

COMPETENCE
FAMILY SPIRIT
INTEGRITY
SIMPLICITY
HUMILITY
EXCELLENCE
STEWARDSHIP

1 NO POVERTY

2 ZERO HUNGER

9 AFFORDABLE AND CLEAN ENERGY

10 REDUCED INEQUALITIES

3 GOOD HEALTH AND WELL-BEING

11 SUSTAINABLE CITIES AND COMMUNITIES

4 QUALITY EDUCATION

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16 PEACE, JUSTICE AND STRONG INSTITUTIONS

BALANCING HEARTS AND MINDS:
Deepening CARD MRI's Client-Centric Approaches

CARD RBI

Integrated Annual Report 2023

About the COVER



In its 37 years of existence, CARD MRI's commitment to empowering the socio-economically challenged and marginalized sectors in the Philippines never faltered.

Our theme, "Balancing the Hearts and Minds: Deepening CARD MRI's Client-Centric Approaches", reflects our service-focused strategies to foster sustainability in everything we do, from our products and services to our programs and initiatives. This commitment ensures that CARD MRI provides lifelong assistance to every individual so that they can take hold of their own destinies.

In every decision we make, we always consider this crucial aspect: the harmony of our emotions and intellect. It guides us in creating rightful decisions not only for the organization but also for the welfare of the communities we serve.

In the shape of heart, we prioritize enhancing the client's service experience through our offerings derived from the voices and the meaningful connections we created with our community. In the image of mind, we are guided by our core values in making conscious decisions that promote a culture of client empowerment.

The image represented by the shape of a woman with a heart and brain pictures the relationship between empathy and strategic thinking. CARD MRI positions its efforts with sustainable development goals.

CARD MRI will continue to listen and understand the voices of its community and deliver tailor-fit programs that will open boundless possibilities.

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THE CARD MRI ORGANIGRAM



CARD Banking Group



Ito ang bangko natin.

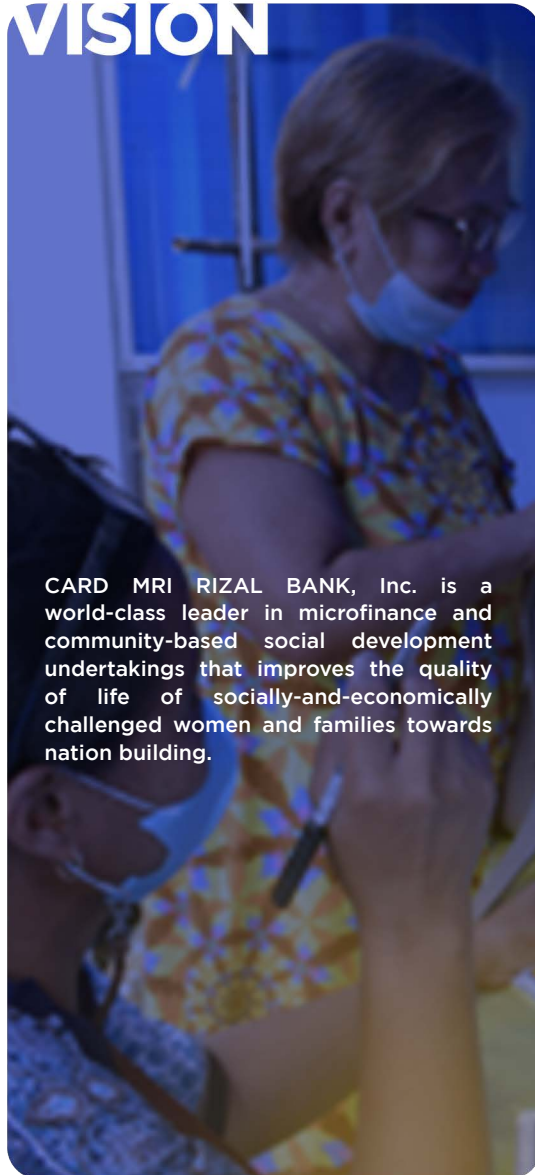
CARD MRI Rizal Bank (CARD RBI), Inc. is dedicated to advocating financial inclusion. CARD RBI hopes to uplift underprivileged, unbanked, and underbanked Filipino individuals across the country.

