

REPUBLIC OF THE PHILIPPINES)
CITY OF CEBU) S.S.
X ----- X

SECRETARY'S CERTIFICATE

I, **RIA LIDIA G. ESPINA**, of legal age, Filipino, and a resident of Park Vista Townhomes, Apas, Cebu City, after being sworn to in accordance with law, depose and say, that:

1. I am the duly elected Corporate Secretary of **ASPAC RURAL BANK, INC.**, a corporation duly organized and existing under the laws of the Republic of the Philippines with principal office address at M.C. Briones Highway cor. Gen. Ricarte St., Guizo, Mandaue City, Cebu;

2. During the regular meeting of the Board of Directors of said Corporation held on May 23, 2025 at Colon Room, City Sports Club, Cebu Business Park, Cebu City, wherein quorum was present and acting throughout, the Board approved the following resolutions, to wit:

Board Resolution No. 05A-06 s.2025

"WHEREAS, in compliance with the annual regulatory and reportorial requirements under Section 175 and Appendices 62 and 125 of the Manual of Regulations for Banks (MORB), ASPAC Rural Bank, Inc. ("Bank") has prepared and disclosed the proactive measures undertaken for the year 2024;

WHEREAS, the Bank's disclosures, as required under the Supplemental Disclosure provisions, include the following key aspects:

- a. Details and explanations of any significant changes during the year;
- b. Highlights of major activities during the year that impacted operations;
- c. Major strategic initiatives of the Bank; and,
- d. Challenges encountered, opportunities identified, and corresponding responses during the year;

NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, to approve the Bank's Supplemental Disclosures as detailed in the Annex "A", which is attached hereto and forms an integral part of this Resolution;

RESOLVED, FURTHER, to direct the Compliance Officer to disseminate the contents of the Supplemental Disclosures to all Bank personnel for their information and necessary action. The designated IT personnel is likewise instructed to ensure the timely posting of the 2024 Annual Report on the Bank's official website;

RESOLVED, FINALLY, that a copy of this Board Resolution be furnished to Bangko Sentral ng Pilipinas for reference/file".

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by signature this
JUN 27 2025 at Cebu City, Philippines.


RIA LIDIA G. ESPINA
Corporate Secretary

ATTESTED BY:


KENNETH GREGORY MANUEL L. GO
Chairman

SUBSCRIBED AND SWORN to before me this JUN 27 2025 in the City of Cebu, Philippines, Affiant Ria Lidia G. Espina, exhibited to me her PRC bearing an ID No. 0087049 issued on June 26, 1992 and it is valid until March 27, 2026.

Doc. No. 187 ;
Page No. 39 ;
Book No. 11 ;
Series of 2025.
6.26.25




ATTY. NICHOL JON BURT A. RUAYA
Notary Public Cebu City
Commission No. 002-20
Valid until December 31, 2025
Roll of Attorneys No. 72520
IBP No. 481160, 12/06/2024, Cebu
PTR No. 1383774, 12/05/2024, Cebu City
MCLE Compliance No. VIII-0002699, 04/14/2020
2nd Floor, UC Main Bldg., Sanciangko St., Cebu City
Email: ruaya.nichol.jba@gmail.com

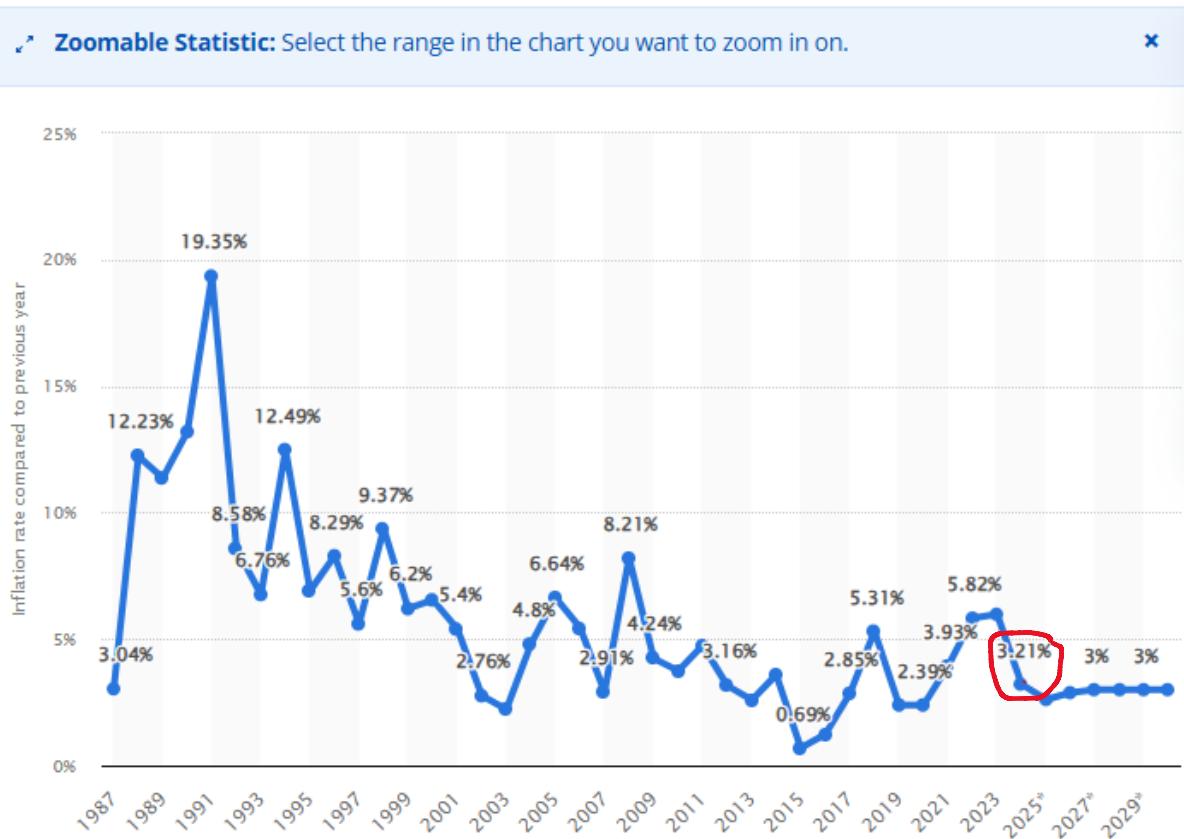
ANNEX A OF BR NO. 05A-06 S.2025

SUPPLEMENTAL DISCLOSURES of Board Resolution No. 05A-06 s.2025 dated on May 23, 2025

A. DETAILS AND EXPLANATIONS FOR ANY SIGNIFICANT CHANGE DURING THE YEAR.

1. **Vaccination:** The rollout of COVID-19 vaccines has evolved, with a shift in focus to annual uptake rather than continuous coverage ; Rare side effects from vaccines have been confirmed, but they remain very uncommon.
2. **Public Health Measures:** While COVID-19 is no longer a national public health emergency in many places, it still poses health risks, and understanding its burden helps in planning and prevention;
3. In 2024, the inflation rate in the Philippines was **3.21%**. This rate reflects the overall increase in prices for goods and services throughout the year. The inflation rate varied across different regions and was influenced by factors such as food prices, transportation costs, and housing expenses;

Philippines: Inflation rate from 1987 to 2030 *(compared to the previous year)*



4. In 2024, global inflation was notably high, reaching around **5.76%**. This marked the highest annual increase since 1996. Several factors contributed to this surge, including rising energy and food prices, fiscal instability following the pandemic, and ongoing consumer insecurity. Despite these challenges, there were signs of moderation by mid-2024, with median global inflation dropping to 3.1% in the second quarter. Central banks around the world began to end their tightening cycles, which helped stabilize the situation.

Global inflation rate from 2000 to 2022, with forecasts until 2029 (percent change from previous year)



5. In 2024, global warming reached unprecedented levels, making it the warmest year on record. The average global surface temperature was 1.55°C above pre-industrial levels, surpassing previous records set in 2023. This significant increase was driven by heat-trapping greenhouse gases like carbon dioxide and methane. The impacts were widespread, including extreme weather events, rising sea levels, and record ocean heat.

nasa.gov/news-release/temperatures-rising-nasa-confirms-2024-warmest-year-on-record/



5 MIN READ

Temperatures Rising: NASA Confirms 2024 Warmest Year on Record



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WMO confirms 2024 as w:

WMO confirms 2024 as warmest year on record at about 1.55°C above pre-industrial level

PRESS RELEASE

6. In 2024, the Philippines experienced significant impacts from global warming. The country faced an increase in the frequency and intensity of extreme weather events, including super typhoons, heatwaves, and flooding.

The Manila Times **State of the Global Climate 2024: Impact on the Philippines**

By Ludwig Federigan | March 29, 2025 | [Resize](#)

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- Icons of Change: Collective action for climate change
- Ccc opens scholarship program for climate leaders

"THE State of the Global Climate 2024," released by the World Meteorological Organization (WMO) on March 19, 2025, unveils alarming trends and stark realities regarding our changing climate. It serves as a clarion call for urgent action, particularly for vulnerable countries in the Global South, where climate change impact is increasingly severe and immediate. The Philippines, one of the most climate-vulnerable nations, exemplifies the precarious position that many developing countries find themselves in as they grapple with

Additionally, extreme heat events became more common, with temperatures rising about **1.2°C higher** due to human-induced climate change.

gmanetwork.com/news/scitech/weather/906887/extreme-heat-in-ph-made-worse-by-climate-change-study/story/

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temperature for the period April 15 to 29, 2024, or 15 days.

"To estimate the influence that human-caused climate change has had on extreme heat in West Asia and the Philippines, we combine climate models with observations. Observations and models both show a strong increase in likelihood and intensity. In the Philippines, the change in likelihood is so large that the event would have been impossible without human-caused climate change. In West Asia, climate change increased the probability of the event by about a factor of 5," the [World Weather Attribution](#) study said.

"In terms of intensity, we estimate that a heatwave such as this one in West Asia is today about 1.7°C warmer than it would have been without the burning of fossil fuels. In the Philippines, the intensity increase due to human-induced climate change is about 1.2°C."

7. To promote a safer place ecosystem ("The Earth") our absolute habitat, ASPAC Rural Bank, Inc, in consistent with the initiatives of the Philippine Government as

well as its supervising institution, The Bangko Sentral ng Pilipinas (BSP) has endeavored to effectively implement among others the following:

7.1 Observe with due diligence the Sustainable Finance Framework of the BSP. This will mitigate if not totally eliminates the effect of global warming;

7.2 Digital Transformation which is currently in its process for completion in our institution. This will address cashless transactions which is effective for sustaining financial services during critical scenarios where face to face contact is not feasible, like during the covid-19 pandemic. It will also promote energy conservation as well as protecting natural resources where transportation using fossil fuel shall be definitely no longer needed, likewise paper less transaction to support “Save the Mother Earth” shall also be an important milestone for these significant changes of the services offered/engaged by the financial players in the country side;

Digital transformation can play a crucial role in addressing global warming through various innovative approaches:

► **Smart Energy Management:** Technologies like AI and IoT enable more efficient energy use, reducing waste and optimizing renewable energy integration.

► **Efficient Resource Utilization:** Big data analytics can streamline processes across industries, minimizing environmental impact.

►



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(This article belongs to the Section Environmental Sustainability and Applications)

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Abstract

Digital transformation, powered by technologies like AI, IoT, and big data, is reshaping industries and societies at an unprecedented pace. While these innovations promise smarter energy management, precision agriculture, and efficient resource utilization, they also introduce serious environmental challenges. This paper examines the dual impact of digital technologies, highlighting key threats such as rising energy consumption, growing e-waste, and the increased extraction of raw materials. By synthesizing the existing literature, this study highlights mitigation strategies that include adopting energy-efficient practices, integrating renewable energy, and implementing circular economy principles. It emphasizes the need for a balanced approach—making the most of technological advances while protecting the environment. By identifying gaps in the current research, this paper also suggests future areas to explore to ensure that digital progress does not come at the expense of our planet. This review advocates for an integrated strategy to achieve sustainable digital growth aligned with global climate goals.

Keywords: digital transformation; sustainability; circular economy; e-waste; energy consumption

B. HIGHLIGHT OF MAJOR ACTIVITIES DURING THE YEAR THAT IMPACT OPERATIONS.

1. The Bank relocated its Toledo Branch to another site in Sangi, Toledo City, near the Sangi Elementary School. On January 10, 2024, the said branch commenced operations in its newly owned building, marking a significant milestone in the Bank's growth strategy. This relocation is expected to strengthen the Bank's market presence and allow it to better serve the local community. We look forward to becoming an integral part of the area and delivering improved banking services.

2. On January 31, 2024, the Board approved Resolution No. 01A-03, Series of 2024, adopting the Bank's Data Privacy Policy, which includes the

establishment of appropriate procedures and controls to protect sensitive information. This initiative supports the Bank's overall digital transformation strategy.

3. On February 28, 2024, through Resolution No. 02B-02, Series of 2024, the Board authorized the former Bank President, Atty. Augusto W. Go, to negotiate and enter into a contract for the purchase of a lot for the Consolacion Branch. Upon completion and relocation to the new building, the Bank will cease renting premises for the branch. This strategic move demonstrates the Bank's continued growth, anchored in its commitment to sustainability and operational efficiency.

4. On June 19, 2024, the Board approved Resolution No. 06A-02, Series of 2024, adopting the Bank's Recovery Plan, in compliance with the requirements of the Bangko Sentral ng Pilipinas (BSP). The plan was submitted ahead of the BSP deadline of June 30, 2024.

5. During the Board meeting on August 29, 2024, the Board directed the Chief Operating Officer (COO) and the Chief Accountant to confer with the Bank's external auditors regarding the proper accounting treatment and recording of the Bank's claim against Export and Industry Bank, and the proceeds received from PDIC amounting to ₱17,963,367.62.

6. On October 29, 2024, the Board approved Resolution No. 10B-02, Series of 2024, authorizing the Bank to secure the services of PJ Lhuillier, Inc. and to enter into a service agreement to facilitate the Bank's operational needs.

7. On November 26, 2024, the Board passed Resolution No. 11E-03, Series of 2024, approving the engagement of Traxtion Tech, Inc. to integrate RBPay Mobile and Web Application and related digital banking services into the Bank's operations, further advancing its digitalization goals.

8. On December 27, 2024, the Board approved Resolution No. 12A-02, Series of 2024, authorizing the Bank to enter into a collaboration with the Philippine Statistics Authority (PSA). This partnership aligns with the Bank's strategic objective to streamline its service portfolio and comply with the BSP's directive for digital transformation through innovative business engagements.

C. CHALLENGES, OPPORTUNITIES, AND RESPONSES DURING THE YEAR.

In implementing the policies and initiatives for the year, the Bank encountered various challenges and opportunities that shaped its strategic responses and operational adjustments. These are detailed below:

a. Challenges

Post-Pandemic Health and Economic Impacts

While not directly affecting banking operations, the lingering effects of the COVID-19 pandemic still presented external challenges to overall economic recovery.

- Equitable access to vaccines remained an issue in low-income areas.
- Vaccine hesitancy and misinformation undermined public health efforts.
- New COVID-19 variants required continued vigilance and adaptability in public health policy.
- Health systems globally faced backlogs in non-COVID services, while the mental health toll on healthcare workers persisted.
- The pandemic widened socio-economic disparities, with vulnerable populations disproportionately affected.
- Pandemic fatigue contributed to declining adherence to public health measures.

These factors created a macroeconomic environment of uncertainty,

impacting both businesses and consumers, and in turn affecting the banking sector.

Data Privacy and Cybersecurity Threats

As the Bank pursues digital transformation, it faces increasing cybersecurity threats and data privacy concerns.

- Cyber risks such as ransomware and phishing have become more sophisticated.
- Balancing the use of AI and big data analytics with privacy protection presents compliance challenges.
- Ensuring data privacy in third-party collaborations and managing cross-border data flows is increasingly complex.
- Significant investments are required to implement effective privacy policies, management tools, regular audits, and staff training.
- A culture of data protection and awareness must be fostered across the organization to ensure regulatory compliance and customer trust.

Challenges in Updating the Recovery Plan

The update and maintenance of the Bank's Recovery Plan required addressing multiple layers of complexity:

- Evolving Threat Landscape: The need to continuously monitor new cyber and natural disaster risks.
- Technological Changes: Keeping up with new tools while ensuring compatibility with legacy systems.
- Resource Allocation: Balancing limited resources amid competing operational priorities.
- Regulatory Compliance: Adapting plans to keep pace with changing regulatory requirements.
- Testing and Validation: Conducting frequent plan simulations is crucial but can be resource-intensive.
- Communication and Training: Ensuring organization-wide understanding and readiness for recovery protocols.

Digital Services Integration

Collaborating with outsourced digital service providers, especially for the integration of digital financial platforms into the Bank's core system, presented the following key challenges:

- Data Security and Privacy: Ensuring full compliance with regulatory requirements by third-party providers.
- Integration and Compatibility: Aligning external systems with internal architecture to achieve seamless operations.
- Quality Control: Maintaining consistent service standards across platforms and providers.
- Communication and Coordination: Bridging differences in communication styles, time zones, and working cultures.
- Regulatory Compliance: Verifying that third-party services meet banking regulatory standards.
- Cost Management: Managing the financial impact of outsourcing while avoiding hidden or escalating costs.
- Risk Management: Addressing risks from dependency on external partners and potential disruptions in service.

b. Opportunities;

Despite the persistent challenges brought about by the COVID-19 pandemic and other global disruptions, the year 2024 also presents a range of opportunities for both businesses and institutions like this Bank. Key areas of growth and strategic advantage include:

Digital Transformation

The continued acceleration of digital transformation remains a critical area of opportunity. Organizations that leverage emerging technologies—such as artificial intelligence, cloud computing, and cybersecurity—can improve operational efficiency, enhance customer experience, and drive innovation.

Remote Work and Hybrid Work Models

The shift toward remote and hybrid work arrangements has expanded access to a global talent pool and fostered operational flexibility. Businesses that invest in remote collaboration platforms, virtual management systems, and workforce productivity tools stand to gain long-term efficiency and employee satisfaction.

Healthcare and Biotechnology Innovation

The pandemic has underscored the strategic value of the healthcare and biotech sectors. Advancements in telemedicine, diagnostics, vaccine development, and personalized healthcare are expected to fuel growth and open new avenues for investment and collaboration.

Sustainability and Green Initiatives

There is increasing global momentum toward environmental sustainability. Institutions that prioritize renewable energy, sustainable supply chains, and eco-conscious practices will not only align with regulatory expectations but also meet the evolving preferences of environmentally aware consumers.

E-commerce and Digital Marketing

The continued rise of e-commerce offers businesses—including this Bank—opportunities to expand their digital footprint. By optimizing digital marketing strategies, enhancing online engagement, and using data analytics to personalize customer experiences, organizations can achieve significant growth.

Resilient and Adaptive Supply Chains

Strengthening supply chain resilience has become a priority across sectors. Diversifying supplier bases, investing in local production capabilities, and adopting advanced logistics technologies can help mitigate disruptions and improve overall supply chain agility and performance.

Financial Services and Fintech Expansion

The fintech industry is rapidly evolving, with strong prospects in digital banking, online payment platforms, and blockchain-based solutions. The Bank stands to benefit from these innovations as it prepares to launch its own digital banking services, thereby increasing financial inclusion and improving service delivery to customers.

Navigating these opportunities requires a deliberate and forward-looking strategy—one that emphasizes continuous innovation, prudent investment in technology, sustainability, and institutional resilience.

Updating the Recovery Plan

Regularly updating your recovery plan offers numerous opportunities to strengthen organizational resilience and crisis readiness. The key benefits include:

- **Improved Risk Management**

Frequent reviews help ensure the recovery plan reflects current threats and vulnerabilities, enabling more effective risk mitigation strategies.

- **Enhanced Compliance**

Staying aligned with evolving regulatory frameworks minimizes legal and reputational risks, ensuring that institutional responses remain compliant and accountable.

- **Optimized Resource Allocation**

Periodic assessments support more strategic allocation of resources, ensuring critical functions and services receive the attention they require.

- **Increased Operational Efficiency**

Streamlined processes and clear protocols within an updated recovery plan facilitate faster response and smoother coordination during emergencies.

- **Strengthened Stakeholder Confidence**

A proactive and well-documented disaster recovery strategy can inspire trust among stakeholders, including customers, regulators, partners, and investors.

- **Adaptation to Technological Advances**

Incorporating emerging technologies enhances the agility and capability of recovery efforts, enabling the organization to respond more effectively to modern challenges.

- **Better Preparedness for Emerging Threats**

An updated plan ensures readiness for evolving risks such as cyberattacks, climate-related events, and geopolitical disruptions.

Realizing these opportunities requires establishing a regular review schedule, engaging key departments and stakeholders, and committing resources toward continuous improvement.

Embracing Digital Financial Services

Engagement with digital financial services continues to open transformative possibilities for both institutions and their clients. Key areas of opportunity include:

- **Enhanced Customer Experience**

Digital interfaces, AI-powered tools, and virtual assistance offer clients a seamless, personalized, and accessible banking experience.

- **Broader Financial Inclusion**

Digital innovations reduce costs and remove traditional barriers, making financial services more accessible to underserved populations and rural communities.

- **Operational Efficiency and Cost Savings**

Automation and digital processing streamline workflows, reduce errors, and free up resources for higher-value activities.

- **Data-Driven Insights**

Analytics and machine learning transform data into actionable intelligence, enabling informed decision-making and targeted service enhancements.

- **Advanced Security and Fraud Prevention**

Technologies such as biometric authentication, blockchain, and AI-powered monitoring systems significantly improve transaction security and reduce fraud risks.

- **Competitive Advantage Through Innovation**

A commitment to digital transformation helps financial institutions remain competitive, attract new clients, and retain existing ones with modernized offerings.

- **Real-Time Transactions**

Faster digital infrastructure enables real-time payments and transfers, improving customer satisfaction and operational agility.

Capitalizing on these opportunities requires sustained investment in digital infrastructure, a culture of innovation, and an adaptive approach to emerging market trends.

Claiming Insurance for Written-Off Assets

Claiming insurance for depreciated or written-off assets can unlock several financial and operational advantages:

- **Improved Liquidity**

Insurance reimbursements can offer a critical financial lifeline, replenishing lost funds and supporting business continuity.

- **Asset Replacement and Modernization**

Insurance proceeds can fund the acquisition of updated and more efficient equipment, boosting productivity and reducing long-term costs.

- **Demonstration of Risk Management Competence**

Successfully claiming insurance signals strong governance and preparedness, reinforcing the institution's credibility with stakeholders.

- **Minimized Disruption and Operational Continuity**

Timely claims enable quicker recovery from asset loss, minimizing operational downtime and ensuring service delivery remains uninterrupted.

- **Reinvestment in Innovation**

Recovered funds can be strategically reinvested in new technologies or business expansion initiatives, driving future growth.

To fully leverage these opportunities, organizations must maintain up-to-date insurance documentation, conduct periodic asset evaluations, and integrate insurance planning into broader risk management frameworks.

Top of Form

Bottom of Form

c. Responses

Relocation of Branch to Our Owned Building in Toledo

We are pleased to announce that our Toledo Branch has successfully relocated to our newly constructed office building located in Sangi, Toledo City, near Sangi Elementary School. This milestone reflects our commitment to strengthening our presence and delivering improved services to our clients in the area. The new facility is designed to provide a more efficient, secure, and customer-friendly environment. It marks a significant step in our institutional growth and affirms our dedication to contributing meaningfully to the local community. This move is a strategic part of our expansion and will enable us to enhance operational capabilities while supporting the broader goals of the organization.

Digital Financial Services Collaboration

The Board has entered into several partnerships with digital financial service providers to accelerate the Bank's digital transformation. While these initiatives were approved in the latter part of 2024, development is currently underway, particularly in ensuring integration with our Core Banking System, enhancing data security compliance, and addressing system compatibility and regulatory requirements.

We are excited about the upcoming full implementation of these digital solutions, which promise to significantly enhance operational efficiency, customer experience, and financial inclusion. Moving forward, our responses and assessments of this undertaking will be grounded in performance evaluation to ensure that results are both authentic and impactful. Stakeholders can be assured that these digital initiatives will be operational soon, delivering long-term value and innovation.

Sustainability Measures in Response to COVID-19

The Bank remains committed to sustainable recovery efforts in alignment with national policies and global development frameworks. Our key strategies include:

- Designing recovery initiatives that avoid reverting to environmentally harmful practices and instead promote sustainable economic development—commonly referred to as "building back better";
- Supporting government-led climate actions by shifting fiscal priorities toward green investments, ending fossil fuel subsidies, and promoting sustainability in key sectors;
- Aligning with the United Nations Sustainable Development Goals (SDGs) to ensure that recovery efforts are inclusive, equitable, and resilient, leaving no one behind; and
- Strengthening investments in public health infrastructure—such as vaccine programs, healthcare accessibility, and pandemic preparedness—to ensure long-term health resilience.

These efforts reflect our broader commitment to environmental responsibility, public welfare, and sustainable development.

Goal-Driven Strategies and Digital Transformation

The implementation of our digital financial partnerships will be guided by a goal-driven strategy to ensure focus, accountability, and long-term impact. Key response strategies include:

- Adopting the SMART (Specific, Measurable, Achievable, Relevant, Time-bound) framework to set clear, actionable goals aligned with our strategic plan;
- Continuously monitoring progress and adapting our strategies based on evolving business conditions and stakeholder needs;
- Engaging internal and external stakeholders—including employees, clients, and partners—through transparent communication and active collaboration to support strategic alignment; and

- Utilizing data analytics to evaluate performance and inform decision-making, enabling us to refine our approaches and achieve improved outcomes.

These strategic actions will ensure that our digital transformation efforts are sustainable, results-oriented, and aligned with our institutional mission.

Insurance Settlement on Lost Assets

We are pleased to report that the Bank has successfully received a significant insurance settlement for assets lost in connection with the closure of a depository bank. This development presents several key benefits:

- The recovery strengthens our financial position and enhances our operational capacity;
- It demonstrates prudent risk management practices, reinforcing stakeholder trust and organizational credibility;
- The funds will support HR programs and resource replenishment which will drive institutional growth;
- The settlement offers an opportunity to invest in modern technologies, advancing innovation and efficiency; and
- It provides the financial stability necessary to sustain the delivery of high-quality services and pursue long-term strategic objectives.

The foregoing is duly supported by BR No. 05A-06 s.2025 dated May 23, 2025.

PART I

TITLE	PAGES
1. Corporate Policy;	<u>2-3</u>
2. Financial Summary /Financial Highlights;	<u>3-5</u>
3. Financial Condition and Results of Operation;	<u>5-9</u>
4. Financial Result of Major Business Segment, as maybe applicable	<u>NONE</u>
5. Risk Management Framework Adopted;	<u>9-45</u>
6. Corporate Governance; and	<u>45-114</u>
7. Corporate Information	<u>114-143</u>

PART II

8. Audited Financial Statements (AFS) with Statement of Management's Responsibilities for Annual Income Tax and Independent Auditor's Opinion

DESCRIPTIVE TITLE	NO . OF PAGES
Proof of submission of AFS-2024 to the Bureau of Internal Revenue	Pages one and two

The Audited Financial Statement for the year 2024

DESCRIPTIVE TITLE	NO . OF PAGES
Statement of Management's Responsibility for Annual Income Tax	Page one (1) only (separate file)
Independent Auditor's Report	Pages one (1) to three (3)
Certification in compliance with appendix 55 of Section 174 of the Manual of Regulation for Banks (MORB)	Page number four (4)

Certification involving the matters enumerated in items 7.a to 7.f of appendix 55 of Section 174 of the MORB	Page number five (5)
Certification that noted no material weaknesses in the Bank's Internal Control and Risk Management Systems.	Page number six (6)
Statement of Financial Position	Page number seven (7)
Statement of Comprehensive Income	Page number eight (8)
Statement of Changes of Equity	Page number nine (9)
Statement of Cash Flows	Pages 10 to 11
Notes to Financial Statements 2024	Pages 12 to 50

PART III

8. Capital Structure and Capital Adequacy (Pursuant to appendix 63.c MORB) PAGES ONE (1) TO TWENTY TWO (22)

PART I of the Annual Report 2024

THE DISCLOSURE REQUIREMENT IN THE ANNUAL REPORT PER BSP CIRCULAR NO. 956 dated April 17, 2017

THE ANNUAL REPORT OF THE BANK FOR THE YEAR ENDED 31 DECEMBER 2023

1. Corporate Policy

- a. Brief discussion of Bank's vision and mission statements:

The Vision Statement:

Ensure its lifetime of existence through its financial viability and capability that subsist and persist thoroughly as it endures the cycle of ups and downs characterized by the environment driven by strong and stiff competition. Hence, this commitment establishes the assurance to improve the quality of life of the community we serve

Source: Board resolution No. S'17-45 dated December 14, 2017.

The Mission Statement:

Establishes a strong and dynamic relationship with our customers as we offer them considerate environment to satisfy their needs and gives assurance to exceed their expectations.

In the line of our service, our clients shall identify us as a source of transforming their lives as they treasure and utilize the right to financial services we provide.

The enhancements of best opportunities for personal and professional growth are well provided to our employees.

It promotes the confidence of our stockholders as they are pleased to get their share consistently from the returns of their rewarding endeavor while in the process of fulfilling its vision.

Source: Board Resolution No. S' 17-45 dated December 14, 2017



Source: Board Resolution NO. 06A-08 s.2023 dated on June 30, 2023

b. Introduction of the Bank's brand that differentiates it from other banks

BRAND NAME OF THE BANK:

That the bank's brand is ASPAC RURAL BANK, INC., of which was originally coming from the brand name "ASIA PACIFIC RURAL BANK, INC.", but unfortunately it was denied during our application at the Securities and Exchange Commission (SEC) due to the reason that the latter has already registered in their institution other business establishment with the same first two words of its business name. Fortunately, the Directors decided to name it ASPAC RURAL BANK, INC. then it was approved and registered at SEC. ASPAC is an abbreviation of ASIA PACIFIC which means geographically wider scope of area of coverage that goes across from the boundaries of the Philippines which facing the Pacific Ocean and at the same time located in the Southeast of Asia. Likewise, a sense of belongingness brought its brand name since most of its directors are descendants of businessmen and businesswomen who were originally coming from China a part of mainland ASIA. Recently, the bank's brand name commensurate most of its loan exposures of which composed mostly of Filipino businessmen with Chinese blood and origin coming from Asia towards Philippines fronting the Pacific;

c. Business model of the Bank

The business model of the bank is simple based on traditional banking system with the following inclusions:

- Safekeeping of deposits from clients with corresponding interest payments;
- Performing investments through loan granting to qualified clients with affordable interest rates;
- Manage its capital to support funding sources in loan granting activities; and
- Extensive market exposure for the sale of Real and Other Properties Acquired;
- Invest in AGRA Bond with Land Bank of the Philippines as alternative compliance to mandatory credit allocation for AGRA Credit, It will also invest Agricultural, Fisheries and Rural Development Financing AFRD Bond, which is a rebranding from AGRA Bond; and
- Offered Pay Day Today Product - type C Basic Electronic Payment and Financial Services (EPFS). As represented, Payday Today provides a facility for employees to access their earned wages prior to the scheduled payday. Earned wage access (EWA) program democratizes payroll allowing employees to choose when they want to get paid of their accrued daily wages before the end of their pay cycle. ASPAC shall act as a sponsor or funder of its employer-clients in Payday Today to ensure that the latter have adequate funds in the Payday Today platform to service their employees to the Payday Today employer portal and set the profile of employees accordingly. These companies will have an agreement with ASPAC for the short-term funding arrangement (one payday cycle) to be settled every cut-off of payroll. Any delay in settlement by the employer will trigger the loan agreement between the employer and the bank. Details of the on-boarding process and features and functionalities of Payday Today are in the records of the bank on file.
- Ongoing development and innovation of system with digital financial partners to streamline our digital financial services and to ensure protection of customers' records;
- Integrating outsourced digital services with existing systems and Compatibility issues is our priority next year to ensure seamless integration and functionality for better output of the digital financial services once full implementation shall be commenced.

