



2023

ANNUAL REPORT



RURAL BANK OF PARACALE (Camarines Norte), INC.

Paracale, Camarines Norte

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I. CORPORATE POLICY

A. About the Bank

Founded on May 16, 1978 with seventy-six (76) stockholders pooling their resources to address socio-economic needs of the Municipality of Paracale as its priority target, it serves as catalyst of growth and presently has two (2) branches in the two biggest municipalities in the Province of Camarines Norte such as Labo and Daet.

We cater to the financial needs of the province by offering deposit services, working capital financing through short and medium terms and a participant in the alleviation poverty program of the government with the micro financing program of the bank.

The bank was also in the Microfinance Lending Program in 2000 through its Main Branch Office in Paracale before it was extended to the Daet Branch Office and Labo Branch Office by 2001. The bank noticed a high potential market in Microfinance Lending activities that's why the bank established Other Banking Office in Sta. Elena, Camarines Norte in 2003 as bank extension Office catering Microfinance Operations in Sta. Elena area. After a year, the bank expanded MFLP operations in Tagkawayan, Lopez, Calauag all in Quezon and Jose Panganiban, Camarines Norte.

Presently, Rural Bank of Paracale (Camarines Norte), Inc. has 142 Stockholders 9 of which are elected as Board of Directors and with 11 officers and 85 employees bank wide. The Bank also expanded their operation with three (3) Branch Lite Units located at Jose Panganiban, Camarines Norte, Calauag and Tagkawayan in Quezon Province which performs banking services as Regular Branch to extend and cater the needs of the community.

B. RBP Vision

To answer the needs of the people in the countryside and to professionally manage the bank by Directors and Staff toward the enhancement of sound banking services to uplift their living conditions.

C. RBP Mission

1. To make the credit facilities available at reasonable terms.
2. To generate jobs by assisting businesses in providing efficient banking services.
3. To support agro-economic activities and projects of the government in the countryside.
4. To professionalize the bank's management and personnel and complement through capability building programs for Employees, Officers and members of the Board of Directors.
5. To establish and sustain a viable and profitable financial institution for its stakeholders.

D. RBP Objectives

Promote and maximize the delivery of efficient and competitive banking services, especially to underserved markets and customers through innovative policies.

E. Core Values

Integrity

We, at Rural Bank of Paracale (RBP), adhere to the highest standards of ethics in our practices and conduct throughout our operations to continually strengthen and build long lasting relationships through honesty, fairness, trustworthiness and reliability. We respect and safe-guard the interests of all our stakeholders and of our community as a whole. We are open and transparent in all our dealings with customers. We believe that maintaining the trust and confidence of the public is the key to earning an outstanding reputation and is at the center of all our core values. 'Do what is right'.

Accountability

We honor our commitments and take personal responsibility for our actions. We promise only what we can deliver and we exercise promptness and responsiveness in all our business dealings within and outside the Company. Own your actions.

Transparency

Transparency helps create trust among all stakeholders, encourages more informed decision-making, and supports an open exchange of ideas and information.

Stewardship

We are accountable for the resources entrusted to us by our stockholders, the depositors, the well-being of our employees and the banking needs of our customers. We are in business to protect their interests. Thus, we take care to act with vision, ever mindful of the effect of our decisions and actions.

Prudence

RBP fiduciary function requires prudence in making investment decisions so that public funds are on safe grounds. We advocate growth and expansion without sacrificing the interest and welfare of the bank.

Teamwork

We emphasize teamwork that respects individuality and promotes the free exchange of ideas. One gathers information from a number of departments and sources to base decisions on a comprehensive perspective. Work as one.

Leadership

We focus on leadership that encompasses a strong commitment to realizing one's own vision and generates growth by maximizing the synergy of the organization.

Trust and respect

We earn the trust and respect of our customers and colleagues by being open, honest and honourable in all we say and do.

Performance

We recognize, reward and promote outstanding performance. Our commitment to excellence lies in the constant improvement of our management practices and know-how. As a result-oriented culture, we are driven by an inner passion to perform and succeed while demonstrating pride in our work.

F. Bank's Brand

The Bank uses a slogan "Ang Bangkong Subok at Tapat sa Paglilingkod since 1978" that reflects to what the bank wanted to impart to all clients that RBP is giving service for the benefits and protection of the clients as we give full honesty for all the services we offered to the public.

G. Bank's Business Model

The Existing Business model of the Bank is considered simple since the bank is currently engaged in simple business activities such as deposits taking and servicing loans. The bank also engaged in the following:

- a) Partner Lending Conduit of the Agricultural Credit Policy Council (ACPC);
- b) As Partner of the Philippine Guarantee Corporation's Agriculture Credit Guarantee Programs, providing guarantee coverage for unsecured loans to the Agri-Agra sector;
- c) LBP Agent Banking Partner; and
- d) GCash Merchant Partner

II. Financial Highlight

The Financial Highlight as presented below shows the profitability of the Bank, selected Balance Sheet data, selected financial ratios and other information of the Bank for 2 consecutive years comparing the bank operation for 2022 and 2023 as follows:

Minimum required data	SOLO	
	Current Year (2023)	Previous Year (2022)
Profitability		
Total Net Interest Income	64,220,979.00	48,646,311.00
Total Non-Interest Income	9,758,211.00	9,404,109.00
Total Non-interest Expenses	60,591,429.00	52,481,234.00
Pre-provision profit	11,274,387.00	5,284,272.00
Provision for Credit Losses	2,113,374.00	284,914.00
Net Income	8,074,363.00	4,344,138.00
Selected Balance Sheet Data		
Liquid Assets	80,830,677.00	101,991,487.00
Gross Loans	432,182,688.00	380,756,741.00
Total Assets	616,126,727.00	541,656,958.00
Deposits	404,119,468.00	367,431,536.00
Total Equity	96,794,509.00	86,613,308.00
Selected Ratios		
Return on Equity	8.80%	5.16%
Return on Assets	1.39%	0.82%
CET I capital ratio (for Ubs/KBs)		
Tier I capital ratio (for Ubs/KBs)		
Capital Adequacy Ratio	15.54%	13.25%
Others		
Cash dividends declared	None	None
Headcount	96	88
Officers	11	11
Staff	85	77

III. Financial Condition and Results of Operation

A. President's Report

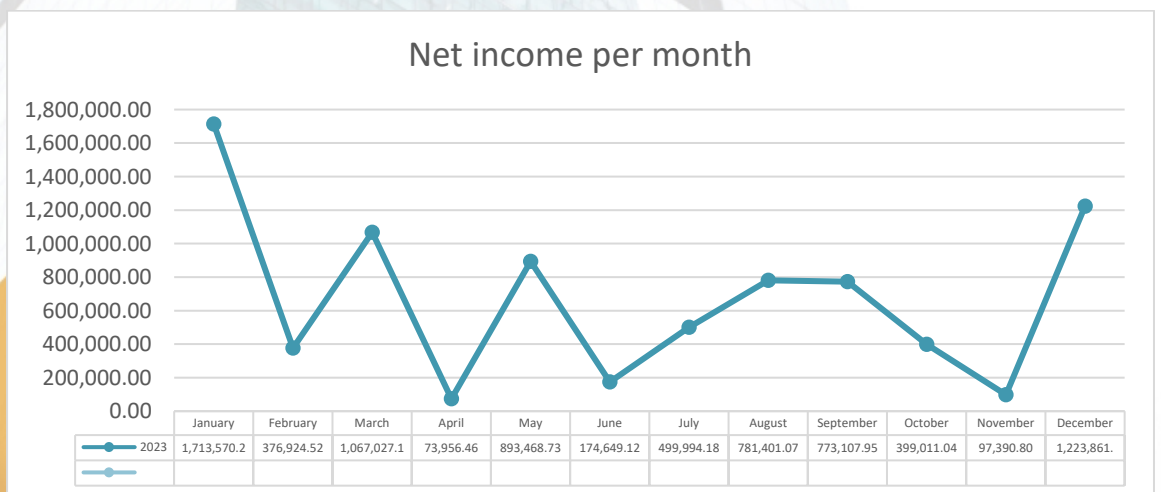
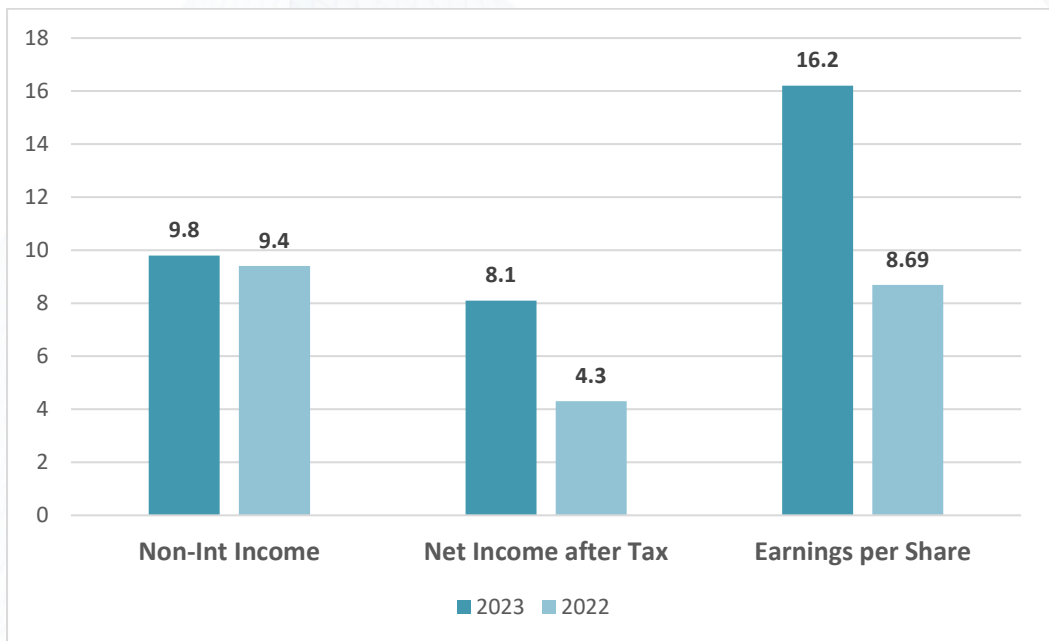
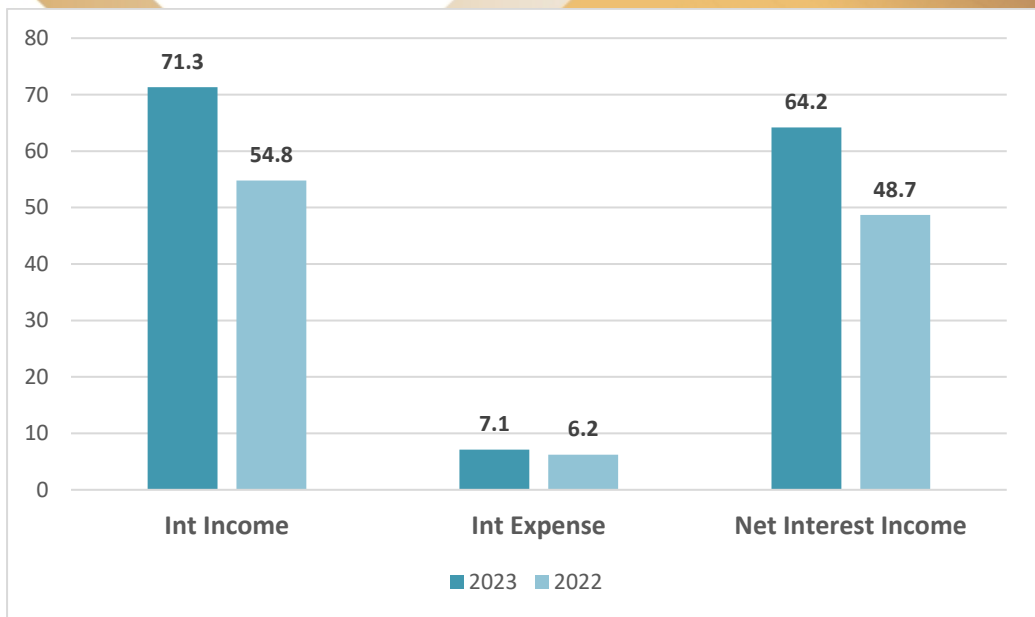
2023 was a good year for the bank. We started it with loan portfolio from honorarium loans released about in the end of 2022 after the extension of the term of the barangay official for another year when the BSKE election to be held in November 2023. We started 2023 with high hopes of good returns. And true enough, it was indeed a good year for us. We achieved our growth objectives in profits and in assets. We have achieved our profit for the year due to collaborative efforts of everybody in generating new loans, collecting both current and delinquent accounts driving profits up with some accounts having collection problem that pushed provisioning up. Sale of foreclosed properties contributed substantially to our bottom line.