Since its establishment in 2012, CARD RBI has offered tailored financial solutions, including loans, savings products, and remittance services to meet the various needs of microfinance clients.

Moreover, its mission extends beyond financial transactions. The Bank also aims to empower its community to reach their full potential.

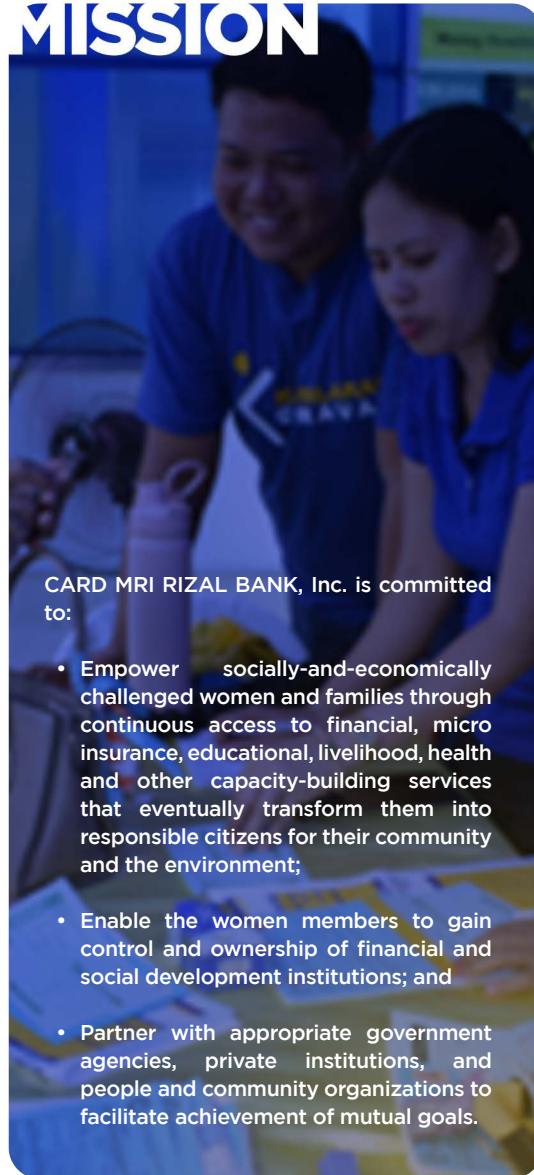
CARD RBI collaborates closely with the CARD MRI group to achieve a holistic approach to development. Together, we offer comprehensive programs and services, including microinsurance, educational and health programs, and capacity-building initiatives. By addressing this, we strive to elevate the quality of life for the communities we serve.

VISION



CARD MRI RIZAL BANK, Inc. is a world-class leader in microfinance and community-based social development undertakings that improves the quality of life of socially-and-economically challenged women and families towards nation building.