2. Financial Summary/Financial Highlights

A two (2) year comparative presentation of selected profitability, capital performance, and balance sheet data/ratios which will serve as a snapshot of the Bank's financial condition to be presented after item "1" above on Corporate Policy as follows:

Financial Highlights

Minimum Required Data	2024	2023	Remarks
Profitability:			
Total Net Interest Income before provision for credit losses	142,697,634	102,896,233	Statement of Profit or Loss and other Comprehensive Income
Total Non-Interest Income	53,212,214	23,977,366	Other Income -

			Other Comprehensive Income
Total Non-Interest Expense	(105,482,604)	(86,099,116)	Expenses
Pre-Provision Profit	90,427,244	40,774,483	
Allowance for Credit Losses	(45,171,448)	(12,675,439)	Statement of Profit or Loss and other Comprehensive Income
Net Income Before Tax	45,255,796	28,099,044	-do-
Less: Income Tax Expense	10,361,700	5,967,926	-do-
Net Income after tax	34,894,096	22,131,118	-do-
Selected Balance Sheet Data:			
Liquid Assets	370,030,136	454,242,153	Statement of Cash Flows
Gross Loans	1,131,121,710	868,812,821	Notes no. 8
Total Assets	1,576,550,107	1,376,427,832	Statement of Financial Positions
Deposits	1,167,039,529	1,017,850,559	-do-
Total Equity	341,585,831	310,969,457	-do-
Selected Ratios:			
Return on average equity	9.38%	5.91%	Notes 25
Return on average assets	2.07%	1.50%	-do-
Net Interest Margin	10.63%	9.67%	-do-
CET 1 Capital Ratio	20.71%	22.01%	Notes 23.2
Tier 1 Capital Ratio	18.41%	19.65%	Notes 23.2
Total Capital Adequacy Ratio	18.95%	20.13%	-do-
Per Common Share Data:			
Net Income per Share			
Basic	25.59	16.23	Statement of Profit or Loss and other Comprehensive Income
Delusive	25.59	16.23	-do-
Book Value			-do-
Minimum Leverage Ratio			
Basel III Leverage ratio	19.61%	20.33%	Note 23.2
Minimum Liquidity Ratio	30.02%	42.73%	-do-
Others:			
Cash dividends declared	n/a	n/a	
Headcounts	100	95	HR file
Officers	57	54	-do-
Staff	43	41	-do-

3. Financial Condition and Results of Operation

A report from either the chairman or president/chief executive officer or officer of equivalent rank addressed to the stockholders and other stakeholders of the bank covering the following information:

- a. Review of Bank's operations and result of operation for the financial year including details and explanations for any significant change during the year;
- b. Highlight of major activities during the year that impact operations, if any;
- c. Major strategic initiatives of the Bank and the banking group, as applicable; and
- d. Challenges, opportunities, and responses during the year, if any

The foregoing reports is done by the Board of Directors through its issuance of **Board Resolution No. 05A-06 s.2025 dated 23 May 2024**, the duly signed copy is attached hereof as **Annex "B"**, for your information.

PRESIDENT'S REPORT 2024

TO: ALL STOCKHOLDERS AND STAKEHOLDERS

PRESIDENT'S REPORT 2025

T O : ALL STOCKHOLDERS AND STAKEHOLDERS

On the basis of the Audited Financial Statements, the financial highlights of the Bank's operation in Y2024 as compared with Y2023, are as follows:

A. FINANCIAL CONDITION:

	IN MILLIONS			
	<u>2024</u>	<u>2023</u>	<u>Inc/(dec)</u>	<u>%</u>
Total Resources	1,576.550	1,376.428	200.122	14.54
Deposit Liabilities	1,167.040	1,017.851	149.189	14.66
Loan Investment-Net	994.765	767.240	227.525	29.65
Gross Income	212.656	133.839	78.817	58.89
Gross Expenses	167.400	105.740	61.660	58.31

Net Income/(Loss) After Tax	45.256	28.099	17.157	61.06
Past Due/ITL	145.088	139.175	5.913	4.25
Allow For Probable Losses on loans and other assets	133.822	121.073	12.749	10.53
Retained Earnings	213.065	178.171	34.894	19.58
Past Due Loans on Total Loans	13.08%	16.37%	-0.033	-20.10
ROPA - Net	27.843	29.424	-1.581	-5.37
ROPA to Total Assets	1.766%	2.138%	-0.004	-17.40

Our resources consisting of Cash and Other Cash Items, Due from Bangko Sentral ng Pilipinas, Due from Other Banks, Loan Investment, Investment in Bonds and Other Debt Instruments, Bank Premises, Fixtures and Equipment, Real and Other Properties Owned/Acquired and Other Assets had a total P 1,576.550 as of December 31, 2024 or an increase of P 200.122M or 14.54%.

Our Loan Investment comprising of time loans, commercial loans and other loans had a total of P 994.765 M net of valuation reserves in Y2024 or an increase of P 227.525 or 29.65% over Y2023.

In terms of revenue generation, Y2024 gross income of P 212.656M has increased by P 78.817 or 58.89% as against P 133.839M in Y2023. Breakdown of the sources of our gross revenue are as follows:

	IN MILLIONS			
	<u>Y2024</u>	<u>Y2023</u>	<u>Inc/(dec)</u>	<u>%</u>
Traditional Interest Income	159.443	109.862	49.581	45.13
Rental Income	7.843	6.140	1.703	27.74
Service Fee/Charges	1.264	1.436	-0.172	-11.98
Service income	22.889	11.983	10.906	91.01
Recovery on charged-off assets	17.963	0.000	17.963	0.00
Reversals of Allow. On Credit Losses	1.221	1.523	-0.302	-19.83
Gain on Sale of acquired assets	1.420	1.932	-0.512	-26.50
Gain on disposal of FFE	0.003	0.084	-0.081	-96.43

Miscellaneous Income	0.609	0.878	-0.269	-30.64
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	<u>Y2024</u>	<u>Y2023</u>	<u>Inc/(dec)</u>	<u>%</u>
Interest Expense	16.746	6.965	9.781	140.43
Manpower Cost	46.583	40.300	6.283	15.59
Taxes and Licences	14.225	9.004	5.221	57.99
Depn/Amortization	5.930	4.809	1.121	23.31
Prov. For Probable Losses	45.171	12.675	32.496	256.38
Other Expenses	38.745	31.986	6.759	21.13
Prov. For Corp. Taxes	10.362	5.968	4.394	73.63

In terms of profitability, the Bank posted an Income before corporate tax of P 45.256M in 2024. However after consideration for income tax provision for 2024 taxable year, the Bank recorded a net income after tax of P 34.894M.

B. FINANCIAL RATIOS

	<u>Y2024</u>	<u>Y2023</u>	<u>Inc/(dec)</u>	<u>%</u>
Capital Adequacy Ratio	18.95	20.13	-1.18	-5.86
Return on Equity	9.38	5.91	3.47	58.71
Return on Assets	2.07	1.50	0.57	38.00
Net Interest Margin	10.63	9.67	0.96	9.93
Earning per Share	25.59	16.23	9.36	57.67

JOSE LEVI S. VILLANUEVA
(SGD)President

**4. Financial Results of Major Business Segments, as
may be applicable - N O N E -**

5. The Risk Management Framework:

- a. Adopted by the bank per Board Resolution No. Spec. 09-13 dated April 14, 2009, TO WIT:

INTRODUCTION

Risk is the exposure to loss that may have an adverse impact on the bank's capital and earnings. They are usually unavoidable but the consequences can be prevented. Sometimes it is the exposure to consequences of risk that needs to be managed rather than exposure to risks themselves.

A bank's success is largely dependent on the ability of its directors and officers in managing risks. A complete risk management cycle consists of identifying, analyzing, measuring, capturing, controlling, managing, re-evaluating, reporting, and disclosing the risks and possible consequences.

ASPAC Rural Bank, Inc. as a financial institution must be prepared to take on variety of risks. To succeed, it is important for the bank to reduce these risks and spend substantial effort in identifying, evaluating and quantifying risks so proper steps can be taken to soften or eliminate their adverse effect on the bank.

ASPAC Rural Bank, Inc. shall use the following list as possible areas to guide management in identifying the specific risk to which it is exposed. It is a framework that will provide a more consistent and better identification of risk in the organization. Once identified, these risks shall be prioritized so that appropriate actions can be immediately undertaken specially in areas of material concern.

PURPOSE

This Risk Management Manual prescribes risk management measures, devices or procedures adopted by ASPAC Rural Bank, Inc.

SCOPE

This Risk Management Manual is applicable to all transactions involving all the banking offices of ASPAC Rural Bank, Inc.

OBJECTIVES

1. To ensure maximum protection against all forms of risks affecting ASPAC Rural Bank, Inc.
2. To prevent risks by identifying all forms of risks and recommending procedures to control them.

DEFINITION OF TERMS

Risk - is defined as an uncertainty that an asset will earn an expected rate of return, or that loss may occur.

Risk Management is the process of identifying and controlling risk through –

- an active Board and Senior Management oversight
- adequate policies procedures and limits
- adequate risk measurement, monitoring and management information systems
- comprehensive internal controls.

Credit Risk – arising from the borrower's failure to pay interest and/or loan principal at maturity date

Liquidity Risk – resulting from the borrower's failure to meet maturing obligations due to mismatch in cash flows and high incidence of past due loans which put pressure on bank's liquidity position.

Market and Investment Risk – arising from the deterioration in value of acquired assets and decline in value of investments in equities and debt instruments.

Interest Rate Risk - arising from interest rates mismatch due to movements in interest rates.

Operations Risk – arising as a result of weakness in organizational structure, poor oversight function of the board of directors and senior management, defective personnel selection/recruitment criteria, weak internal control system, inadequate internal and external audit coverage and deficient management information system.

Legal Risk – arising from contracts not legally enforceable or not documented correctly, lawsuits or adverse judgments.

Reputation Risk – arising from negative public opinion

Compliance Risk – arising from the exposure to loss from failure to comply with relevant laws and rules and regulations issued by supervisory and/or regulatory authorities and unsound banking practices. The risk exposes the bank and its directors and officers to fines, monetary penalties and administrative sanctions.

RISK MANAGEMENT PROCEDURES/GUIDELINES

Oversight of the Risk Management Process

The policies, procedures and risk assessment and measurement of ASPAC Rural Bank, Inc. set forth the following:

A. Oversight by Board of Directors and/or Management Committee

The Board of Directors or appropriate Management Committee shall approve all significant policies relating to the management of risk throughout this institution. These policies on risk taking activities should be consistent with the bank's mission, business strategies, capital strength, management's expertise and over all willingness to take the risk.

B. Oversight by Senior Management

Senior management shall be responsible for ensuring that there are adequate policies and procedures for conducting risk-taking activities on both long-range and day-to-day basis. This responsibility includes:

- Ensuring that there are clear delineations of lines of responsibility for managing risk, adequate systems for measuring, appropriately structured limits on risk taking, effective internal controls and a comprehensive risk reporting process.
- Ensuring that all appropriate approvals are obtained and that adequate operational procedures and risk control systems are in place.

The Board of Directors or an appropriate level of senior management as designated by the Board of Directors should approve any significant changes or new activities.

Senior management should regularly evaluate the procedures in place to manage risk to ensure that those procedures are appropriate and sound.

C. Independent Risk Management Functions

1. An independent body shall manage the measurement, monitoring and control of risk consistent with established policies and procedures. It shall directly report to the Board of Directors or to the appropriate management committee.
2. The personnel performing independent risk management functions should have a complete understanding of the risks associated with the bank's risk-taking activities.

The Risk Management Process

In order to ensure that the risk-taking activities of the bank is sound, management shall see to it that the following components are present:

- Detailed structure of limits
- Guidelines and other parameters to govern risk taking
- Strong management information system for controlling, monitoring and controlling risk

To enable the bank to manage its risk exposure effectively, every activity that shall involve risk exposure shall be integrated into its overall risk management system and shall use a conceptual framework common to all other activities.

The risk exposures undertaken shall be fully supported by an adequate capital position.

Risk Measurement

1. Risk in every undertaking shall be measured by following the guidelines and pointers enumerated in the different areas of credit, market, interest, liquidity, operations and legal risk enumerated in subsequent portion of this paper.

2. All relevant personnel – up to the Board of Directors should understand risk measurement procedures.
3. Sound risk measurement practices include analysis of stress situations and identification of changes in market behavior that could have unfavorable effects on the institution and the assessment of the ability of the bank to withstand such developments.

Limiting Risks

1. A sound system of integrated bank-wide limits should set boundaries for organizational risk-taking and should ensure that position which exceeds predetermined levels receive prompt management attention. The system should define, among others, the following:
 - a. Earnings or capital-at-risk limits – This defines the limit on potential loss which could be expressed as a percentage of projected earnings or capital, and
 - b. Exposure limits – This defines maximum exposure to risk involved in a particular risk-taking activity.
2. Should pre-determined limits be exceeded, a report to senior management must be made for information and appropriate action.

Reporting

An accurate, informative and timely reporting system to the appropriate level of management is essential for prudent operation of this risk related activities. Top management shall be provided with adequate and timely information on a regular basis to judge the changing nature of the institutions risk profile.

Management Evaluation and Review

1. Risk management guidelines should be evaluated and reviewed regularly since any change in either the bank's activities or the market environment may have created exposures that require additional attention.
2. The review shall include assessment of the methodologies, models and assumptions used in measuring risk. Limit structures should be altered whenever necessary to reflect the institution's past performance and current position. These reviews must be made at least annually or as often as the market condition dictates to ensure that they are appropriate and consistent.
3. Before being involved in any new risk-taking activities or new products, all relevant personnel (including those in the risk management, internal

control, legal, accounting and auditing) should understand the product and should be able to integrate it into the bank's risk measurement and control system.

INTERNAL CONTROL AND AUDIT

1. A sound system of internal controls should promote effective and efficient operations, reliable financial and regulatory reporting and compliance with relevant laws, rules and regulations and policies of the institution. In determining whether these objectives are met, the institution should consider the overall control environment of the organization, the process of identifying, analyzing and managing risk; the adequacy of management information systems and adherence to control activities.
2. Internal auditors should audit and test the risk management process and internal controls on a periodic basis, with the frequency based on careful risk assessment (set forth in subsequent part of this document). The depth and frequency of internal audits should be increased if weaknesses and significant issues are discovered, or if significant changes have been made to the product lines, modeling methodologies, the risk oversight process, internal controls or the overall risk profile of the bank.
3. The bank should develop internal controls for key activities, which should include a chart of accounts adequately describing each account, and designed to complement the Manual of Accounts prescribed by BSP.
4. Internal auditors are expected to continuously evaluate the independence and overall effectiveness of the institution's risk management functions. They should be involved in the periodic review and evaluation of all bank policies, limits, internal controls and procedures developed for the bank's key activities.
5. Bank management should ensure that a mechanism exist whereby contract documentation is confirmed, maintained and safeguarded. Documentation exceptions should be properly monitored and resolved.
6. Controls must be in place to ensure that the appropriate contract documentation is timely and properly executed and maintained. A process should be established through which documentation exceptions are monitored and appropriately reviewed by senior management and legal counsel.

b. Risk appetite and strategy:

- a. Maximum limit of loan exposures to unsecured is 68% of the total loan portfolio while the balance rest on the secured loans.

To accumulate the total of 68% unsecured, the bank introduces/offers the following products within the community we served:

1. Pension Loan;
2. OFW loan;
3. Salary loan for DepED or APDS Loans
4. Salary loan for employees of related parties
5. Salary loan for other institutions;
6. Honorarium Loan
7. Business/Commercial loans; and
8. Check Discounting Loans

To ensure effective collections of the amortization schedules a memorandum of agreement between the bank and the companies of which their employees are borrowers of the bank are secured. Moreover, pension loan, OFW loan, DepED or APDS loans and other private institutions are covered with separate policies and implementing guidelines to guide management in the sound and effective handling and managing such loan accounts.

- b. Loans to deposits ratio is 65% to 85%

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

c.1 Bank-wide risk governance structure and risk management process per Board Resolution No. S' 16-20 dated 22 April 2016 as follows:

I. STATEMENT OF POLICY

To support the mandates of the Bangko Sentral ng Pilipinas (BSP) as indicated in the Sound Credit Risk Management of BSP Cir. No. 855 series of 2014 in ensuring that this bank under its supervision has adequate and effective credit risk management to warrant safe and sound banking practices in order to attain its specific goal such as adequate quality of asset and at least must have satisfactory level of profitability, the bank set forth the following credit risk management structure that clearly delineates lines of authority, establish accountabilities and responsibilities of individuals involved in the different phases of the credit risk management process.

II. RATIONALE

The classification of risk management organization into three functional lines of activities: the front, back and middle offices, to properly segregate accountabilities, ensure that no individual is assigned conflicting responsibilities, and effectively monitor and control the risks being taken.

III. OBJECTIVES

To know and establish specific duty of each individual personnel in the organizational structure of the bank to avoid any lapses of implementation and to enhance productivity level of performance and at the same time to warrant safe and sound credit risk management practices.

IV. SPECIFIC GUIDELINES

a. The *front office* function performs credit originating; recommends internal credit ratings, classifications and allowances for losses including changes thereon, when necessary, and the on-going monitoring of credit exposures of borrowers on a day-to-day basis.

- Credit granting and underwriting standards
 - Well-defined, identify and document the following:
 - ✓ Purpose of the credit
 - ✓ Source of repayment
 - ✓ Borrower's profile
 - ✓ Terms and conditions of credit
 - ✓ Adequacy and enforceability of collateral
 - ✓ Proof of capacity to pay
 - ✓ Cash flow statement and analysis why the borrower can manage to pay the loan within the specified term he/she applied for.
 - ✓ Concrete proof to support manifestation made in the Cash flow Statement
 - Renewals and extensions of maturity date
 - Borrower's creditworthiness needs to be reestablished
 - Follow policy on clean-up (which is an indicator of credit capacity); to prevent continuous renewal or extension for a long time without reduction in principle.
 - Determine the appropriate allowance for credit losses
 - As part of independent review of the Compliance Office, the front office will submit to the former the quarterly loan loss provision.

b. The *back office* provides support in the overall credit administration, including, among others: ensuring complete documentation, credit disbursement and

recording of payments received; maintenance of credit and collateral files; and compilation of management information reports.

- c. The middle office performs risk management and control functions that are independent from the credit originating and administration functions. The risk management function provides meaningful inputs in policy formulation and limits setting: designs and implements the FIs internal credit risk rating system; and performs periodic exposure and exception monitoring, The risk management function shall report directly to the appropriate board-level committee or any member of the Board.

An independent credit review is a function within the middle office that performs an unbiased assessment of the quality of individual credits and the aggregate credit portfolio, including appropriateness of credit risk rating, classification and adequacy of allowance for loan losses. In the case where this bank is simple, then independent credit review function will be concurrently performed by qualified personnel fulfilling other independent control oversight functions (e.g., compliance, internal audit)

- **Credit Review**

- An independent function or part of the overall independent audit function of the bank, which reports directly to the board of directors or to senior management without lending authority
- Purpose is to conduct an independent, objective assessment of the loan portfolio, both individual credits and the portfolio in the aggregate, including appropriateness of classification and adequacy of allowance, among others.

- d. The workout or problem loan management of which function is to ensure that problem loans are managed effectively to minimize potential losses is the task and responsibility of the credit originating function or the front office considering that this bank is a simple financial institution.
- e. Each unit head, department head and branch head are responsible to determine and give prudent assessment of his/her staff involve in the credit risk management process that they shall be qualified, competent and have the necessary training and experience to exercise prudent judgment in assessing, managing and/or controlling credit risk, and a solid understanding of the bank's strategic direction, policies, procedures, risk tolerance and limits. Their qualification standards, roles and responsibilities must be duly executed by them to warrant commitment of exercising prudently their respective task and duly be filed at the office of the Human Resource Dept./Admin under the bank's Manual of Duties and Responsibilities. The board and senior management shall ensure that adequate resources and appropriate level of staffing are allocated to execute all kinds of credit activities.

V. PROPER STAFFING

Name of Branch	RESPONSIBLE OFFICERS/EMPLOYEES			
	FRONT OFFICE	MIDDLE OFFICE	BACK OFFICE	WORKOUT/PROBLEM LOAN MGT.
All Branches	Manager, Branch Marketing Associate, H.O. CRSU-Head H.O. Inspector Appraiser	At branch level (pre-review): Branch Marketing Officer For independent post review function: The Compliance Officer and Internal Audit	Branch Service Officer, Teller, Branch Marketing Officer, Branch Marketing Associate. For consolidated issues: Chief Accountant	Manager, Branch Marketing Associate

NOTE: Most of our branches have the same persons doing concurrent job as loans processor at the same time as loans bookkeeper.

VI- COMMUNICATION THROUGHOUT THE ORGANIZATION

All reports prepared relative to the compliance of the foregoing will be disseminated in a form of Memorandum to all branches and other unit/department/office of this bank along with possible action/(s) to be taken on breaches, deviations of the policies along with directives to comply.

VII - EFFECTIVITY

This policy shall take effect retroactively on **May 10, 2016**. All existing policies and instructions regarding Credit Risk Management Structure that are inconsistent with this policy are hereby revoked, amended and superseded.

In addition to the foregoing, as the common practices of the bank, the following are also performed to mitigate risk if not totally eliminated on all aspect or areas of banking operations:

Unit/Department/Section	Duties and Responsibilities required in the Risk	Reported to
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	Management System of the bank	
Internal Audit Section	It shall review on an ex-post basis whether prescribed guidelines of the bank were followed in administering transactions, handling procedures, making decisions, and undertaking related activities.	Audit Report is reported to Audit Committee
Compliance Office	Per Section 161 of the MORB. It specifically identifies and mitigate risks that may erode the franchise value of the bank such as risks of legal and regulatory sanction, material financial loss or loss to reputation.	Compliance Testing is reported to Audit Committee
Credit Risk Officer	Validate proof of paying capacity of the client or enhanced evaluation on the credit underwriting standards prior to loan grants.	Report of validation shall be reported to the Audit Committee
Credit Review Section on REM loans	Prior to the granting of loan, it reviews the legality of document required in loans with collateral covered by a Real Estate Mortgage.	To the Credit Committee

c.2 Board Resolution No. S' 19-25 dated 29 March 2019 approving Credit Underwriting Standards under Policy No. S' 19-06, a copy of which is hereto attached as Annex "C"

c.3 Board Resolution No. S' 19-45 dated 27 June 2019 confirming the adoption of Policy No. S' 19-07, with subject: Enhanced Credit Review Process, a copy of which is hereto attached as Annex "D", hereof;

- c.4 Board Resolution No. S' 19-82 dated 22 November 2019 signifying the importance of their action being taken by the adoption of Revised Credit Approval Process, a copy of which is hereto attached as Annex "E", as amended by Board Resolution No. '2020-09D-02 dated 30 September 2020 in terms pertaining to level of approval authority, a copy of which is under Annex "E-1", herewith;
- c.5 Independent Review Policy is instituted and approved by the Board in its Resolution No. S'2020-031-04 dated March 10, 2020, a copy of which is attached hereof as Annex E-2;
- c.6 Policy No. 2020-08 or also known as Borrowers' Risk Rating System Policy is hereto attached as Annex F of which was approved by the Board in its Resolution No. S'2020-08A-03 dated 27 August 2020, a copy of which is attached hereto as Annex F-1; and
- c.7 Comprehensive Remedial Management Guidelines under Policy No. 2020-07 of which the same was approved by the Board in its Resolution No. S, 2020-08A-02 dated 27 August 2020, the copies of which are attached hereof as Annexes "G" and "G-1", respectively.
- c.8 Annex G-3 is all about Policy No. 02 s.2021 with subject: Interest Rate and Maturity Gap Analysis
- c.9 Annex G-4 is the Policy No. 04.S.2021 addendum on operational risk management policy;

- c.10 Policy No. 6.S.2021 Sustainable Finance Framework, as amended by the Board in its Resolution No. 09A-01 s.2023 dated on 09.22.23 to comply requirements by BSP in its letter dated on 25 April 2023 is also part hereof as Annex G-5;**
- c.11 Bank's Policy on Data Privacy approved by the Board in its Resolution No. 01A-03, s.2024 dated on January 31, 2024; (Annex G-6);**
- c.12 Revised Policy on Updating of Signature Cards and Personal information under Board Resolution No. 10D-04 s.2024 dated on October 29, 2024. (Annex G-7);**
- c.13 Revised Policy on Account Opening Requirements under Board Resolution No. 10A-01 s.2024 dated October 29, 2024. (Annex G-8);**
- d. A) AML 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 as follows: Revised per Board Resolution No. S' 19-21 dated March 29, 2019.**

I. INTRODUCTION

BACKGROUND

At the Paris G7 Summit of 1989, the Group of Seven, the leading industrial countries in the world, formed the FINANCIAL ACTION TASK FORCE (FATF). The FATF is an inter-governmental body comprised of 26 nations and three regional organizations established to coordinate the global battle against money laundering. Its mission is to pave the way for the effective prevention and detection of money laundering by ensuring that appropriate measures exist in all nations. Recommendations were made by the FATF to cover all relevant aspects of the fight against money laundering and these are focused on the legal framework, the financial system and international cooperation. All countries are

encouraged to adopt these recommendations as they were specifically designed to be of universal application.

Among the 40 FATF recommendations specifically relevant to financial institutions – including banks, are as follows:

- Customer identification and record keeping rules.
 - Increased diligence of financial institution such as:
 - Special attention for all unusually large or complex transactions and all unusual patterns of transactions that have no apparent economic or visible lawful purpose.
 - Develop programs and policies against money laundering including officer/employee training program and an audit function to test this system.
 - Measures to cope with countries with insufficient or no anti-money laundering measures.
- In June 2000, the FATF identified the 15 countries including the Philippines, which are viewed as non-cooperative. Specifically, the Philippines was cited for the following reasons:
1. Lack of basic set of anti-money laundering regulations;
 2. Bank records have been under excessive secrecy provisions (RA No. 1405, Law on Secrecy of Bank Deposits);
 3. No specific legislation to criminalize money laundering;
 4. Absence of Suspicious Transaction Reporting System.

ACTIONS UNDERTAKEN BY THE GOVERNMENT

The 15 listed countries were strongly urged to take remedial measures to correct the deficiencies; otherwise, counter measures shall be adopted by the FATF members. Although the FATF report has no binding force under international law, nonetheless, the mere inclusion on the list of non-cooperative countries would not be to the best interest of the country's standing in the community of nations. Other possible consequences would be the holding off of crucial loans or higher intermediation costs from multinationals and foreign governments.

In response to the issue, Republic Act No. 9160, as amended by RA No. 9194, otherwise known as the “Anti-Money Laundering Act (AMLA) of 2001” was passed by Congress and approved by President Gloria Macapagal Arroyo on September 29, 2001. The law took effect on October 17, 2001. Its implementing Rules and Regulations (IRR) took effect on April 2, 2002.

As a result, the Philippines were omitted from the list of non-cooperative countries on February 2005.

Under Rule 17.1 (b) of the Revised Implementing Rules and Regulations (RIRR), the Monetary Board, in its Resolution No. 1801 dated 16 December 2010, approved the adoption of the Updated Anti-Money laundering Rules and Regulations and the amendment of Part Eight of the Manual of Regulations as well as the repeal or other BSP Circulars that are inconsistent herewith.

As a result of the issuance of BSP Circular No. 706, on January 5, 2011, ASPAC Rural Bank, Inc. shall adopt this updated Money Laundering and Terrorist Financing Prevention Program (MLPP) through its execution of Board Resolution No. S'11-25 dated 27 May 2011 that cover updated MONEY LAUNDERING AND TERRORIST FINANCING PREVENTION PROGRAM under 2011 Edition.

In the pursuit of its continuous exercising of its function in its prudential supervision and to ensure that financial system of the country is adequate to the efficiency of financing decisions, favoring a better allocation of resources and thereby economic growth , the Bangko Sentral ng Pilipinas issued Circular No. 950 dated 15 March 2017, with subject: Amendments to Part Eight of the Anti-Money Laundering Regulations of the Manual of Regulations for Banks of which its foreword disclosed below:

By the authority vested to the Bangko Sentral ng Pilipinas to issue guidelines and circulars on anti-money laundering (AML) and combating the financing of terrorism (CFT), in order to effectively implement the provisions of Republic Act (R.A.) No. 9160, otherwise known as the “Anti-Money Laundering Act of 2001” – (AMLA), as amended by R.A. Nos. 9194, 10167 and 10365, as provided under Rule 18 of the Revised Implementing Rules and Regulations (RIRR) of the AMLA, as amended, as well as R.A. No. 10168 or The Terrorism Financing Prevention and Suppression Act of 2012, as provided under rule 27 of its implementing Rules and Regulations (IRR), the Monetary Board, in its Resolution No. 334 dated 23 February 2017, approved the following amendments to Part Eight of the Anti-Money Laundering Regulations of the Manual of Regulations for Banks (MORB).

Relative to the prudential supervision of BSP in its issuance of Circular No. 950 dated 15 March 2017, the bank executed its resolution No. Spec. '17-22 dated 25 August 2017 that covers updated MONEY LAUNDERING AND TERRORIST FINANCING PREVENTION PROGRAM as bank's internal policies under 2017 Edition. As an updating enhancement of the Bangko Sentral ng Pilipinas in Anti-Money Laundering Standards, it issued Circular No. 1022 dated 26 November 2018. On the other hand, AMLC issued on December 5, 2017 AMLC Regulation and Reporting Guidelines (ARRG) indicating annex “D”, RE: ***The existence of suspicious transaction indicator***. As our best effort to incorporate in our AML Manual the two important guidelines both coming from BSP and AMLC, the

Board in its resolution dated **March 29, 2019 approved Board Resolution No. S'19-21** embedding the two said salient guidelines to constitute a **MLPP 2019 Edition**, and it was further amended under Policy No. 05 s.2021 dated November 04, 2021 approved by the **Board in its Resolution No. s.2021-11A-02 dated November 11, 2021 to form as MTPP 2021 Edition**, as such it contains the following provisions for immediate implementation through issuance of memorandum by the Chief Executive Officer that will enclose this program to all branches/sections/units with corresponding transmittal slips or affidavit of undertakings of all officers and employees involve in the financial transactions. The said affidavit is to establish serious commitments by the recipients/addressee on its effective implementation.

Declaration of Policy (Sec. X801)— The Bangko Sentral adopts the policies of the State to (a) protect and preserve the integrity of the Philippine financial system, including the confidentiality of bank accounts; (b) ensure that the Philippines, in general, and the covered persons, in particular, shall not be used, as money laundering sites and conduit for the proceeds of unlawful activities as herein defined; (c) 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; (d) recognize terrorism and terrorist financing as inimical and dangerous to national security and the welfare of the people; and make the financing of terrorism a crime against the Filipino people, against humanity and against the law of nations; and (e) adhere to international commitments to combat financing of terrorism, specifically the International Convention for the Suppression of the Financing of Terrorism, as well as other binding terrorism related resolutions of the United Nations Security Council, pursuant to Chapter 7 of the United Nations Charter.

Scope of Regulations (Sec. X802)— These regulations shall apply to all covered persons supervised and regulated by the Bangko Sentral. The term “covered persons” shall refer to banks, non-banks, QBs, trust entities, non-stock savings and loan associations, pawnshops, foreign exchange dealers, money changers, remittance and transfer companies, electronic money issuers and other financial institutions which under special laws are subject to Bangko Sentral supervision and/or regulation, including their subsidiaries and affiliates, which are also covered persons, wherever they may be located. For this purpose, subsidiary and affiliate shall be define as:

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- (a) A subsidiary means an entity more than fifty percent (50%) of the outstanding voting stock of which is owned by a covered person.
- (b) An affiliate means an entity the voting stock of which, at least twenty percent (20%) to not more than fifty percent (50%), is owned by a covered person.

Pursuant to Section 20 of the General Banking Law of 2000, a bank authorized by BSP to establish branches or other offices within or outside the Philippines shall be responsible for all business conducted in such branches and offices to the same extent and in the same manner as though such business had all been conducted in the head office. A bank and its branches and offices shall be treated as one unit.

Whenever any of its branches, offices, subsidiaries or affiliates based outside the Philippines is prohibited from implementing this Part or any of the Provisions of the AMLA, as amended, or its RIRR, by reason of local laws, regulations or a supervisory directive, said branches, offices, subsidiaries or affiliates, or the bank shall (1) formally notify the Bangko Sentral ng Pilipinas of the situation and furnish a copy of the applicable laws and/or regulations or the supervising authority's directive, as the case may be; and (2) apply appropriate additional measures or mitigating controls to manage the money laundering (ML) and terrorist financing (TF) risks.