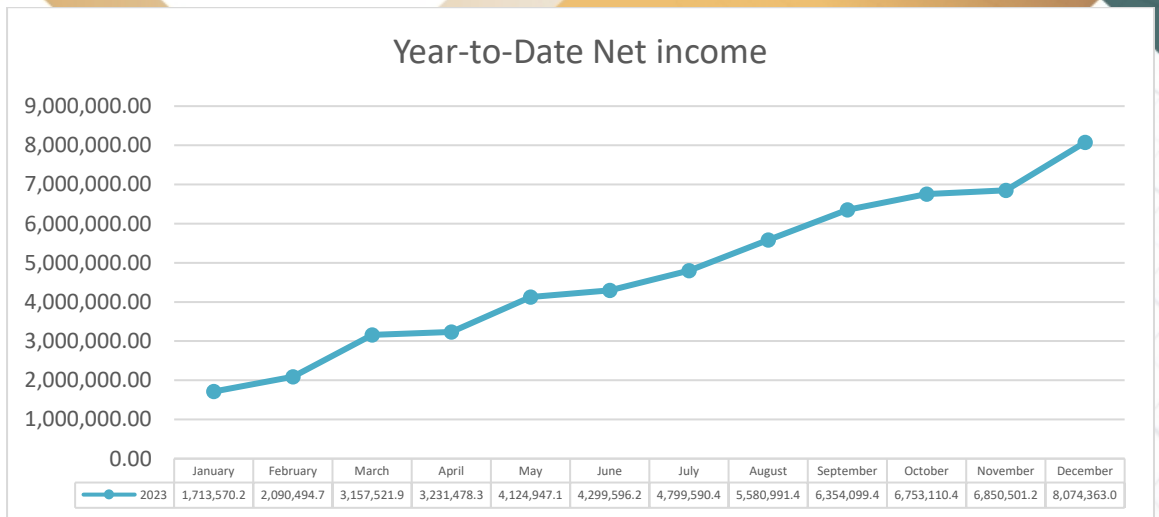
As part of our direction to strengthen internal control, the bank conducted a business process review of its deposit, credit and financial policies and procedures. We implemented in 2023 the completed deposit and the assessment for its continuing process improvement is ongoing. The process review for finance has been substantially conducted during the year and its final implementation will be made in the first quarter in 2024. Credit process review proves to be more challenging due to its scope, organizational structure and its integration with the core banking system. We hope to finish it by June 2024 and roll it out in the third quarter of 2024. We will revisit the hurdles to be overcome to expedite its completion earlier than plan.

We introduced the self-assessment mechanism to all bank personnel to establish individual goals in support of the bank objectives defined during the annual strategic planning. Everybody now holds in their hands agreed individual goals with their immediate superior aligned with the corporate objectives written down so there is a document in each office which they can refer to in evaluating its progress and discuss possible adjustment in deliverables to address matters not considered but vital in its achievement. HR is driving this program by requiring them to submit periodic review in closed coordination with the unit head. We intend to integrate this with the bank's planned incentive program.

RBP net income stood at Ps8.1M in 2023 as total interest income posted 32 % increase from 2022 level. We sustained our growth in core income and supplemented by gains on sale of foreclosed properties. Our interest on loans for the year is higher by 1.74% while our net interest margin increased to 12.42% from 10.05% a year ago. The higher interest rate in 2023 led to a better yield in loans generating interest income of Ps71.3M from Ps54.8 in 2022.

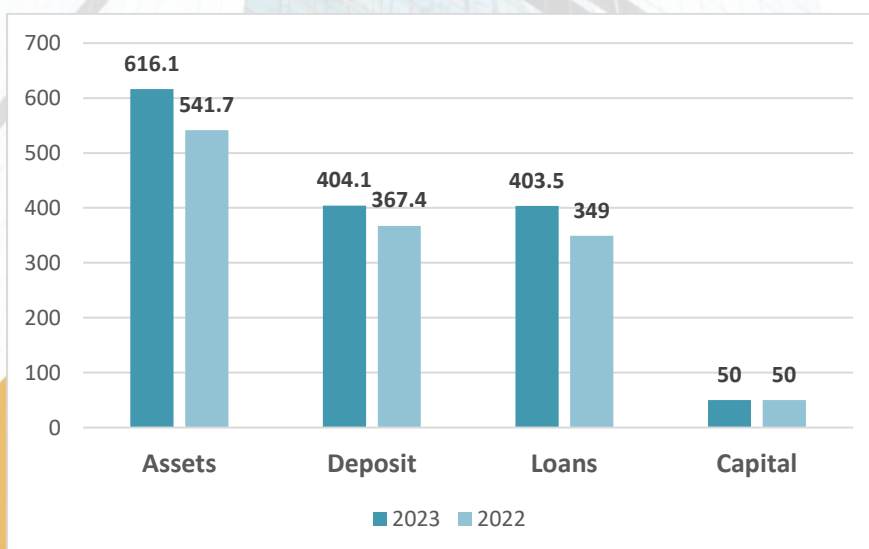
RBP's operating expenses increased by Ps8.1M due to salary increase mandated by law, increased cost of operation and additional one month bonus from last year's only one month given to our employees. The additional bonus was to recognize the good performance of the team that translates to a hefty 86% increase in profit from last year's level and extend help to them to face the increasing cost of living.

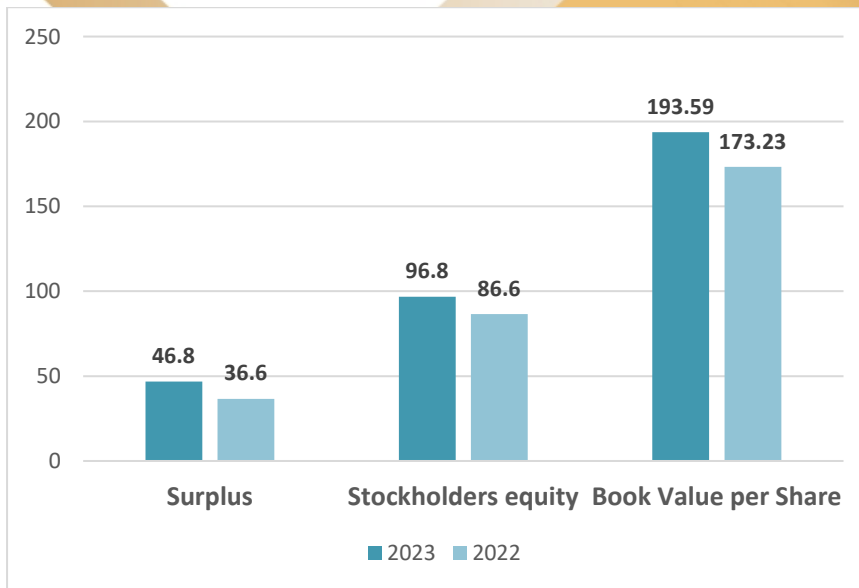




Total resources of the Bank stood at Ps616.1M by end-2023, 13.7% higher compared to previous year's balance of Ps541.7M growing by Ps74.5M. The Bank's deposit liabilities grew by Ps36.7M settling at Ps404.1M during the year up from Ps367.4M the previous year. The Bank's equity remained strong with a balance of Ps96.8M in 2023 growing 12% or Ps10.2M from last year's Ps86.6M. The Capital Adequacy Ratio stood at 15.54% for the year from 13.25% last year.

The Bank's loan portfolio, net settled at Php403.5 billion as of end-December 2023, 15.62% higher as we succeeded to release honorarium loans after the BSK Election in November 2023 coupled by an increase in commercial loans as some economic sectors register a faster recovery needing some pumping in working capital financing. There were, however, some large exposures that encountered delays in their collection that contributed to temporary deterioration of the bank's delinquency ratio and increase in provisioning. We are confident that this account will be collected early next year.





