financing 	<p>A debt-based funding arrangement usually in the form of a short or long-term loan that is used to finance the following:</p> <ul style="list-style-type: none"> • Commercial Building Construction or Improvement • Warehouse, storage of supplies and inventory 	<div> <div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE </div> </div>	<p>1.08% P7.08M</p>



	<ul style="list-style-type: none"> Construction/Renovation/Improvement of Commercial Building secured by a separate real estate collateral. 		
<ul style="list-style-type: none"> Real Estate Property Acquisition Financing Motorcycle Financing Trucks and Heavy Equipment Financing 	<p>A debt-based funding arrangement usually in the form of a short or long-term loan that is used to finance the following:</p> <ul style="list-style-type: none"> Purchase of Commercial Lot Purchase of Residential Lot Purchase of Agricultural Lot Purchase of Condominium Unit <p>Loan granted to an individual for the acquisition of motorcycle for personal use.</p> <p>It is a loan granted to a person, whether natural or juridical to address the machineries and equipment needed by the businessman by offering them a financial assistance intended for the following purposes: (as amended on March 16, 2023)</p> <ul style="list-style-type: none"> Acquisition of trucks (dump truck, tractor head, trailer bed, ten-wheeler truck & etc.) Acquisition of heavy equipment (loader, backhoe, cement mixer, bulldozer and etc.) 		<p>7.85% P51.42M</p>

Scope of Sustainable Finance

Category	Description	Linkage with SDGs
Food security and promotion of sustainable agriculture	RBSMI provides financial products that benefit the agricultural industry for sustainable agricultural production and to achieve food security. And as part of the Bank's CSR to distribute vegetable seedlings to selected nearby Barangays.	 
Economic Growth	RBSMI offered a variety of financial products and services to meet the demands of the MSME sector to achieve long-term economic and industrial growth that enhances employment.	 



<p>Renewable energy and planet conservation</p>	<p>RBSMI is devoted to green energy solutions and has launched products to finance renewable energy sources that will substantially increase energy efficiency.</p> <p>The Bank also invested in a solar-powered building and reduced paper waste by implementing paperless transactions through a modernized core banking system.</p> <p>All branches are compliant with RA 9003 – The ecological solid waste management act.</p> <p>The following were included in the Bank's CSR:</p> <ol style="list-style-type: none"> 1. Waste Segregation projects to Schools and Public Places 2. Project WASH (Access to clean water) 3. Tree planting activities 4. Clean-up drive 	<div> <div>7 AFFORDABLE AND CLEAN ENERGY </div> <div>13 CLIMATE ACTION </div> <div>6 CLEAN WATER AND SANITATION </div> </div>
<p>Sustainable access to basic needs</p>	<p>RBSMI ensures access to basic needs by providing affordable financial products to support the human basic need for safe and affordable housing, sustainable transport system, quality education and health care.</p> <p>RBSMI is focused on promoting financial literacy while striving to be a one-stop bank that can cater to all banking services and needs by a customer with convenience.</p> <p>The Bank also incorporated the following sustainable practices:</p> <ul style="list-style-type: none"> • Assistance and scholarships to students with assuring academic performance. • Quality on-the-job training experience. • Employee access to HMO. • Advocating employees to foster healthy living habits and sustainable lifestyle. 	<div> <div>3 GOOD HEALTH AND WELL-BEING </div> <div>4 QUALITY EDUCATION </div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES </div> </div>



Environmental and Social Risk Exposure

Portfolio per Industry as of December 31, 2024 (based on Philippine Standard Industrial Classification 2019)	Loan Portfolio Exposure	Loan Portfolio Percentage
Agriculture, Forestry and Fishing	206,895,323.78	30.19%
Trading (Wholesale and Retail), Repair of Motor Vehicle and Motorcycle	153,648,148.41	22.42%
Real Estate Activities	127,886,605.70	18.66%
Construction	75,259,734.02	10.98%
Transportation and Storage	48,744,596.28	7.11%
Activities of Extra-Territorial Organization and Bodies	30,383,621.43	4.43%
Information and Communication	22,015,222.00	3.21%
Accommodation and Food Services	12,529,645.01	1.83%
Professional, Scientific and Technical Activities	1,626,061.09	0.24%
Manufacturing	1,402,481.31	0.20%
Education	1,398,794.50	0.20%
Others Service Activities	1,370,994.50	0.20%
Financial and Insurance Activities	1,040,098.63	0.15%
Mining and Quarrying	826,138.62	0.12%
Administrative and Support Service Activities	265,972.67	0.04%
Total	685,293,437.95	100.00%