Xxx

The following are the existence of suspicious transaction indicators of which were incorporated to the revised MTPP 2019 Edition:

1. The existence of suspicious transactions indicators:

A. Corruption Related:

- 1. Client has significant holdings in bank time deposits and other high-yielding products such as shares and investments portfolios in another country.**
- 2. Account shows high-volume account activity involving significant cash transactions.**
- 3. Client conducts transactions through a professional facilitator for no apparent commercial or other reason.**
- 4. Client is associated with, or undertakes transactions involving, large unexplained amounts of money.**
- 5. Client is unable or reluctant to provide details or credible explanations for establishing a business relationship, opening an account or conducting transactions.**

6. Client uses legal entity structures to undertake transactions for no apparent commercial or other reason.
7. Client uses multiple bank accounts for no apparent commercial or other reason.
8. Personal and business transactions are difficult to distinguish and are mingled either
 - in personal or payroll accounts.

B. Cross Border investment fraud involving boiler room operations, recovery room, and advance fee fraud

1. Accountholders or clients are individuals or entities, which have just been registered with SEC or DTI. There may be a common signatory for the accounts opened. Normally, the signatory is not an incorporator. In some instances, the individuals opening the account present themselves as owners of a domestic company, branch head or consultant of a foreign entity.
2. Transactions in the domestic account are mostly inward remittances which are immediately withdrawn in cash or by check issuances to different individuals. Said transactions may also be “wire transferred” to another account in the Philippines or overseas, leaving the account with minimal balance.
3. The remitters are located largely in the United States of America, United Kingdom, Canada, Germany, Singapore, Hong Kong and Indonesia.
 - a. Remitters may be individuals, who are most likely victims of cross border investment fraud. This may be considered as the placement stage of money laundering.
 - b. Beneficiary accounts may be companies/entities, which may be considered perpetrators or their cohorts. Funds remitted could have been received from victims of investment fraud in the foreign jurisdiction and subsequently remitted to the Philippines to layer the funds.
4. An individual or consultancy firm sets-up two or more companies, mainly engaged in
 - trading, retail and call center business.
1. The accounts are usually active for a period of one (1) year. Entities operate within a limited period to avoid detection. Thereafter, a new company with a similar nature of business will emerge.

6. Multiple companies are linked by common addresses and signatories. These companies maintain accounts at different banks to conceal their business activities.

7. Recipients of remittances are individuals or companies having common counterparties or remitters.

C. Drug related transactions

1. Account Holders that send and receive funds to person/s or entities subject of F.O.

2. Forex, Remittance with substantial transactions but are not registered with AMLC.

3. Recipient of funds located in an area but received funds from different places in the Philippines where the nature of the business makes the business relationship unlikely; i.e. X Trading in Binondo engaged in electronics business received funds from towns in Mindanao, Visayas and the remitter has no declared business.

4. Persons using other names/alias/A.K.A.

5. Persons using different IDs with inconsistent information such as; name, birth date, address
names, birth date,

6. The recipient of large amount of funds are students/minors.

7. Transactions of arrested suspects/ accused while in prison or after their arrest.

8. Sudden closure of bank accounts after being a subject of an adverse media expose.

D. Cash Deposits/Ponzi Scheme/ Pyramiding

1. Cash deposits coming from various branches located not within or outside the geographical area of the depository branch where depositor lives or works.

2. Accumulating large cash deposits during a week or a month and withdrawing said aggregated deposits in a day leaving minimal balance, as if the savings account is merely used as a conduit and for long-term savings (siphoning).

E. Usage of transit accounts (mule accounts) with large, rapid movement of funds5

1. Funds were actively transferred in and out of the account on the same day or within a short period of time with no absolute reason.

2. Immediate withdrawals upon receiving large amount of funds.

F. Unverified banking accounts/ transactions

1. Return of customer “Thank You” letter.

2. Abnormal deposits and withdrawals which are deemed inconsistent with the profile with the profile of the customer

2. Large number of transactions conducted near border towns, ports and high-risk areas where smuggling activities are rampant.

4. Large amounts of funds transferred into unverified third parties accounts located overseas on a frequent basis.

G. Terrorist Financing

1. Entities

- Details match those on sanctions lists
- Small broker/intermediary; activity does not match business profile
- Commercial entity acts as money-remittance business

2. Goods: Dual-use or proliferation-sensitive

3. Cash: Used for industrial transactions

4. Consignee: Freight-forwarding company or bank

5. Documents: False or altered (shipping, license, end-user certificate); innocuous descriptions of goods or materials

6. Suspicious Indicators/Circumstances for Terrorist Financing under Rule 3.a.15 of the

IRRs of the TF Suppression Act.

- Remittance in structured amounts to high-risk location for terrorism.

II. Examples of Suspicious Indicators

Common Indicators:

The following are examples of common indicators that may point to a suspicious transaction,

whether completed or attempted. This list of examples is provided for guidance only and is

neither mandatory nor exhaustive.

A. General Areas of Suspicion:

- Customer admits to or makes statements about involvement in criminal activities.
 - You are aware that a customer is the subject of a criminal investigation.
 - Customer does not want correspondence sent to residential address.
 - Customer appears to have accounts with several financial institutions in one area for no apparent reasons
 - Customer conducts transactions at different physical locations in an apparent attempt to avoid detection.
 - Customer repeatedly uses an address but frequently changes the names involved.
 - Customer is accompanied and watched.
 - Significant and/or frequent transactions in contrast to known or expected business activity(ies).
 - Significant and/or frequent transactions in contrast to known employment status.
 - Ambiguous or inconsistent explanations as to the source and/or purpose of funds.
-
- Where relevant, money presented in unusual condition, for example, damp, odorous, or coated with substance.
 - Where relevant, nervous or uncooperative behavior exhibited by employees and/or customers.
 - Customer shows uncommon curiosity about internal systems, controls, and policies.
 - Customer has only vague knowledge of the amount of a deposit.
 - Customer presents confusing details about the transaction or knows few details about its purpose.
 - Customer appears to informally record large-volume transactions, using unconventional bookkeeping methods or “off-the-record” books.
 - Customer over-justifies or -explains the transaction.
 - Customer is secretive and reluctant to meet in person.
 - Customer is nervous, not in keeping with the transaction.
 - Customer is involved in transactions that are suspicious but seems blind to being involved in money-laundering activities.
 - Customer’s home or business telephone number has been disconnected, or there is no such number when an attempt is made to contact the customer shortly after opening the account.
 - Normal attempts to verify the background of a new or prospective customer are difficult.
 - Customer appears to be acting on behalf of a third party but does not inform the credit institution staff.

- Customer is involved in activity(ies) out of keeping for that individual or business.
- Customer insists that a transaction be done quickly.
- Inconsistencies appear in the customer's presentation of the transaction.
- Transaction does not appear to make sense or is out of keeping with usual or expected activity for the customer.
- Customer appears to have recently established a series of new relationships with different financial entities.
- Customer attempts to develop close rapport with the staff.
- Customer uses aliases and a variety of similar but different addresses.
- Customer spells his or her name differently from one transaction to another.
- Customer uses a post office box or general delivery address, or other type of mail drop address, instead of a street address when this is not the norm for the area concerned.
- Customer provides false information or information that the staff of the bank or the financial institution believe is unreliable.
- Customer offers money, gratuities, or unusual favors to the credit institution staff for the provision of services that may appear unusual or suspicious.
- Customer pays for services or products via financial instruments, such as money orders or traveler's checks, without relevant entries on the instrument or with unusual symbols, stamps, or notes.
- The bank or the financial institution is aware that a customer is the subject of a money laundering or terrorist financing investigation.
- The bank or the financial institution is aware, or becomes aware, from a reliable source (that can include media or other open sources) that a customer is suspected of being involved in illegal activity(ies).
- A new or prospective customer is known as having a questionable legal reputation or criminal background.
- Transaction involves a suspected shell entity (i.e., a corporation that has no assets operations, or other reasons to exist).

B. Knowledge of reporting or record-keeping requirements

- Customer attempts to convince employee not to complete any documentation required for the transaction.
- Customer makes inquiries that would indicate a desire to avoid reporting.
- Customer has unusual knowledge of the law in relation to suspicious transaction reporting.
- Customer seems very conversant with money laundering or terrorist activity financing issues.

- Customer is quick to volunteer that funds are “clean” or are “not being laundered.”
- Customer appears to be structuring amounts to avoid record keeping, customer identification, or reporting thresholds.
- Customer appears to be collaborating with others to avoid record keeping, customer identification, or reporting thresholds.
- Customer performs two or more cash transactions of less than the thresholds specified seemingly to avoid the reporting requirement.

C. Identity Documents

- Customer provides doubtful or vague information.
- Customer produces seemingly false identification or identification that appears to be counterfeited, altered, or inaccurate.
- Customer refuses to produce personal identification documents.
- Customer only presents copies rather than originals.
- Customer uses foreign, unverifiable identity documents.
- Customer wants to establish identity using something other than his or her personal identification of documents
- Customer’s supporting documentation lacks important details, such as a telephone number.
- Customer inordinately delays presenting corporate documents.
- All identification presented pertains to foreign countries or cannot be checked for some reason.
- All identification documents presented appear new or have recent issue dates.
- Customer presents different identification documents at different times.
- Customer alters the transaction after being asked for identity documents.
- Customer presents different identification documents each time a transaction is conducted.

D. Cash Transactions

- Customer starts conducting frequent cash transactions in large amounts when this has not been a normal activity for the customer in the past.
- Customer frequently exchanges small bills for large ones.
- Customer uses notes in denominations that are unusual for the customer, when the normal practice in that business is different.
- Customer presents notes that are packed or wrapped in a way that is uncommon for the customer.

- Customer deposits musty or extremely dirty bills.
- Customer consistently makes cash transactions that are significantly below the reporting threshold amount in an apparent attempt to avoid triggering the identification and reporting requirements.
- Customer presents uncounted funds for a transaction. Upon counting, the customer reduces the transaction to an amount just below that which could trigger reporting requirements.
- Customer conducts a transaction for an amount that is unusual compared with amounts of past transactions.
- Customer frequently purchases traveler's checks, foreign currency drafts, or other negotiable instruments with cash when this appears to be outside of normal activity for the customer.
- Customer asks a clerk at the credit institution to hold or transmit large sums of money or other assets when this type of activity is unusual for the customer.
- Shared address for individuals involved in cash transactions, particularly when the address is also for a business location, or does not seem to correspond to the stated occupation (i.e., student, unemployed, self-employed, etc.).
- Stated occupation of the customer is not in keeping with the level or type of activity(ies) (e.g., a student or an unemployed individual makes daily maximum cash withdrawals at multiple locations over a wide geographic area).
- Cash is transported by a cash courier.
- Large transactions using a variety of denominations.

Economic Purpose

- Transaction seems to be inconsistent with the customer's apparent financial standing or the usual pattern of activities.
- Transaction appears to be out of the normal course for industry practice or does not appear to be economically viable for the customer.
- Transaction is unnecessarily complex for its stated purpose.
- Activity is inconsistent with what would be expected from declared business.
- A business customer refuses to provide information to qualify for a business discount.
- No business explanation for size of transactions or cash volumes.
- Transactions or financial connections between businesses that are not usually connected (e.g., a food importer dealing with an automobile parts exporter).
- Transaction involves nonprofit or charitable organization(s) for which there appears to be no logical economic purpose or where there appears to be no link between the stated activity(ies) of the organization and the other parties in the transaction.

F. Transactions involving accounts

- Opening accounts when the customer's address is outside the local service area.
- Opening accounts in other people's names.
- Opening accounts with names very close to other established business entities.

- Attempting to open or operate accounts under a false name.
- Account with a large number of small cash deposits and a small number of large cash withdrawals.
- Funds are being deposited into several accounts, consolidated into one, and transferred outside the country.
- Customer frequently uses many deposit locations outside of the home branch location

- Multiple transactions are carried out on the same day at the same branch but with an apparent attempt to use different tellers.
- Activity far exceeds activity projected at the time of opening of the account.
- Establishment of multiple accounts, some of which appear to remain dormant for extended periods.

- Account that was reactivated from inactive or dormant status suddenly sees significant activity.
- Reactivated dormant account containing a minimal amount suddenly receives a deposit or series of deposits followed by frequent cash withdrawals until the transferred sum has been removed.
- Unexplained transfers between the customer's products and accounts.
- Large transfers from one account to other accounts that appear to be pooling money from different sources.
- Multiple deposits are made to a customer's account by third parties.
- Deposits or withdrawals of multiple monetary instruments, particularly if the instruments are sequentially numbered.
- Frequent deposits of bearer instruments (e.g., checks, money orders, or bearer bonds) in amounts just below the threshold amount.
- Unusually large cash deposits by a customer with personal or business links to an area associated with drug trafficking.
- Regular return of checks for insufficient funds.
- Correspondent accounts being used as "pass-through" points from foreign jurisdictions with subsequent outgoing funds to another foreign jurisdiction.
- Multiple personal and business accounts are used to collect and then funnel funds to a small number of foreign beneficiaries, particularly when they are in locations of concern, such as countries known or suspected to facilitate money-laundering activities.

G. Transactions involving areas outside the country

- Customer and other parties to the transaction have no apparent ties to the country.
- Transaction crosses many international lines.
- Use of a credit card issued by a foreign bank that does not operate domestically by a
 - customer who does not live and work in the country of issue.
- Cash volumes and international remittances in excess of average income for migrant
 - worker customers.
- Transactions involving high volume international transfers to third-party accounts in
 - countries that are not usual remittance corridors.
- Transaction involves a country known for highly secretive banking and corporate law(s).
- Foreign currency exchanges that are associated with subsequent wire transfers to locations of concern, such as countries known or suspected to facilitate money laundering activities.
- Deposits followed within a short time by wire transfer of funds to or through locations of concern, such as countries known or suspected to facilitate money-laundering activities.
- Transaction involves a country where illicit drug production or exporting may be prevalent, or where there is no effective anti-money laundering system.
- Transaction involves a country known or suspected to facilitate money-laundering activities.

H. Transactions related to offshore business activity

Any bank or financial institution that conducts transactions internationally should consider the following indicators:

- Accumulation of large balances, inconsistent with the known turnover of the customer's
 - business, and subsequent transfers to overseas account(s).
- Frequent requests for traveler's checks, foreign currency drafts, or other negotiable instruments.
- Loans secured by obligations from offshore banks.
- Loans to or from offshore companies.
- Offers of multimillion-dollar deposits from a confidential source to be sent from an
 - offshore bank or somehow guaranteed by an offshore bank.
- Transactions involving an offshore "shell" bank whose name may be very similar to the
 - name of a major legitimate institution.
- Unexplained electronic funds transfers by customer on an in-and-out basis.

- Use of letter of credit and other methods of trade financing to move money between

countries when such trade is inconsistent with the customer's business.

- Use of a credit card issued by an offshore bank.

I. Personal Transactions

- Customer appears to have accounts with several financial institutions in one geographic area.

- Customer has no employment history but makes frequent, large transactions or maintains a large account balance.

- The flow of income through the account does not match what was expected based on the stated occupation of the account holder or the intended use of the account.

- Customer makes one or more cash deposits to the general account of a foreign correspondent bank (i.e., pass-through account).

- Customer makes frequent or large payments through online payment services.

- Customer runs large positive credit card balances.

- Customer uses cash advances from a credit card account to purchase money orders or

drafts or to wire funds to foreign destinations.

- Customer takes cash advance to deposit into savings or checking account.

- Large cash payments for outstanding credit card balances.

- Customer makes credit card overpayment and then requests a cash advance.

Customer

visits the safety deposit box area immediately before making cash deposits.

- Customer wishes to have credit and debit cards sent to international or to domestic

destinations other than his or her address.

- Customer has numerous accounts and deposits cash into each of them with the total

credits being a large amount.

- Customer deposits large endorsed checks in the name of a third party.

- Customer frequently makes deposits to the account of another individual who is not an

employee or family member.

- Customer frequently exchanges currencies.

- Customer frequently makes automatic banking machine deposits just below the reporting threshold.

- Customer's access of the safety deposit facilities increases substantially or is unusual in

light of their past usage.

- Many unrelated individuals make payments to one account without any rational explanation.

- Third parties make cash payments or deposit checks to a customer's credit card.

- Customer gives power of attorney to a non relative to conduct large transactions.

- Customer has frequent deposits identified as proceeds of asset sales, but the assets cannot be substantiated.
- Customer acquires significant assets and liquidates them quickly with no explanation.
- Customer acquires significant assets and encumbers them with security interests that do not make economic sense.
- Customer requests movement of funds that are uneconomical.
- High volume of wire transfers is made or received through the account.

J. Corporate and business transactions

Some businesses may be susceptible to the mixing of illicit funds with legitimate income.

This is a very common method of money laundering. These businesses include those that conduct a significant part of their business in cash, such as restaurants, bars, parking lots, convenience stores, and vending machine companies. On opening accounts with the various businesses in its area, a financial institution would likely be aware of those that are mainly cash based.

- Unusual or unexplained increases in cash deposits made by those entities may be indicative of suspicious activity(ies).
- Accounts are used to receive or disburse large sums but show virtually no normal business-related activities such as the payment of payrolls, invoices, etc.
- Accounts have a large volume of deposits in bank drafts, cashier's checks, money orders, or electronic funds transfers, which is inconsistent with the customer's business.
- Accounts have deposits in combinations of monetary instruments that are atypical of legitimate business activity(ies) (e.g., deposits that include a mix of business, payroll, and social security checks).
- Accounts have deposits in combinations of cash and monetary instruments not normally associated with business activity(ies).
- Business does not want to provide complete information regarding its activities.
- Financial statements of the business differ noticeably from those of similar businesses.
- Representatives of the business avoid contact with the branch as much as possible, even

when it would be more convenient for them.

- Deposits to or withdrawals from a corporate account are primarily in cash rather than
 - in the form of debit and credit normally associated with commercial operations.
- Customer maintains a number of trustee or customer accounts that are not consistent
 - with that type of business or not in keeping with normal industry practices.
- Customer operates a retail business providing check-cashing services but does not make
 - large withdrawals of cash against checks deposited.
- Customer pays in cash or deposits cash to cover bank drafts, money transfers, or other
 - negotiable and marketable money instruments.
- Customer purchases cashier's checks and money orders with large amounts of cash.
- Customer deposits large amounts of currency wrapped in currency straps.
- Customer makes a large volume of seemingly unrelated deposits to several accounts
 - and frequently transfers a major portion of the balances to a single account at the same
 - bank or elsewhere.
- Customer makes a large volume of cash deposits from a business that is not normally
 - cash-intensive.
- Customer makes large cash withdrawals from a business account not normally associated with cash transactions
- Customer consistently makes immediate large withdrawals from an account that has
 - just received a large and unexpected credit from abroad.
- Customer makes a single and substantial cash deposit composed of many large bills.
- Small, single location business makes deposits on the same day at different branches
 - across a broad geographic area that does not appear practical for the business.
- There is a substantial increase in deposits of cash or negotiable instruments by a company offering professional advisory services, especially if the deposits are promptly transferred.
- There is a sudden change in cash transactions or patterns.
- Customer wishes to have credit and debit cards sent to international or domestic destinations other than his or her place of business.
- There is a marked increase in transaction volume in an account with significant changes in an account balance that is inconsistent with or not in keeping with normal business practices of the customer's account.
- Asset acquisition is accompanied by security arrangements that are not consistent with normal practice.

- Unexplained transactions are repeated between personal and commercial accounts.
- Activity is inconsistent with stated business.
- Account has close connections with other business accounts without any apparent reason for the connection.
- Activity suggests that transactions may offend securities regulations or the prospectus is not in tune with the requirements.
- A large number of incoming and outgoing wire transfers take place for which there appears to be no logical business or other economic purpose, particularly when this is through or from locations of concern, such as countries known or suspected to facilitate money laundering activities.

K. Transactions for nonprofit organizations (including registered charities)

- Inconsistencies between apparent modest sources of funds of the organization (e.g., communities with modest standard of living) and large amounts of funds raised.
- Inconsistencies between the pattern or size of financial transactions and the stated purpose and activity of the organization.
- Sudden increase in the frequency and amounts of financial transactions for the organization, or the inverse, that is, the organization seems to hold funds in its account for a very long period.
- Large and unexplained cash transactions by the organization.
- Absence of contributions from donors located in the country.
- Organization's directors are outside the country, particularly if large outgoing transactions are made to the country of origin of the directors and especially if that country is a high-risk jurisdiction.
- Large number of nonprofit organizations with unexplained links.
- Nonprofit organization appears to have little or no staff, no suitable offices, or no telephone number, which is incompatible with their stated purpose and financial flows.
- Nonprofit organization has operations in, or conducts transactions to or from, high-risk jurisdictions.

L. Wire and funds transfer activities

- Customer is reluctant to give an explanation for the remittance.
- Customer orders wire transfers in small amounts in an apparent effort to avoid triggering identification or reporting requirements.
- Customer receives large sums of money from an overseas location and the transfers include regulations for payment in cash.
- Customer makes frequent or large funds transfers for individuals or entities who have no account relationship with the institution.

- Customer receives frequent funds transfers from individuals or entities who have no account relationship with the institution.
- Customer receives funds transfers and immediately purchases monetary instruments prepared for payment to a third party, which is inconsistent with or is outside the normal course of business of the customer.

- Customer requests payment in cash immediately upon receipt of a large funds transfer.
- Customer instructs the bank or the financial institution to transfer funds abroad and to
 - expect an equal incoming transfer.
- Immediately after transferred funds have cleared, the customer moves the funds to
 - another account or to another individual or entity.
- Customer shows unusual interest in funds transfer systems and questions the limit of
 - what amount can be transferred.
- Customer transfers funds to another country without changing the currency.
- Large incoming wire transfers from foreign jurisdictions are removed immediately by
 - company principals.
- Customer sends frequent wire transfers to foreign countries but does not seem to have
 - connection to such countries.
- Wire transfers are received from entities having no apparent business connection with
 - the customer.
- Size of funds transfers is inconsistent with normal business transactions for that customer.
- Rising volume of remittances exceeds what was expected from the customer when the
 - relationship was established.
- Several customers request transfers either on the same day or over a period of 2–3 days
 - to the same recipient.
- Different customers request transfers that are all paid for by the same customer.
- Several customers requesting transfers share common identifiers, such as family name,
 - address, or telephone number.
- Several different customers send transfers that are similar in amounts, sender names,
 - test questions, free message text, and destination country.

- Customer sends or receives multiple transfers to or from the same individual.
- Stated occupation of the customer or the customer's financial standing is not in keeping
 - with the level or type of activity(ies) (e.g., a student or an unemployed individual who receives or sends large numbers of wire transfers).
- Migrant remittances made outside the usual remittance corridors.
- Personal funds sent at a time not associated with salary payments.
- Country of destination for a wire transfer is not consistent with the nationality of the individual customer.
- Customer requests transfers to a large number of recipients outside the country who do not appear to be family members.
- Customer does not appear to know the recipient to whom he or she is sending the transfer.
- Customer does not appear to know the sender of the transfer from whom the transfer was received.
- Beneficiaries of wire transfers involve a large group of nationals of countries associated with terrorist activity.
- Customer makes funds transfers to other businesses abroad that are not in line with the customer's business.
- Customer conducts transactions involving countries known as narcotic source countries or as transshipment points for narcotics, or that are known for highly secretive banking and corporate law practices.

M. Suspicious indicators related to lending

- Customer suddenly repays a problem loan unexpectedly.
- Customer makes a large, unexpected loan payment with unknown source of funds, or a source of funds that does not match the credit institution's knowledge about the customer.
- Customer repays a long-term loan, such as a mortgage, within a relatively short time period.
- Source of down payment is inconsistent with borrower's background and income.
- Down payment appears to be from an unrelated third party.
- Down payment uses a series of money orders or bank drafts from different financial institutions.

- Customer shows income from “foreign sources” on loan application without providing further details.
- Customer’s employment documentation lacks important details that would make it difficult for the credit institution to contact or locate the employer.
- Customer’s documentation to ascertain identification, support income, or verify employment is provided by an intermediary who has no apparent reason to be involved.
- Customer has loans with offshore institutions or companies that are outside the ordinary course of business of the customer.
- Customer offers the credit institution large dollar deposits or some other form of incentive in return for favorable treatment of loan request.
- Customer asks to borrow against assets held by another financial institution or a third party, when the origin of the assets is not known.
- Loan transaction does not make economic sense (e.g., the customer has significant assets, and there does not appear to be a sound business reason for the transaction).
- Customer seems unconcerned with terms of credit or costs associated with completion of a loan transaction.
- Customer applies for loans on the strength of a financial statement reflecting major investments in or income from businesses incorporated in countries known for highly secretive banking and corporate law(s) and the application is outside the ordinary course of business of the customer.
- Down payment or other loan payments are made by a party who is not a relative of the customer.
- Reluctance to use favorable facilities, for example, avoiding high interest rate facilities for large balances.
- Substantial increases in deposits of cash or negotiable instruments by a professional firm or company, using customer accounts, in-house company, or trust accounts, especially if the deposits are promptly transferred between other customer companies and trust accounts.
- Frequent and/or unscheduled cash deposits to loan accounts.
- Frequent deposits of winning gambling checks followed by immediate withdrawal or transfer of funds.
- Children’s accounts being used for the benefit of parents and/or guardians.

N. Life insurance companies, brokers, and agents

- Client wants to use cash for a large transaction.
- Client proposes to purchase an insurance product using a check drawn on an other than his or her personal account.
- Client requests an insurance product that has no discernible purpose and is reluctant to
 - divulge the reason for the investment.
- Client who has other small policies or transactions based on a regular payment structure

makes a sudden request to purchase a substantial policy with a lump-sum payment.

- Client conducts a transaction that results in a conspicuous increase in investment contributions.
- Scale of investment in insurance products is inconsistent with the client's economic profile.
- Unanticipated and inconsistent modification of client's contractual conditions, including significant or regular premium top-ups.
- Unforeseen deposit of funds or abrupt withdrawal of funds.
- Involvement of one or more third parties in paying the premiums or in any other matters involving the policy.
- Overpayment of a policy premium with a subsequent request to refund the surplus to a third party.
- Funds used to pay policy premiums or deposits originate from different sources.
- Use of life insurance product in a way that resembles the use of a bank account, such as
 - making additional premium payments and frequent partial redemptions.
- Client cancels investment or insurance soon after purchase.
- Early redemption takes place in the absence of a reasonable explanation or in a significantly uneconomic manner.
- Client shows more interest in the cancellation or surrender of an insurance contract than in the long-term results of investments or the costs associated with termination of the contract.
- Client makes payments with small denomination notes, uncommonly wrapped, with
 - postal money orders or with similar means of payment.
- Duration of the life insurance contract is less than 3 years.
- First (or single) premium is paid from a bank account outside the country.
- Client accepts very unfavorable conditions unrelated to his or her health or age.
- Transaction involves use and payment of a performance bond resulting in a cross-border payment.
- Repeated and unexplained changes in beneficiary.
- Relationship between the policy holder and the beneficiary is not clearly established.

O. Securities Firm

- Accounts that have been inactive suddenly receive large deposits that are inconsistent with the normal investment practice of the client or their financial ability.
- Any dealing with a third party when the identity of the beneficiary or counterparty is undisclosed.
- Client attempts to purchase investments with cash.
- Client wishes to purchase a number of investments with money orders, traveler's

checks, cashier's checks, bank drafts, or other bank instruments, where the transaction is inconsistent with the normal investment practice of the client or their financial ability.

- Client uses securities or futures brokerage firm as a place to hold funds that are not being used in trading of securities or futures for an extended period of time, and such activity is inconsistent with the normal investment practice of the client or their financial ability.
- Client wishes monies received through the sale of shares to be deposited into a bank account rather than a trading or brokerage account, which is inconsistent with the normal practice of the client.
- Client frequently makes large investments in stocks, bonds, investment trusts, or other securities in cash or by check within a short time period, inconsistent with the normal practice of the client.
- Client makes large or unusual settlements of securities in cash.
- The entry of matching buying and selling of particular securities or futures contracts (called match trading), creating the illusion of trading.
- Transfers of funds or securities between accounts not known to be related to the client.
- Several clients open accounts within a short period of time to trade the same stock.
- Unrelated clients redirect funds toward the same account.
- Trades conducted by entities that you know have been named or sanctioned by regulators in the past for irregular or inappropriate trading activity(ies).
- Client is willing to deposit or invest at rates that are not advantageous or competitive.
- Client attempts to purchase investments with instruments in the name of a third party.
- Third-party purchases of shares in other names (i.e., nominee accounts).
- Transactions in which clients make settlements with checks drawn by third parties or remittances from third parties.
- Proposed transactions are to be funded by international wire payments, particularly if from countries where there is no effective anti-money laundering system.

Xxxx

ANTI-MONEY LAUNDERING (AML) POLICIES

The guidelines in this Manual are set to ensure compliance with AMLA and its implementing Rules and Regulations (IRR), as well as with the FATF recommendations and other applicable regulations. These guidelines are intended to ensure high standards on the following areas:

1. Establishing the identity of new clients prior to account opening
2. Client Assessment
3. Due Diligence Review

- a. Recognition and Reporting of Suspicious Transactions
- b. Controls and Fund Transfer
- 4. Control and Monitoring of compliance with AMLA
- 5. File Maintenance/Records Retention Policy
- 6. Employee Training

The guidelines defined here are: (a) reiteration of the present policies and procedures of ASPAC Bank; (b) additional policies and procedures intended to be complementary to the existing and to the requirements of Anti Money Laundering Act and its Implementing Rules and Regulations.

The foregoing guidelines on AML 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 was further revised under Policy No. 11 dated 11.17.20 approved by the board in its Resolution No. S' 2020-11A-03 dated November 23, 2020, the copies of which are attached hereof as Annexes "H" & H-1, respectively.

To ensure complete required rules and regulations on AML governance and culture, the bank had made an addendum to the policy incorporating among others salient principles and objectives not limited to the digitization of customer records under MTPP 2021 Edition, the copy of the policy is hereto attached as Annex "H-2".

Annex H-3 BR No. 09A-06 s.2022 Improving Customer Onboarding Process;

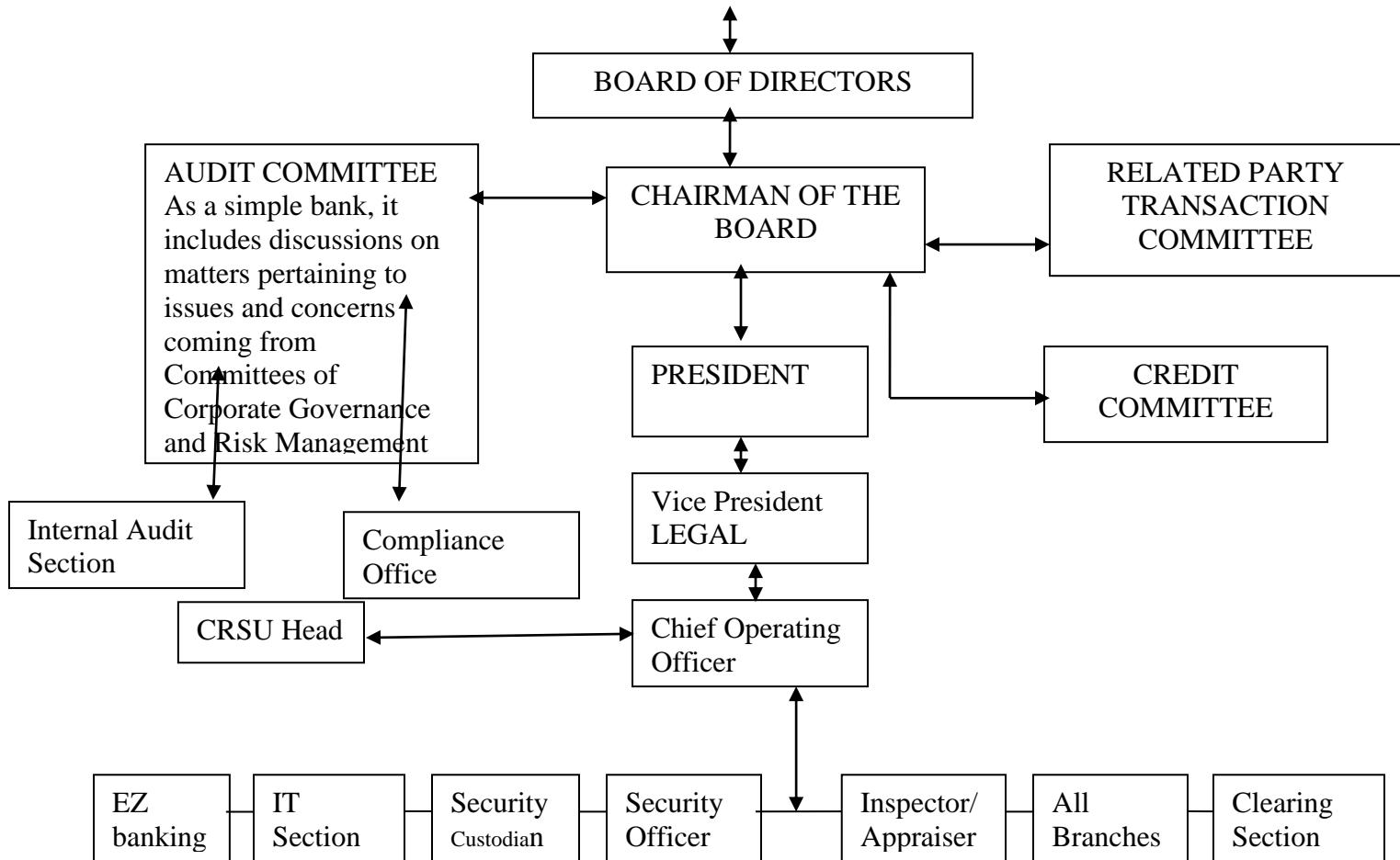
Annex H-4 BR No. S'2022-04E-02 approving the Record Keeping of Deposits required by PDIC

6.Corporate Governance

"The Corporate Governance of the bank in, TO WIT:

- a. Overall corporate governance structure and practices:**

GENERAL STOCKHOLDERS' MEETING



b. Selection process for the board and senior management is the procedure/process for identifying, assessing and selecting board and senior management candidates to ensure application of fit and proper standards.