We are constantly on the lookout for opportunities and challenges faced by our borrowers as we evaluate loans that would truly benefit and fast track their recovery and growth be it as new loans, renewal loans and more so for those problematic accounts requiring remedial efforts. The credit process review in progress aim to streamline credit procedure that will meet operational effectiveness and efficiency, robust control and maximize profit.

For 2024, RBP will endeavor a profitable and sustainable growth as the Bank pursues to address the financial needs of our clients while striving to meet our operational effectiveness and efficiency. As the economy moves towards full normalcy and growth, we will continue to maintain and expand RB's clients and concentrate on programs that will give them opportunities to succeed in their business endeavor and be responsive to their financial needs. We will strive to deliver value added services that will set us apart from the existing and incoming competitors.

Operational effectiveness and efficiency will be strengthened with the completion and implementation of the business process review this year as it will develop dynamic capabilities that will translate to organizational agility leading to business profit and growth. The outcome of the business process review will also improve the bank's cost efficiency. We will undertake training programs to equip employees with the necessary capabilities to undertake the bank's growth and profit strategy.

On behalf of the Management the Board of Directors, we thank you for your continued trust and support.

Maraming Salamat Po.

NORMAN A. BALITBIT
President

IV. Risk Management Framework Adopted

a. Risk Management Culture and Philosophy

It is the bank's mission to make credit facilities available at reasonable terms. To support its direction, we based our credit evaluation mainly on the basis of one's credit needs and debt service capacity with collateral taking a secondary but likewise important consideration. We believe by doing it this way we can help those in need of capital to support their personal and business financial requirements and help the community we serve increase its economic activity towards continued growth.

Rural Bank of Paracale (Camarines Norte), Inc., can be considered conservative in managing risk and has adopted a Risk Management System that are aligned with the regulation set by the Monetary Board specially those applicable for RBs wherein risk profile of the Bank is considered to be able to ensure that risk is mitigated. The Bank ensures the effectiveness of the Risk Management System by following the three (3) Lines of Defense such as Business Function, Management and Compliance Function, and Audit Function.

The Bank has an established Approval Matrix, Single Borrowers Limits, Threshold amount and concentration limits that would serve as guiding factors for approving certain transactions. The Board also adopted risk management policies and strategies that would help the bank in identifying, measuring, monitoring and controlling the Bank's risk exposure.

In the operational area, the Bank aims to promote the adoption of effective risk management systems to sustain its safe and sound operations. Cognizant that operational risk is inherent in all activities, products and services, and is closely tied in with other types of risks (e.g., credit, liquidity and market risks), it established the guidelines to clearly set and define the minimum prudential requirements on operational risk management.

The best way to effectively control risk is to train bank employees on their roles and obligations to efficiently carry out their duties and responsibilities with the bank that's why the Bank ensures that all employees are properly trained and well informed in the Product and Services and to the Bank's policies and procedures for them to deliver to the clients the best services at the same time assess and calibrate risks associated with day-to-day operations.

The board of directors is responsible for the approval and regular review of credit risk strategy and credit policy, as well as the oversight of the implementation of a comprehensive and effective credit risk management system appropriate for the size, complexity and scope of operations of the bank. The board ensures that the system provides for adequate policies, procedures and processes to identify, measure, monitor and control all credit risks inherent in a banks' products and activities, both at the individual and portfolio levels on a consistent and continuing basis; and that an

independent assessment of the system is periodically performed, the results of which shall be reported to them for appropriate action.

Compliance risk is the risk of legal or regulatory sanctions, financial loss, or loss to reputation a bank may suffer as a result of its failure to comply with all applicable laws, regulations, code of conduct and standards of good practice. It exposes the bank to fines, civil monetary penalties, administrative sanctions, payment of damages, and the violation of contracts. It can lead to diminished reputation, limited business opportunities, reduced expansion potential and an inability to enforce contracts.

b. Risk Appetite and Strategy

The bank has established a niche in its area of operation as reflected in its top two loan portfolio classification. Small and medium enterprises showed the biggest in our portfolio with a total portfolio of Ps 182.3 Million with total releases during the year of Ps 142 Million. Loan portfolio for salary based and loans for personal use increased from Ps 96.5 Million to Ps 140.3 Million this year. We continue to assess our niche to improve the portfolio mix and develop ways to expand it further within the defined aggregate levels.

For 2023 operation, the bank's capital adequacy ratios remained higher with 15.54% than the required 10% by the BSP which represents that the Bank capital is sufficient and strong to cover risk assets of the Bank. Liquidity also shows a strong position despite a high forecast of cash outflows even with the continuing effects of pandemic in 2022 based on the conducted stress testing on liquidity position of the Bank. But based on the actual accomplished report for the year ended 2023, it shows that the Bank was able to generate additional 10% in Deposit Liabilities. The 15.57% Past Due Ratios of the Bank as of December 31, 2023 is higher than the industry rate of 9.27%. CAR and Liquidity Position of the Bank is regularly monitored by the Finance Department aside from the compliance test conducted by the Compliance Department and regular Audit Review by the Internal Audit Department of the Bank.

All credit exposures are within the prescribed ceiling set by the Board of Directors in accordance with the ceiling set by the Monetary Board such as Ceiling on Related Party Transaction, loans granted to Directors, Officers, Stockholders and Related Interest (DOSRI), concentration limits set per industry classification and limit set based on capital account of the Bank. Compliance with prescribed ceilings and regulations on those accounts are regularly monitored by the Credit Department and Finance Department and with compliance review by the Compliance and Audit Department.

Currently, the Bank is promoting compliance culture in all areas of Bank's Operation as it will serve as tools in controlling potential compliance risks bridging to control some other risks exposure of the bank such as credit, operational, legal, reputation, liquidity and the like. The bank is now adoptive to all changes of regulations, processes and procedures to ensure bank compliance with all regulatory issuances from the government regulatory agencies such as BSP, PDIC, SEC, etc.

c. Bank Wide Governance Structure and Risk Management Process

The Board of Directors has the ultimate responsibility for ensuring an effective risk management system within the Bank with the assistance of the Management, Compliance and Audit. The Board has created the Audit Committee that would assist the Board of Directors in monitoring and evaluating the adequacy and effectiveness of the internal control system and oversight for the overall risk exposures of the bank respectively.

d. AML Governance Culture and description of MTPP

The Bank adopted a comprehensive and risk-based MTPP geared toward the promotion of high ethical and professional standards and the prevention of the bank being used, intentionally or unintentionally, for money laundering and terrorism financing. The Bank's MTPP is consistent with AMLA, as amended and the provision set out in these rules and designed according to the covered institution's corporate structure and risk profile.

The main objective of the Bank's MTPP is to protect the integrity and confidentiality of banks accounts and to ensure that the bank in general shall not be used as a money laundering site and conduit for the proceeds of an unlawful activity as hereto defined; and to protect life, liberty and property from acts of terrorism and condemn those who support and finance it and reinforce the fight by criminalizing the financing of terrorism and related offenses.

The Board and Management ensure that the bank will not be an avenue for Money-Laundering and Terrorist Financing activities by continuously complying with the rules and regulations set by the AMLC. The Bank strictly enforces effective implementation of the Bank's MTPP through client's identification and proper application of applicable due diligence based on the risk profile of the client and reporting of CTR and STR.

V. Corporate Governance

A. Overall Corporate Governance Structure

Our board and senior management joined hands to govern the bank in setting up corporate objectives, run the day-to-day operation, operate the bank in a safe and sound manner, always consider the interests of recognized stakeholders, protect the interests of depositors and comply with the applicable laws and regulations.

We endeavor to follow pertinent laws, establish management processes through responsible business practices, rules and regulations. Continuing training education are necessary while compliance is a must through our people, systems and process.

The Bank acknowledges the thrust of the Bangko Sentral ng Pilipinas to continuously strengthen corporate governance in all of its supervised financial institutions cognizant that this is central in sustaining the resiliency and stability of the financial system. In this light, the Bank will align its existing regulations with the BSP Regulations which are also aligned with international best practices that promote good corporate governance such as the "Principles for Enhancing Corporate Governance" issued by the Basel Committee on Banking Supervision and at the same time aligning its existing regulations with the Code of Corporate Governance for Publicly-Listed Companies issued by the Securities and Exchange Commission as well as with best practices and standards issued by globally recognized standard setting bodies.

The Board of Directors and Management of the Rural Bank of Paracale (Camarines Norte), Inc. commit themselves to the principles and guidelines contained in the board approved Corporate Governance Manual, and acknowledge that the same shall guide the attainment of its corporate goals. The board of directors and management, employees and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness thereof within the bank.

B. Selection Process for the Board and Senior Management

The Board of Director was selected through election during annual stockholders meeting wherein all of the stockholders are considered official candidates with strong contenders being subjected to evaluation by the outgoing board if they conform with the qualifications to become a Board of Director and final approval of the BSP. Senior Management was selected after evaluation of the HR and the President and approval of the Board after meeting the following selection criteria: educational attainment, experience, exposure to bank operation, integrity, leadership and contribution and fit to the position.

The Bank aims to ensure that the Board of Directors is composed of a collective mix of individuals who possess the expertise and competence to effectively manage the Bank.

C. Board's Overall Responsibility

The board of directors shall be primarily responsible for the governance of the bank. The board should formulate the bank's vision and mission, strategic objectives, policies and procedures that guide and direct the activities of the bank, and the mechanism for monitoring management's performance. It shall be the board's responsibility to foster long-term success of the bank and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Bank and its stockholders. The board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

D. Description of the Major Role and Contribution of the Chairman of the BOD

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 receive 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.

b) Qualifications of the Chairperson of the board of directors.

To promote checks and balances, the Chairperson of the board of directors shall be a non-executive director or an independent director, and must not have served as President of the Bank within the past three {3} years. The positions of Chairperson and President shall not be held by one person. In exceptional cases where the position of Chairperson of the board of directors and President is allowed to be held by one (1) person as approved by the Monetary Board, a lead independent director shall be appointed.