RBSMI faced significant Environmental and Social (E&S) risk exposure, mainly due to its lending activities, with the Agricultural sector comprising 30.19% of its loan portfolio. This reflects the Bank's commitment to providing financial services to rural communities, particularly farmers and fisherfolk, thereby supporting rural development and enhancing food security.

Risk exposure to Trading (Wholesale and Retail) sector accounts to 22.24% of loan portfolio providing capital support and improved cash flow to improve Micro, Small and Medium Scale businesses creating employment opportunities and supporting the economic growth.

The Bank's risk exposure to financing activities in the Real Estate sector accounted for 18.66% of its loan portfolio. Real estate development contributes to a more inclusive, livable and resilient communities.



Existing and emerging Environmental and Social Risk Exposure

Existing Environmental Risk		
Risk	Description	Impact on the Bank
Typhoons and flooding	Frequent extreme weather events damage agriculture, infrastructure, and assets.	Increasing loan defaults lead to higher provisioning needs. Damage to bank assets and operational disruption.
Climate variability	Unpredictable planting season and rainfall season reducing harvest quantity and quality.	Reduces farm productivity, affecting agricultural loan repayment cycles.
Soil degradation	Poor agricultural practices resulting in reduced land productivity	Reduced yield and borrower income resulting in higher default in agricultural loans.

Emerging Environmental Risk		
Risk	Description	Impact on the Bank
Climate Transition Risk	Stricter climate policies (e.g. carbon taxes, emissions limits)	Devaluation of carbon-intensive assets, cost of compliance for borrowers.
Greenwashing & ESG Non-Compliance	Misleading sustainability claims by borrowers.	Reputational risk that may impose regulatory fines.

Existing Social Risk		
Risk	Description	Impact on the Bank
Poverty and Inequality	High rural poverty rates limit capacity to repay and access financial services.	High NPLs, narrow client base, limited product penetration.
Land tenure insecurity and disputes	Lack of clear land titles among rural clients.	Issues with collateral, loan recovery challenges, foreclosure limitations, credit risk.
Health and safety crisis	Poses a significant threat to the health, safety, or well-being of individuals and communities. (e.g. Covid 19 and other public health concerns).	Disruption of bank operations and physical closures. Loan defaults due to job losses or medical expenses



Emerging Social Risk		
Risk	Description	Impact on the Bank
Data privacy issues	Cyber related attacks that may lead to data breaches.	Loss of trust and confidence from clients and borrowers. Possible imposition of regulatory fines and penalties.
Digital advancement and technology access gap	Increased reliance on digital banking may marginalize unbanked or underbanked populations, especially in rural areas with limited internet access	Regulatory pressure to develop inclusive digital solutions and banking products. Missed market opportunities if banks fail to engage underserved communities.

Other sustainability initiatives in adherence to internationally recognized sustainability standards and practices

In response to the growing urgency to address climate change and promote sustainable development, RBSMI has developed its own Sustainable Finance Framework. The Bank integrates environmental and social risk considerations into its governance, risk management, and strategic objectives.

RBSMI had incorporated the Philippines Sustainable Finance Taxonomy Guidelines (SFTG) incorporated into the Bank's lending activities. This aims to categorize the environmental objective, assess through series of criteria (DNSH, MSS, RMT) and to classify the activity in accordance with the traffic light classification system.

Progress on the implementation of sustainability initiatives

In line with the Bangko Sentral ng Pilipinas (BSP) Circular No. 1085 on Sustainable Finance, RBSMI continues to make significant progress in embedding sustainability principles and initiatives. This is a critical component of the Bank's long-term strategy to manage environmental and social (E&S) risks while supporting the transition to a low-carbon, inclusive, and resilient economy.