- Selection of members of the board is done through election. The business affairs of the Bank shall be conducted under the supervision and control of a Board of seven (7) directors. The holders of common stock entitled to vote shall elect such directors in the manner provided in B.P. Blg. 68 (Corporation Law) whose qualifications shall be subject to the approval of the Monetary Board of the Bangko Sentral ng Pilipinas. Eligibility, only Filipino Citizens are eligible for election of the Board. No individual shall be eligible to become or be a director if he is or becomes a candidate for or holder of any public office. Eligibility of directors shall be subject to Bangko Sentral regulations. (Source: Bank's By-laws, Article IV-Directors,Section I and II);

- ii. Committee chairmanship and its members is also appointed by the Board;
 - iii. Senior management is done based on the succession policy of the bank where their profitable performances, term of working experiences with the bank are given preferential consideration. However, the bank may opt to accept from the pool of applicants who are knowledgeable and have considerable banking experiences if internal candidates will refuse to apply. The successful applicant is subject for recommendation by the Chief Operating Officer or by any officer with equivalent rank for further approval by the Board.
- c. **Board's overall responsibility** (describe the general responsibility of the board in the approval and oversight of management's implementation of bank's strategic objectives, risk strategy, corporate governance and corporate values, among others) as follows:

Subsection X143.1 Specific duties and responsibilities of the board of directors as provided in Manual of Regulations for Banks (MORB) and indicated in BSP Circular No. 969 dated 22 August 2017. The board of directors is primarily responsible for defining the bank's vision and mission. The board of directors has the fiduciary responsibility to the bank and all its shareholders including minority shareholders. 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 Chief Executive Officer (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 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 behaviors that could result or potentially result in conflict of interest, personal gain at the expense of the bank as well as the corresponding disciplinary actions and sanctions. The code of conduct shall explicitly provide that director, 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, 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 whistle blowing. 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 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.
- b. The board of directors shall be responsible for approving 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 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 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 (e.g., internal audit, risk management and compliance) with senior management to determine

areas for improvements as well as to promptly identify and address significant risks and issues.

- c. 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. The policy should be consistent with the long-term strategic objectives and financial soundness of the bank and should promote good performance, convey acceptable risk-taking behavior, and reinforce the bank's operating and risk culture.
 - (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.
 - (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. This expectation 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) Non-executive board members shall meet regularly, either than in meetings of the audit, risk oversight, corporate governance, and related party transactions committee, in the absence of senior management, with the external auditor and heads of the internal audit, compliance and risk management functions.

- (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 at all times, and that all transactions involving the pension fund are conducted at arm's length terms.
- d. 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:
 - (a) The board of directors shall structure itself in a way, including in terms of size and frequency of meetings, so as to promote efficiency, critical discussion of issues, and thorough review of matters. The board of directors shall meet regularly to properly discharge its functions, and likewise have discussions on values, conduct, and behaviors.
 - (b) The board of directors shall create committees to increase efficiency and allow deeper focus in specific areas. The number and nature of board-level committees would depend on the size of the bank and the board of directors, the bank's complexity of operations, as well as the board of directors' long-term strategies and risk tolerance.
 - (c) The board of directors shall regularly review the structure, size and composition of the board of directors and board-level committees with the end in view of having a balanced membership. Towards this end, a system and procedure for evaluation of the structure, size and composition of the board of directors and board-level committees shall be adopted which shall include, but not limited to, benchmark and peer group analysis. The results of assessment shall form part for the ongoing improvement efforts of the board of directors.

- (d) The board of directors shall adopt policies aimed at ensuring that the members of the board of directors are able to commit to effectively discharge their responsibilities, which shall include policy on the number of directorship positions and/or other internal/external professional commitments that a directors may have commensurate with the responsibilities placed on the director, as well as the nature, scale and complexity of the bank's operation.
 - (e) The board of directors shall ensure that individual members of the board of directors and the shareholders are accurately and timely informed of a comprehensive and understandable assessment of the bank's performance, financial condition, and risk exposures. All members of the board of directors shall have reasonable access to any information about the bank at all times. The board of directors shall also ensure that adequate and appropriate information flows internally and to the public.
 - (f) The board of directors shall assess at least annually its performance and effectiveness as a body, as well as its various committees, the CEO, the individual directors, and the bank itself, which may be facilitated by the corporate governance committee or external facilitators. This exercise shall cover the assessment of the ongoing suitability of each board member taking into account his or her performance in the board of directors and board-level committees.
 - (g) The board of directors shall maintain appropriate records (e.g., meeting minutes or summaries of matters reviewed, recommendations, made, decisions taken and dissenting opinion) of its deliberations and decisions. The board of directors shall also ensure that independent views in meetings of the board of directors shall be given full consideration and all such meetings shall be duly minuted.
- (2) Develop 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, 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 within the scope of its authority as prescribed in its charter and existing laws, rules and regulations. It shall ensure effective compliance with the latter, which include prudential reporting obligations. Serious weaknesses in adhering to these duties and responsibilities may be considered as unsafe and unsound practice.

- (5) Maintain, and periodically update, organizational rules, by-laws, or other similar documents setting out its organization, rights , responsibilities and key activities. The board of directors shall ensure that the bank's organizational structure facilitates effective decision making and good governance. This includes clear definition and delineation of the lines of responsibility and accountability.
- (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 an overarching policy on the handling of RPT's 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. In this regard:
 - (a) The board of directors shall approve all material RPTs, those that cross the materiality threshold and write-off of material exposures to related parties, and submit the same for confirmation by majority vote of the stockholders in the annual stockholders' meeting. Any renewal or material changes in the terms and conditions of RPTs shall also be approved by the board of directors. All final decisions of the board of directors on material RPTs, including important facts about the nature, terms, conditions, original and outstanding individual and aggregate balances, justification and other details that would allow stockholders to make informed judgment as to the reasonableness of the transaction, must be clearly disclosed during stockholders meetings and duly reflected in the minutes of board of directors and stockholders' meetings.
 - (b) The board of directors shall delegate to appropriate management committee the approval of RPTs that are below the materiality threshold, subject to confirmation by the board of directors. This shall, however, exclude DOSRI transactions, which are required to be approved by the board of directors. All decisions under the delegated authority must be properly recorded in the minutes of the committee meetings.
- (c) The board of directors shall establish an effective system to:
 - i. Determine, identify and monitor related parties and RPTs;
 - ii. Continuously review and evaluate existing relationships between and among businesses and counterparties; and

- iii. Identify, measure, monitor and control risks arising from RPTs. The system should be able to define related parties extent of relationship with the bank; assess situations in which a nonrelated party (with whom the bank has entered into a transaction) subsequently becomes a related party and vice versa; and generate information on the type and amount of exposures to a particular related party. The said system will facilitate submission of accurate reports to the regulatory/supervisors. The system as well as the overarching policies shall be functions and shall be updated regularly for their sound implementation. The overarching policy and the system shall be made available to the Bangko Sentral and audit functions for review. Any changes in the policies and procedures shall be approved by the board of directors.
 - (d) The board of directors shall maintain adequate capital against risks associated with exposures to related parties. In this regard, material risks arising from RPTs shall be considered in the capital planning process. The prescribed scenario/stress tests under the capital planning shall also capture RPTs in order to determine whether the bank is well-insulated from any going concern issue of related parties.
 - (e) The board of directors shall oversee the integrity, independence, and effectiveness of the policies and procedures for whistle blowing. The board of directors should ensure that senior management addresses legitimate issues on RPT that are raised. The board of directors should responsibility for ensuring that staff who raise concerns are protected from detrimental treatment or reprisals.
- (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 system across the group. In this regard:
- (a) The board of directors shall define and approve appropriate governance policies, practices and structure that will enable effective oversight of the entire group, taking into account nature and complexity of operations, size and the types of risks to which the bank and its subsidiaries are exposed. The board of directors shall also establish means to ensure that such policies, practices and systems remain appropriate in light of the growth, increased complexity and geographical expansion of the group. Further, it shall ensure that the policies include the commitment from the entities in the group to meet all governance requirements.

- (b) The board of directors shall define the risk appetite for the group, which shall be linked to the process of determining the adequacy of capital of the group.
 - (c) The board of directors shall ensure that adequate resources are available for all the entities in the group to effectively implement and meet the governance policies, practices and systems.
 - (d) The board of directors shall define and approve policies and clear strategies for the establishment of new structures.
 - (e) The board of directors shall understand the roles, the relationships or interactions of each entity in the group with one another and with the parent company. The board of directors shall understand the legal and operational implications of the group structure and how the various types of risk exposures affect the group's capital, risk profile and funding under normal and contingent circumstances. The board of directors shall ensure that the group's corporate governance framework includes appropriate processes and controls to identify and address potential intra-group conflicts of interest, such as those arising from intra-group transactions.
 - (f) The board of directors shall develop sound and effective systems for generation and sharing of information within the group, management of risks and effective supervision of the group.
 - (g) The board of directors shall require the risk management, compliance function and internal audit group to conduct a periodic formal review of the group structure, their controls and activities to assess consistency with the board of directors approved policies, practices and strategies and to require said groups to report the results of their assessment directly to the board of directors.
- e. The board of directors shall be responsible for approving bank's risk governance framework and overseeing management's implementation thereof. In this regard, the board of directors shall.
- (1) Define the bank's risk appetite. In setting the risk appetite, the board of directors shall take into account the business environment, regulatory landscape, and the bank's long-term interests and ability to manage risk.
 - (2) Approve and oversee adherence to the risk appetite statement (RAS), risk policy, and risk limits.
 - (3) Oversee the development of, approve, and oversee the implementation of policies and procedures relating to the management of risks throughout the bank.

(4) Define organizational responsibilities following the three lines of defense framework. The business line functions will represent the first line of defense, the risk management and compliance functions for the second line of defense, and the internal audit function for the third line of defense. In this regard:

- (a) The board of directors shall ensure that the risk management, compliance and internal audit functions have proper stature in the organization, have adequate staff and resources, and carry out their responsibilities independently, objectively and effectively.
- (b) The board of directors shall ensure that non-executive board members meet regularly, with the external auditor and heads of the internal audit, compliance and risk management functions other than in meetings of the audit and risk oversight committees, in the absence of senior management.

d. Description of the major role and contribution of the chairman of the board:

Subsec. X142.4 Chairperson of the board of directors

- a. Roles 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.

e. Board Composition

Name	i. Type of Directorship	ii. Principal stockholder represented if nominee	iii. No. of years in service as director	iv. Number of direct and indirect shares held	v. Percentage of shares held to total outstanding shares
Kenneth Gregory Manuel L. Go	Non-executive	Principal stockholder	7 yrs. & 7 months	70,980	5.21%

Frederick A. Ong, III	Executive	-do-	25 years	118,332	8.68%
Patrick James L. Go	Non-executive	-do-	25 years	70,980	5.21%
Harrison A. Ong	Executive	-do-	4 year & 3 months	118,332	8.68%
Ruben D. Almendras	Non-Executive	minor	1 year & 11 months	1	00.00%
Christian Michael G. Tiongko	Non-Executive	minor	2 year and 238 days	1	00.00%
Jose Levi S. Villanueva	Executive	minor	3 months	1	00.00%

f. Board qualification:

Name of Director	Qualifications	Age	Nationality	Experiences of each member of the board of directors, including current directorship and officer ship in other companies
Kenneth Gregory Manuel L. Go	<ul style="list-style-type: none"> 1. Graduate of BS Management; 2. Seminars/Trainings completed/attended: <ul style="list-style-type: none"> a. Credit Process & Risk Management and Updates on AML Rules and Regulations attended on February 22-25, 2019, a copy of Certificate is hereto attached as <u>Annex "I"</u>; b. Strategic Planning dated August 26 to 28, 2017, copy of certificate is attached as <u>Annex "J"</u> c. Corporate Governance Course for Rural Bank Directors and Officers dated 27-28 September 2017; 	53	Filipino	Please see figure A

	<p>d. Asean Corporate Governance workshop for Insurance Corporation dated 14 and 15 April 2015;</p> <p>e. Corporate Governance dated 09 December 2005;</p> <p>f. Basic Non-Life Insurance Course dated 18-22 August 2003; and</p> <p>g. Fire & Motor Car Seminar on Surety dated 11 June 2004;</p> <p>3. Working Experiences: as director of ASPAC Rural Bank, Inc. for six (6) years and seven (7) months as chairman of the board.</p>			
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Figure A

Name of Director: Kenneth Gregory Manuel L. Go

Name of Office	POSITION	Date Assumed	Indicate if Owner/Partner/ Stockholder
Visayan Surety and Insurance Corporation	President	2009	Stockholder
Cebu Century Hotel Corp.	President	2003	Stockholder
Kwong Bee Sausage Factory	General Manager	1997	Owner
SPROG Holdings Inc.	Corporate Secretary	2003	Stockholder
Pedroza Dev. Corporation	Corporate Secretary	2003	Stockholder
Pacific Tourist Inn	Corporate Secretary	2014	Stockholder
Pedroza Food co. Inc.	President	2014	Stockholder
Sachi Best Ramen Corporation	President	2016	Stockholder
University of Cebu- Banilad	Treasurer	2016	Stockholder
University of Cebu - LM	Treasurer	2015	Stockholder

Name of Director	Qualifications	Age	Nationality	Experiences of each member of the board of directors, including current directorship and officer ship in

				other companies
Frederick A. Ong, III	<ul style="list-style-type: none"> • A Graduate of BS in Business Administration • Seminar/Training completed/attended: <ul style="list-style-type: none"> a. Corporate Governance Course for Rural Bank Directors and Officers dated 2002 b. Credit Process & Risk Management and Updates on AML Rules and Regulations attended on February 22-25, 2019, a copy of Certificate is hereto attached as <u>Annex "J-1"</u>; c. Strategic Planning dated August 26 to 28, 2017, copy of certificate is attached as <u>Annex "J-2"</u> • Working Experiences: 24 years being a director of ASPAC Rural Bank, Incorporated and one (1) year and eleven (11) months as President of the Bank while he is currently a Vice President for one year and eight (8) months; 	50	Filipino	Please see figure B

Figure B

Name of Director: Frederick A. Ong, III

Name of Office	POSITION	Date Assumed	Indicate if Owner/Partner/ Stockholder
Golden Lines Inc.	Manager	1993	Stockholder

Name of Director	Qualifications	Age	Nationality	Experiences of each member of the board of directors, including current

				directorship and officer ship in other companies
Patrick James L. Go	<ul style="list-style-type: none"> A Graduate of BS in Business Administration Seminar/Training completed/attended: Corporate Governance Course for Rural Bank Directors and Officers dated 2002 Working Experiences: 24 years being a director of ASPAC Rural Bank, Incorporated 	61	Filipino	Please see figure C

Figure C

Name of Director: Patrick James L. Go

Name of Office	POSITION	Date Assumed	Indicate if Owner/Partner/Stockholder
Cebu Century Hotel Corp.	Director	Not indicated	Stockholder
Pacific Tourist Inn	President/ General Manager	-do-	Stockholder
SPROG Holdings Inc.	Director	-do-	Stockholder
Pedroza Dev. Corporation	President/ General Manager	-do-	Stockholder
Alicia Development Corporation	General Manager	-do-	Stockholder

Name of Director	Qualifications	Age	Nationality	Experiences of each member of the board of directors, including current directorship and officer ship in other companies
Harrison A. Ong	<ul style="list-style-type: none"> A Graduate of BS in Business Administration Seminar/Training completed/attended: 	48	Filipino	Please see figure D

	<p>Corporate Governance Course for Rural Bank Directors and Officers dated October 26-28, 2020, a copy of which is attached hereof as Annex J-3</p> <ul style="list-style-type: none"> Working experience: three (3) years and 3 months being a director of ASPAC Rural Bank, Incorporated. 		
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Figure D

Name of Director: Harrison A. Ong

Name of Office	POSITION	Date Assumed	Indicate if Owner/Partner/Stockholder
N/A	N/A	N/A	N/A

Name of Director	Qualifications	Age	Nationality	Experiences of each member of the board of directors, including current directorship and officer ship in other companies
Ruben D. Almendras	<ul style="list-style-type: none"> A Graduate of Bachelor of Philosophy at the University of the Philippines on 1961; Accomplished Master of Business Administration at the University of the Philippines on 1966; Had taken third year in Bachelor of Science in Industrial Engineering in the Adamson University on 1971; Loan Officer course at Conill Bank - Chicago on 04.01.1975; 	79	Filipino	Please see figure E

	<ul style="list-style-type: none"> • Undertaken Leasing seminar in Wardly-Summa-Hongkong on 05.01.1986; • Had taken the course for Infra-economics and product finance in Harvard University Boston -U.S.A. on 07.01.2001; • Also completed the course on Water Resource Management in the Bureau of Reclamation - Department of Tito Enterior Denver, Colo, U.S.A. on 11.01.2003 <p>PAST POSITION - OTHER PRIVATE INSTITUTION:</p> <ul style="list-style-type: none"> ❖ SGV AND COMPANY as senior assistant from 02.01.1970 to 10.31.1970; ❖ SGV AND COMPANY as associate consultant from 11.01.1970 to 08.31.1971; ❖ SGV AND COMPANY as Training Program from 06.01.1971 to 09.30.1971; ❖ Rizal Commercial Banking Corp. as Asst. VP and Loan Officer from 09.01.1971 to 12.31.1973; ❖ Rizal Commercial Banking Corp. as VP and Treasurer from 01.01.1974 to 01.01.1975; ❖ Rizal Commercial Banking Corp. in its Training School from 01.01.1975 to 01.01.1976; ❖ Rizal Commercial Banking Corp. as SVP and Treasurer from 01.02.1975 to 12.31.1977; ❖ Development academy of the Philippines as professional/Lecturer in finance, economics and organization from 04.01.1973 to 04.30.1976; ❖ Cebu International Finance corporation as Consultant and Director from 02.01.1978 to 12.31.1980; 		
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	<ul style="list-style-type: none"> ❖ Cebu International Finance corporation as Vice President - Treasurer & Director from 01.01.1981 to 01.01.1986; ❖ Cebu Business Club as director from 06.01.1986 to 05.21.1988; ❖ Phil Welding Equipment Corp. as director from 05.01.1985 to 04.20.2001; ❖ Cebu International Finance corporation as SVP - Treasurer and director from 01.02.1986 to 01.02.1988; ❖ Cebu International Finance corporation as Executive Vice President/ Treasurer and director from 01.03.1988 to 01.30.1998; ❖ Cebu Business Club as President from 06.01.1988 to 05.31.1989; ❖ Apo Cement Corporation as director from 02.01.1989 to 11.30.1995; ❖ Indovina Bank -Vietnam as director from 03.01.1989 to 02.27.1990; ❖ Phil Chamber of coal Mine as chairman from 05.01.1989 to 04.30.1994; ❖ Financial Executives of the Phil. as director from 05.01.1989 to 04.30.1994; ❖ European Chamber of Commerce as director from 06.01.1989 to 05.31.1991; ❖ Rotary Club of the West as president from 07.01.1990 to 06.30.1991; ❖ Cebu Chamber of Commerce and Industry as director from 05.01.1992 to 04.30.1995; ❖ Metro Cebu Water District as director from 01.01.1993 to 12.30.1995; ❖ Metropolitan Cebu Water District as director from 01.01.1993 to 		
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	<p>11.30.1995;</p> <ul style="list-style-type: none"> ❖ Cebu Property Ventures Dev. Corp as director from 05.01.1993 to 09.30.2006; ❖ Cebu Country Club as director from 04.01.1994 to 03.31.1997; ❖ Finance Executives of the Phil. as president from 05.01.1995 to 04.30.1996; ❖ Metro Cebu Water District as chairman from 12.01.1995 to 11.30.2004; ❖ Cebu Country Club as director/treasurer from 04.01.1998 to 03.31.2010; ❖ Phil. Bank of Communication as director from 06.01.2003 to 05.31.2007; ❖ Phil. Water Work Association as chairman from 05.01.2004 to 04.30.2006; ❖ Phil. Water Partnership as director from 05.01.2004 to 04.30.2005; ❖ Phil. Association of Water Districts as chairman from 05.01.2004 to 04.30.2006; ❖ V Sec Securities Corporation as director from 074.01.2009 to 05.31.2019; ❖ Cebu Country Club as director/house chairman from 04.01.2016 to 03.31.2017; and ❖ Cebu country Club as director /treasurer from 04.01.2017 to 03.31.2020. <p><i>Corporate Governance Course for Rural Bank Directors and Officers dated 05.20.2000</i></p> <ul style="list-style-type: none"> • Working Experiences: <p>339 days, being an independent director of ASPAC Rural Bank, Incorporated.</p>		
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Figure E

Name of Director: Ruben D. Almendras

Name of Office	POSITION	Date Assumed	Indicate if Owner/Partner/ Stockholder
Tempus Development Corp.	Director	01.01.1974	Stockholder
J.D. Almendras Corp.	Vice President-Treasurer	01.01.1978	Stockholder
Mission for Deaf (EFFATA)	Chairman	01.01.1992	Stockholder
Cebu International Finance Corp.	President/ Director	01.01.1998	Stockholder
The Freeman	Associate Editor	01.01.2004	N/A
Hyundai Motors -Cagayan De Oro	Chairman	01.01.2003	Stockholder
Dumaguete City Development Bank	Director	04.01.2005	Stockholder
Hyundai Motors - Cebu	Chairman	05.01.2005	Stockholder
Dumaguete City Development Bank	Chairman	05.01.2018	Stockholder
Borromeo -Landmaster Cebu	Independent Director	04.01.2021	Stockholder

Name of Director	Qualifications	Age	Nationality	Experiences of each member of the board of directors, including current directorship and officer ship in other companies
Christian Michael G. Tiongko	<ul style="list-style-type: none"> • Bachelor of Science in Accounting - 2002 • Associate Degree in International Business - 2000 <p>1. Corporate Governance Course for Rural Bank Directors and Officers dated June 28 to 29, 2022;</p> <p>2. one (1) year and 238 days as independent of ASPAC Rural Bank,</p>	40	Filipino	Please see figure F

	Inc. from May 07, 2022 to December 31, 2023.			
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Figure I

Name of Director: Christiam Michael G. Tiongko

Name of Office	POSITION	Date Assumed	Indicate if Owner/Partner/ Stockholder
NC TIGER DRIVING SCHOOL	PROPRIETOR	October 19, 2020	Proprietor
Rocket Cargo Forwarding and Logistics Corp.	Chief Operating Officer	September 15, 2017	Stockholder
Pink Gorilla Logistics and Warehousing Inc.	Chief Operating Officer	September 15, 2017	Stockholder
Esver Office Administrative Services	General Manager	January 20, 2020	Owner

Name of Director	Qualifications	Age	Nationality	Experiences of each member of the board of directors, including current directorship and officer ship in other companies
Jose Levi S. Villanueva	<ul style="list-style-type: none"> • Bachelor of Science in Electrical Engineering -1977 <p>1. Corporate Governance Course dated June 02 to 03, 2021, a copy of which is hereto attached as <u>Annex J-4</u>;</p> <p>2. one (1) year and eighteen (18) days from the approval of the Board of his appointment as director at the same time president dated December 13, 2023 under Board Resolution No. 12E-01 s.2023 which also approved the resignation of Mr. Augusto W. Go as director and president ASPAC Rural Bank, Inc.,</p>	68	Filipino	Please see figure G

Figure G
Name of Director: Jose Levi S. Villanueva

Name of Office	POSITION	Date Assumed	Indicate if Owner/Partner/ Stockholder
ORIENTATION COURSE ON CORPORATE GOVERNANCE	THE INSTITUTE OF CORPORATE DIRECTOR	22/03/2011	N/A
ORIENTATION COURSE ON CORPORATE GOVERNANCE	THE INSTITUTE OF CORPORATE DIRECTOR	23/03/2011	N/A
LEADERSHIP FOR BUSINESS RESULTS	AIM-EXCELL	01/02/2010	N/A
LEADERSHIP FOR BUSINESS RESULTS	AIM-EXCELL	02/03/2010	N/A
LEADERSHIP FOR BUSINESS RESULTS	AIM-EXCELL	01/04/2010	N/A
LEADERSHIP FOR BUSINESS RESULTS	AIM-EXCELL	01/05/2010	N/A
LEADERSHIP FOR BUSINESS RESULTS	AIM-EXCELL	01/06/2010	N/A
LEADERSHIP FOR BUSINESS RESULTS	AIM-EXCELL	01/07/2010	N/A
LEADERSHIP FOR BUSINESS RESULTS	AIM-EXCELL	01/08/2010	N/A
SALES DIRECTORS WORKSHOP	UNIONBANK TRAINING CENTER	28/09/2009	N/A
SALES DIRECTORS WORKSHOP	UNIONBANK TRAINING CENTER	29/09/2009	N/A
FINANCIAL PLANNING 101	UNIONBANK TRAINING CENTER	09/08/2008	N/A
3RD GENERATION MOBILE TELECOMS	LUCENT TECHNOLOGIES	02/05/1998	N/A
3RD GENERATION MOBILE TELECOMS	LUCENT TECHNOLOGIES	03/05/1998	N/A
3RD GENERATION MOBILE TELECOMS	LUCENT TECHNOLOGIES	04/05/1998	N/A
3RD GENERATION MOBILE TELECOMS	LUCENT TECHNOLOGIES	05/05/1998	N/A
FOUNDATION SCHOOL FOR IBM PROFESSIONAL HIRES	IBM	02/06/1997	N/A
FOUNDATION SCHOOL FOR IBM PROFESSIONAL HIRES	IBM	03/06/1997	N/A
FOUNDATION SCHOOL FOR IBM PROFESSIONAL HIRES	IBM	04/06/1997	N/A
FOUNDATION SCHOOL FOR IBM PROFESSIONAL HIRES	IBM	05/06/1997	N/A
FOUNDATION SCHOOL FOR IBM PROFESSIONAL HIRES	IBM	06/06/1997	N/A
TOTAL SATISFACTION MANAGEMENT (TRAIN-THE)	CITIBANK, N.A.	29/05/1996	N/A
TOTAL SATISFACTION MANAGEMENT (TRAIN-THE)	CITIBANK, N.A.	01/06/1996	N/A
PERFORMANCE MANAGEMENT PROGRAM (TRAIN-THE)	CITIBANK, N.A.	25/09/1995	N/A
PERFORMANCE MANAGEMENT PROGRAM (TRAIN-THE)	CITIBANK, N.A.	26/09/1995	N/A
PERFORMANCE MANAGEMENT PROGRAM (TRAIN-THE)	CITIBANK, N.A.	27/09/1995	N/A
PERFORMANCE MANAGEMENT PROGRAM (TRAIN-THE)	CITIBANK, N.A.	28/09/1995	N/A
PERFORMANCE MANAGEMENT PROGRAM (TRAIN-THE)	CITIBANK, N.A.	29/09/1995	N/A
STRATEGIC LEADERSHIP	CITIBANK, N.A.	13/06/1995	N/A
STRATEGIC LEADERSHIP	CITIBANK, N.A.	14/06/1995	N/A

STRATEGIC LEADERSHIP	CITIBANK, N.A.	15/06/1995	N/A
STRATEGIC LEADERSHIP	CITIBANK, N.A.	16/06/1995	N/A
FOCUS GROUP LEADER TRAINING	CITIBANK, N.A.	20/04/1995	N/A
FOCUS GROUP LEADER TRAINING	CITIBANK, N.A.	21/04/1995	N/A
MANAGING PEOPLE	CITIBANK, N.A.	03/10/1994	N/A
MANAGING PEOPLE	CITIBANK, N.A.	04/10/1994	N/A
MANAGING PEOPLE	CITIBANK, N.A.	05/10/1994	N/A
MANAGING PEOPLE	CITIBANK, N.A.	06/10/1994	N/A
MANAGING PEOPLE	CITIBANK, N.A.	07/10/1994	N/A
MANAGING PEOPLE	CITIBANK, N.A.	08/10/1994	N/A
SALES MANAGEMENT PROCESS	CITIBANK, N.A.	13/04/1994	N/A
SALES MANAGEMENT PROCESS	CITIBANK, N.A.	14/04/1994	N/A
CITI-SELLING WORKSHOP (TRAIN-THE-TRAINER)	CITIBANK, N.A.	23/08/1993	N/A
CITI-SELLING WORKSHOP (TRAIN-THE-TRAINER)	CITIBANK, N.A.	24/08/1993	N/A
CITI-SELLING WORKSHOP (TRAIN-THE-TRAINER)	CITIBANK, N.A.	25/08/1993	N/A
CITI-SELLING WORKSHOP (TRAIN-THE-TRAINER)	CITIBANK, N.A.	26/08/1993	N/A
CORE CREDIT FOR RETAIL BANKING	CITIBANK, N.A.	10/05/1993	N/A
CORE CREDIT FOR RETAIL BANKING	CITIBANK, N.A.	11/05/1993	N/A
CORE CREDIT FOR RETAIL BANKING	CITIBANK, N.A.	12/05/1993	N/A
CORE CREDIT FOR RETAIL BANKING	CITIBANK, N.A.	13/05/1993	N/A
CORE CREDIT FOR RETAIL BANKING	CITIBANK, N.A.	14/05/1993	N/A
CORE CREDIT FOR RETAIL BANKING	CITIBANK, N.A.	15/05/1993	N/A
FINANCIAL ACCOUNTING	CITIBANK, N.A.	18/11/1991	N/A
FINANCIAL ACCOUNTING	CITIBANK, N.A.	19/11/1991	N/A
FINANCIAL ACCOUNTING	CITIBANK, N.A.	20/11/1991	N/A
UNDERSTANDING MANAGERIAL PERSPECTIVE	CITIBANK, N.A.	26/07/1991	N/A
UNDERSTANDING MANAGERIAL PERSPECTIVE	CITIBANK, N.A.	27/07/1991	N/A
PROCESS AND SERVICE IMPROVEMENT PROGRAM	CITIBANK, N.A.	30/06/1990	N/A
BANK MARKETING MANAGEMENT SEMINAR	CITIBANK, N.A.	01/07/1989	N/A
BANK MARKETING MANAGEMENT SEMINAR	CITIBANK, N.A.	04/08/1989	N/A

To resolve findings indicated in the letter from Bangko Sentral ng Pilipinas (BSP) dated 17 January 2025 under Ref/File No. FSD 1-2024-12-0062b-FSD1-L-ASPAC, kindly see below copy of action taken by the Board in its Resolution No. 01A-03 s.2025 dated January 30, 2025:

REPUBLIC OF THE PHILIPPINES)
CITY OF CEBU) S.S.
X-----X

SECRETARY'S CERTIFICATE

I, RIA LIDIA G. ESPINA, of legal age, Filipino, and a resident of Park Vista Townhomes, Apas, Cebu City, after being sworn to in accordance with law, depose and say, that:

1. I am the duly elected Corporate Secretary of ASPAC RURAL BANK, INC., a corporation duly organized and existing under the laws of the Republic of the Philippines with principal office address at M.C. Briones Highway cor. Gen. Ricarte St., Guizo, Mandaua City, Cebu;

2. During the regular meeting of the Board of Directors of said Corporation held on January 30, 2025 at Board Room, City Sports Club, Cebu Business Park, Cebu City, wherein quorum was present and acting throughout, the Board approved the following resolution, to wit:

Board Resolution No. 01A-03 s.2025

"WHEREAS, on 20 January 2025, ASPAC Rural Bank, Inc. (the "Bank") received via email from Bangko Sentral ng Pilipinas ("BSP") under its Ref/File No. FSD1-2024-12-00626-FSD1-L-ASPAC which disclosed their evaluation that ASPAC has substantially complied with the regulatory/reportorial requirements under Section 175 and Appendices 62 and 125 of the Manual of Regulations for Banks, except for the following deficiencies:

1. The Annual Report ("AR") is not published in the Bank's website (<https://aspacbank.com/>);

2. List of major stockholders does not include information on the voting status of the stockholders;

3. Non-disclosure of the following information in the AR:

- Level of risk appetite of the bank on E&S risks;
- Breakdown of E&S risk exposures of the bank per industry or sector;
- Other initiatives to promote adherence to internationally recognized sustainability standards and practices; and
- Progress of implementation of initiatives undertaken to integrate sustainability principles in their governance framework, risk management system, business strategy and operations.