For this purpose, the board of directors shall define the responsibilities of the lead independent director, which shall be documented in the corporate governance manual. The board of directors shall ensure that the lead independent director functions in an environment that allows him to effectively challenge the President as circumstances may warrant. The lead independent director shall perform a more enhanced function over the other independent directors and shall:

- (1) lead the independent directors at board of directors meetings in raising queries and pursuing matters; and
- (2) lead meetings of independent directors, without the presence of the executive directors.

E. Definition, Limits and composition of the Board and Minimum No. of Independent Directors

a. Definition of Directors

- i. directors who are named as such in the articles of incorporation;
- ii. directors duly elected in subsequent meetings of the stockholders; and
- iii. those elected to fill vacancies in the board of directors

b. Limits on the Number of Directors

There will be either nine (9) members of board of directors but not less than five (5) or more than eleven (11) directors as stated in the bank's By-Laws at least two (2) of whom shall be independent directors. To the extent practicable, the members of the board of directors shall be selected from a broad pool of qualified candidates. A sufficient number of qualified non-executive members shall be elected to promote the independence of the board from the views of senior management. To the extent practicable, the members of the board of directors shall be selected from a broad pool of qualified candidates. Non-executive directors, who shall include independent directors, shall comprise at least majority of the board of directors to promote the independent oversight of management by the board of directors.

c. Minimum Number of Independent Directors

At least one-third (1/3) but not less than two (2) members of the board of directors shall be independent directors: Provided, That any fractional result from applying the required minimum proportion, i.e., one-third (1/3), shall be rounded up to the nearest whole number: Provided, further, That in the case of RBs, at least one (1) independent director shall be elected to the board of directors: Provided, furthermore, That RBs whose business model, is deemed complex by the Bangko Sentral, or as directed by the appropriate supervising department of the Bangko Sentral, shall have at least one-third (1/3) but not less than two (2) members of the board of directors as independent directors: Provided, finally, That any fractional result from applying the required minimum proportion, i.e., one-third (1/3) shall be rounded-up to the nearest whole number.

d. The composition of the Board of Directors of the Rural Bank of Paracale (Camarines Norte), Incorporated as of December 31, 2023 was as follows:

NAME	Designation	Type of Directorship	No. of Years as Director	No. of Shares held with the Bank	% of Shares to Total Outstanding Shares
1. Errol R. Parcero	Chairman	Non-Executive Regular Director	16 years	8,740	1.75%
2. Oscar C. Fulong	Vice Chairman	Non-Executive Regular Director	31 Years	30,628	6.13%
3. Norman A. Balitbit	Director/ President	Executive Regular Director	20 years	43,705	8.74%
4. Jocelyn Edna L. De Belen	Independent Director	Non-Executive Independent Director	5 years	6,543	1.31%
5. Janet D. Ereño	Director/Credit Manager	Executive Regular Director	2 years	368	0.07%
6. Benjamin Frias	Director	Non-Executive Regular Director	11 years	12,129	2.43%
7. Jeron C. Lamadrid	Director	Non-Executive Regular Director	16 years	34,882	6.98%
8. Gina H. Lim	Director	Non-Executive Regular Director	24 years	26,176	5.24%
9. Delia M. Ramirez	Independent Director	Non-Executive Independent Director	7 years	5,216	1.04%

F. Board Qualification

1. Qualifications of a Director

A director shall have the following minimum qualifications:

(1) He must be fit and proper for the position of a director. In determining whether a person is fit and proper for the position of a director, the following matters must be considered: integrity/probity, physical/mental fitness; relevant education/financial literacy/ training; possession of competencies relevant to the job, such as knowledge and experience, skills, diligence and independence of mind; and sufficiency of time to fully carry out responsibilities.

In assessing a director's integrity/probity, consideration shall be given to the director's market reputation, observed conduct and behavior, as well as his ability to continuously comply with company policies and applicable laws and regulations, including market conduct rules, and the relevant requirements and standards of any regulatory body, professional body, clearing house or exchange, or government and any of its instrumentalities/agencies.

(2) He must have attended a seminar on corporate governance for board of directors. A director shall submit to the Bangko Sentral a certification of compliance with the Bangko Sentral-prescribed syllabus on corporate governance for first time directors and documentary proof of such compliance: Provided that the following persons are exempted from complying with the aforementioned requirement:

- (a) Filipino citizens with recognized stature, influence and reputation in the banking community and whose business practices stand as testimonies to good corporate governance;
- (b) Distinguished Filipino and foreign nationals who served as senior officials in central banks and/or financial regulatory agencies, including former Monetary Board members;
- (c) Incumbent Cabinet Secretaries in the Philippine Government who serve as directors/chairman in government financial institutions in an ex-officio capacity; or
- (d) Former Chief Justices and Associate Justices of the Philippine Supreme Court:

Provided, further, that this exemption shall not apply to the annual training requirements for the members of the board of directors.

2. Qualification of Independent Directors

In selecting independent and non-executive directors, the number and types of entities where the candidate is likewise elected as such, shall be considered to ensure that he will be able to devote sufficient time to effectively carry out his duties and responsibilities. In this regard, the following shall apply:

(1) A non-executive director may concurrently serve as director in a maximum of five (5) publicly listed companies. In applying this provision to concurrent directorship in entities within a conglomerate, each entity where the non-executive director is concurrently serving as director shall be separately considered in assessing compliance with this requirement; and

(2) An independent director of the Bank may only serve as such for a maximum cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from serving as independent director in the same Bank, but may continue to serve as regular director. The nine (9) year maximum cumulative term for independent directors shall be reckoned from 2012.

3. – Miscellaneous provisions on Board’s Qualification

Members of the board of directors shall not be appointed as Corporate Secretary or Chief Compliance Officer.

4. – Profile of the Existing Board of Directors

Name	Educational Attainment	Relevant Trainings attended (Required for Director)	Relevant Work Experience/ Officership / Directorship in Other Companies	Age	Nationality	Others
1. Errol R. Parceró	BS-Mathematics	Basic Rural Banking Course and Corporate Governance	System-Analyst and Program – All Asia Capita (1997-2002)	59	Filipino	Confirmed by BSP
2. Oscar C. Fulong	BS-Agriculture, Animal Husbandry	Basic Rural Banking Course and Corporate Governance	Director - Rufino Fulong Pawnshop, Inc. (1988- Present)	73	Filipino	Confirmed by BSP
3. Norman A. Balitbit	AB-BS Commerce	Corporate Governance	Vice President – Metro Drug Distribution Inc. (1990-1999) Treasurer- First Pacific Metro Corp (1987-1990) Manager /Sector Head - Traders Royal Bank (1981-1987) Staff Auditor- SGV (1978-1980) Accounting Assistant – FGU Insurance (1976-1978)	70	Filipino	Confirmed by BSP
4. Jocelyn Edna L. De Belen	Bachelor of Science in Business Administration	Corporate Governance	Owner- JEL Drug Store (2002-present) Teller-Metrobank (2000-2002) Teller – Solid Bank (1980-1982) Auditor – Solid Bank (1982-1995) Acting Branch Marketing Officer/Cashier – Solid Bank (1995-1998) Teller – Solid Bank (1998-2000) Accounting Clerk - Farm System Devt. Corp (1979-1979)	66	Filipino	Confirmed by BSP

5. Janet D. Ereño	BSC-Management	Basic Rural Banking Course and Corporate Governance	Credit Manager – Rural Bank of Paracale (CN), Inc. (2016-Present) Loan Officer – Rural Bank of Paracale (CN), Inc. (2008-2015) Collection Officer – Rural Bank of Paracale (CN), Inc. (2004-2008) Technical Officer – Rural Bank of Paracale (CN), Inc. (2001-2004)	50	Filipino	Confirmed by BSP
6. Benjamin Frias	BSBA-Accounting	Corporate Governance	President of P&F Mineral Expert Corp. (2003-2017)	72	Filipino	Confirmed by BSP
7. Jeron C. Lamadrid	BS-Electronics and Communication Engineering	Basic Rural Banking and Corporate Governance	Owner of Works and Concepts Enterprise (2010-Present) Sales Engineer – Poongsan Microtech Corp. (2006-2007) OSP – Globe Telecom (2002-2003)	44	Filipino	Confirmed by BSP
8. Gina H. Lim	BS-Medical Technology; and Doctor of Medicine	Basic Rural Banking and Corporate Governance	Physician – Dr. Gina H. Lim Children’s Medical and Surgical Clinic (2007 to Present)	64	Filipino	Confirmed by BSP
9. Delia M. Ramirez	BS-Pharmacy	Corporate Governance	Co-owner of Moreno Copra Dealer (1997 to present) Manager of DMR Commercial Building (1978 to present) Cashier at DMR Bakery and Restaurant (2001-2005) Cashier/Manager at EMR Bakery & Grocery (1978-2000)	74	Filipino	Confirmed by BSP

G. Board Level Committee

The bank has created the Audit Committee together with their duties as follows:

- a) Membership
 - i. Chairman - Independent Dir. Delia M. Ramirez
 - ii. Member - Independent Dir. Jocelyn Edna L. De Belen
 - iii. Member - Director Gina H. Lim
- b) Duties and Functions
 - a) Oversee the financial reporting framework.
 - b) Monitor and evaluate the adequacy and effectiveness of the internal control system.
 - c) Oversee the internal audit function.
 - d) Oversee the external audit function.
 - e) Oversee implementation of corrective actions
 - f) Investigate significant issues/concerns raised.
 - g) Establish whistle blowing mechanism.

H. Director's Attendance

a) The Board of Directors' attendance in the regular and special meeting for the year 2023 is as follows:

a)	Errol R. Parcero	- Chairman	-	23/23	-	100%
b)	Oscar C. Fulong	- Vice Chairman	-	23/23	-	100%
c)	Norman A. Balitbit	- Director	-	23/23	-	100%
d)	Jocelyn Edna L. De Belen	-Independent Dir.-	-	23/23	-	100%
e)	Janet D. Ereño	- Director	-	23/23	-	100%
f)	Benjamin Frias	- Director	-	23/23	-	100%
g)	Jeron C. Lamadrid	- Director	-	23/23	-	100%
h)	Gina H. Lim	- Director	-	23/23	-	100%
i)	Delia M. Ramirez	- Independent Dir.-	-	23/23	-	100%

b) Attendance in the Audit Committee Meeting for the Year 2023

i.	Chairman- Independent Director Delia M. Ramirez	-	5/5	-100%
ii.	Member - Independent Director Jocelyn Edna L. De Belen	-	5/5	-100%
iii.	Member – Director Gina H. Lim	-	5/5	-100%

I. Changes in the Board of Directors for the Year

The Annual Stockholders meeting of the Bank is scheduled every 2nd Saturday of March every year. The Board of Directors election for 2023 did not result in any changes to the current members.