A. Governance Framework

To strengthen the Bank's commitment to sustainability, we have embedded Environmental, Social, and Governance (ESG) principles into our governance structures which include the Board of Directors, Senior Management and Oversight functions.



B. Risk Management System

Recognizing climate and social risks as material financial risks, the Bank initiated efforts to integrate sustainability into our enterprise-wide risk framework. This year's progress is the capacity building and implementation of Sustainable Finance Taxonomy in the loan assessment process.

C. Business Strategy and Operation

The Bank made significant strides in embedding sustainability at the core of its business strategy and operational practices. This ongoing transformation reflects our commitment to long-term value creation, environmental stewardship, and social responsibility. For 2024, the Bank provide empowerment mainly to the Agricultural and MSME sector comprising 83.04% of loan portfolio contributing to food security and economic growth. Operational sustainability innovations led to the use of solar powered buildings and reduced paper usage while promoting efficiency.



RBSMI Sustainability Impact

In today’s rapidly evolving financial landscape, sustainability is no longer a peripheral concern. It is a core pillar of responsible banking. RBSMI bank recognizes that true success extends beyond financial performance, encompassing environmental stewardship, social responsibility, and governance excellence. This holistic approach drives our commitment to creating long-term value for our customers, communities, and shareholders while safeguarding the planet for future generations.



Economic Impact

Fostering Economic and Business growth

P 4,566,645
Taxes paid in 2024

P 366,884,681
SME loan portfolio

Enriching Banking Practices

5
No. of Branches

789
No. of Borrowers

12, 594
No. of Depositors

Providing positive social value

65
No. of Schools provided with support during Brigada Eskwela 2024



Environmental Impact

Waste Management

100%

Compliance to RA 9003 also known as the Solid Waste Management Act

Efficient use of energy

100%

Use of LED lights on all branches

1

Solar powered data center



Social Impact

Diversity and equal employment opportunities

90

No. of employees

58.89%

Female employees

41.11%

Male employees

Inclusive Health Insurance Coverage

67

No. of employees with HMO

Data Privacy and Integrity

0

No. of data breaches

Workplace Health and Safety

0

No. of work-related injuries, severe illnesses and fatalities



8. 2024 Audited Financial Statements (AFS) with Auditor's Opinion (ANNEX A)

II. COMPLIANCE WITH PART V OF APPENDIX 62 OF THE MORB – DISCLOSURES IN THE ANNUAL REPORTS AND PUBLISHED STATEMENT OF CONDITION

A. CAPITAL STRUCTURE AND CAPITAL ADEQUACY:

1. Tier 1 capital and a breakdown of its components

Tier 1 Capital and a breakdown of its components	
Paid up common stock	60,000,000.00
Retained earnings	135,953,951.00
Sub-total	195,953,951.00

2. Tier 2 capital and a breakdown of its components

Tier 2 Capital and a breakdown of its components	
General loan loss provision	5,660,900.80
Total Tier 2 Capital	5,660,900.80

3. Deductions from Tier 1 (50%) and Tier 2 (50%) capital

Deductions from Tier 1 (50%)	
Deferred tax asset, net of deferred tax liability	12,068,156.79
Deductions from Tier 2 (50%)	
Deductions from Tier 2 Capital	0.00

4. Total qualifying capital

Total qualifying capital	177,385,469.53
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5. Capital requirements for credit risk

TOTAL CREDIT RISK WEIGHTED ASSETS	MULTIPLY BY	CAPITAL REQUIREMENT
980,357,163.09	10%	98,035,716.309

6. Capital requirements for market risk

TOTAL MARKET RISK WEIGHTED ASSETS	MULTIPLY BY	CAPITAL REQUIREMENT
0.00		0.00

7. Capital requirements for operational risk

TOTAL OPERATION RISK WEIGHTED ASSETS	MULTIPLY BY	CAPITAL REQUIREMENT
1,098,882,927.72	10%	109,888,292.772

8. Total and Tier 1 Capital Adequacy Ratio on both solo and consolidated bases

Total Capital Adequacy Ratio	17.54
Total Tier 1 CAR	17.02%