Moreover, the Sustainable Finance Framework Policy dated 21 November 2021 attached to the AR was already superseded by the Revised Sustainable Finance Framework Policy dated 22 September 2023.

4. Discrepancies in the following ratios disclosed in the Audited Financial Statements ("AFS") and in the Financial Summary section and Capital Structure portion of the Annual Report:

I | Board Resolution No. 01A-03 s.2025

	Annual Report Capital Structure	AFS Notes to the FS
CET 1 capital	18.01%	22.01%
Tier 1 capital	18.01%	89.28%
Capital Adequacy Ratio	18.47%	20.13%

WHEREAS, the Board of Directors of the Bank (the "Board") in reference to, and in consideration with the above findings has deliberated on appropriate measures and necessary courses of action to address the noted deficiencies:

RESOLVED, that the Bank shall take the following corrective measures:

1. Confirmed that the Annual Report 2023 (Annex A) was posted on the bank's website on January 23, 2025, and that future Annual Reports shall be timely uploaded.
2. Confirmed that major stockholders' voting status corresponds to their shares, which fact shall be disclosed in all succeeding Annual Reports.
3. Bank management shall revise the Sustainable Finance Framework Policy to incorporate the required sustainability disclosures, replacing the September 22, 2023, policy. This revision shall be subject to Board approval and to be included in the Annual Report 2024.
4. Regarding the discrepancies in the Capital Adequacy Ratio ("CAR") figures, the Board acknowledges the External Auditor's response, hereto attached as Annex "A", viz. –

"As we are not involved in the preparation of the Annual Report (AR) of the Bank, we cannot determine discrepancies between the AR and the Audited Financial Statements (AFS). However, the details on how the ratios were calculated are fully disclosed in Note 23 of the AFS (page 41)."

The Board directs the Chief Operating Officer and Chief Accountant to work closely with the Bank's External Auditor in reconciling CAR-related information to ensure accuracy in succeeding Annual Reports. Non-compliance with this directive shall require the concerned officers to submit justifications for any discrepancies.

RESOLVED FURTHER, that a copy of this Board Resolution be furnished to the Bangko Sentral ng Pilipinas for their reference/file.

APPROVED."

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by signature this _____ at Cebu City, Philippines.



RIA/LIDA G. ESPINA
Corporate Secretary

2 || Board Resolution No. 01A-03 s.2025

Subsequent compliance with Board Resolution No. 01A-03 s.2025, kindly see below the action taken of the **Board in its Resolution No. 05A-05 s.2025 dated May 23, 2025 which also approved the Revised Sustainable Finance Framework Policy**, please see attached below:

Annex K BR No. 05E-02 s.2023 Approval of Audit and RPT Committee;

Annex K-1, Stockholders' Res for new set of directors 2024-2025

Annex K-2 BR No. S'2022-04A-01 Policy on interlocking directorship and officer ship

g. List of Board Level Committees including membership and function.

Name of Director	Audit Committee	Credit Committee	Related Party Transaction Committee	Management Committee
Kenneth Gregory Manuel L. Go	Member	N/A	N/A	N/A
Harrison A. Ong	N/A	Member	N/A	N/A
Frederick A. Ong, III	N/A	Chairman	N/A	N/A
Patrick James L. Go	N/A	N/A	Member	N/A
Ruben D. Almendras	Chairman	N/A	Member	N/A
Christian Michael G. Tiongko	Member	N/A	Chairman	N/A
Jose Levi S. Villanueva	N/A	N/A	N/A	Chairman

h. Directors' attendance at board and committee meetings for the period from January to December 2024:

Name of Director	Board Number of Meetings		Audit Committee Meetings		Credit Committee Meeting		RPT Committee Meeting	
	Attended	%	Attended	%	Attended	%	Attended	%
Kenneth Gregory Manuel L.Gone new elected director as of May 2017	12	100%	4	100%	N/A		4	100%
Frederick A. Ong, III	12	100%	N/A		12	100%	N/A	
Patrick James L. Go	12	100%	N/A		N/A		4	100%
Harrison A.Ong	12	100%	N/A		12	100%	N/A	
Ruben D. Almendras	12	100%	4	100%	N/A		4	100%
Christian Michael G. Tiongko	12	100%	4	100%	N/A		4	100%
Jose Levi S. Villanueva	3	100%	N/A		N/A		N/A	
Number of Meetings Held During the Year	12		4		12		4	

i. Not applicable

j. List of Executive officers/senior management

In compliance with letter from the Bangko Sentral ng Pilipinas (BSP) dated 14 July 2023 with Ref/File No. FSD1 -2023-07-0018c-FSD1-L-ASPC, a copy of which is attached hereof as Annex J-5, the following List of Executive Officers/Senior Management is rectified in accordance with the recommendations of BSP:

1. Jose Levi S. Villanueva - started on August 29, 2024 after the resignation of Atty. Augusto W. Go.;
2. Frederick A. Ong, III - Working Experiences: 25 years being a director of ASPAC Rural Bank, Incorporated and one (1) year and eleven (11) months as President of the Bank while he is currently a Vice President for one year and one (1) year eight (8) months. As an executive director, he is the current chairman of the Credit Committee;

3. Harrison A. Ong - Working experiences: Four (4) years and 3 months being a director of ASPAC Rural Bank, Incorporated. As an executive director, he is currently a member of the Credit Committee.

LIST OF Senior Management:

Name	Educational Attainment	Current Position	No. of years in ASPAC RB, Inc.	AGE
Yvonne Marie D. So	Bachelor of Science in Commerce major in Marketing	Chief Operating Officer	28	49
Andres L. Borbon	Bachelor of Science in Commerce major in Accounting	Compliance Officer	15	55
Maristel C. Sanchez	Bachelor of Science in commerce major in Accounting, CPA	Chief Accountant	28	51
Ma. Theresita A. Durban	Bachelor of Science in Commerce major in Accounting	Internal Audit Head	8	56
Julievic G. Ares	Bachelor of Science in Business Administration major in Human Resource Dept. Management	HR Officer	9	30
Honey Mae Silva	Bachelor of Science in Accountancy	Cluster Head South	17	41
Ferdinand Duterte	Bachelor of Science in Accountancy	Cluster Head North	27	50
Rosendo Martinez	Bachelor of Science in Information Technology	IT Software Head	6	30
Angelito Barikit	Bachelor of Science in Information Technology	IT Infra Head	18	50
Mark Alain Namoc	Bachelor of Science in Commerce major in Management Accounting	Clearing Head	14	42
Ria Lidia G. Espina		Corporate Secretary	1 year and 2 months	

k. Performance Assessment Program:

- a. Performance Assessment of Directors is done through effective implementation on the guidelines set forth in Annex "K-3", hereof;
- b. Performance Assessment Program of the bank for Chief Operating Officer (COO)/ Acting COO is shown herewith under Annex "L", hereof;
- c. Board and its Committees Self-Evaluation on their Performances per Board Resolution No. S'19-38 dated May 31, 2019, a copy of which is hereto attached as Annex "M"; and

The Process adopted by bank in the assessment of the Performance of the Senior Management is done through guidelines set forth in Annex "N" hereof;

- I. Orientation and Education Program (disclose the in-house and external training program of the bank for its directors and senior management to ensure that they continuously possess the qualifications for the position)

All directors must take seminar/workshop on Corporate Governance and Risk Management conducted by entities of which are accredited by the Bangko Sentral ng Pilipinas (BSP) and they are all invited to participate/attend in the bank's annual business planning. At anytime our directors are willing to abide the requirements by regulating bodies of Rural Banks to undergo updating seminar on corporate governance, risk management and any other seminars.

In the previous year 2019, All directors attended the Updating Seminar on Anti-Money Laundering Law. Senior Management, such as the Internal Audit Head as well as all his staff together with the Compliance Officer, the Acting Chief Operating Officer, the HR head and all the Branches Heads and OIC with their Loans Bookkeepers and Accountants have attended re-orientation seminars in AML laws updates and Credit Risk Management. In this year 2020. In addition, thereto and to ensure that everybody in the organization must have equipped with required knowledge relevant to their designations/positions, enclosed herewith were recommendations by the Bangko Sentral ng Pilipinas (BSP) to

enhance bank's successions policy that shall be approved hopefully in the year 2023.

All of the aforecited directors were all already confirmed by the Bangko Sentral ng Pilipinas which considered as assessed their Biodata indicating basic seminar on Corporate Governance attendance.

Item no. three (3), adopting continuous training or mentoring program for directors and key positions to avoid disruption of operations in case of any vacancy/incapacity.

1. The HR Officer in coordination with the Chief Operating Officer shall see to it that the following directors and key positions officers shall be underjoining continuous training and mentoring program:

Illustration no. 1 - For Directors

Illustration No. 2- COO, Cashier/Teller, Managers/ OICs, Accountants, Independent Directors, Internal Audit, Compliance Officer & Asst. CO, Loan Officer, CASA Bookkeeper, New Accounts, Loans Bookkeeper & Loans Processor and Property Appraiser

	TYPE OF SEMINARS								
Positions identified	Anti-n ney under ing	Credit Risk nagement	Cash Flow lalysis & Credit lalysis	Signature ification	Remed nagement	Collater aluation & raisal	Risk ed Audit	Risk ed mpliance	Bo eat, thquak rill & t Aid
Chief Operating cer	Every three rs	Every three rs	Every three rs	Every three ee years	Every ee years	Every ee years	Every years	Every years	Eve three rs
Cashier & lers	Every four rs	For Cashier y every six rs	Not licable	Every e years	Not licable	Not licable	Not licable	Not licable	Eve three rs
OICs/Managers	same	Every four rs	Every five rs	Every five rs	Every e years	Every e years	Not licable	Not licable	Eve three rs
Accountants	Every five rs	Not licable	Every four rs	Every five rs	Not licable	Not licable	Not licable	Not licable	Eve three rs
Independent ctors	Refer to 1 st stration	Refer to 1 st stration	Every six rs	Not licable	Every years	Every years	Every years	Every years	Not licable
Internal Audit	Every four rs	Every five rs	Every five rs	Not licable	Every years	Every years	Every years	Not licable	Eve four rs
Compliance icer & Asst. CO	CO is every e years while . is every five rs	Every five rs for CO le his asst. is ry six years	Every five rs for CO while asst. shall be ry six years	Not licable	Every years	Not licable	Not licable	Every years	Eve four rs
Loan Officers	Every five rs	Every four rs	Every five rs	Not licable	Every e years	Every years	Not licable	Not licable	Eve three rs
CASA okkeepers	Every five rs	Not licable	No licable	Every six rs	Not licable	Not licable	Not licable	Not licable	Eve three rs
Loans okkeeper	same	Not licable	Every six rs	Every six rs	Not licable	Not licable	Not licable	Not licable	Eve three rs
New Accounts	same	same	Not licable	Every six rs	Not licable	Not licable	Not licable	Not licable	Eve three rs
Loans cessors	Every six rs	same	Not licable	Every six rs	Not licable	Not licable	Not licable	Not licable	Eve three rs
Property raiser	Not licable	Every five rs	Every six rs	Not licable	Not licable	Every e years	Not licable	Not licable	Eve four rs

1. Responsibilities of the HR Officer in reference with illustration no. 2, He shall monitor the specific date when a director will be attending seminar after the lapsed of the period specified and shall notify the COO;

2. Responsibilities the COO that after duly validated of the notice received from the HR Officer, the COO shall confirm the schedules of seminar with the directors and booked accordingly the seminars if there will be no conflict of time. After booking with the seminar provider, inform the attendees of the mechanics or platform of the seminar;

3. Responsibilities of the COO and the HR Officer, that, after the completion of the seminar attended, both of them shall jointly submit the certificate of attendance to the board through the CO.

4. Additional job for the HR – He will prepare a logbook containing all of the information stated under illustration nos. one (1) and two (2), above, subject for further verification by external and internal users of such document/report or most probably for reference by internal audit in their assessment to be conducted on the effective implementation of the foregoing procedures or directives of the board.

5. Example:

Positions Identified	Seminar on Anti-Money Laundering			Credit Risk Management			Cash Flow Analysis & Credit Analysis		
	Date attended	On-going program	Next date to be taken	Date last attended	On-going program	Next date to be taken	Date last attended	On-going program	Next date to be taken
Chief Operating Officer	01.05.22	Every three years	1.05	2.10.2	Every three years	2.10.24	4.10.22	Every three years	04.10.26
Cashier & Tellers	01.04.	Every five years	01.05	3.1	For higher only three six months	03.10.2	n/a	Not applicable	n/a

m. Retirement and Succession Policy (describe the retirement and succession policy of the bank including the retirement age for the board and senior management; and the term limit for the members of the board)

The retirement age of the board and senior management of the bank and term limit for members of the board:

	Retirement Age	Term Limit
Executive Directors	90 years old as long as he/she is physically and mentally fit	50 years commencing 2018
Non-Executive Directors	-do-	50 years commencing 2018
Independent Directors	80 years old as long as he/she is physically and mentally fit	Per BSP Cir. No. 969 dated August 22, 2017: Maximum cumulative term of nine (9) years and it shall be reckoned from 2012.

To avoid disruptions of day-to-day operation of the bank, Board Resolution No. S'17-05 dated January 31, 2017, as amended under Board Resolution No. 2020-03A-02 dated March 10, 2020, copy attached as Annex O hereof, approved the following provisions, TO WIT:

" To effectively ensure a smooth flow of transition in case of vacancy/absence, the following must be observed within thirty (30) banking days in the interim, prior to the official appointment by the Board or by the top management on who will assume the office:

<i>Vacant position</i>	<i>Immediate successor</i>	<i>Years in this bank/working experience</i>
President	<ol style="list-style-type: none"> 1. Any of the Executive Directors; 2. Chief Operating Officer 	<p>Since the beginning of the operation of ASPAC Rural Bank, Inc.</p> <p>More than ten (10) years in this bank</p>

Executive Vice President	Concurrent capacity/assignment of the president	Since the beginning of the operation of ASPAC Rural Bank, Inc.
Chief Operating Officer	1. Head Office Manager; and 2. Manager with highest operational net income from previous year	At least ten years experience working in the bank
Internal Auditor	Internal Audit Supervisor	At least ten years experience working in the bank
Compliance Officer	1. Internal Auditor; 2. Chief Accountant; 3. Head Office Accountant; and 4. Asst. Compliance Officer /Staff	At least ten years experience working in the bank, <u>provided for in the case where the Chief Accountant and Head Office Accountant who will assume office of the Compliance Officer, the Bank shall ensure that at least one (1) year cooling-off period must be observed. The Bank will further ensure to prepare duties and responsibilities of a compliance officer designating him/her to exercise such function independently and objectively subject for signing by successors to establish confirmation that they will perform their duties and responsibilities objectively and independently.</u>
Chief Accountant	1. Head Office Accountant; and 2. Asst. to the Chief Accountant	At least ten years experience working in the bank
<u>Branch Managers/ OIC</u>	1. Cashier from the same Branch or from different who will assume office	1. At least three to five (3-5) years in experience working in the

	<p>in concurrent capacity as OIC/Cashier;</p> <p>2. Loans Officer, Head/Supervisor of any executive offices in the Bank;</p> <p>3. For internal control purposes, Branch Accountant cannot assume office in concurrent capacity as OIC/Accountant. However, he/she can assume office as Branch Manager/OIC only leaving the position being an accountant to other aspirants or qualified officers and employees.</p>	<p>ASPAC, RB, Inc., subject for close supervision and monitoring by the Cluster Head and by the Chief Operating Officer (COO) or by the Acting Chief Operating Officer (ACOO);</p> <p>Close supervision & Monitoring means: conduct daily communication through telephones or cell phones and weekly visit to branch by the Cluster Head while regular visit by COO or ACOO to branch once every other month shall be done for at least within the period of one year from the date of assumption of such position;</p> <p>2. Over five (5) years experience working in the ASPAC, RB Inc., subject for minimal supervision and monitoring by his/her Cluster Head and by the Chief Operating Officer or by the Acting Chief Operating Officer.</p> <p>Minimal supervision and monitoring means communication and</p>
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		visitation by the Cluster Head and COO or ACOO is lesser than what is required under close supervision and monitoring.
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In regards to filling up vacancy of the board, the bank's By-laws provides under its Section VI entitled; Filling Vacancy, which reads"

"If vacancies occur in the Board of Directors, the remaining directors constituting a quorum shall, by majority vote, elect persons to fill such vacancies for the unexpired terms. In case of resignation or death of all or a majority of the directors, any stockholder may call a special meeting in the same manner that the President may call such meeting, and the directors of the unexpired term may be elected at any such special meeting in the manner provided for their election at annual meetings."

n. Remuneration Policy:

- i. **Remuneration Policy and Structure for executive and non-executive directors (disclose the bank's remuneration policy and the structure of its remuneration package for the Board)**

It was first approved by the Board before the Stockholders approved it as it was provided in the bank's By-laws. After such approval, the BSP approved the amendments of which was further submitted to Securities and Exchange Commission for the Certification of Filing of Amended By-Laws. The said provision is read as follows:

SECTION XI. Compensation - No compensation shall be paid to any director as such, but the director of the Bank may be allowed reasonable honoraria for actual attendance at meetings, which shall include fare and other actual expenses incurred in connection thereto, provided that compensation other than per diems may be granted to directors by the vote of the stockholders representing at least a majority of the outstanding capital stock at a regular or special stockholders' meeting; provided further that salaries of

executive officers of the Bank shall be fixed by the Board of Directors. (as amended February 4, 2017)

- ii. Remuneration Policy for senior management (disclose the process used for determining the remuneration of the president/CEO or officer of equivalent rank, and the four (4) most highly compensated management officers of the bank)

Officer's Designation	Process used for determining the remuneration
President	Through Board's Approval
Executive Vice President (EVP)	-do-
Compliance Officer and Internal Audit Head	<p>Assessment for increase includes the following:</p> <ol style="list-style-type: none"> 1. Has a wide and vast working experiences in sensitive positions in other banks especially commercial/universal banks; 2. No. of years in service with the ASPAC Rural Bank, Inc.; <p>Salary increases is Recommended by Audit Committee subject for further approval by the Board</p>
Chief Operating Officer	-do-
No. one Branch Manager	<ol style="list-style-type: none"> 1. No. of years in service with the ASPAC Rural Bank, Inc.; 2. Consistent No. One (1) in the performance among all the profitable branches since 2014 until the present <p>Salary increase is Recommended by Audit Committee subject for further approval by the Board</p>
Chief Accountant	<ol style="list-style-type: none"> 1. No. of years in service with the ASPAC Rural Bank, Inc.; 2. Handling sensitive and sophisticated position, dealing with high degree of complexity due to considerable diligent and proficiency in the consolidation of all balance sheet accounts among all branches and head office to warrant accurate and timely submission of reports to BSP of which such proficiency leads the bank not to be penalized for erroneous and late reporting to BSP. <p>Salary increase is recommended by Audit Committee</p>

	subject for further approval by the Board.
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o. Policies and procedures on related party transactions:

- i. Describe the bank's overarching policies and procedures for managing related party transactions (RPT) as defined under Subsec. X146.1 of the MORB, including managing of conflicts of interest or potential conflicts of interest; and responsibility of the RPT Committee.

For this purpose, as an addendum to the bank's Related Party Transaction Policy instituted by Board Resolution No. S '19-14 dated 28 February 2019, the Board approved the following provisions of which shall form as an integral of the Revised Related Party Transaction Policy under Annex "P" hereof:

- 1. *Clear identification of the companies/persons that are considered as "related parties" which is subjected to periodic review and update to capture organizational and structural changes in the Bank and related parties;*
- 2. *Guidelines in ensuring that transactions are conducted on arms-length basis, including documentation of the basis of pricing transaction with RPT and guidelines in dealing with conflict of interest situation; and*
- 3. *Internal limits for individual and aggregate exposures and restitution of losses and other remedies for abusive RPTs. On the other hand, revisit the existing policies which may be considered self-serving to the directors/officers and may lead to opportunities for potential abuse.*
- 4. *Pursuant to the requirement on consumer protection, the bank gives liberty to our borrower/client to select their own insurance coverage of their collaterals once its amount will exceed the materiality threshold provided in the Revised Related Party Transaction Policy of the bank which is five (5) Million pesos.*

- ii. Conglomerate structure is not applicable for RBs;
- iii. Provide the details of material RPTs as defined under subsection X146.2 (e) of the MORB, including the nature, terms and conditions, as well as original and outstanding

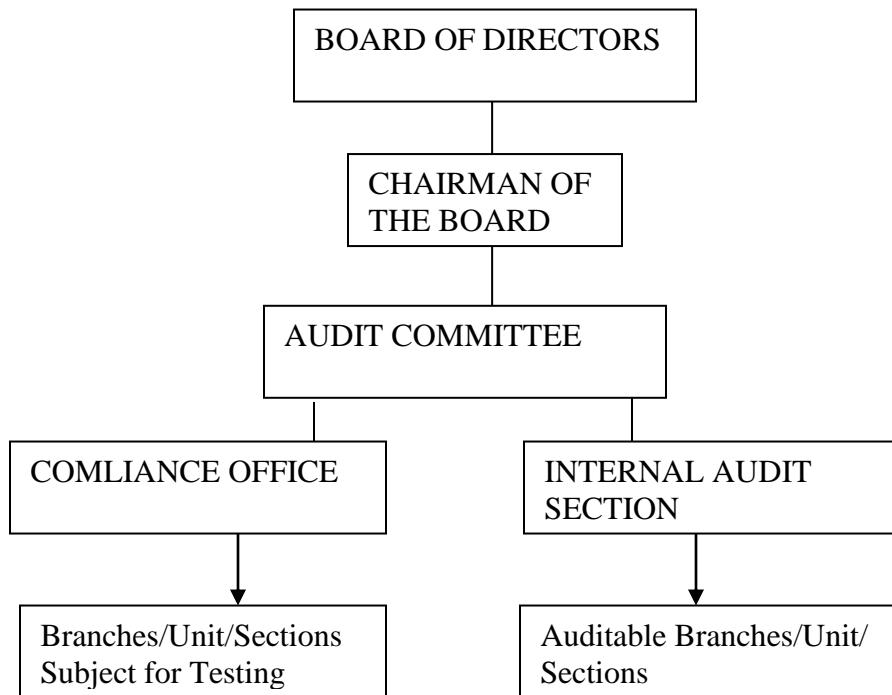
individual and aggregate balances, including off-balance sheet commitments.

Annex "P" hereof shall also contains requirements of Subsection X146.2 (e) of the MORB, of which duly represented by the Bank in its Board Resolution No. S' 19-14 dated February 28, 2019, approving the amended Related Party Transactions Policy under Policy of the Bank No. S'19-01 dated February 28, 2019.

p. Self-Assessment function:

i. Describe the internal audit and compliance functions:

a. The Structure



b. Role, mandate/authority, and reporting process

1. Per Board's Resolution No. S' 17-47 dated December 14, 2017, the bank approves the authority and reporting process of its internal audit system, TO WIT:

" The Internal Audit Head reports to the Board of Directors thru the Audit Committee. The Internal Audit Department should have full, free and unrestricted access to all of the Bank's financial and

operational activities, systems, records, property, personnel and such other sources of information and resources as may be necessary to carry out their function" while it is mandated per approved guidelines to do the following:

- a. Annual review of audit program that assures audit effectiveness;
 - b. Develop an annual audit plan and subsequently prepare a practicable schedule to meet the plan;
 - c. Audit reports must be clear, timely and are comprehensible to the users in carrying their functions.
2. Per Board's Resolution No. S' 16-33 dated June 30, 2016, the bank approve the authority and reporting process of its compliance system, TO WIT:

"Provide appropriate guidance and direction to directors, officers and personnel, particularly the Compliance Officer in 1) identifying relevant Philippine laws, rules and regulations, 2) Pertinent BSP circulars governing the operations of the bank and 3) violations, bank frauds and their adverse effects and 4) external and internal risks; keep management aware of its obligations and legal responsibilities further geared towards achieving maximum operating efficiency." While it is mandated per approved guidelines to do the following:

- a. Oversee and coordinate the implementation of the compliance program;
- b. Build up a library of all relevant laws, rules and regulations issued by regulatory bodies, e.g., among others is the Bangko Sentral ng Pilipinas (BSP);
- c. Keep the library current and up-to-date;
- d. Evaluate each new law, rule and regulation;
- e. Consult with appropriate regulatory agencies for additional clarification on specific provisions of

- laws, rules and regulations and on problems encountered;
- f. Compliance training in all levels
- ii. Describe the review process adopted by the board to ensure effectiveness and adequacy of the internal control system:

The Board through its Audit Committee ensures that the Internal Audit Manual is duly evaluated and thoroughly validated by the Audit Committee prior to the strict review process conducted by the Board to suffice adequate approved Internal Audit Manual. Prior to the confirmation and approval of regular status of a provisional audit staff, it must first course through a strict evaluation process on his/her performance to be performed by the HR/Admin Officer and by the Internal Audit Head subject for further evaluation to be conducted by the Audit Committee. All audit staff are required to attend seminars on internal auditing and other relevant seminars. Updating courses through participation of seminars and workshops are also required to boost their knowledge in internal controls and auditing standards.

q. Dividend policy:

The Dividend Policy of the Bank was approved by the Board in its resolution No. S' 19-12 dated February 28, 2019 as follows:

I- RATIONALE:

Pursuant to Section 57 of R.A. 8781, or also known as the "General Banking Law of 2000", no bank shall declare dividends greater than its accumulated net profits then on hand, deducting, therefrom its losses and bad debts. Neither shall the bank declare dividends if, at the time of declaration, it has not complied with the provisions under Section on Requirements on the declaration of dividends.

II- DEFINITIONS:

For purpose of these guidelines, the following definitions shall apply:

Bad debts - shall include any debt on which interest is past due for a period of six (6) months, unless it is well secured and in process of collection. A loan payable in installments with an automatic acceleration clause shall be considered a bad debt within the contemplation of Section 124 of the MORB where installments or amortizations have become past due for a period of six (6) months, unless the loan is well secured and in process of collection. For a loan payable in installment without an acceleration clause, only the installments or amortization that have become past due for a period of six (6) months and which are not well secured and in the process of collection shall be considered bad debts within the contemplation of said Section.

Well secured - A debt shall be considered well secured (or fully secured), if it is covered by collateral in the form of a duly constituted mortgage, pledge, or lien on real or personal properties, including securities, having a loan value sufficient to discharge the debt in full, including accrued interest and either pertinent fees and expenses.

In process of collection - A debt due to a Bank shall be considered in process of collection when it is the subject of continuing extrajudicial or judicial proceedings aimed towards its full settlement or liquidation or otherwise to place it in current status.

The extrajudicial proceedings, such as the writing of collection or demand letters, must have been initiated by the bank and/or its lawyers before the interest or installments or amortizations on the debt have become past due and unpaid for a period of six (6) months.

The debt shall continue to be considered in process of collection for a period of six (6) months counted from date of the first collection or demand letter and if, within the period, the debtor fails to make a payment of at least twenty percent (20%) of the outstanding balance of the

principal on his account, plus all interest which may have accrued thereon, the same shall automatically be classified as bad debts unless judicial proceedings are instituted.

The debt shall continue to be considered in process of collection during the pendency of the judicial proceedings. When judgment against the debtor has been obtained, the bank must be active in enforcing the judgment for the debt to continue to be considered in process of collection.

III- REQUIREMENTS ON THE DECLARATION OF DIVIDENDS:

1. Clearing account with the Bangko Sentral ng Pilipinas is not overdrawn;
2. Liquidity floor requirement for government funds; Reserve requirement for government deposits is FIFTY PERCENT (50%) of the total government deposits
3. Minimum capitalization requirement and risk-based capital ratios as provided under applicable and existing capital adequacy framework.

Under Section 124 of MORB, ASPAC Rural Bank, Inc., is required to have its capital worth FORTY MILLION PESOS (₱200,000,000.00)

4. Has not committed any unsafe or unsound banking as defined under existing regulations and/or major acts or omissions¹ as may be determined by the Bangko Sentral ng Pilipinas to be ground for suspension of dividend distribution, unless this has been addressed by the bank as confirmed by the Monetary Board or the Deputy Governor of the appropriate sector, as may be applicable, upon recommendation of the appropriate supervising department of the Bangko Sentral ng Pilipinas.

¹Major acts or omissions is defined as bank individual failure to comply with the requirement of banking law, rules and regulations as well as Monetary Board directives having material impact on bank's capital, solvency, liquidity or profitability, and/or those violations classified as major offenses under the Report of Examination, except those classified under unsafe or unsound practice.

The Bank shall ensure compliance with the minimum capital requirement and risk-based capital ratios even after the dividend distribution.

IV- NET AMOUNT AVAILABLE FOR DIVIDENDS

The net amount available for dividends shall be the amount of unrestricted or free retained earnings and undivided profits reported in the Financial Reporting Package (FRP) as of the calendar/fiscal year-end immediately preceding the date of dividend declaration.

The derivation of the amount of dividends from the unrestricted/free retained earnings shall be based on a sound accounting system and loss provisioning processes under existing regulations which takes into account relevant capital adjustments including losses, bad debts and unearned profits or income.

V- REPORTING AND VERIFICATION

Declaration of dividends shall be reported by the bank concerned to the appropriate supervising department of the Bangko Sentral ng Pilipinas within ten (10) business days after date of declaration in the following manner:

- a. Submission of a duly notarized certification (Appendix 120) signed by the President, or an officer of equivalent rank, and the Chief Compliance Officer stating that the bank has complied with the requirements on the declaration of dividends provided under Section 124-C (Limitation/amount available for dividends declared by the Bank), as well as other existing applicable laws; and
- b. Submission of the Report on Dividends Declared listed under Appendix 7, which shall be considered a Category A-1 report.

However, if this Bank is assessed with major supervisory concerns such as those initiated under Prompt Corrective Action (PCA) or with specific MB directive to suspend/refrain/restrict dividend declaration, shall be subject to prior Bangko Sentral ng Pilipinas verification by the appropriate supervising department of the Bangko Sentral ng Pilipinas. Pending verification of abovementioned reports, no announcement or

communication on the declaration of dividends nor shall any payment be made thereon until receipt of Bangko Sentral ng Pilipinas advice thereof.

VI- RECORDING OF DIVIDENDS

The liability for dividends declared shall be taken up in the bank's books upon its declaration.

However, for dividend declaration that are subject to prior Bangko Sentral ng Pilipinas verification, the liability for dividends declared shall be taken up in the bank's books upon receipt of Bangko Sentral ng Pilipinas advice thereof. A memorandum entry may be made to record the dividend declaration on the date of approval by the board of directors.

For full disclosure purposes, the dividends declared shall be disclosed in the financial statements either as a footnote in the statement of changes in equity or in the notes to the financial statements. For dividends declared that is still subject to prior Bangko Sentral ng Pilipinas verification, disclosure by means of a footnote should include a statement to the effect that the dividend declaration is subject to review by the Bangko Sentral ng Pilipinas.

VII- ISSUANCE OF FRACTIONAL SHARE

Whenever the declaration of stock dividend results in the issuance of fractional shares, ASPAC Bank may observe the following guidelines:

- a. The amount corresponding to the fraction should be given in the form of cash dividend; and
- b. The certificate of stock issued should be in whole numbers, and the fractional shares, shall be issued in the form of scrip certificates. In no case shall the certificate of stock be issued including such fractional share. The scrip certificate is temporary in nature and should be redeemed in cash when the bank is in the position to do so, or stockholders holding such scrip certificates may negotiate with other stockholders for the purchase or sale of such shares to cover them into full shares, subject to the limitation or stockholdings as provided by law.