J. List of Executive Officer/Senior Management

Name	Designation	Educational Attainment	Length of Service	Age	Nationality	Relevant Qualifications/Experience of the Executive Officer	Other Qualification
Norman A. Balitbit	President	AB-BS Commerce	12 Years	70	Filipino	Vice President – Metro Drug Distribution Inc. (1990-1999) Treasurer- First Pacific Metro Corp (1987-1990) Manager /Sector Head - Traders Royal Bank (1981-1987) Staff Auditor- SGV (1978-1980) Accounting Assistant – FGU Insurance (1976-1978)	Confirmed by BSP
Solly Fatima D. Lagriada	Chief Compliance Officer	BSBA- Marketing Management	10 years	31	Filipino	N/A	Confirmed by BSP
Maria Victoria A. Vega	Audit Manager	BS- Accountancy	7 years	36	Filipino	N/A	Confirmed by BSP
Adelina T. Esperas	Chief Accountant/ Treasurer	BS- Accountancy	20 years	45	Filipino	N/A	Confirmed by BSP

Analiza L. Obmana	Daet Branch Manager	BS-Accountancy	30 years	53	Filipino	N/A	N/A
Roland M. De Jesus	Main Branch Manager/ Corporate Secretary	BS-Accountancy	22 years	44	Filipino	N/A	N/A
Gloria N. Salen	Labo Branch Manager	BS-Accountancy	21 years	58	Filipino	N/A	N/A
Janet D. Ereno	Credit Manager	BS-Commerce	23 years	50	Filipino	N/A	N/A
Dionisio Gil B. Badaguas III	IT/Security/ Data Protection Officer	BS-Information Technology	17 years	39	Filipino	N/A	N/A
Glenn C. Cattle	Branch Lite Manager	BS-Accountancy	19 years	41	Filipino	N/A	N/A
Liezal L. Avila	Human Resource Officer	BSBA-Human Resource Management	9 years	33	Filipino	N/A	N/A

- i. The Board sets the compensation and benefits package of the Bank's officers and staff members. To ensure competitiveness and personnel retention, the compensation and benefits packaged is benchmarked with competition through informal surveys within the area of operation and what the bank can afford.

K. Performance Assessment Program

The Board has adopted a corporate governance assessment being done at the end of the year composed of four parts: 1. individual contribution as a director, 2. director assessment of the board as a group, 3. director assessment of bank performance and 4. the financial performance of the bank. Results are being deliberated and action plans for improvements are discussed and agreed and monitored for its completion.

The Senior Management sets goals at the start of the year defining key results area, its deliverables, person responsible and timelines. Quarterly updates of the goals are submitted to HR and discussed with the concerned officers and personnel for feedback and discussions for the goals to be achieved.

L. Orientation and Educational Program

The Bank recognizes the need for maintaining, training and development programs to prepare employees for more responsible positions, to tap potentials in order to place employees where their talents can best be utilized. The Bank will continually seek to maximize and accelerate employee development and will provide a continuing program of training and development for all employees.

The Bank normally relies on the trainings and seminar/webinar conducted by the Bicol Federation of Rural Banks, Rural Bankers Association, Anti-Money Laundering Council, Credit Information Corporation, and Bangko Sentral ng Pilipinas specifically for the Officers and Directors of the Bank aside from the in-house training for new policy and policy changes aligned with the new regulation set by the Monetary Board of the Philippines.

For the newly hired employees, the bank conducted orientation training/seminars about the existing products and services as well as the policies and procedures of the Bank. Orientation also includes the company's background and profiles such as but not limited to the vision, mission, objective, core values, organizational frameworks, code of disciplines and employee's manual, Manual of Bank's products and services, AMLA and the like. Updates of manual, policies and procedures will be disseminated through memorandum and/or training to all bank officers and employees.

M. Retirement and Succession Policy

Pursuant to the mandate of Bangko Sentral ng Pilipinas to all Banks to have a board approved Retirement Plan for its Officers and Employees in accordance with the laws, the Bank established retirement plan to ensure financial security of the Bank's officers and employees when retirement comes. Retirement plan serves as guide for the Bank to establish the amount of benefits and to administer the accrued retirement benefit of the Bank's Officers and Employees. Provision for retirement and pensions amounts to Ps14,152,684 and 12,337,817 for 2023 and 2022 respectively. Based on the existing Labor laws, the amount of liability for retirement as at December 31, 2023 and 2022 were reasonable. The Retirement Plan shall be fully funded by the Bank. There shall be no contribution to be collected from the officers/employees of the Bank. Funds set aside for this purpose shall be invested in the form of savings and time deposits of other high yielding deposits/investments in bonds or other debt instruments and income therefrom shall be part of the fund. The board is primarily responsible to ensure that the retirement fund is fully funded at all times.

As a matter of policy, the Bank established a policy that officers and employees of the Bank are entitled for an optional retirement age of sixty (60) years. Any officer/employee upon completing the age of 60 years or at any time thereafter may retire at employee's option, and when so retired shall be entitled to the full benefit provided in the Bank's Retirement Plan. Any Officers and Employees who have completed twenty (20) years of continuous service to the Bank may retire at his option and if he retires, he shall be entitled to the full benefits. The compulsory retirement age is sixty-five (65) years. Any officer and employees reaching the age of 65 will automatically be considered a retired

officer/employee of the bank, and when so retired shall be entitled to the full benefits provided in the retirement plan of the bank.

The Bank shall make an assessment of its preparedness to replace departing staff in critical positions and identify people who are ready to step into someone's shoes at the appropriate time under appropriate circumstances with seamless transition. It should involve nurturing and developing employees from within the Bank. Employees who are perceived to have skills, knowledge, qualities, experience and the desire can be groomed to move up to fill specific key positions. Succession procedures include identifying key/critical position, conduct position analysis, developing succession plan and monitoring, revision and evaluation of the existing succession policies and procedures of the Bank.

The Bank so far has no formal policy on the term limit, retirement and succession of the Board. As long as they are fit and proper for the position of Director and possess all the qualifications of the Board, they can serve as Board of Director except for Independent Director which has a maximum term of nine (9) years as Independent Director.

N. Remuneration Policy

a) Executive and Non-Executive Director

The Board of Director considered the number of scheduled meetings, transportation and other expenses of the Board in attendance of meetings in setting up monthly per diems. The Board of Directors follows Section 30 of the Corporate Code of the Philippines that the Board compensation other than per diems shall not exceed 10% of the preceding year net income before tax. Directors Compensation requires approval from the majority of the stockholder of the Bank.

b) Senior Management

The Board considered the weight of the position and designation of the senior management together with their performance in setting up compensation packages.

O. Policies and Procedures for RPTs

The bank recognizes that transactions between and among related parties create financial, commercial and economic benefits in the bank. In this regard, related party transactions are generally allowed provided that these are done on an arm's length basis. The bank should exercise appropriate oversight and implement effective control systems for managing said exposures as these may potentially lead to abuses that are disadvantageous to the bank depositors, creditors, fiduciary clients, and other stakeholders.

To effectively manage the Related Party Transaction, the Board has set Php 2M materiality threshold aside from establishing Php 3M individual Ceiling and 25% of the equity account for aggregate Ceiling for RPT transactions. All transactions related to RPTs must be properly reviewed and approved by the Board of Director. All material RPTs shall be reported to the BSP within 20 days after the

reference quarter. All those not meeting the materiality threshold are not required to be reported to the BSP but are nonetheless subject to the approval of the Board of Directors.

The Bank normally manages RPT transactions initially by the Bank Officers by identifying RPT transactions based on the updated database of RPTs wherein relationships in the Bank and its DOSRI were already identified. So far, the common RPT transactions of the bank were Loan Transactions wherein they were treated as regular borrowers except for handling wherein the banks evaluated the loans strictly without special treatment since the BSP are firm on evaluating RPT and DOSRI transactions. RPTs related to loans were evaluated in accordance with the board approved loan processes, policies and procedures. All Related Party Transactions are subject to the approval of the Board of Directors.

The existing Related Party Transactions of the Bank are more on Granting of Loans, two Other Salary Loans, One Commercial Loans and One Small Scale Enterprise totaling Ps820,000.00 with outstanding balance of Ps522,760.87 to as of December 31, 2023.

P. Self-Assessment Function

The Board of Directors annually conduct self-assessment on an individual basis. The result of individual self-assessment shall be reported to the board for further evaluation specially assessment on the functions of the Board, Senior Management, Compliance and Audit.

P.1 - Structure of Internal Audit Function

The Internal Audit Function of the Bank is an independent function and acted upon by the Internal Audit Department which is directly reporting to the Audit Committee then to the Board of Director. The Internal Audit Group is headed by the Audit Manager Maria Victoria A. Vega with the Audit Supervisor Gerald Rey T. Morada and with five (5) Audit Staff Omar Nathaniel Alpapara, Jefrey B. Cabaltera, Harold Bryan Z. Aberia, John Edmel S. Sureta and Erica E. Estifano.

The Internal Audit Department is responsible to ensure that all bank transactions are properly audited and the same are complied with the Internal Control Processes and Policies of the Bank likewise ensure that fictitious transactions, irregularities, anomalies and fraud have no place in the Bank.

The Audit Committee ensures that the Internal Control System is strong at the same time Audit Manual and Program are approved by the Board and ensure that risk areas of the Bank are properly audited. The Audit Committee is also responsible for the selection of Internal and External Auditors and ensures that those are qualified in accordance with the standard and qualification set by the monetary Board. All Audit Reports are elevated to the Board for their information, further discussion and appropriate actions.

P.2 - Structure of Compliance Function

The Compliance Function of the Bank is an independent function and acted upon by the Compliance Department which is directly reporting to the Board of

Director. The Compliance Department is headed by the Chief Compliance Officer Solly Fatima D. Lagriada with the Assistant Chief Compliance Officer Sheilu Faye Y. Jimenez. All Bank Officers and Employees are considered compliance officers to ensure that compliance culture is present in the Bank. The Compliance Department is primarily responsible for the effective compliance with laws, rules and regulations issued by regulatory agencies.

The responsibilities of the bank's compliance function should be to assist senior management in managing effectively the compliance risks faced by the bank. Responsibilities carried out by staff in different departments are clear. The scope and breadth of the activities of the compliance function should be subject to periodic review by the internal audit function. Compliance should be regarded as a core risk management activity within the bank. Specific tasks of the compliance function may be outsourced, but they must remain subject to appropriate oversight by the head of compliance and must be with prior approval by BSP.

The Chief Compliance Officer is the lead senior officer for purposes of administering the compliance program and interacting with the BSP on compliance-related issues. The principal function of the Chief Compliance Officer is to oversee the design of an appropriate compliance risk management system, promote its effective implementation and address breaches that may arise. The CCO shall also be responsible for ensuring the integrity and accuracy of all documentary submissions to the BSP.

Q. Dividend Policy

The Bank declares dividends based on the available retained earnings but also considers the required capital accounts to maintain capital adequacy ratio within the industry level. The Bank also considered in declaring dividends the level of retained earnings by ensuring that its value shall not be higher than the total paid up capital. There are no dividends declared during the year.

R. Corporate Social Responsibilities

- i. Initiates community-oriented projects including charitable causes and social involvement in organizations and clubs.
 - a) Member of Rural Bankers Association of the Philippines
 - b) Member of Bicol Federation of Rural Banks
 - c) Member of Camarines Norte Bankers Association
- ii. Promotes environmental awareness and commitment to the green programs of the community.
 - a) Not lending to clients who are involved in illegal mining activities.
- iii. Participates in fundraising campaigns and community development programs.
 - a) Servicing distribution of Conditional Cash Fund Transfer for 4P's Beneficiaries.
 - b) Sponsorship for fund raising activities of LGUs.

S. Consumers Protection Practices

The RURAL BANK OF PARACALE (Camarines Norte), INC. and its Board of Directors, Officers and Employees fully support the policy of the State to protect the interest of the consumers, promote their welfare and to establish standards of conduct for the Rural Banking industry.

The Financial Customer Protection (FCP) framework shall be the guiding document of the Bank to deliver the required level of fair treatment, honesty, transparency and commitment with the Bank's customers.

The Bank assumes full responsibility to give to our clients the best services that are aligned with the existing rules and regulations as prescribed by the BSP and other government regulatory agencies such as Deposit-Related Laws and Regulations, Credit-Related Laws and Regulations, Electronic Banking-Related Regulations and other applicable laws and regulations. Any changes, subsequently issued by the BSP, in the existing consumers protections guidelines would also be supported by the Bank.

S.1. Role of the Board and Senior Management in Developing Consumer Protecting Strategy and Establishing Effective Oversight over Consumer Protection Programs.

It is the responsibility of the Board of Directors and Senior Management to develop strategies and establish effective oversight over its Consumer Protection Programs. To this end, the Bank embraced a culture of transparency and fair

dealing with all its clients. It likewise maintains the confidentiality of client information, and actively informs its clients of their rights and recourse should they have any complaints or concerns. The Head CAO reports to the Board of Directors on a monthly basis on any complaints received by any of the Bank. The Head CAO reports become the basis for policy formulations and re-alignments, if necessary. The Head CAO is also responsible in the preparation of Quarterly Report to BSP.

S.2. Consumer Protection Risk Management System.

The Board is likewise committed to ensure that those directly responsible for implementing the Consumer Protection Risk Management System (CPRMS) have authority and independence in the course of its function. The Board ensures that there is a periodic review of the CPRMS, and that prompt corrective action is done should there be any weakness in the CPRMS of the bank. The Bank's commitment to enforcing its Consumer Protection Framework can be gleaned from its continuous training and education of its officers, employees, and staff which aims to reduce risks of non-compliance with policies and procedures that would violate financial consumers' rights. The training of RBP staff, as well as the dissemination of information pertinent to consumer protection, encompass consumer protection standards, which includes, among others, disclosure and transparency, fair treatment, protection of client information, effective recourse, as well as financial education and awareness. All RBP Personnel are enjoined to embody the ideals of truth, integrity, and fair dealing in all of their interaction with clients. All bank transactions follow Standard Operating Procedures as far as Financial Consumer Protection is concerned.

S.3. Consumer Assistance Management System, Policy and Procedures.

The Board of Directors, with the input of Senior Management, sets the goals and oversees the implementation of the Consumer Assistance Management System (CAMS) of the Bank. The head CAO implements the consumer assistance policies and procedures of the bank. The respective Branch Bookkeepers are the designated Consumer Assistance Officers (CAO) in each of the RBP Branches and the Branch Lite Units and the HRO is designated as Head CAO and they submit consumer complaints/inquiries when it arises, depending on the complexity of the concern, and in accordance to the Board-approved Consumer Assistance Process and Timeline of the bank. Should the client have an inquiry, concern or complaint, he may directly proceed to the CAO in the branch, and it will be elevated to the Head CAO accordingly. Depending on the nature of the concern or complaint, due process and investigations will be conducted. The findings and recommendations of the Head CAO will be elevated to the Board for appropriate action, if necessary. All concerns and complaints shall be acted upon judiciously and without unnecessary delay, ensuring due process.

For simple cases, the bank must be able to communicate its resolution to the concerned parties/client within 7 working days from receipt of the complaint and reply shall be issued within 2 days after resolution is completed. For complex cases, the bank has up to 47 days from receipt of the complaint to communicate its resolution. The Bank has trained its CAO and all personnel on the necessary documentation and reportorial requirements. The Head CAO summarizes the monthly reports from the CAO and submits the necessary reports to the BSP. The

Head CAO likewise reports to the Board of Directors any Consumer inquiry or complaint during the monthly Board Meetings, if there is any.

T. Sustainable Finance Framework

Your bank together with the BSP recognizes that climate change and other environmental and social risks pose financial stability concerns considering their significant and protracted implications on the bank's operations and financial interest. We will pursue sustainable and resilient growth by enabling environmentally and socially responsible business decisions consistent with the aspirations set out for the Filipinos under the Philippine Development Plan.

The following sustainability principles are at the core of our business and emphasize the bank's commitment to environmental and social responsibility.

1. We commit the balancing of economic success with environmental and social responsibility
2. We identify and address the environmental and social impacts of our business activities.
3. We foster business that enables sustainable growth.
4. We are guided by internationally recognized principles and standards.
5. We ensure that our sustainability strategy is firmly grounded in robust governance policies and processes.
6. We encourage transparent communication and open dialogue with stakeholders.

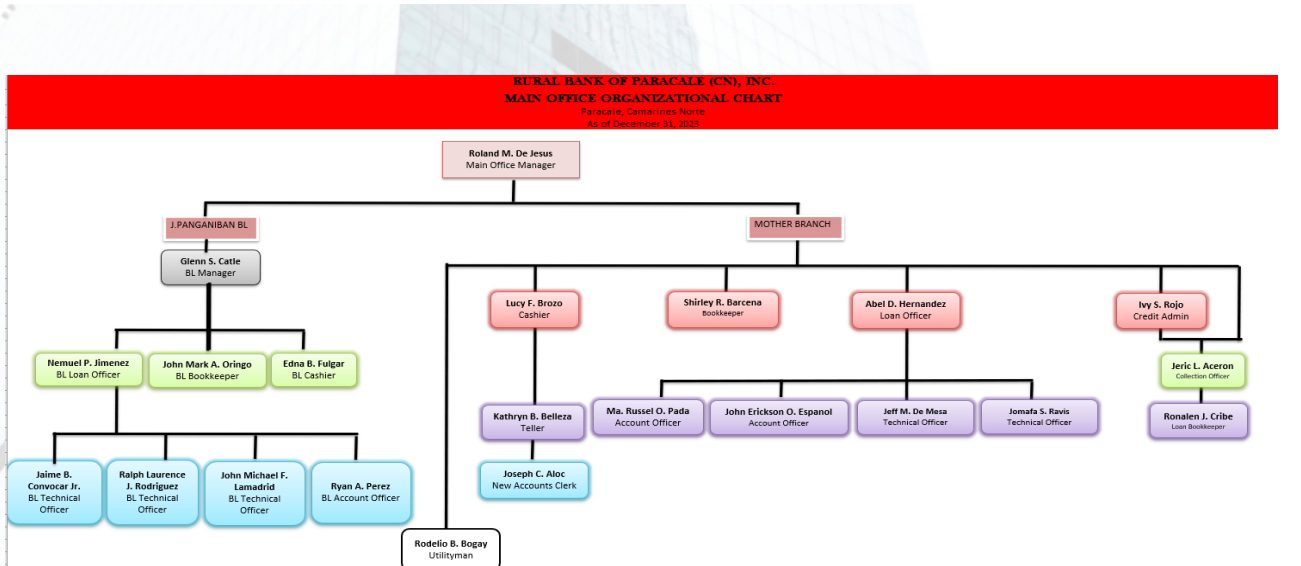
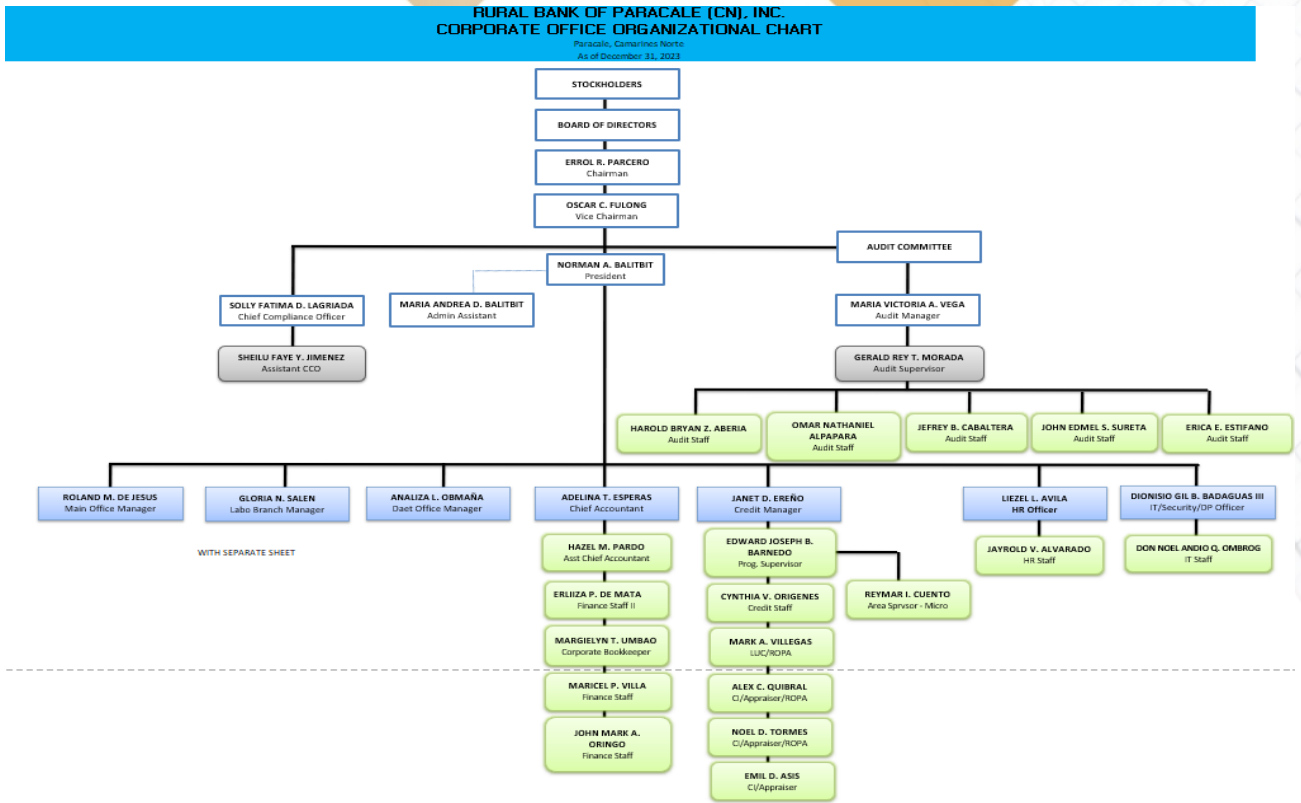
Breakdown of E&S risk exposures of the bank per industry or sector as of December 31, 2023:

E&S Risk Exposures	Industry Classification
12,500,000.00	Construction
12,500,000.00	Total E&S Risk Exposures

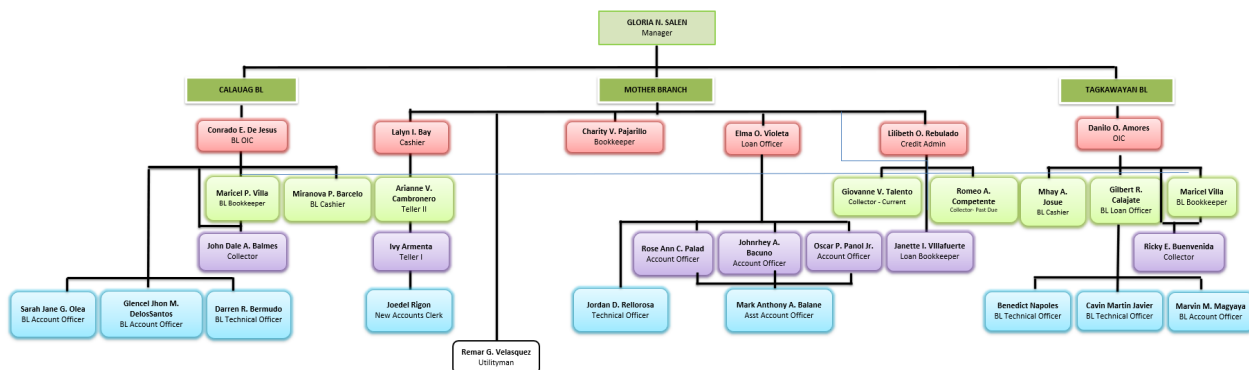
The Bank have implemented compliance measures to adhere to Sustainable Finance Frameworks (SFF). These measures include a screening process for loan applications to ensure the use of proceeds aligns with the bank's eligibility criteria for sustainable projects. The Credit Department verifies the alignment of proposed loan uses with the bank's sustainability parameters, thereby reinforcing the bank's commitment to responsible financing. The bank's risk assessment indicates a low level of environmental and social (E&S) risks.

RBP is setting a modest target of Ps20M to its SME loan portfolio of sustainable investments/financing by year 2024 that will sustain granting of loans directed to this framework.

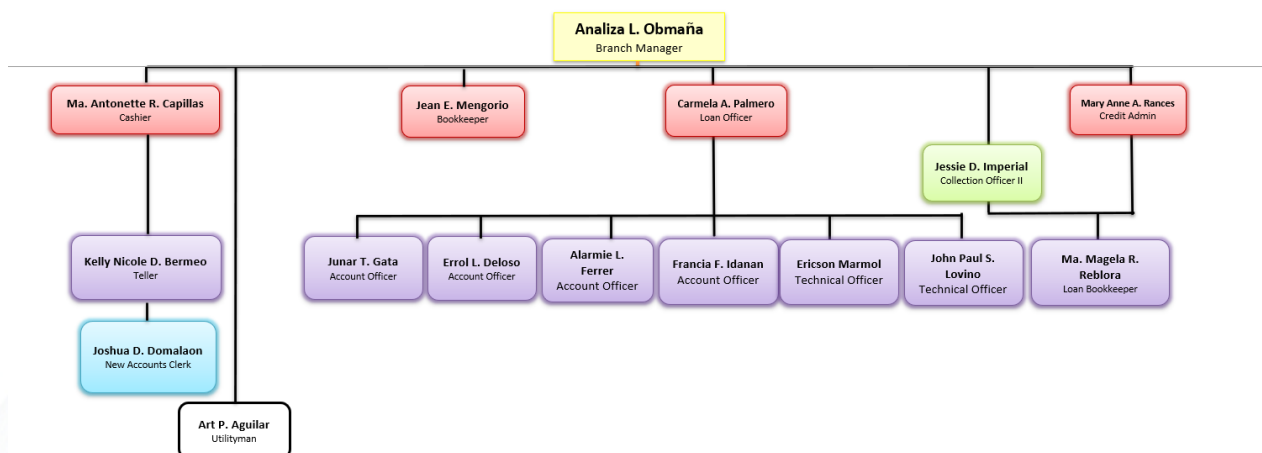
VI. Corporate Information
 a. Organization Structures



RURAL BANK OF PARACALE (CN), INC.
LABO BRANCH ORGANIZATIONAL CHART
 Labo, Camarines Norte
 As of December 31, 2023



RURAL BANK OF PARACALE (CN), INC.
DAET BRANCH ORGANIZATIONAL CHART
 Daet, Camarines Norte
 As of December 31, 2023



b. List of top 10 Stockholders of the Bank as December 31, 2023

	Name	Nationality	% of Share	Voting Status
1	BALITBIT, NORMAN A.	Filipino	8.74%	393,345
2	LAMADRID, JERON C.	Filipino	6.98%	313,938
3	FULONG, OSCAR C.	Filipino	6.13%	275,652
4	LIM, GINA H.	Filipino	5.24%	235,584
5	FRIAS, FRANCIA S.	Filipino	4.69%	211,032
6	LAMADRID, VICTORINO JR.	Filipino	3.69%	166,212
7	QUIJANO, LASARA F.	Filipino	2.89%	130,095
8	FRIAS, BENJAMIN	Filipino	2.43%	109,161
9	ROY, GRACE H.	Filipino	2.40%	107,856
10	LIM, JOSEPH I.	Filipino	1.77%	79,434

c. List and Description of the Products and Services Offered

a) Loans

- i. Agrarian Reform Credit – Loans granted to beneficiaries of agrarian reform, namely: tillers, tenant farmers, settlers, agricultural lessees, amortizing owners, owner-cultivators, farmers, cooperatives and compact farms as stated in P.D 717.
- ii. Other Agricultural Credit – Loans granted to borrowers who are not beneficiaries of agrarian reform to finance activities relating to agriculture and processing, marketing, storage and distribution of products resulting from these activities. Product under this loan classification is:
 - a) Hog Fattening - Loans granted to farmers who are hog raisers, with at least two (2) years' experience in hog fattening and with available pig pen.
 - b) Rice Production
- iii. Loans to Individual Primarily for Personal Used Purposes (LIPPUP) – Loans granted to individuals for consumption purposes. Product under this loan classification is:
 - a) LIPPUP-MVL (Loans to Individual Primarily for Personal Used Purposes – Motor Vehicle Loan) – Loans granted to individuals for the acquisition of motorized land transportation vehicles primarily for personal use.
 - i. LIPPUP-Motorcycle Loans – Loan granted to individuals for the acquisition of motorcycles primarily for personal use.
 - ii. Motorcycle Repair Policy – Loan granted to all RBP permanent employee with motorcycle, with at least one year tenure with the bank assigned in field works with a net take home pay not less than P2,000.00 monthly, net of motorcycle repair amortization.
 - iii. Auto Loans - Loans granted to individuals for the acquisition of automobiles primarily for personal use.
 - b) LIPPUP- Salary Loans – unsecured loans granted to individuals on the basis of regular salary, pension, or fixed compensation where repayment would come from such future remunerations, either through salary deduction, debit from borrower's account, over the counter payment or other type of payment arrangement agreed upon by the borrower and lender.
 - i. LIPPUP-Salary (Honorarium Loan) – Loan designed for Sangguniang Barangay Officials

both elective and appointive positions such as Brgy. Captain, Councilors, Secretary and Treasurer. This is also offered to Brgy. Day Care Worker, Health Worker and Brgy. Tanod.