VIII- SUPERVISORY ENFORCEMENT

Consistent with Sec. 1009, the Bangko Sentral ng Pilipinas may deploy enforcement actions to promote adherence with the rules and regulations governing dividend declaration and bring about timely corrective actions. The Bangko Sentral ng Pilipinas may issue directives to suspend/refrain/ restrict from performing a particular activity or impose sanctions to limit the level of or suspend any business activity that has adverse effects on the safety or soundness of the bank, among others. Sanctions may likewise be imposed on ASPAC Bank and/or directors, officers and/or employees.

The imposition of sanctions shall be without prejudice to the imposition of administrative sanctions under Section 37 of R.A. No. 7653 including declaring as unsafe and unsound (as defined under Section 56 of R.A. No. 8791) the inappropriate dividend declarations, and/or to the filing of appropriate criminal charges against culpable persons as provided under Section 35 of R.A. No. 7653 for the willful making of false/misleading statement.

Further, banks subsequently found to have violated the provision on dividend declaration or have falsely certified/submitted misleading statements shall be reverted to the prior Bangko Sentral ng Pilipinas verification wherein the bank can only make an announcement or communication on the declaration of dividends or payment of dividends thereon upon receipt of Bangko Sentral ng Pilipinas advice thereof.

IX- LIMITATION/AMOUNT AVAILABLE FOR DIVIDENDS DECLARED BY RURAL BANK.

The following rules shall also govern the declaration of dividends by Rural Banks.

- a. Reserve for retirement of government preferred stock.
In addition to the requirements prescribed in Sec. 124 (Requirements on the declaration of dividends), a Rural Bank may declare cash dividends only if the amount of its reserve for retirement of government preferred stock is at least equal to the amount which should have been accumulated had the bank transferred annually to the reserve account from its undivided profits an amount

equal to at least an average of one-tenth (1/10) of the total amount of preferred stock;

b. Dividends on government shares for Rural Banks:

- (1) Held prior to 09 June 1992. Whenever dividends of not less than fourteen percent (14%) are declared on common stock, government preferred stock shall be entitled to a cash dividend not to exceed two percent (2%) of total outstanding preferred stock. Should the dividends declared on common stock be less than fourteen percent (14%), the dividend on preferred stock shall be proportionately reduced.
- (2) Held on or after 09 June 1992, Shares held by the LBP, DBP, or by any government-owned or=controlled bank or Financial Institutions (FI) shall share in dividend distributions from the date of issuance in the amount of four percent (4%) on the first and second years, six percent (6%) on the third and fourth years, eight percent (8%) on the fifth and sixth years, ten percent (10%) on the seventh and eighth years, and twelve percent (12%) on the ninth to the fifteenth years, which shall be cumulative. Provided, That ASPAC Bank and the government-owned or controlled bank are not precluded from entering into an agreement providing for rates of dividends other than those prescribed by law.
- (3) Held on or after 13 September 2013. Shares held by the LBP, DBP or by any government-owned or controlled bank or Financial Institutions (FI) shall share in dividend distributions from the date of issuance in an amount based on the lending benchmark approved by the Bangko Sentral ng Pilipinas plus the prevailing non-prime spread of the government FI. Provided, that the Bank and the government-owned or controlled bank are not precluded from entering into an agreement providing for rates of dividends other than those prescribed by law."

r. Corporate Social Responsibility:

All branches are mandated to give/allocate within first (1st) to sixth (6th) of the following year of which being indicated in the

annual report starting the year 2020 and years onward an amount representing their sense of community enrichments/belongingness as a core of their social responsibility to their respective community/municipality/city they serve, most particularly among others, to DSWD or any non profit organization/ association of their respective locality/jurisdiction of which purpose for the benefit and welfare and development of lease privilege individuals . To this effect, the following are guidelines for prudent implementation:

	Net Income of Branch as of December of each year after tax duly confirmed by the Chief Accountant	Amount of Contribution to Enhance our Responsibility in the Community we Serve
All Branches	Negative Performance to Positive P 299,999.00	No contribution needed
	P 300,000 to 5 Million	P 2,000.00
	More than 5 Million and above	P 3,000.00

The branch must secure proof of contribution from the local government unit or from non-profit organization/association after it had given its share representing its social responsibility contribution and eventually the branch will be able to support its transaction entry for this purpose.

Additional condition: if it has to be given to the non-profit association/organization, see to it that the branch must secure copies of their registration from designated government agencies to which they must be covered or belong as their regulating bodies of concerns.

s. Consumer Protection Practices:

The following provisions are taken from the Consumer Protection Policy Manual of which was approved by the Board in its Resolution No. S' 15-54 dated November 4, 2015.

i. Role and Responsibility of the Board and Senior Management.
CONSUMER PROTECTION OVERSIGHT FUNCTION

The Board of Directors is ultimately responsible in ensuring that consumer protection practices are embedded in the bank's business operations. The bank must adhere to the highest service standards and embrace a culture of fair and responsible dealings in the conduct of its business through the adoption of this program that is most suited to the bank's corporate structure, and risk profile.

1. Role and Responsibility of the Board and Senior Management.
 1. The Board and Senior Manager develop the bank's consumer protection strategy and establishing an effective oversight over the bank's consumer protection programs;
 2. The Board approves and oversees the implementation of the bank's consumer protection policies as well as the mechanism to ensure compliance with said policies;
 3. The Board monitors and oversees the performance of Senior Management in managing the day-to-day consumer protection activities of the bank;
 4. The Senior Management implements the consumer protection policies; and
 5. The Board may also delegate other duties and responsibilities to Senior Management and/or Committees created for the purpose but not the function of overseeing compliance with the BSP-prescribed Consumer Protection Framework and the bank's own Consumer Protection Framework.

ii. Describe the bank's consumer protection risk management system:

2. Consumer Protection Risk Management System (CPRMS)

It means by which the bank identify, measure, monitor, and control consumer protection risks inherent in its operations. These include both risks to the financial customers and the bank. This system should be proportionate to its asset size, structure, and complexity of operation. It must be carefully devised, implemented, and monitored. It provides the foundation for ensuring the bank's consumer protection standards of conduct and compliance with consumer protection laws, rules and regulations, thus ensuring that the bank's consumer protection practices address and prevent identified risks to the bank and associated risk of financial harm or loss to consumers.

a. Board and Senior Management Oversight

1. The Board is responsible for developing and maintaining a sound CPRMS that is integrated into the overall framework for the entire product and service life-cycle;
2. The Board and Senior Management should periodically review the effectiveness of the CPRMS, including how findings are reported and whether the audit mechanisms in place enable adequate oversight;
3. The quality and timeliness of the information provided to the Board and Senior Management regarding the bank's CPRMS are especially important for assessing the program's effectiveness;
4. The Board and Senior Management must also ensure that sufficient resources have been devoted to the program;
5. The ability to achieve the consumer protection objectives depends, in large part, on the authority and independence of the individuals directly responsible for implementing the CPRMS and for performing audit/review activities, and the support provided by the Board and Senior Management; and
6. The Board and Senior Management must also make certain that CPRMS weaknesses are addressed and corrective actions are taken in a timely manner.

b. Compliance Program

The formal written Consumer Protection Program is established by this bank and will form part of the over-all Compliance System and should be in accordance with the Revised Compliance Framework for the bank under BSP Circular No. 747 dated 6 February 2012. A well planned, implemented, and maintained Consumer Protection Compliance Program should prevent or reduce regulatory violations and protect consumers from non-compliance and associated harms or loss.

c. Policies and Procedures

An effective CPRMS of the bank is supported with consumer protection policies and procedures in place, duly approved by the Board. A comprehensive and fully implemented policies help to communicate the Board's and Senior Management's commitment to compliance as well as expectations. The overall, policies and procedures that the bank has must always be, a) be consistent with Consumer Protection policies approved by the Board; b) ensure that consumer protection practices are embedded in the bank's business operation; 3) address compliance with consumer protection laws, rules , and regulations; and 4) reviewed periodically and kept-to-date as it serve as reference for employees in their day-to-day activities.

d. Internal Audit

Independent of the compliance function, the bank's audit function should review its consumer protection practices, adherence to internal policies and procedures, and compliance with existing laws, rules and regulations. The bank's internal audit of the different business units/functions should include the Consumer Protection Audit Program. A well-designed and implemented Consumer Protection Audit Program of the bank will ensure that the Board or its designated Committee shall be able to make an assessment on the effectiveness of implementation as well as adequacy of approved policies and standards in meeting the established consumer protection objectives.

e. Training

To promote protection of the interest of consumers, the bank will always adopt continuous training and education of its personnel about Consumer Protection laws, rules and regulations as well as related bank policies and procedures. This is being considered by the institution as an essential to maintaining a sound Consumer Protection Compliance Program. The bank always ensure that all relevant personnel specifically those whose roles and responsibilities have customer interface, receive specific and comprehensive training that reinforce and helps implement written policies and procedures on consumers protection.

The following Standards for Consumer Protection reflect the core principles, which the bank must to observe at all times in their doing business with financial consumers. These are to be incorporated into the corporate culture of the bank, improving further its defined governance framework while addressing conflicts that are inimical to the interests of the financial consumer are also provided in said manual of which among others indicates such as a. Disclosure and transparency, advertising and promotional materials, Conflict of Interest, Protection of Client Information and etc.,

iii. Describe the consumer assistance management system:

**GUIDELINES AND PROCEDURES GOVERNING THE CONSUMER
ASSISTANCE MANAGEMENT SYSTEM (CAMS) OF BSP-
SUPERVISED FINANCIAL INSTITUTIONS**

I. Statement of Policy

The BSP acknowledges the indispensable role of the bank in bringing about a strong and stable financial system, their right to be protected in all stages of their transactions with BSP-supervised Financial Institutions (BSFIs), and be given an avenue to air out their grievances in the products and services of banks. Consumer protection is regarded as a core function complementary to BSP's prudential regulation and supervision, financial stability, financial inclusion, and financial education agenda. Towards this end, the BSP hereby issues the following minimum guidelines institutionalizing consumer assistance mechanism of this bank.

II. Applicability and Scope

The CAMS requirements and minimum guidelines on receiving, recording evaluating, resolving, monitoring, reporting, and giving feedback to consumers shall apply to the bank and its branches/other offices. The provisions of these guidelines shall, as far as practicable, also apply to inquiries and requests received from clients and potential clients.

III. Definition of Terms

1. Complaint – is an expression of dissatisfaction relative to a financial product or service in which a response or resolution is expected.
2. Simple complaint/request – complaint/request where frontline staff solution or immediate explanation or action can be rendered. A resolution is immediate if it can be resolved without the need of third-party intervention, such as outsource service providers, external auditors, or other banks, Resolution thereof must be achieved within a 7-day period.
3. Complex complaint/request – complaint/request which needs assessment, verification, or investigation with third –party intervention, Resolution thereof may ideally be achieved within a 45-day period.
4. BSFIS – include Banks, quasi-banks, Pawnshops, Foreign Exchange Dealers, Money Changers, Remittance Agents, Electronic Money Issuers, Non-Stock Savings and Loan Associations and other BSP-Supervised Financial Institutions.
5. Consumer – refers to a natural or juridical person who has a complaint, inquiry or request relative to the bank's products or services.

IV. Role of the Board and Senior Management

The Board of the bank shall be responsible for the delivery of effective recourse to its consumers. Pursuant thereto, the Board shall:

- a. Approve the Consumer Assistance policies and procedures;
- b. Approve Risk Assessment Strategies relating to Effective Recourse by the Consumer;

- c. Ensure compliance with Consumer Assistance policies and procedures;
- d. Provide adequate resources devoted to Consumer Assistance; and
- e. Review the Consumer Assistance policies at least annually.

The bank's Senior Management shall be responsible for the implementation of the consumer Assistance policies and procedures.

V. Minimum Requirements

A. Manual of Consumer Assistance Policies and Procedures

The provisions contain in said Manual is the guidelines in handling consumer complaints, inquiries, and requests from financial consumers. The Manual as minimum provides the following:

B. Corporate Structures

Corporate structure of the Group on Consumer Assistance with specified roles and responsibilities/tasks:

Per BSP designed corporate structure in accordance with the size of asset, ASPAC Rural Bank, Inc., falls to the category of Dedicated Head Consumer Assistance Officer due to the size of asset that is less than P1.0 Billion but more than 100 Million.

In our bank the Dedicated Head Consumer Assistance Officer is the Chief Operating Officer duly assisted by the HR/Admin Officer with consumer assistance officer per branch of which no other than the OIC/Branch Manager.

- a. The Consumer Assistance Officer shall have the following responsibilities:
 - a.1 Receive and acknowledge consumer concerns;
 - a.2 Record concerns in a Registrar/Database;
 - a.3 Make an initial review and investigation of concerns;
 - a.4 Process concerns;
 - a.5 Provide official reply to consumers;
 - a.6 Request client feedback; and

- a.7 Prepare and submit report to the Head Consumer Assistance Officer
- b. Head Consumer Assistance Officer shall as a minimum, perform the following:
 - b.1 Monitor consumer assistance process;
 - b.2 Keep track, identify, and analyze the nature of complaints;
 - b.3 Report to senior management the complaints received on a monthly basis including reasons for such complaints, the recommended solutions to avoid recurrence, and the suggestions for process or personnel competency needing improvement; and
 - b.4 Ensure immediate escalation of any significant complaint to concerned unit bank particularly the Top Management.

C. Capability Building

All Consumer Assistance Personnel must be equipped with knowledge on the structure and implementation of the bank's Consumer Assistance mechanism. As a minimum, they shall be provided with periodic trainings on the following:

- a. Solid interpersonal skills/customer service;
- b. Basic and advanced listening skills;
- c. Written and verbal communication skills;
- d. Handling financial consumer feedback;
- e. Dealing with difficult people;
- f. Problem solving and conflict resolution; and
- g. Bank's corporate structure and products and services.

D. Publication of Consumer Assistance Management System

- a. The bank shall publish details of the Manual of Customer Assistance Management System (CAMS) in a clear and plain language;
- b. Publication shall be made through any two of the following means:
 - i. Posting of summary details of the CAMS in conspicuous places within the premises of the bank and their branches/other offices;

- ii. A leaflet or primer given to all consumers who sign up for new banking service;
- iii. Terms and Conditions of the bank's product or service;
- iv. Posting in the bank's website; and
- v. Any analogous manner

E. Consumer Assistance Channels

- a. Consumers may lodge their concerns through any reasonable means, such as, walk-in or personal visit, letter, e-mail to aspacbank@yahoo.com, telephone, and facsimile;
 - i. The Compliance Officer and the Chief Accountant who have the access password of the bank's e-mail add at anytime at least every two days must check e-mails sent by customers indicating concerns, comments and inquiries regarding the bank operations and the same will be forwarded to the concerned branches for their immediate handling and resolutions.
- b. All OIC/Branch Manager will serve as the helpdesk for their respective branch and all registered telephone/facsimile are considered as hotlines dedicated for customer concerns;

ASPAC Rural Bank, Inc., Telephones bankwide:

Name of Branch	OIC/Branch Manager	Contact Numbers	
		Telephone	Telefax
Banilad	Nenita Niño	(032) 407-7627	(032) 416-2143
Bantayan	Reynol Simangca	(032) 402-0607	(032) 460-9129
Bogo	Rezl Terol	(032) 434-8765/ 402-0708	(032) 434-7151
Carbon	Sherilyn Sumalinog	(032) 402-1592	(032) 255-0095
Carcar	Honey Mae Silva	(032) 407-1343 (032) 238-6158	(032) 497-8398/4071343
Consolacion	Eden O. Son	(032) 564-2476 (032) 272-5372	(032) 423-9880
Danao	Ferdinand Duterte	(032) 260-4238/	(032) 401-3705 (032) 266-9943
Lapu-Lapu	Juvielyn Kilat	(032) 231-5074	(032) 401-3570
Mandaue	Yvonne Marrie D. So	(032) 345-0199 (032) 420-6208 (032) 420-6210	(032) 345-0929/ (032) 345-0930
N.Bacalso	Jennifer Alerta	(032) 238-8664	(032) 415-7602
Talisay	Leila Entoma	(032) 505-4399 (032) 511-3804	(032) 268-2818 (032) 402-0515
Toledo	Corner C. Resma	(032) 401-2549	(032) 272-1523

- c. The bank ensures the financial customers to provide alternative modes of resolution, such as conciliation, mediation and arbitration, in order to achieve settlement of the issues at the bank level.

F. Consumer Assistance Process and Timeline

Complaint/Request		
	SIMPLE*	COMPLEX*
Acknowledgment	Within 2 days	Within 2 days
Processing and resolution (Assess,, investigate, and resolve)	Within 7 days	Within 45 days
Communication of Resolution	Within 9 days	Within 47 days

* all periods are reckoned from receipt of complaint

F.1 Receiving and acknowledging complaints/requests

- F.1.1 Each branch through the Consumer Assistance Officer or the OIC/Branch Manager shall obtain and record the following data from the consumer: (1) full name and contact details, (2) nature of complaint or request and its details; (3) resolution requested; (4) signature of the complainant/requester; and (5) name of bank's personnel directly handling/in-charge of the complaint.
- F.1.2 The Consumer Assistance Officer must be able to explain to the complainant/requester the Consumer Assistance process and timeline;
- F.1.3 The acknowledgement shall provide assurance that the documents, if necessary, and that the complainant shall be kept informed of the progress of the measures being taken for the complaint's resolution.

F.2 Investigating and Resolving Complaints

- F.2.1 The bank's following established institutional approach in assessing and investigating complaints/requests and options in resolving them, considering the peculiarities of the complaints/requests and the desired remedies of the party.

F.2.1.1 Listen and Understand. First, always listen to the customer. They are concerned about an aspect of your services. Let go of the temptation to respond in any quick fashion. Take the time to listen truly understand what is driving their concern;

F.2.1.2 Ask question in a caring and concerned manner. The more information you can get from the customer, the better you will

understand his or her perspective. I've learned it's easier to ask questions than to jump to conclusions;

F.2.1.3 **Empathize.** Once you have listened to their concern immediately empathize with their position to create a bond between you and the customer so that they know you have heard their concern and are going to work with them to resolve the issue;

F.2.1.4 **Offer a Solution.** Offer a solution to their problem. In this regard, always focus on what you can do as opposed to what you cannot. There is always a solution. It may not be exactly what they are asking for, but if you focus on what you can do versus denying them their requested remedy you have still offered a solution and often merely having another option is sufficient to remedy the situation;

F.2.1.5 **Execute the Solution.** Solve their problem be it with their originally requested resolution or an alternative you have proposed; and

F.2.1.6 **Follow – up.** Once you have gone through the first five steps, make sure to follow-up with them to make sure that they are satisfied with the solution and that you have taken care of their concern.

F.2.2 If assessment and investigation on complex complaints/requests cannot be completed within the timeframe stated above, complainants shall be informed of the following:

- a. reason thereof;
- b. need for extended timeframe; and
- c. date on which the complainant may expect the outcome of the bank's assessment and/or investigation; provided, however, that the additional period shall not exceed forty-five (45) days. This will afford the complainants opportunity to seek other means to resolve their complaints.

F.2.3 Result of assessment, investigation, and the bank's final response shall be communicated to the complainant in writing in simple and clear language. The bank shall likewise inform the complainant of the possible remedies available to the party, including resort to BSP Consumer Assistance Mechanism and the courts.

Inquiries

The branch through its Customer Assistance Officer must respond to inquiries received, at the latest, by the next business day.

G. Confidentiality

The bank through its Customer Assistance Officer per branch shall not disclose to a third party information acquired from the consumer in all stages of the complaint, except as may be required by the conduct of the bank's investigation.

H. Conflict of Interest

The bank through its Customer Assistance Officer per branch shall ensure that complaints are investigated by a Consumer Assistance Officer who is neither directly nor indirectly involved in the matter which is the subject of the complaint.

H.1 In case where the Customer Assistance Officer of the branch concerned is the subject of the complaint, the latter will inform the Head Customer Assistance Officer or the COO within two (2) days after the receipt of the complaint the immediate substitution of the former to facilitate the assessment/investigation to be conducted on concerns/issued indicated in the complaints.

I. Consumer Feedback

I.1 Subject to the willingness of the consumer, the bank through Customer Assistance Officer per branch shall ask for feedback on the following matters:

I.1.1 Overall satisfaction (whether satisfied, somewhat satisfied, or dissatisfied)

I.1.2 Processes needing improvement;

I.1.3 personnel needing improvement; and

I.1.4 Any suggestions for improvement

I.2 Consumer feedback may be obtained through a feedback form/customer satisfaction survey available for walk-in complaints.

I.3 Customer feedbacks shall be recorded and analyzed to improve the system and to enhance personnel capabilities in handling complaints.

The feedback Form:

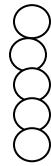
MY feedback form

- Name: _____
 - Email : _____
 - Address: _____
 - Date : _____
- Please check any of the following emotions that apply to you:

- Angry
- Sad
- Happy
- Ambivalent

- How satisfied were you with our service?

- ⊕ Very satisfied
- ⊕ Satisfied
- ⊕ Didn't care
- ⊕ Dissatisfied
- ⊕ Very dissatisfied



- Process needing improvements: YES NO

- ✓ If yes, what specific process, please specify:

- Personnel needing improvement: YES NO

- ✓ If yes, whom are you referring of, please identify:

- Any suggestions for improvement:



Signature of customer over printed name:

Received by Customer Assistance Officer/OIC/Branch Manager or any
authorized personnel in the branch: _____

(Signature over printed Name)

Dated received: _____

J. Complaints Recording/Data Management

J.1 The Each branch shall maintain copies of the complaints/requests received, including supporting and other relevant documents thereto, within a period of 2 years from date of resolution.

Scanned copies of complaints/requests are maintained and stored in USB flash drives and in our computer server storage in accordance with Management Information Systems for record keeping.

J.2 Each branch shall maintain complaints/requests register which contains the following information:

J.2.1 Name of complainant;

J.2.2 Subject/nature of the complaint;

The subject/nature of complain may be indicated by classification, such as those related to deposits, administrative, loans and others;

J.2.3 Name of the personnel directly handling/in-charge of the complaint and officer supervising the resolution of the complaint.

In our bank, it is the OIC/Branch Manager is in-charge of the complaints and the same time he/she is also given the task to supervise the resolution of the complaints while either the Branch Cashier or Branch Accountant shall assist the OIC/Branch Manager in handling and resolving complaints.

J.2.4 Date of receipt of complaint by branch;

J.2.5 Action taken on the complaint or request;

J.2.6 Resolution provided;

J.2.7 Date of resolution; and

(The complaint register must reveal the reason in case the date of resolution falls outside the regulatory deadline)

J.2.8 The HEAD Consumer Assistance Officer (COO) shall maintain:

J.2.8.1 A master register of all complaints received by all its branches;

J.2.8.2 A complaint database to identify the trend of complaints received, potential problems, and risks

The complaint Form

COMPLAINT/REQUEST FORM	
Name of Customer:	
Bank Account No. against which the complaint is launched:	
Type of account :	
Customer Address:	
Customer's other contact info:	
Date of lodging the complaint:	
Details of the bank being reported:	
Name of the Bank:	
Name of the Branch:	
Address of the Branch:	
Branch Manager current:	
Name of the Department(s) against which the customer individual is lodging the complaints: 1. _____ 2. _____	
Name of Officer (s) against whom the complaint is being lodged: 1. _____ 2. _____	
Nature of the complaint/grievances:	
Date since which you are facing the problem:	
Have you conveyed your complaint/request verbally to any official before: YES <input type="checkbox"/> NO <input type="checkbox"/>	
Name of official if your answer above is YES:	
Give a detailed description of the problem you are facing:	
What do you expect out of the authorities decisions?	
Mention any other problems or inefficiencies that you think exists in the functioning of the bank:	
Certified correct by complainant: _____ (Signature over printed name)	
Received by branch's designated officer: _____ (Signature over printed name)	

Date received:	_____
Branch Action Taken:	_____
Date when action is taken:	_____

RESOLUTION FORM

Resolution Form on Complaints/Requests

This Resolution is made and executed by and between:

ASPAC RURAL BANK, INC., - _____ Branch, a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal office address at cor. M.C. Briones & Gen. Ricarte Sts., Guizo, Mandaue City, Cebu, herein represented by its OIC/Branch Manager as the Customer Assistance Officer, _____, of legal age, married, Filipino, and a resident of _____, and duly authorized by the bank under its Policy on Customer Protection Manual duly approved by the Board of Directors in its resolution no. _____ dated _____, 2015,

, herein

Name of complainant , of legal age, Filipino citizens, and presently residing at _____, hereinafter referred to as the "**COMPLAINANT**"

WITNESSETH:

Whereas, on _____ the branch received copy of complaint/request form from the complainant as indicated in annex "A" of which is hereto attached and will form as an integral part of this document:

Whereas, in accordance with guidelines and procedures set forth in the bank's Customer Protection Program Manual in handling complaints/requests of customers most especially on the assessment and investigation of the complaints to obtain favourable solutions, the following are resolutions attained to settle/solve complaints; TO WIT:

Resolved, as it is hereby resolved that:

Resolved, as it is hereby resolved, that . . .

Resolved, as it is hereby resolved that a copy of this resolution be furnished to the office of the Head Customer Assistance Officer /COO for reference/file

of IN WITNESS WHEREOF, the parties have hereunto signed this Resolution this _____ day
, at , Cebu, Philippines.

OIC/Branch Manager Arbiter

Signature
Complainant

SIGNED IN THE PRESENCE OF:

Branch Cashier

Branch Accountant

K. Risk Assessment Strategies

Pursuant to the bank's Consumer Protection Risk Management System, the bank shall put in place appropriate management controls and take reasonable steps to ensure that in handling complaints/requests, it:

- K.1 Identifies and remedies any recurring or systemic problems;
- K.2 Identifies weaknesses in the bank's internal control procedure or process. This may be done by:
 - K.2.1 Analyzing complaints/requests data;
 - K.2.2 Analyzing causes for complaints/requests;
 - K.2.3 Considering whether such identified weaknesses may also affect other processes or products, including those not directly complained of/requested; and
 - K.2.4 Correcting, whether reasonable to do so, such causes taking into consideration the concomitant costs and other resources

L. Complaint Reporting

L.1 Internal Reporting

L.1.1 The Consumer Assistance Officer/OIC/Branch Manager per Branch shall submit a complaints report to the Head Consumer Assistance Officer/COO on a monthly basis;

L.1.2 Complaints report shall be submitted on a monthly basis by the Head Consumer Assistance Officer/COO to the Board and Senior Management **and copy furnish to compliance office for BSP submission;**

L.1.3 The report shall include, as a minimum:

L.1.3.1 General Category of complaints received;

L.1.3.2 Statistics/frequency of said complaints;

L.1.3.3 Aging of complaints or requests;

L.1.3.4 Explanation on deviations, if any, from required resolution period;
and

L.1.3.5 General description of resolutions and actions taken to resolved

complaints/requests

L.1.3.6 The report shall include recommendation on how to avoid recurring complaints and suggestions for process/personnel competency improvement, as needed;

L.1.3.7 The report of the bank's Compliance and Internal Audit Departments concerning the independence review conducted on the complaints report, policy recommendations, and consumer protection compliance, shall be elevated to Board every quarter; and

L.1.3.8 The bank shall include complaints/request statistics in its Annual Report.

Report of Complaint Form by OIC/Branch Manager to COO
For the month ending _____

i. General Category of Complaints and number of complaints for the month:

Deposit	<input type="checkbox"/> 0	Loans	<input type="checkbox"/> 0	Personnel	<input type="checkbox"/> 0
Others, please specify: _____			<input type="checkbox"/> 0 <input type="checkbox"/> 0 <input type="checkbox"/> 0		

ii. Complaints received on these following dates:

Number of complaints received on the 1 st up to the 7 th day of the reference month.	Number of complaints received on the 8 th up to the 15 th day of the reference month.	Number of complaints received on the 16 th up to the 24 th day of the reference month.	Number of complaints received on the 25 th up to the last day of the reference month.	TOTAL

iii. Explanation on deviations, if any, from required resolution period

Name of complainant	Date complaint filed	Date of Resolution	Explanation of deviation

iv. General description of resolutions and action taken to resolve complaints/requests

Name of complainant	Description of resolutions	Per Resolution Form	Action taken	Per Complaint Form
		Annex "A"		Annex "A-1"
		Annex "B"		Annex "B-1"

v. Recommendations to avoid recurring of complaints and suggestions for process/personnel competency improvement, as needed.

Recurring complaints	Recommendation to avoid recurring of complaints	Suggestions for process/personnel competency improvement, as need.

Certified cored by: OIC/Branch Manager

Report of Complaint Form by Head Customer Assistance Officer to the Board and Senior Management
For the month ending _____

i. General Category of Complaints and number of complaints for the month:

Deposit	<input type="text" value="9"/>	loans	<input type="text" value="0"/>	onnel	<input type="text" value="0"/>		<input type="text" value="0"/>		<input type="text" value="0"/>	<input type="text" value="0"/>
Others, please specify: _____										
<input type="text" value="_____"/>										

1.1 Number of complaints per branch for the month as submitted:

Banilad	Bantayan	Conso	Bogo	Carbon	Carcar	Danao	Lapu2x	Mandaue	Total
5	1	0							

ii. Complaints received on these following dates:

Number of complaints received on the 1 st up to the 7 th day of the reference month.	Number of complaints received on the 8 th up to the 15 th day of the reference month.	Number of complaints received on the 16 th up to the 24 th day of the reference month.	Number of complaints received on the 25 th up to the last day of the reference month.	TOTAL

iii. Explanation on deviations, if any, from required resolution period

Name of complainant	Date complaint filed	Date of Resolution	Explanation of deviation

iv. General description of resolutions and action taken to resolve complaints/requests

Name of complainant	Description of resolutions	Per Resolution Form	Action taken	Per Complaint Form
		Annex "A"		Annex "A-1"
		Annex "B"		Annex "B-1"

v. Recommendations to avoid recurring of complaints and suggestions for process/personnel competency improvement, as needed.

Recurring complaints	Recommendation to avoid recurring of complaints	Suggestions for process/personnel competency improvement, as need.

Certified cored by: Chief Operating Officer

L.2 Reporting to the Bangko Sentral ng Pilipinas (BSP)

The bank shall submit a consolidated Complaints Report to the Supervisory Data Center (SDC) of the Supervision and Examination Sector on a quarterly basis. Such report shall be submitted in the format required by BSP. Submission of the report to the SDC shall not be later than one (1) month after the end of every quarter. A Complaints Report is a Category B Report for purposes of applying the appropriate monetary penalty.

M. Interface with BSP

M.1 Pursuant to BSP's Consumer Protection Framework, a bank shall exhaust all internal remedies available to address the issues raised by the consumers in their complaints/requests.

M.2 Consumers dissatisfied with bank's response or action may seek assistance with BSP-FCAG in accordance with BSP Consumer Assistance Mechanism;

M.3 Allegations of consumers that the bank has not properly and efficiently handled, processed, and responded to their concerns shall be validated, and where appropriate, considered in FCAG's assessment of the bank's compliance with BSP Consumer Protection regulations. This is without prejudice to the imposition of appropriate enforcement actions. It is presumed that the higher number of complaints received by the BSP reflects the non-effectiveness of the bank's CAMS.

N. Accountability and Rewards

In order to ensure fair treatment and responsible business conduct of personnel engaged in consumer relations, a performance appraisal system which considers the performance of the personnel assigned to manage/handle complaints shall be put in place. The performance appraisal of the personnel shall be linked to their efficiency in handling consumer complaints. This could be done through rewards/remuneration for excellent behavior. The HR officer is tasked to formulate guidelines in the evaluation of the performances of those personnel who are assigned to manage/handle complaint and he is also directed to implement said guidelines.

O. Customer Assistance to Persons with Disabilities (PEDs) and non-English Speakers

As far as practicable, the bank shall take into accounts the needs of PWDs, such as, but not limited to those with learning difficulties, people who are deaf or hard of hearing, the visually impaired, and the non-English speakers, in ensuring that they understand the CAMS:

O.1 How to assist People with Disabilities:

- O.1.1 A priority lane must be provided for them;
- O.1.2 While some disabilities are visible, others are hidden;
- O.1.3 People with functional impairments may not see themselves as someone with a disability
- O.1.4 Always be respectful and avoid referring to someone by his/her disability;
- O.1.5 Use “people first” language – person with a disability;
- O.1.6 Speak directly to the individual and not to the person accompanying him/her;
- O.1.7 Do not make assumptions about what the individual can do/not do, understand/ not understand;
- O.1.8 Be willing to spend extra time, if necessary.

O.2 How to assist People with non-English Speakers:

- O.2.1 **Show some emotions.** Most emotions, such as excitement, joy, fear, frustration, and anger, are universal. Just remember that some cultures are more or less restrained in their expressions, so stay within your customers’ comfort zone. Follow the customer’s lead;
- O.2.2 **Slow down, but don’t shout.** Even if a customer understands English, different people have different levels of fluency. You may be speaking or introducing new concepts so fast that everything becomes a blur to them. Slow down, but avoid cranking up the volume. Non-English-speaking customers who don’t comprehend your words probably aren’t hearing impaired;

O.2.3 **Draw a picture to communicate an idea.** Some people prefer to see things, as opposed to hearing about them, so even the most rudimentary drawing can be much more helpful than trying to repeat your words over and over. Also, finding a picture from a magazine or showing a customer a chart or graph can speak much more clearly than words.

O.2.4 **Show without so much tell.** Some people prefer to experience a product for themselves. If possible, let the person try out the product or service.

O.2.5 **Ask for help.** If others are around who speak your customer's language, don't be shy about asking for their assistance. People who are bilingual are often willing to translate for those who aren't, whether you're in a store, office, airport, hotel, or some other location;

O.2.6 **Double-check your customer's understanding.** If you're unsure whether your client has understood your message, try to confirm meanings by asking the question a different way, or having him or her explain information back to you;

O.2.7 **Be patient.** The key to overcoming any language barrier is to exercise patience. It's not your or the customer's fault that you can't speak each other's language; and

O.2.8 **Maintain your sense of humor.** Overcoming language barriers can be frustrating for you, as well as for your customer. A smile can help break the tension and make communicating easier.

P. Repealing Clause

These guidelines supersede/amend/modify other existing regulations on timeline for the bank's complaints handling.

Q. EFFECTIVITY

This policy shall take effect on **November 19, 2015**. All existing policies and instructions regarding assessment/investigation/handling of complaints/requests that are inconsistent with this policy are hereby revoked, amended and superseded.

Adopted: By the Board of Directors of ASPAC Rural Bank, Inc. per board resolution no.S' 15-54 dated November 04, 2015

7. Corporate Information

a. Present Organizational structure:

BOARD OF DIRECTORS:

Kennete Gregory Manuel L. Go	Chairman
Jose Levi S. Villanueva	Member - starting on August 29, 2024
Patrick L. Go	Member
Frederick A.Ong III	Member
Harrison A. Ong	Member
Ruben D. Almendras	Independent Director - starting Jan. 27, 2023(Refer to BR No. 01C-04s.2024 dated Jan. 27, 2023 under Annex P-1, hereof)
Christian Michael G. Tiongko	Independent Director

PRINCIPAL OFFICERS

Jose Levi S. Viallueva	President - staring on August 29, 2024
Frederick A. Ong III	Vice President
Atty. Maricar Joy T. Tallo	Corporate Secretary - resigned on October 10, 2023 as indicated in BR No. 10B-01s.2023 under Annex P-2, hereof
Atty. Ria Lidia G. Espina	Corporate Secretary - appointed on October 10, 2023, refer to Annex P-2
Yvonne Marie D. So	Chief Operating Officer
Ma. Theresit A. Durban	Internal Audit Head - appointed on May 25, 2023 by the resolution of the Board No. 05C-03 s.2023, a copy of which is hereto attached Annex P-3
Maristel C. Sanchez	Chief Accountant
Julievic G. Ares	HR/ Manager
Aureo Sanchez	Chief Security Officer
Andres L. Borbon	Compliance Officer
Rosendo Martinez	IT Software Head
Angelito Barikit	IT Infra Head
Mark Alin Namoc	Clearing Section
Gen Joan Escaño	Chief Distribution Officer

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

First Group

Name of Stockholders	Ratio	Paid up
AUGUSTO W. GO group		
Augusto W. Go	0.0000007335%	100.00
University of Cebu	19.01%	25,910,200.00
Yvette Candice G. Gotianuy	15.24%	20,781,300.00
Total	34.248%	46,691,600.00

Second Group

Name of Stockholders	Ratio	Paid up
ONG Family		
Frederick Ong Jr	4.585%	6,250,400.00
Rosita Ong	8.680%	11,833,200.00
Harrison Ong	8.680%	11,833,200.00
Frederick Ong III	8.680%	11,833,200.00
Charmaine Ong Tan	3.372%	4,598,000.00
Total	33.997%	46,348,000.00

Third Group

PETER O. GO group		
Peter O. Go	1.237%	1,686,200.00
Patrick Go	5.233%	7,134,600.00
Michael Go	5.206%	7,098,000.00
Kenneth Go	5.206%	7,098,000.00
Jonathan Go	5.206%	7,098,000.00

Total	22.088%	30,114,800.00
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Fourth Group are individual and group of stockholders with stockholdings of 6% and less.

- c. List and description of products and services offered

- 1. Deposits;

1.1 Interest Rate relative to amount and period/time

Special Savings Deposits (SSD) and Time Deposits (TD)

Deposit Amount	30 to 59	60 to 89	90 to 119	120-179	180-359
	DAYs	DAYs	DAYs	DAYs	DAYs
5K – 49K	0.75%	1.00%	1.25%	1.50%	1.75%
50K-299K	1.25%	1.50%	1.75%	2.00%	2.25%
300K-999K	1.75%	2.00%	2.25%	2.50%	2.75%
1MM-5MM	2.25%	2.5%	2.75%	3.00%	3.25%
5MM>9.999MM	2.75%	3.00%	3.25%	3.50%	3.75%
10MM & OVER	3.25%	3.75%	4.00%	4.25%	4.50%

Source: Annex “P-4”

- a. Interest withdrawable upon maturity;
- b. Interest on pre-termination will be based on the current interest rate of an ordinary savings account;
- c. Regular Savings Deposit Rate is 0.25%
- d. Demand Deposit Interest Rate is 0.25%

1.2 Guidelines Governing Fees on Deposit Products and Others (BSP Cir. No. 928 dated 24 October 2016)

Per Policy No. '16-03 dated December 7, 2016:

VI. STATEMENT OF POLICY

To support the enhancements of consumer protection program of fair treatment, the Board adopt the following policies on the imposition of any fee on its retail products/services.

VII. RATIONALE

Reputation and integrity are often associated to better and quality service and fair treatment through proper disclosure of fees and other charges.

VIII. OBJECTIVES

To be able to establish a wide and healthy, lifetime business relationship to clients who are satisfied the way the institution handles them in terms of fair treatment through proper disclosure of fees and other charges. Eventually it follows the achievement of goals.

IX. SPECIFIC GUIDELINES

Section 1. The provision under Section X263 of the MORB on the imposition of service and maintenance fees on deposit accounts:

Subsection X263.1 Fees on deposit accounts:

1. Minimum Monthly Average Daily Balance

The same guidelines under Memo No. 10-30 (Annex A) dated 18 May 2010 issued by the Chief Operating Officer indicating Minimum Monthly Average Daily Balance (ADB), as follows must be observed strictly and properly in adherence to policies and procedures set forth in BSP Circular No. 928 dated 24 October 2016:

Name of Product	ADB
Regular Savings Account (Student or non-student)	P 200.00
Current Account	P 3,000.00
Savings Deposit Account	P 5,000.00
Special Savings/CTD	P 5,000.00

2. A maintenance fee of FIFTY PESOS ONLY (P 50.00) must be imposed when the deposit account balance has fallen below the required minimum monthly ADB for at least two (2) consecutive months, for better understanding please see illustration below:

“If the required Maintaining Balance is 2,000 pesos, do we need to have 2,000 pesos in our account every day

Yes, so that we don't have to think about maintaining balances. :)

But we can have less than 2,000 pesos in our accounts some days, as long as we deposit much more than 2,000 pesos in other days, so that when the MADB is computed at the end of the month, the MADB is still 2,000 pesos or more.

Example:

Your savings account has a balance of 2,000 pesos.

The required **MADB** is 2,000 pesos.

The penalty for falling below MADB for 2 consecutive months is 50 pesos.

You withdrew 500 pesos, resulting in a balance of 1,500 pesos.

Will your balance be reduced by the 50-peso penalty?

Can be Yes, can be No.

If your balance remains 1,500 pesos over 2 consecutive months, your balance will be reduced by the 50-peso penalty at the end of the 2nd month.

But if you deposited high amounts of money in other days, so that your MADB at the end of the month is 2,000 pesos or more, then your account will not be penalized.

Or even if you fell below MADB for the first month, but you reached your required MADB on the second month, you will not get the penalty.

How MADB be computed?

They add the end-of-day balances for all the days of the month, and then divide the TOTAL by the number of days of the month (divided by 30 or 31 or 28 or 29).

Example: April has 30 days:

For the first 5 days of the month, your balance everyday was 2k. then for the next 20 days, your balance everyday was 1k and for the last 5 days, your balance everyday was 3k

$$5 \text{ days} \times 2\text{k} = 10\text{k}$$

$$20 \text{ days} \times 1\text{k} = 20\text{k}$$

$$5 \text{ days} \times 3\text{k} = 15\text{k}$$

$$10\text{k} \text{ plus } 20\text{k} \text{ plus } 15\text{k} = 45\text{k}$$

$$45\text{k} \text{ divided by } 30 \text{ days} = 1,500 \text{ pesos}$$

Your MADB is 1,500 pesos

Obviously, that's below the 2k minimum MADB.

If for the next month, your MADB is still below 2k, then your account balance will be reduced by 50 pesos.

Another example: March has 31 days

First 5 days, balance everyday is 2k = 10k

Next 10 days, balance everyday is 1k = 15k

Next 16 days, balance everyday is 3k = 48k

10k plus 15k plus 48k = 73k

73k divided by 31 days = 2,354.84

Your MADB is 2,354.84.

3. Be sure that your clients are notified of any change in the required minimum monthly ADB and the amount of dormancy fee at least sixty (60) days prior to the implementation.
4. The bank will impose dormancy fee on a dormant deposit account five (5) years after the last activity, provided that:
 - a. The balance falls below the minimum monthly ADB, if any;
 - b. The monthly dormancy fee shall be thirty pesos (P 30.00);
 - c. The bank complied with the two (2) notice requirement under item numbers "7.b.(2)", and 7.b.(4)"appendix 112, prior to the charging of dormant fees.
5. **Subsection X263.2 Fees on domestic remittance transaction.** In case of domestic remittance transactions, all fees to the transaction are charged upfront from the sender/remitter's end, with appropriate disclosure to the sender/remitter of the components of the fees being charged. This does not preclude the bank and/or other participants to the domestic remittance transaction from charging service fees. Domestic remittance transaction, for this purpose, is a transfer of funds between a sender/remitter and a beneficiary who are both within the Philippines, or between two accounts within the Philippines.

	Type of service	Amount of pay
1	Inter-branch deposits	P 80.00 per transaction
2	Inter-branch encashment	P 80.00 per check

6. Subsection X263.3 Additional Disclosure Requirements.

Banks shall post fees/charges in readable font size at the following places:

Fees and charges on all retail bank products/services such as deposit, remittance and loan, on the banks:

1. Official website; and
2. At a conspicuous place within the premises of all banking units

7. Subsection 263.4 Amendments to Terms and Condition of Retail Bank Products and Services. Clients should be notified at least sixty (60) days prior to implementation of any amendments to the terms and conditions of retail bank products and services by public notice.

Public notice may take the form of posting in public places, such as the bank's official websites and/or/ at a conspicuous place within the premises of all banking units.

7.1 Changes in deposit interest rate, however, may be immediately effected after the public notice.

7.2 Complementary individual notices to a client shall be sent if the amendments pertain to or will result to fees to be paid or charged on the account of the client.

7.3 Clients who do not agree with the new/revised terms and conditions have the right to exit the contract without penalty: Provided, That such right is exercised within thirty (30) days from receipt of individual notice or thirty (30) days from issuance of public notice.

8. Subsection X263.5. Individual Notifications. Individual notifications

shall be sent to the client's last known postal address/email address/contact number either through postal or registered mail, courier delivery, electronic mail, text messages, telephone calls or other alternative modes of communication, as may be elected by the client

9. Subsection X263.6 Non-Waiver by Contractual Provisions. The

provisions of Subsection X263.4 shall apply, notwithstanding any contrary provisions in the terms and conditions.

Section 2. Internal control procedures for dormant accounts:

"xxx3. Joint custody xxx:

Dormant deposit ledgers/EDP print-outs and corresponding signature cards including on-line posting or dormant accounts must in joint custody under item no. three (3) of appendix 112 of the MORB

xxx 6. Confirmation of accounts xxx

At least once a year, the internal auditing staff shall confirm by direct verification with bank clients the deposit account balances particularly new deposit accounts, dormant accounts and closed accounts as per required under provision of item no. six (6) of appendix 112 of the MORB.

xxx 7. Internal control procedures for dormant accounts

Internal control measures of dormant accounts per item no. seven (7) of appendix 112 of the MORB, as follows:

a. Definition of Dormant Accounts:

a.1 Current or checking accounts showing no deposit or withdrawal for a period of one (1) year; and

a.2 Savings account showing no deposit or withdrawal for a period of two (2) years

b. Internal control measures

(1) As a matter of policy, always exert efforts to prevent deposit accounts from becoming dormant.

(2) When an account is about to become dormant, the depositor must be notified of its potential dormancy at least sixty (60) days prior to the commencement of the dormancy period.

The notification shall contain the following information:

a. The effect of dormancy to transfer the account from active to dormant status, and advice on how to reactivate the accounts; and

b. Reminder that the dormant account will be included in the list of unclaimed balances to be submitted to the Treasurer of the Philippines (Treasurer) for escheat in accordance with the Unclaimed Balances Act, if said account has no activity for ten (10) years.

- (3) Adopt appropriate internal control measures to ensure that all transactions affecting dormant deposit accounts are legitimate
- (4) When an account is about to be subject to dormancy fee, the depositor shall be notified at least sixty (60) days prior to such imposition.
- (5) For unclaimed dormant deposit accounts considered for escheat, the depositor of such account shall be notified at least sixty (60) days prior to the filing by the bank of the sworn statement to the Treasurer pursuant to the Unclaimed Balances Act.
- (6) Banks shall permanently retain records of escheated deposits, together with proof of all the relevant notices. For the purpose of this item, records of escheat shall refer to the sworn statement of the bank to the Treasurer regarding the unclaimed balances, and the court order declaring that said unclaimed balances have been escheated to the Government of the Republic of the Philippines and commanding the bank to forthwith deposit the same with the Treasurer. Relevant notices to be retained shall include copies of the notices referred to in items (2), (4) and (5) of item "7b."
- (7) Individual notifications shall be sent to the client's last known postal address/email address/contact number either through postal or registered mail, courier delivery, electronic mail, text messages, telephone calls or other alternative modes of communication, as may be elected by the client.
- (8) The provisions of items "2,4,5 and 6 of item "7.b" shall apply, notwithstanding any contrary provisions in the terms and conditions"

VII - The New Core Banking Program Supervisor both Infra and Software (ASPAC Bank employees) must closely coordinate with the new system's provider to include in the system the foregoing guidelines to ensure effective implementation of the foregoing guidelines in the new system.

VIII - EFFECTIVITY

This policy shall take effect immediately.

2. Loans

2.1 Loans Offered and its interest rates per Board Resolution No. S' 16-12 dated April 22, 2016 as follows:

TYPE OF LOAN	
Deed of Assignment on Deposit	7% - 24%
Chattel Mortgage	12% - 24%
Check Discounting	17% - 24%
Business Loans	10% - 24%
Clean Loans	10% - 24%
Salary Loans	6% - 24%
REM Loans	8% - 20%
Honorarium Loans	18% - 20%

2.2 Description per product:

2.2.1 Honorarium Loan Policy approved by the Board in its resolution No. S' 15-07 dated February 11, 2015 as follows:

I. STATEMENT OF POLICY

In its efforts to contribute to the economic growth of the communities where it does business, the bank endeavors to find ways in order to better serve these areas. Part of the marketing activities of the bank's managers is to find out the financing needs of the different sectors of the communities where they are assigned. Recent observation being brought up is that the public servants of barangays are currently underserved by the existing financial institutions.

Towards this end, the bank adopts this policy as it intends to offer honorarium loans to the officials of the barangays at a very reasonable interest rate so as to encourage them to grab possible small business opportunities and thus help spur economic development in their respective dwelling places.

II. OBJECTIVES

1. For branches to have proper guidance in terms of credit initiation, approval, processing and administration of their respective barangay honorarium loans portfolio, and
2. To monitor the bank's exposure to this loan product and the payment status of the borrowers in a timely manner

III. MEMORANDUM OF AGREEMENT (MOA)

Barangay officials who are interested to avail of the loan must enter into a memorandum of agreement stipulating the responsibilities of both parties (authorized barangay officials and the bank). MOA template is provided for in **Annex A** of this policy. Processing, granting, and releasing of loan proceeds should be in strictly in accordance with the terms and conditions agreed in the MOA.

IV. AREAS COVERED

Honorarium loans can be granted to qualified borrowers in all the barangays of the city/municipality where the bank's branch is located. Once these areas are already covered, branch managers may extend their marketing efforts to the neighboring towns/cities which in their judgment can be served with the available resources of their respective branches.

V. QUALIFIED BORROWERS

Duly elected officials such as the barangay captain and all the councilors (8 of them), as well as the three (3) appointed officers of the barangay such as the treasurer, secretary and administrative clerk/bookkeeper are qualified to avail of the honorarium loans from the bank.

VI. CO-MAKER REQUIREMENT

In accordance with Section X319 of the Manual of Regulations for Banks (MORB), borrowers are required to have at least one co-maker, except that a co-maker is not required when the principal borrower has the financial capacity and a good track record of paying his obligations. Considering that this is a new product and that a good track record of these borrowers is yet to be established, co-maker shall be required as follows: the barangay captain and the treasurer can act as co-maker up to three (3) times while all the other officials can be a co-maker only once. The three (3) borrowers whom the barangay captain must act as co-maker are for the three (3) appointed officials.

VII. LOANABLE AMOUNT

Loanable amount will vary depending upon the monthly honorarium of the borrower. These limits must be strictly observed: 1) if upon the conduct of the background checking required in item **XIII**, it is found out that the barangay

official is also employed on a full time basis elsewhere, an amount of loan in which the required monthly amortization MUST NOT exceed **80%** of the monthly honorarium can be granted the barangay official; 2) if upon background checking, it is found out the barangay official is solely reliant on the honorarium as his/her source of income, an amount of loan in which the required monthly amortization MUST NOT exceed **40%** of the monthly honorarium can be granted the barangay official. Further, the maximum amount that can be granted to a borrower taking into consideration the foregoing limits shall be up to P200,000 only.

Examples:

1)

Monthly honorarium ----- P 6,300.00
Loanable amount _____ P100,000.00 for 2 years
Monthly Installment at the bank once granted _____ P4,992.41
Percentage of monthly amortization to monthly honorarium = $4,992.41/6,300 = 79.24\%$

2)

Monthly honorarium ----- P 6,300.00
Loanable amount _____ P50,000.00 for 2 years
Monthly Installment at the bank once granted _____ P2,496.21
Percentage of monthly amortization to monthly honorarium = $2,496.21/6,300 = 39.62\%$

VIII. LOAN TERM

The honorarium loan shall be payable monthly for a maximum term of two (2) years or the borrower's remaining term of office *reduced by 3 months*, whichever is shorter (i.e., the maturity of the loan must be in **July 2016** since the next barangay election is scheduled in October 2016).

IX. RENEWAL

Renewal is allowed only once the borrower has completed paying 50% of the original principal amount. The amount to be renewed may be reduced after taking into consideration items **VII** and **VIII** of this policy.

X. INTEREST RATE

The interest rate shall be uniform for all branches at 18% per annum based on diminishing balance. In generating the amortization schedule through the bank's

loan system, branches must ensure that the “annuity” method is being chosen to comply with the requirements of Bangko Sentral ng Pilipinas (BSP) Circular No. 754.

XI. CHARGES

The following charges are to be deducted from the principal of the loan upon release:

- 1) Service Fee – 3% per PN
- 2) Insurance – in accordance with the rates prescribed by the official provider, CBLIC
- 3) Documentary Stamps – P1.00/200
- 4) Miscellaneous – P200.00 per PN

XII. DOCUMENTARY REQUIREMENTS:

No loan shall be processed unless the following documentary requirements are completely submitted by the loan applicant:

1. Oath of Office - Photocopy
2. 2 x 2 ID picture
3. Two Valid IDs – Photocopy (must be authenticated with the original copies)
4. Proof of Billing, e.g. utility bills - photocopy
5. Certification from the Punong Barangay and the Treasurer that the monthly amortization is covered by their monthly honorarium.
6. Community Tax Certificate (CEDULA)
7. Payroll sheet – Photocopy
8. Sketch plan of borrower's residence
9. Resolution from the council authorizing the barangay captain and the treasurer to enter into a MOA with the bank

Note: *Same requirements above for the co-makers*

XIII. LOAN PROCESSING

Application form for Honorarium loans must be completely filled-out by the borrower. The co-maker is required to sign a co-maker's statement. Requested documents stated in item XII above for both the borrower and co-maker must be submitted together with the filled out application form and co-maker statement.

The Branch Head must then have to conduct background check in accordance with X304.1 of the MORB which states, “The bank must ascertain that the borrower,

co-maker, endorser, surety and/or guarantor, if applicable, is/are financially capable of fulfilling his/her commitments to the bank. Specifically, checking must be done as to these key elements: character (integrity, willingness to pay by asking other creditors he/she has dealt with previously), capacity (sufficient cash flow to service the obligation), ask applicant for sources of income other than the barangay honorarium) and if the borrower has assets which the bank can possibly recover in case of non-payment. Results of the background checking must be included in the narrative portion of the loan approval sheet (LAS).

Approval on the loan application shall be of the same flow as other loans, i.e., once the loan approval sheet is signed by the Branch Manager/Officer in Charge, it shall be forwarded to the Chief Operating Officer for his signature, then to at least two (2) of the three (3) directors: Mr. Frederick Ong, Atty. Pio Y. Go and Atty. Augusto Go for final approval.

The Loans Processors/Bookkeepers must ensure that every loan is fully documented with a completely filled out Promissory Note (PN), Disclosure Statement (DS), Co-maker's statement and Authority to Deduct form (**See Annex B**). As part of the control processes of the bank, the accountant must thoroughly check the completeness and accuracy of the documentation before the release of the proceeds to the borrower.

XIV. BILLING

The branch must send billing statement monthly to the treasurer of the barangays to whom loans had been granted to its officials at least two (2) days before the scheduled release of their honoraria.

XV. COLLECTION

The branch will have to pick up the collection not later than 3 banking days after the end of the reference/collection month.

XVI. BOOKKEEPING

This loan shall be classified under **Salary Loan-Honorarium** which will form part of other unsecured loans in the bank's accounting records and under "loans and discounts" in the financial statements.

XVII. MONITORING

The bank's target must always be to achieve 100% collection rate. To attain this, the branch must ensure that the total monthly collections per barangay will match the totals in the billing statements. Immediate steps in accordance with existing policy (e.g., call, visit, sending of letter) must be taken right away for any under-payments or non-payments of any borrowers covered by the MOA.

XVIII. REPORTING

1. Loan Releases Report

Loan releases report must be submitted by branches to the COO not later than 5 days from the end of the month with copy furnished to the audit department. The report must be in the following format:

#	Name of Borrower	Date Granted	Monthly Honorarium	Loan Term	Amount Granted
1					
2					
Total					P

2. Collection Report

Branches must prepare a collection report to be submitted to the COO not later than 10 days after the end of every month with copy furnished to the audit department. The report must be in the following format:

#	Name of Borrower	Amount Granted	Date Granted	Due Date	Installment Number*	Amount Due (Year-to-Date)		Collection (Year-to-Date)		Outstanding Principal Balance	Remarks**
						Principal	Interest	Principal	Interest		
1											
2											
Total						P	P	P	P	P	

*1st, 2nd, 3rd, 4th installment as of cut-off date of report

**Possible remarks are: 1) updated 2) number of months in arrears

XIX. EFFECTIVITY

This policy shall take effect on February 11, 2015. All existing policies and instructions regarding this loan product that are inconsistent with this policy are hereby revoked, amended and superseded.

2.2.2 Policy for Overseas Factory Workers (OFW) Loans approved under Board

Resolution No. S' 17-04 January 31, 2017 as follows:

I. STATEMENT OF POLICY

To continuously assertive in promoting economic advantage and be a channel of economic enhancements to any qualified applicants, the bank makes it a policy to require branch managers and OICs as well as their subordinates to keep themselves be vigorous in the advertising / marketing that would be useful for the economic developments in their respective areas, to find ways to be able to diversify and meet or even exceed their annual target loan portfolio and to be vigilant when it comes to the actions of the bank's competitors in the industry. One product that the marketing people are now pushing to be offered by the bank is loans to Overseas Factory Workers or OFWs loans. Towards this end, the bank adopts this policy to guide responsible officers and staff in its implementation.

II. OBJECTIVES

1. To further diversify the bank's loan offerings and credit risks in order to increase bank-wide loan portfolio and consequently attain a satisfactory growth in net income;
2. To comply with BSP's previous directives not to just park the bank's funds in low-yield time deposits with universal/commercial banks but to achieve significant growth (with calculated risks) in lending activities;
3. To provide sufficient guidance to the credit operations personnel in terms of credit initiation, processing, administration and monitoring of the bank's pension loans portfolio consistent with BSP's guidelines on sound credit risk management as provided for in Circular 855; and
4. To be active players of the economy of this country by creating loan accommodation facility to cater OFWs loans by which through granting loan to this particular group of people we will be able to strengthen their purchasing power, a scenario that will boost economy.

III. QUALIFIED BORROWERS

The following individuals shall be eligible to avail of the bank's pension loans:

1. In the absence of the OFW who is working abroad, his/her spouse can borrow the bank under this product, provided that the borrower/spouse can present ATM or Bank account under his/her name of which allotment from his/her spouse abroad are credited thereon and he/she can also present to

the bank any valid proof to authorize him/her as the recipient of the allotment (Certificate to receive allotment);

2. For single OFWs, in his absence, any of his/her parent or both can borrow the bank under this product, provided that, parent/borrower can present ATM or Bank account under his/her name of which allotment from his/her son/daughter abroad are credited thereon and he/she can also present to the bank any valid proof to authorize him/her as the recipient of the allotment (Certificate to receive allotment);
3. Or any relative to OFWs can borrow the bank, provided that he can present ATM or Bank account under his/her name of which allotment from his/her relative abroad are credited thereon and he/she can also present to the bank any valid proof to authorize him/her as the recipient of the allotment (Certificate to receive allotment);
4. Borrowers must be at least eighteen (18) years old and are **not over 68 years of age** at the time of loan application (70 is the maximum age covered by the insurance provider, Country Bankers Life Insurance Corporation (CBLIC)).
5. The loan applicant must be a permanent resident in his/her declared address (i.e., he/she must own the house where he/she lives)

Any exceptions (e.g., a borrower aged 71 years old but very healthy, provided that the loan term must not exceed one (1) year; a borrower who is renting his/her house) to the above eligibility requirements must be justified by the branch manager/OIC and approved by the head of the credit committee.

IV. CO-MAKER REQUIREMENT

One co-maker is required for every OFW loan to comply with Section X319 of the Manual of Regulations for Banks (MORB). If possible, the employed son or daughter of the principal borrower must be the co-maker for the loan.

V. LOANABLE AMOUNT

Loanable amount will vary depending upon the amount of allotment the borrower received. An amount of loan in which the required monthly amortization **must not exceed 70%** of the monthly allotment can be granted to the client but in no case shall it exceed **P300,000 amount of loan**. Ensure that upon the reach of seventy (70) years old, the amount of loan must be computed through its amortization schedule as fully paid.

VI. LOAN TERM

If the borrower is still in his/her early 60's but not less than eighteen (18), the OFWs loan can be granted for a maximum term of two (2) years.

VII. RENEWAL

Renewal is allowed only once the borrower has completed paying 50% of the original principal amount, provided that the contract of employment is still enforceable and undated. However, consideration must also be given to the age of the borrower in deciding whether or not to renew the loan. The maturity of the renewed loan must not go beyond the borrower's reaching the age of 70.

VIII. INTEREST RATE

The interest rate of 24% per annum based on "diminishing balance annuity method" shall be used. In generating the amortization schedule through the bank's loan system, branches must ensure that the "annuity" code is being chosen to comply with the requirements of Bangko Sentral ng Pilipinas (BSP) Circular No. 754.

IX. CHARGES

The following charges are to be deducted from the principal of the loan upon release:

10. Service Fee – 3% per PN
11. Insurance – in accordance with the rates prescribed by the official provider, CBLIC
12. Documentary Stamps – P1.00/200
13. Miscellaneous – P300.00 per PN

X. DOCUMENTARY REQUIREMENTS:

Borrower

1. 2 x 2 ID picture of which was taken at least one (1) month prior to the application and updated every renewal or re-loan of loan;
2. Two Valid IDs – Photocopy (must be authenticated with the original copies) and updated every renewal or re-loan of loan;
3. Proof of Billing, e.g. utility bills – photocopy of the latest monthly billing , most probably the month prior to the application and updated every

- renewal of loan;
4. Community Tax Certificate for the current year and updated every year thereafter as long as the loan is still existing and current.
 5. Statement of accounts on bank deposits to support allotment being credited thereon of which is updated at least fifteen (15) days prior to the application and updated every renewal or re-loan of loan;
 6. Barangay Certification for the current year and updated every year thereafter as long as the loan is still existing and current;
 7. Sketch plan of borrower's residence and updated every renewal or re-loan of loan;
 8. Contract of employment must not be undated even upon renewal and re-loan;
 9. Confirmation letter of allotment; Its date of enforceability must correlate with the period covered in the contract of employment;
 10. Marriage Contract/ Birth Certificate; and
 11. Be sure that the borrower must be covered by life insurance(CBLIC)

Co-maker

1. 2 x 2 ID picture
2. Two Valid ID's
3. Proof of billing address
4. Barangay Certificate
5. CEDULA
6. ITR or proof of income or BIR form no. 2316;
7. Employment certificate;
8. Pay slip/ statement of ledger if payroll is disbursed through ATM and photocopy of ATM
9. sketch plan of co-maker's residence
10. Item no. six (6) above must have at least monthly net income of three thousand net of supposed monthly deduction of loan for two consecutive months prior to the application.

XI. LOAN PROCESSING

Application form for OFWs loan must be completely filled-out by the borrower. The co-maker is required to sign a co-maker's statement. Requested documents stated in item X above for both the borrower and co-maker must be submitted together with the filled out application form and co-maker statement.

The Branch Head must then have to conduct background checking in accordance with X304.1 of the MORB which states, "The bank must ascertain that the borrower, co-maker, endorser, surety and/or guarantor, if applicable, is/are financially capable of fulfilling his/her commitments to the bank. Specifically, checking must be done as to these key elements: **character** (i.e. integrity; willingness to pay by asking other creditors he/she has dealt with previously), **capacity** (i.e. sufficient cash flow to service the obligation; ask

applicant for sources of income other than the allotment) and if the borrower has assets which the bank can possibly recover in case of non-payment. Results of the background checking must be included in the narrative portion of the loan approval sheet (LAS).

Approval of the loan application shall be of the same flow as other loans, i.e., once the loan approval sheet is signed by the Branch Manager/Officer in Charge, it shall be forwarded to the Chief Operating Officer for his signature as recommendatory body together with the managers/OICs, then subject for further strict scrutiny and evaluation prior to the approval based on level of authority provided under Credit Committee charter.

The Loans Processors/Bookkeepers must ensure that every loan is fully documented with a completely filled out Promissory Note (PN), Disclosure Statement (DS) and Co-maker's statement. As part of the control processes of the bank, the accountant must thoroughly check the completeness and accuracy of the documentation before the release of the proceeds to the borrower.

The ATM Card must be obtained from the borrower upon release of the loan and must be under the joint custody of the cashier and the manager.

XII. COLLECTION

Since the ATM card of the borrower is being left to the bank with password, the authorized bank personnel will be the one to withdraw from the ATMs. ATM receipt must be kept on file for borrower's reference. The remaining cash withdrawn from the ATM in excess of the amount applied to the monthly loan amortization must be turned over to the borrower. The branch must require him/her to acknowledge receipt of such cash.

XIII. BOOKKEEPING

This loan shall be classified under **Salary Loan-OFWs** which will form part of other unsecured loans in the bank's accounting records and under "loans and discounts" in the financial statements.