- ii. LIPPUP-Salary (LGU Loans) – offered to all LGU Officers and Employees either permanent or Job Order of certain municipalities. It should be covered with Memorandum of Agreement between the Bank and Municipal Officers such as Mayor, Treasurer and Accountant.
 - iii. LIPPUP- Salary (Teachers Loan) – Loans granted to all qualified Public and Private School Teachers under the Department of Education to address their credit needs.
 - iv. LIPPUP – Salary (Other Loan) - loan offered to all permanent employees of the GOCC and other Private Company within the province. It should be covered with Memorandum of Agreement or in its absence a written deduction agreement with the designated officer of the company.
 - v. LIPPUP – OFW Loan – offered to all OFW or beneficiary who received remittances through bank issued ATM or Passbook and other remittance channels.
 - vi. LIPPUP – Bonus Loan – Offered to LGU and Teachers who received mid-year and year-end bonus as mandatory incentives of the Government to their employee through bank issued ATM or through the disposition of their respective Head or Disbursement Officer.
 - vii. LIPPUP – Pension Loan – Loan offered to all clients who received Pension from SSS, GSIS and PVAO through bank issued ATM or Savings Account Passbook.
- iv. LIPPUP – Other Loan – Loans granted to individuals to finance household needs such as purchase of household appliances, furniture and fixtures and/or to pay taxes, hospital and educational bills and other personal consumption purposes.
- a) Emergency Loans- to finance the emergency needs of the borrowers like payment of tuition fees, medical expenses, burial expenses, calamities and the like.

- b) Housing Loan – loan proceeds will be used for repair and maintenance of the house of a client and/or purchase of productive assets.
 - c) LIPPUP-OPL with Real Estate Mortgage (REM) - Loans granted to individuals to finance household needs such as purchase of household appliances, furniture and fixtures and/or to pay taxes, hospital and educational bills and other personal consumption purposes these loans shall be covered by REM.
- v. Loans to Individual for Other Purposes (LIOP) – Other loans granted to individuals that cannot be classified under any of the foregoing classification. Loan Product under this classification:
- a) LIOP – Industrial
 - b) LIOP – Commercial – borrowers who fall under this kind of loan are also engaged in business related activities but not qualified under the SME loan product of the bank. It is also secured by REM, CM or it may be unsecured, supported with postdated check (if any) and payable weekly, bi-monthly, monthly or lumpsum.
 - c) LIOP – Commercial (Vendors) – loan offered to merchants in the form of short-term loan to augment their existing capital.
 - i. Regular Vendors Loan – loan amount from ₱ 5,000.00 to ₱ 300,000.00 and will be paid on a daily or weekly basis.
 - ii. Vendors Seasonal Loan – offers to regular vendor’s loan borrowers in addition to their existing loan. Loan amount not to exceed 80% of the Regular loan.
 - d) LIOP – Service Loan (Van loan) – Purchase of new Van or Van repair
 - i. Van Purchase Financing – Maximum of ₱ 1.3 M net of 10 to 20% down payment of the purchase price only or based on debt service capacity whichever is lower.
 - ii. Van Repair Financing – Maximum of ₱ 200,000.00 or based on debt service capacity whichever is lower.
 - e) LIOP – Service Loan (Truck Loan) – loan to businessmen who want to purchase trucks for trucking business.
- vi. Bridge Financing and Short-Term Contractors Loan - Involving borrowers of Land Bank approved loan accommodations to fund take out loans from another Bank and Land Bank endorsed short

term loans for contractors where loan proceeds shall be deposited to land bank account to support bank certification for bidding purposes.

- vii. Construction Loan – Loans offered to contractors within the bank territory who entered into contract agreement with LGU, Provincial Capitol and DPWH to provide work and services in relation with the government project initiated by these units. The bank also offered to subcontractor within also in the bank territory who is hired by a main contractor, to perform a specific task as part of the overall project and is normally paid for services provided to the project by the main contractor and the contractors with projects entered with private proponents that needs financing.
- viii. Credit Lines - Loan extend exclusively to merchants with total assets of above 3M in the form of revolving credit facility for one year available in 30, 60 and 90, 180 day PNS to augment their existing working capital to finance its receivables and purchase of inventory, to support the short term working capital requirements of merchants and utilize excess funds of the bank that would have been idle and to be lent at soft interest rate from the regular loans of the bank.
- ix. Micro Finance Loans
 - a) MFLP Groupings – It is a group Lending from minimum loan of 3,000.00 to a maximum of Php 135,000.00 based on loan cycle. This loan is intended for Micro Finance Clients under Section 314 and Appendix 45 of the New MORB.
 - b) MFLP Groupings v.2.0 “Kabuhayan at Kaunlaran” – It is a group Lending from minimum loan of 5,000.00 to a maximum of Php 150,000.00 based on loan cycle. This loan is intended for Micro Finance Clients under Section 314 and Appendix 45 of the New MORB.
 - c) E- Micro – This is an enhanced micro finance loan intended for individual borrowers who has an existing business under Micro Finance Characteristics mentioned under Section 314 and Appendix 41 of the New MORB. It is also applicable to Micro Finance Clients graduated from the highest cycle of MFLP Regular. This loan ranges from 5,000.00 to Php 150,000.00.
 - d) Micro Finance Plus - Loans granted to the basic sectors, on the basis of the borrower’s cashflow, for their growing micro enterprises and small businesses. These loans are from **P150,001.00 to Php300,000.00**. The borrowers that will qualify as Microfinance Plus shall have a track record of at least two microfinance loan cycles in the

Php50,000.00 to Php150,000.00 range demonstrating the success of the business, its increasing credit demand and subsequent increased capacity to pay.

- x. Gadget Loan - loan to finance the purchase of electronic gadgets with low interest rate.
 - xi. Gold Pawning – loan to serve the working capital of gold trading business in Paracale during lockdown which did not allow them to sell their gold and liquefy their gold inventory and secure funds to continue their buying activity.
- b) Deposit
- i. Regular Savings Deposit – deposit with an average daily balance of ₱ 1,000.00 and above shall earn interest of .5% per annum. The interest shall be credited to the account quarterly. A tax equivalent to 20% of the interest earned shall be withheld at time of interest payment. In case of Micro Deposit, no minimum maintaining balance and is not subject to dormancy charges. (BSP circular 796 and Section 314 of the MORB)
 - ii. Kaibigan Savings Deposit – deposit with an average daily balance of ₱ 500.00 and above shall earn interest of .25% per annum. Maximum balance should not be more than 100,000.00; if the balance exceeds it shall be converted into the Regular Savings Account. The interest shall be credited to the account quarterly. A tax equivalent to 20% of the interest earned shall be withheld at time of interest payment.
 - iii. Special Savings Deposit – Interest rate and term is based on the approved matrix that will vary according to amount and term of deposit. Interest on special savings deposits may be paid upon withdrawal on maturity, however those clients with long term deposits may be paid interest on monthly, quarterly, semi-annually provided approved by BOD. A tax equivalent to 20 % of the interest earned shall be withheld at time of interest payments.
 - iv. Pilit Impok – Compulsory savings deposit of Microfinance Clients.
 - a) For Groupings: The savings deposit of Microfinance Clients is set at 5% of every loan availed, which is deducted from the loan proceeds. The Pledge Savings, or Pilit Impok, serves as a reserve fund that members can utilize as additional capital for an existing or new business upon retirement or withdrawal from the program. Microfinance Borrowers must save PHP 40.00 weekly as their additional deposits. In contrast, under version 2.0 "Kabuhayan at Kaunlaran," 5% of the first loan availed is deducted from the loan proceeds or provided by the borrower. This savings acts as a reserve

fund that members can use as additional capital for an existing or new business after retirement or withdrawal from the program. Members are obligated to save PHP 50.00 weekly as an additional deposit.

b) For Individual – savings deposit is 5-10% of loan amount deducted from loan proceeds & ₱ 40.00 as additional deposits every week within the term of loan.

c) Micro Insurance

CB Kalinga is a group microinsurance product that is renewable yearly offered by Country Bankers Life Insurance Corporation. The Rural Bank of Paracale (RBP) acts as the microinsurance agent, duly authorized by the Bangko Sentral ng Pilipinas (BSP).

d. Bank Website

www.rbparacale.ph

e. List of Banking units

Office	Location	Contact Nos.
1 Corporate Office	2nd Floor, RBP Building, San Antonio Street, Brgy. Poblacion Norte, Paracale, Camarines Norte	054-603-2994
2 Main Branch Office	Ground Floor, RBP Building, San Antonio Street, Brgy. Poblacion Norte, Paracale, Camarines Norte	054-605-0519
3 Labo Branch Office	Maharlika Highway, Brgy. Kalamunding, Labo, Camarines Norte	054-212-0082
4 Daet Branch Office	Vinzons Avenue, Brgy. V, Daet, Camarines Norte	054-212-0084
5 Jose Panganiban Branch Lite Unit	P-5 Brgy. South Poblacion, Jose Panganiban Camarines Norte	054-603-3036
6 Calauag Branch Lite Unit	Arguelles Street, Brgy. Poblacion, Calauag, Quezon	042-784-0878
7 Tagkawayan Branch Lite Unit	Elezar Street, Brgy. Poblacion, Tagkawayan Quezon	042-731-6390

VII. Compliance with Appendix 62 of the New MORB –Disclosure in the Annual Report and Published Statement of Condition

Risk Based Capital Adequacy Framework	SOLO	
	2023	2022
A. Tier 1 Capital and Breakdown		
Paid up Common Stock	50,000,000.00	50,000,000.00
Retained Earnings	38,720,146.00	32,269,169.66
Undivided Profits	8,074,363.00	4,344,138.00
TOTAL TIER 1	96,794,509.00	86,613,307.66
B. Tier 2 Capital and Breakdown		
General Loan Loss Provision	3,402,656.00	2,784,458.23
TOTAL TIER 2	3,402,656.00	2,784,458.23
C. Deduction from Tier 1 and Tier 2 (50%)		
NONE		
D. Total Qualifying Capital		
TIER 1 Capital	96,794,509.00	86,613,307.66
TIER 2 Capital	3,402,656.00	2,784,458.23
TOTAL Qualifying Capital	100,197,165.00	89,397,765.89
E. Capital requirements for Credit Risk		
Risk Weighted On-Balance Sheet Assets	576,187,684.55	501,376,524.57
F. Capital requirements for Market Risk		
NONE		
G. Capital requirements for Operational Risk		
Total Operational Risk Weighted Assets	79,003,682.42	83,726,296.97
H. Total and Tier 1 Capital Adequacy Ratio (SOLO & CONSO)		
Capital Adequacy Ratio	15.54%	13.25%

VIII. Audited Financial Statement (AFS) with Auditors Opinion