XIV. MONITORING/ADMINISTRATION

The bank's target must always be to achieve 100% collection rate. There is a fixed date for the arrival/crediting of the pensions of the borrowers. Hence, the loans bookkeeper and the personnel authorized to withdraw the pension must take note of those schedules to ensure that all payments are posted in a timely manner. Immediate steps in accordance with existing policy (e.g., call, visit, sending of letter) must be taken right away in the event the monthly pension is not credited to the borrower's bank account.

XV. REPORTING

1. Loan Releases Report

Loan releases report must be submitted by branches to the COO not later than 5 days from the end of the month with copy furnished to the audit department. The report must be in the following format:

#	Name of Borrower	Date Granted	Monthly Allotment	Loan Term	Amount Granted
1					
2					
Total					P

2. Collection Report

Branches must prepare a collection report to be submitted to the COO not later than 10 days after the end of every month with copy furnished to the audit department. The report must be in the following format:

#	Name of Borrower	Amount Granted	Date Granted	Due Date	Installment Number*	Amount Due (Year-to-Date)		Collection (Year-to-Date)		Outstanding Principal Balance	Remarks**
						Principal	Interest	Principal	Interest		
1											
2											
Total						P	P	P	P	P	

*1st, 2nd, 3rd, 4th installment as of cut-off date of report

**Possible remarks are: 1) updated 2) number of months in arrears

XVI. EFFECTIVITY

This policy shall take effect on May 10, 2016. All existing policies and instructions regarding this loan product that are inconsistent with this policy are hereby revoked, amended and superseded

2.2.3 Policy on Pension Loans under Board Resolution No. S' 16-19 dated April 22, 2016 as follows:

I: STATEMENT OF POLICY

As part of the bank's efforts to continuously innovate so as to remain relevant

in the different communities in which the branches do business, the bank makes it a policy to require branch managers and OICs to keep themselves on their toes as regards the economic developments in their respective areas, to find ways to be able to diversify and meet or even exceed their annual target loan portfolio and to be vigilant when it comes to the actions of the bank's competitors in the industry. One product that the marketing people are now pushing to be offered by the bank is loans to pensioners or pension loans. Towards this end, the bank adopts this policy to guide responsible officers and staff in its implementation.

II: OBJECTIVES

1. To further diversify the bank's loan offerings and credit risks in order to increase bank-wide loan portfolio and consequently attain a satisfactory growth in net income;
2. To comply with BSP's previous directives not to just park the bank's funds in low-yield time deposits with universal/commercial banks but to achieve significant growth (with calculated risks) in lending activities; and
3. To provide sufficient guidance to the credit operations personnel in terms of credit initiation, processing, administration and monitoring of the bank's pension loans portfolio consistent with BSP's guidelines on sound credit risk management as provided for in Circular 855.

III: QUALIFIED BORROWERS

The following individuals shall be eligible to avail of the bank's pension loans:

1. Pensioners who are **not over 68 years of age** at the time of loan application (70 is the maximum age covered by the insurance provider, Country Bankers Life Insurance Corporation (CBLIC)).
2. The loan applicant must be a permanent resident in his/her declared address (i.e., he/she must own the house where he/she lives)

Any exceptions (e.g., a borrower aged 71 years old but very healthy; a pensioner who is renting his/her house) to the above eligibility requirements must be justified by the branch manager/OIC and approved by the head of the credit committee.

IV: CO-MAKER REQUIREMENT

One co-maker is required for every pension loan to comply with Section X319 of the Manual of Regulations for Banks (MORB). If possible, the employed son or daughter of the principal borrower must be the co-maker for the loan.

V: LOANABLE AMOUNT

Loanable amount will vary depending upon their monthly pension. An amount of loan in which the required monthly amortization **must not exceed 70%** of the monthly pension can be granted to the client but in no case shall it exceed **P300,000**. Ensure that upon the reach of seventy (70) years old, the amount of loan must be computed through its amortization schedule as fully paid.

VI: LOAN TERM

The longer the term of the loan, the higher is the risk of non-payment. Since the market for this type of loan is generally in their twilight years, the loan must be amortized monthly and must generally be for a term of one (1) year only. However, if the pensioner is still in his/her early 60's, the pension loan can be granted for a maximum term of two (2) years.

VII: RENEWAL

Renewal is allowed only once the borrower has completed paying 50% of the original principal amount. Due consideration must also be given to the age of the borrower in deciding whether or not to renew the loan. The maturity of the renewed loan must not go beyond the borrower's reaching the age of 70.

VIII: INTEREST RATE

The interest rate of 18% per annum based on “diminishing balance annuity method” shall be used. In generating the amortization schedule through the bank’s loan system, branches must ensure that the “annuity” code is being chosen to comply with the requirements of Bangko Sentral ng Pilipinas (BSP) Circular No. 754.

IX: CHARGES

The following charges are to be deducted from the principal of the loan upon release:

1. Service Fee – 3% per PN
2. Insurance – in accordance with the rates prescribed by the official provider, CBLIC
3. Documentary Stamps – P1.00/200
4. Miscellaneous – P200.00 per PN

X: DOCUMENTARY REQUIREMENTS:

Borrower

1. ATM (Automated Teller Machine) Card - Photocopy

2. 2 x 2 ID picture
3. Two Valid IDs – Photocopy (must be authenticated with the original copies)
4. Proof of Billing, e.g. utility bills - photocopy
5. Certification from SSS/GSIS that he is a pensioner
6. Community Tax Certificate (CEDULA)
7. Statement from the bank
8. Sketch plan of borrower's residence; and
9. Be sure that the borrower must be covered by life insurance(CBLIC)

Co-maker

- a. 2 x 2 ID picture
- b. Two Valid ID's
- c. Proof of billing address
- d. Barangay Certificate
- e. CEDULA
- f. ITR or proof of income or BIR form no. 2316
- g. sketch plan of co-maker's residence
- h. Item no. six (6) above must have at least monthly net income of three thousand net of supposed monthly deduction of loan for two consecutive months prior to the application.

XI: LOAN PROCESSING

Application form for pension loan must be completely filled-out by the borrower. The co-maker is required to sign a co-maker's statement. Requested documents stated in item X above for both the borrower and co-maker must be submitted together with the filled out application form and co-maker statement.

The Branch Head must then have to conduct background checking in accordance with X304.1 of the MORB which states, "The bank must ascertain that the borrower, co-maker, endorser, surety and/or guarantor, if applicable, is/are financially capable of fulfilling his/her commitments to the bank.

Specifically, checking must be done as to these key elements: **character** (i.e. integrity; willingness to pay by asking other creditors he/she has dealt with previously), **capacity** (i.e. sufficient cash flow to service the obligation; ask applicant for sources of income other than the pension) and if the borrower has assets which the bank can possibly recover in case of non-payment. Results of the background checking must be included in the narrative portion of the loan approval sheet (LAS).

Approval of the loan application shall be of the same flow as other loans, i.e., once the loan approval sheet is signed by the Branch Manager/Officer in Charge, it shall be forwarded to the Chief Operating Officer for his signature, then to at least three (3) of the four (4) directors: Mr. Frederick A. Ong, III,

Mr. Frederick Ong,Jr., Atty. Pio Y. Go and Atty. Augusto Go for final approval.

The Loans Processors/Bookkeepers must ensure that every loan is fully documented with a completely filled out Promissory Note (PN), Disclosure Statement (DS) and Co-maker's statement. As part of the control processes of the bank, the accountant must thoroughly check the completeness and accuracy of the documentation before the release of the proceeds to the borrower.

The ATM Card must be obtained from the borrower upon release of the loan and must be under the joint custody of the cashier and the manager.

XII: COLLECTION

Since the ATM card of the borrower is being left to the bank with password, the authorized bank personnel will be the one to withdraw from the ATMs. ATM receipt must be kept on file for borrower's reference. The remaining cash withdrawn from the ATM in excess of the amount applied to the monthly loan amortization must be turned over to the borrower. The branch must require him/her to acknowledge receipt of such cash.

XIII: BOOKKEEPING

This loan shall be classified under **Salary Loan-Pension** which will form part of other unsecured loans in the bank's accounting records and under "loans and discounts" in the financial statements.

XIV: MONITORING/ADMINISTRATION

The bank's target must always be to achieve 100% collection rate. There is a fixed date for the arrival/crediting of the pensions of the borrowers. Hence, the loans bookkeeper and the personnel authorized to withdraw the pension must take note of those schedules to ensure that all payments are posted in a timely manner. Immediate steps in accordance with existing policy (e.g., call, visit, sending of letter) must be taken right away in the event the monthly pension is not credited to the borrower's bank account.

Note: Pensioners are required by the government agencies administering the release of their pensions to appear physically to their offices once a year to ensure continuous receipt of the monthly pension. It is then important for branches to verify with the borrowers if they have complied with such requirement.

XVI: REPORTING

- a. Loan Releases Report

Loan releases report must be submitted by branches to the COO not later than 5 days from the end of the month with copy furnished to the audit department. The report must be in the following format:

#	Name of Borrower	Date Granted	Monthly Pension	Loan Term	Amount Granted
1					
2					
Total					P

b. Collection Report

Branches must prepare a collection report to be submitted to the COO not later than 10 days after the end of every month with copy furnished to the audit department. The report must be in the following format:

#	Name of Borrower	Amount Granted	Date Granted	Due Date	Installment Number*	Amount Due (Year-to-Date)		Collection (Year-to-Date)		Outstanding Principal Balance	Rem
						Principal	Interest	Principal	Interest		
1											
2											
Total						P	P	P	P	P	

*1st, 2nd, 3rd, 4th installment as of cut-off date of report

**Possible remarks are: 1) updated 2) number of months in arrears

XVII: EFFECTIVITY

This policy shall take effect on May 10, 2016. All existing policies and instructions regarding this loan product that are inconsistent with this policy are hereby revoked, amended and superseded.

2.2.4 Salary Loans granted to DEP-ED and other employees of private companies were covered by their respective Memorandum of Agreements:

2.2.5 Motorcycle and Appliance Loan Policy under Policy No. 20-09 duly approved by the Board in its resolution No. 2020-10A-01 dated October 29, 2021. The copies

of their policies and resolution are attached hereto as **Annexes Q & Q-6, respectively;**

- 2.2.6 Loan Take Out Policy is institutionalized under Policy No. 2020-04 duly approved by the Board in its Resolution No. 2020-07A-06 dated July 9, 2020. The policy is attached hereof as **Annex Q-1** while the resolution is marked as **Annex Q-7, respectively;**
 - 2.2.7 Under **Annex Q-2** hereof is the copy of Real Estate Mortgage (REM) Loan Policy or known to be Policy No. 2020-01 duly approved by the Board in its Resolution No. 2020-02A-01 dated 07 February 2020, a copy of which is attached hereof as **Annex Q-8;**
 - 2.2.8 The **Annex Q-3** hereof is representing Policy No. 2020-03 or otherwise known as Implementing Guidelines on Chattel Loans of which such policy was considered by the Board in its Resolution No. 2020-02A-01 dated 07 February 2020 of which is marked hereof as **Annex Q-8;**
 - 2.2.9 The Check Discounting Loan Policy is named under Policy No. 2020-02 of which copy is marked hereof as **Annex Q-4.** The said policy was approved by the Board in its Resolution No. 2020-02A-01 dated 2.27.20 under **Annex Q-8,** hereof; and
 - 2.2.10 Commercial Loans and Others Policy is covered by Policy No. 2020-05 which is hereto attached as **Annex Q-5.** This was duly drawn into policy after the Board passed and approved its Resolution No. 2020-07A-06 dated 07 July 2020 under **Annex Q-7,** hereof.
 - 2.2.11 OTHER POLICIES AND PROCEDURES THAT ARE ALL CONSISTENT WITH THE RECOMMENDATIONS OF THE BANGKO SENTRAL NG PILIPINAS TO PROMOTE BANKING OPERATIONS AS WELL AS TO ENHANCE CAPABILITY TO BOAST ADEQUACY OF CAPITAL, PERFORMANCE LEVEL OF ITS LIQUIDITY AND PROMOTES REPUTATION AND INTEGRITY:
- 2.2.11.a - **Annex R,** BR No. S'2022-07A-03 approval of five policies in HR management including whistleblowing;

2.2.11.b – **Annex R-1**, BR No. S'2022-03A-01 approving recruitment and performance evaluation;

2.2.11.c - **Annex R-2, BR No.** 06A-04 s.2023 Directives on proper adherence of credit risk managements standards;

2.2.11.d - **Annex R-3**, BR No. 06A-05 s.2023 Approving 3 samples by CO testing as sufficient representative of branches' portfolio; and

2.2.11.e - **Annex R-4**, BR No. 08A-03 s.2023 IA & CO manual procedures on Customers' Profiling, EDD, AML training & Others

d. Bank's website is still subject for compliance testing whether or not it was approved by the Board; and

e. List of banking units:

Name	Address	Date opened
Banilad	M.J. Cuenco Avenue, Banilad Cebu City	6/13/07
Bantayan	Ticad, Bantayan, Cebu	7/21/97
Bogo	P. Rodriguez St., Cogon, Bogo, Cebu	10/20/97
Carbon	Escaño St., Ermita, Cebu City	5/18/07
Carcar	Sta. Catalina St., Poblacion Carcar City (Cebu)	10/22/97
Consolacion	ADM Building, Casaga, Consolacion, Cebu	1/10/00
Danao	Pio del Pilar St., Danao City Cebu	3/20/97
Lapu-Lapu	M.L. Quezon National Highway, Pusok Lapu-Lapu City (Cebu)	7/20/96
Mandaue – Head Office	M.C. Briones Highway, cor, Gen. Ricarte St., Guizo, Mandaue City (Cebu)	6/20/96
N. Bacalso	Cor. N. Bacalso Ave., P. del Rosario St., Cebu City	10/7/00
Talisay	South Road, Bulacao Talisay City (Cebu)	9/20/96
Toledo	Aspac Bank Building – Sangi, Toledo City	1/14/00

e.1 Contact Details of Banking Units

Name of Branch	OIC/Branch Manager	Contact Numbers	
		Telephone	Telefax
Banilad	Nenita Niño	(032) 407-7627	(032) 416-2143
Bantayan	Reynol Simangca	(032) 402-0607	(032) 460-9129
Bogo	Rezl Terol	(032) 434-8765/ 402-0708	(032) 434-7151
Carbon	Sherilin Sumalinog	(032) 402-1592	(032) 255-0095
Carcar	Honey Mae Silva	(032) 407-1343 (032) 238-6158	(032) 497- 8398/4071343
Consolacion	Eden O. Son	(032) 564-2476 (032) 272-5372	(032) 423-9880
Danao	Ferdinand Duterte	(032) 260-4238/	(032) 401-3705 (032) 266-9943
Lapu-Lapu	Juvielyn Kilat	(032) 231-5074	(032) 401-3570
Mandaue	Yvonne Marrie D. So	(032) 345-0199 (032) 420-6208 (032) 420-6210	(032) 345-0929/ (032) 345-0930
N.Bacalso	Jennifer Alerta	(032) 238-8664	(032) 415-7602
Talisay	Leila Entoma	(032) 505-4399 (032) 511-3804	(032) 268-2818 (032) 402-0515
Toledo	Corner C. Resma	(032) 401-2549	(032) 272-1523

PART III

9. Capital Structure and Capital Adequacy for the year 2024 (Pursuant to appendix 63.c MORB)

9.1 CAPITAL STRUCTURE

8.1.1 The Capital structure of the corporation:

Authorized Capital Stock	P 150,000,000.00
Par Value	P 100.00
No of shares issued and outstanding:	
a) Common Shares	1,363,323
b) Preferred Shares	4,200
c) Treasure Shares	(4,200)
Paid in Capital:	
a) Common Shares	P 136,332,300.00
b) Preferred Shares	420,000.00
c) Treasury Shares	(420,000.00)
Contributed Surplus Free	P 164,479,899.00
Net Income during the year	<u>34,894,096.00</u>
Total Surplus Free	P 199,373,995.00
Retained Earnings Reserves	13,691,418.00
Cumulative remeasurements on defined benefit Obligation	<u>(7,811,822.00)</u>
Total Capital as of 12.31.23 (Per Audited FS 2023)	<u>P 341,585,831.00</u>

9.1.2 The following are the names of stockholders and their stockholdings as of December 31, 2024:

ASPAC RURAL BANK, INC

Name of Bank

40305

Bank Code

CONSOLIDATED LIST OF STOCKHOLDERS AND THEIR STOCKHOLDINGS

For the Year/Quarter Ended

31 December 2024

INDIVIDUAL STOCKHOLDERS ^{1/}			FAMILY GROUP ^{2/}	CORPORATE STOCKHOLDERS ^{3/} (NAME OF INSTITUTION)	CITIZENSHIP ^{4/}	COMMON SHARES			
NAME OF THE STOCKHOLDER		Last Name				No. of Shares Subscribed	Par Value per Share	Paid-In Capital	Subscription Receivable
Last Name	Complete First Name	Middle Name				(1)	(2)	(3)	(5) - (3) = (4)
GO	AUGUSTO	WONG	AUGUSTO W. GO GROUP	FILIPINO	FILIPINO	1	100.00	100.00	
GOTIANUY	IVETTE CANDICE	GAN	AUGUSTO W. GO GROUP	UNIVERSITY OF CEBU	FILIPINO	259,102	100.00	25,910,200.00	
GO	PETER	ONG	PETER O. GO GROUP	FILIPINO	FILIPINO	267,813	100.00	26,781,300.00	
GO	PATRICK JAMES	LUDO	PETER O. GO GROUP	FILIPINO	FILIPINO	16,362	100.00	1,636,200.00	
GO	MICHAEL RONALD	LUDO	PETER O. GO GROUP	FILIPINO	FILIPINO	71,346	100.00	7,134,600.00	
GO	KENNETH GREGORY MANUEL	LUDO	PETER O. GO GROUP	FILIPINO	FILIPINO	70,980	100.00	7,098,000.00	
GO	JONATHAN PETER	LUDO	PETER O. GO GROUP	FILIPINO	FILIPINO	70,980	100.00	7,098,000.00	
ONG	FREDERICK JR	OY	ONG FAMILY	FILIPINO	FILIPINO	63,508	100.00	6,250,400.00	
ONG	ROSITA	ABELLA	ONG FAMILY	FILIPINO	FILIPINO	118,332	100.00	11,833,200.00	
ONG	HARRISON	ABELLA	ONG FAMILY	FILIPINO	FILIPINO	118,332	100.00	11,833,200.00	
ONG	FREDERICK III	ABELLA	ONG FAMILY	FILIPINO	FILIPINO	118,332	100.00	11,833,200.00	
TAN	CHARMAINE	ONG	ONG FAMILY	FILIPINO	FILIPINO	45,980	100.00	4,598,000.00	
LECHIDO	MANOLO	ARAO	LECHIDO FAMILY	FILIPINO	FILIPINO	1,419	100.00	141,900.00	
LECHIDO	TERESA	SUMALINGG	LECHIDO FAMILY	FILIPINO	FILIPINO	3,804	100.00	380,400.00	
LECHIDO	MARVIN	SUMALINGG	LECHIDO FAMILY	FILIPINO	FILIPINO	118	100.00	11,800.00	
LECHIDO	MANNY	SUMALINGG	LECHIDO FAMILY	FILIPINO	FILIPINO	118	100.00	11,800.00	
ESCANO	GEN JOAN	LECHIDO	LECHIDO FAMILY	FILIPINO	FILIPINO	118	100.00	11,800.00	
TIONGKO	MIGUEL	CENIZA		FILIPINO	FILIPINO	83,849	100.00	8,384,900.00	
TIONGKO	CHRISTIAN MICHAEL	GACRAMA		FILIPINO	FILIPINO	3	100.00	300.00	
PEPITO	POTENCIANA	ZOZOBRAZO		FILIPINO	FILIPINO	21,808	100.00	2,180,600.00	
GO	PIO	YAP		FILIPINO	FILIPINO	10,729	100.00	1,072,900.00	
TAN	CHERRY	ONG		FILIPINO	FILIPINO	4,625	100.00	463,500.00	
CISNEROS	MARICRU	OY		FILIPINO	FILIPINO	1,950	100.00	195,000.00	
SUSON	JOSE SR			FILIPINO	FILIPINO	741	100.00	74,100.00	
SUSON	JOSE JR			FILIPINO	FILIPINO	325	100.00	32,500.00	
KAPUNGAN	DOLORES			FILIPINO	FILIPINO	395	100.00	39,500.00	
MASCARINAS	JOSE			FILIPINO	FILIPINO	395	100.00	39,500.00	
SUSON	DOLORES			FILIPINO	FILIPINO	395	100.00	39,500.00	
EVARDO	EPHENGENIO SR			FILIPINO	FILIPINO	192	100.00	19,200.00	
COMPRA	PATERNO			FILIPINO	FILIPINO	186	100.00	18,600.00	
URDIT	RICARDO			FILIPINO	FILIPINO	133	100.00	13,300.00	
AUDIT	ANTIA			FILIPINO	FILIPINO	121	100.00	12,100.00	
SUSON	BONIFACIO			FILIPINO	FILIPINO	118	100.00	11,800.00	
YNAEZ	BEATRIZ			FILIPINO	FILIPINO	102	100.00	10,200.00	
LAM	PATRICK BENKY			FILIPINO	FILIPINO	97	100.00	9,700.00	
MALAZARITE	ESTEBAN SR			FILIPINO	FILIPINO	97	100.00	9,700.00	
OSORIO	FRANCISCO			FILIPINO	FILIPINO	97	100.00	9,700.00	
CAPIN	VICENTE			FILIPINO	FILIPINO	87	100.00	8,700.00	
KAPUNGAN	ELEONORDA			FILIPINO	FILIPINO	87	100.00	8,700.00	
MANICOLYO	EMELIANA			FILIPINO	FILIPINO	87	100.00	8,700.00	
PADILLA	AQUINO			FILIPINO	FILIPINO	87	100.00	8,700.00	
QUINAIN	DECOROSO			FILIPINO	FILIPINO	87	100.00	8,700.00	
ARSENAL	MELITONA			FILIPINO	FILIPINO	59	100.00	5,900.00	
RIOS	ALBERTA			FILIPINO	FILIPINO	42	100.00	4,200.00	
SENTILLAS	WILFREDO			FILIPINO	FILIPINO	40	100.00	4,000.00	
GONZAGA	PROCULO			FILIPINO	FILIPINO	39	100.00	3,900.00	

Individual Stockholder	HORFELAND	CAMEO			FILIPINO	39	100.00	3,900.00
Individual Stockholder	MALAZARTE	JESUS			FILIPINO	39	100.00	3,900.00
Individual Stockholder	PEQUE	LUAN			FILIPINO	55	100.00	5,500.00

Individual Stockholder	PEREZ	LUVISMINDO			FILIPINO	39	100.00	3,900.00
Individual Stockholder	SANDEGO	URBANA wife DE			FILIPINO	39	100.00	3,900.00
Individual Stockholder	SUMALINGOG	LORNA			FILIPINO	39	100.00	3,900.00
Individual Stockholder	VALMORIA	HENRY			FILIPINO	39	100.00	3,900.00
Individual Stockholder	SENTILLAS	NAPOLÉON			FILIPINO	22	100.00	2,200.00
Individual Stockholder	GUTIEREZ-LUNA	CORAZON			FILIPINO	21	100.00	2,100.00
Individual Stockholder	ALVIO	CARLOS			FILIPINO	21	100.00	2,100.00
Individual Stockholder	MONTELLANO	QUINTIN			FILIPINO	21	100.00	2,100.00
Individual Stockholder	CANON	PABLIETO			FILIPINO	24	100.00	2,400.00
Individual Stockholder	BRONES	AMPARO			FILIPINO	39	100.00	3,900.00
Individual Stockholder	UROT	JOSEFINA			FILIPINO	35	100.00	3,500.00
Individual Stockholder	CALOMARDE	PEDRO			FILIPINO	10	100.00	1,000.00
Individual Stockholder	CUNOS	REGULIO			FILIPINO	10	100.00	1,000.00
Individual Stockholder	ORNOPA	MARYLN			FILIPINO	10	100.00	1,000.00
Individual Stockholder	IARON	ERUDITHA			FILIPINO	9	100.00	900.00
Individual Stockholder	IARON	ELISEO			FILIPINO	9	100.00	900.00
Individual Stockholder	CABEAN	ROBERTO			FILIPINO	9	100.00	900.00
Individual Stockholder	COMENDADOR	CONCORDIA			FILIPINO	7	100.00	700.00
Individual Stockholder	ALVIO	CARLSON			FILIPINO	4	100.00	400.00
Individual Stockholder	BHORE	EMELIO			FILIPINO	16	100.00	1,600.00
Individual Stockholder	ALVIO	CLAUDIO			FILIPINO	3	100.00	300.00
Individual Stockholder	ALVIO	FEUKIDAD			FILIPINO	3	100.00	300.00
Individual Stockholder	ALVIO	JOSEPH DWIGHT			FILIPINO	3	100.00	300.00
Individual Stockholder	ALVIO	LAURENCIO			FILIPINO	3	100.00	300.00
Individual Stockholder	ALVIO	LOPHELIA			FILIPINO	3	100.00	300.00
Individual Stockholder	BONITA	ROSALINA			FILIPINO	3	100.00	300.00
Individual Stockholder	CORTES	NICASIO			FILIPINO	3	100.00	300.00
Individual Stockholder	EVARDI	CECILIA			FILIPINO	3	100.00	300.00
Individual Stockholder	EVARDI	EFFIGENIO JR			FILIPINO	3	100.00	300.00
Individual Stockholder	GUINOCOR	LEONCIRITO			FILIPINO	3	100.00	300.00
Individual Stockholder	LUNA	LUCIA			FILIPINO	3	100.00	300.00
Individual Stockholder	LUNA	ANDRIES			FILIPINO	3	100.00	300.00
Individual Stockholder	MALAZARTE	LUZVIMINDA			FILIPINO	3	100.00	300.00
Individual Stockholder	MAYOL	GREGORIA			FILIPINO	3	100.00	300.00
Individual Stockholder	NEIS	PATRIA			FILIPINO	3	100.00	300.00
Individual Stockholder	PINTOR	INDINITA			FILIPINO	3	100.00	300.00
Individual Stockholder	POYOT	NECOLASA			FILIPINO	3	100.00	300.00
Individual Stockholder	REYES	SHIRLEY			FILIPINO	3	100.00	300.00
Individual Stockholder	SARSALIO	DARIA			FILIPINO	3	100.00	300.00
Individual Stockholder	SECURA	FORAMRITO			FILIPINO	3	100.00	300.00
Individual Stockholder	TEJERO	MARIA			FILIPINO	3	100.00	300.00
Individual Stockholder	TEJERO	QUILANO			FILIPINO	3	100.00	300.00
Individual Stockholder	YBANEZ	RICARDO			FILIPINO	3	100.00	300.00
Individual Stockholder	ALMENDRAS	RUBEN	OMATAGA		FILIPINO	1	100.00	100.00
Individual Stockholder	ARIDA	EUFROCINA/EUFEMIA			FILIPINO	1	100.00	100.00
Individual Stockholder	CORTES	GERONIMO			FILIPINO	1	100.00	100.00
Individual Stockholder	CORTES	ISABELITA			FILIPINO	1	100.00	100.00

DECTNA	SPIRANA/EPIFANIO			FILIPINO	1	100.00	100.00	0.00%				
EVARDO	CATHERINE			FILIPINO	1	100.00	100.00	0.00%				
EVARDO	EMIL			FILIPINO	1	100.00	100.00	0.00%				
EVARDO	ENILINDA			FILIPINO	1	100.00	100.00	0.00%				
EVARDO	JOSE DENNIS			FILIPINO	1	100.00	100.00	0.00%				
EVARDO	RONALD			FILIPINO	1	100.00	100.00	0.00%				
IPOT	ANTONELMO			FILIPINO	1	100.00	100.00	0.00%				
JAVES	MARGARITA			FILIPINO	1	100.00	100.00	0.00%				
LIMARIO	HEIDI			FILIPINO	1	100.00	100.00	0.00%				
LORAND	DELIA			FILIPINO	1	100.00	100.00	0.00%				
MANLOCOYO	MIGNONETTE			FILIPINO	1	100.00	100.00	0.00%				
ORINPIA	ANNACORTA			FILIPINO	1	100.00	100.00	0.00%				
ORINPIA	ALICE		BELAIMINDO	FILIPINO	1	100.00	100.00	0.00%				
PANDA	ALBONADETTE			FILIPINO	1	100.00	100.00	0.00%				
PASCHULAN	CRESTITA			FILIPINO	1	100.00	100.00	0.00%				
PASCHULAN	EDDIE			FILIPINO	1	100.00	100.00	0.00%				
PASCHULAN	LELIOSA			FILIPINO	1	100.00	100.00	0.00%				
BEVERLY	ANTONIO			FILIPINO	1	100.00	100.00	0.00%				
BEVERLY	ANTONELLA			FILIPINO	1	100.00	100.00	0.00%				
SICUYA	CIRILA NEIS			FILIPINO	1	100.00	100.00	0.00%				
SUSON	PASCILLA			FILIPINO	1	100.00	100.00	0.00%				
SUSON	STARLET			FILIPINO	1	100.00	100.00	0.00%				
SUSON	TERESA			FILIPINO	1	100.00	100.00	0.00%				
URDT	AVITIMO			FILIPINO	1	100.00	100.00	0.00%				
URDT	FLAVIA			FILIPINO	1	100.00	100.00	0.00%				
URDT	PAULINO			FILIPINO	1	100.00	100.00	0.00%				
VILLANUEVA	JOSE LEVI		SOCO	FILIPINO	1	100.00	100.00	0.00%				

stly the name of the Individual Stockholders. The Corporate Stockholders column should not be filled-out.

stly the Family group or related interest where the individual and/or corporate stockholder belong.

stly the Corporate Stockholders. In case of publicly listed banks, please use separate sheet to identify the ultimate beneficial owner of shares held in the name of Philippine Central Depository (PCD) Nominee Corporation. The Individual Stockholders column should not be filled out.

stly the citizenship of the individual stockholders or the holder of the major voting rights of a corporation.

(7)

(8)



JOSE LUIS SISON
SIGNATURE OVER PRINTED NAME OF AUTHORIZED OFFICER

CAPITAL ADEQUACY RATIO PER AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

23.2 Capital Risk Management Objectives and Policies

The primary objective of the Bank's capital management is to ensure that it complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder's value.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital, or issue share capital. No changes were made in the objectives, policies and processes from the previous years.

The Bank's regulatory capital as monitored by management is divided into two tiers:

- Tier 1 (core) capital – share capital (net of any book value of the treasury shares), retained earnings less unsecured DOSRI accounts and deferred income tax;
- Tier 2 (supplementary) capital – redeemable preferred stocks, general loan loss provision and deposits for common stocks subscriptions.

The following table shows the required regulatory capital analysis in 2024 and 2023:

	2024	2023 (Revised)
Tier 1 capital	₱311,013,755	₱281,171,621
Tier 2 capital	9,060,336	6,927,241
Total qualifying capital	₱320,074,091	₱288,098,862
Risk-weighted assets	₱1,689,351,388	₱1,431,004,146
Common equity tier 1 (CET1) capital	₱349,817,713	₱314,923,617
Common equity tier 1 (CET1) capital ratio	20.71%	22.01%
Tier 1 capital ratio	18.41%	19.65%*
Total capital ratio	18.95%	20.13%

*Revised based on the comments of BSP on the 2023 Annual Report of the Bank

Regulatory capital consists of Tier 1 capital and Total qualifying capital which comprises the following:

	2024	2023
Share capital	₱136,752,300	₱136,752,300
Retained earnings reserve	13,691,418	13,691,418
Retained earnings	199,373,995	164,479,899
CET1 capital	349,817,713	314,923,617
Net deductions	(38,803,958)	(33,751,996)
Tier 1 capital	311,013,755	281,171,621
Tier 2 capital:		
General loan loss provision	9,060,336	6,927,241
Total qualifying capital	₱320,074,091	₱288,098,862

The composition of the risk-weighted assets follows:

	2024	2023
Credit risk-weighted assets	₱1,528,936,270	₱1,296,096,048
Operational risk-weighted assets	160,415,118	134,908,098
	₱1,689,351,388	₱1,431,004,146

Under existing BSP regulations, the determination of the Bank's compliance with regulatory requirements and ratios is based on the amount of the Bank's unimpaired capital (regulatory net worth) as reported to the BSP, which is determined on the basis of regulatory accounting policy which differs from PFRS in some aspects.

Under existing banking regulations, the combined capital accounts of each bank should not be less than an amount equal to 10% of its risk assets. Risk weighted assets are defined as total assets less cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items determined by the Monetary Board of the BSP.