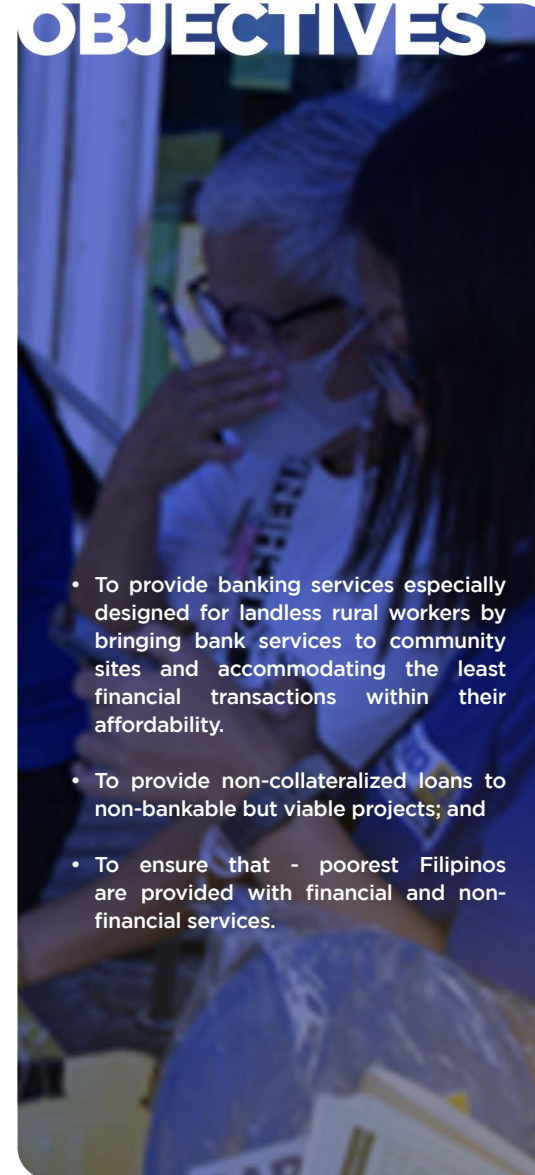
MISSION



CARD MRI RIZAL BANK, Inc. is committed to:

- Empower socially-and-economically challenged women and families through continuous access to financial, micro insurance, educational, livelihood, health and other capacity-building services that eventually transform them into responsible citizens for their community and the environment;
- Enable the women members to gain control and ownership of financial and social development institutions; and
- Partner with appropriate government agencies, private institutions, and people and community organizations to facilitate achievement of mutual goals.

OBJECTIVES



- To provide banking services especially designed for landless rural workers by bringing bank services to community sites and accommodating the least financial transactions within their affordability.
- To provide non-collateralized loans to non-bankable but viable projects; and
- To ensure that - poorest Filipinos are provided with financial and non-financial services.

COMPETENCE

Upholding that the staff is the primary asset and driving force of the institution, CARD MRI Rizal Bank values the continuing development of their competence and capability through instilling the value of integrity, honesty, transparency, discipline, hard work, and excellence leading to the empowerment of its staff and members in an atmosphere of mutual respect.

FAMILY SPIRIT

CARD MRI Rizal Bank, guided by its genuine love for the poor, builds and nurture an atmosphere of family spirit through mutual trust, demonstrating commitment and dedication and sharing of learning experiences among staff and members.

INTEGRITY

CARD MRI Rizal Bank values high transparency, ethics, morality, truthfulness, and sincerity in all its undertakings, programs, and activities. The Bank honors commitments to clients, partners and stakeholders by way of providing faithfully what was agreed upon or promised. Everyone is responsible and accountable for the performance of its institution, officers, and individual staff.

SIMPLICITY

As CARD MRI Rizal Bank dedicates its life for the ultimate empowerment of the poor, CARD MRI Rizal Bank opts to live a simple life in words and in deeds at all times.

OUR CORE VALUES

In fulfilling our mission of eradicating poverty in the Philippines, CARD MRI Rizal Bank, Inc. (CARD RBI) shall be guided by the highest standards of ethical behavior and the core values of competence, family spirit, integrity, simplicity, humility, excellence, and stewardship.

HUMILITY

CARD MRI Rizal Bank recognizes the value of "kababaang loob" towards achieving the CARD MRI's overarching goal of poverty eradication with a heart. As such, all staff are enjoined and encouraged to celebrate the accomplishment and successes of CARD MRI Rizal Bank at heart and not boast them publicly. All staff remain to have strong faith, determined, and committed to work passionately and warmly towards achieving the CARD MRI vision.

EXCELLENCE

CARD MRI Rizal Bank's pioneering effort is rooted in excellence drawn from the Board and staff's confidence to create, innovate, inspire, and continuously challenge the existing paradigm to ultimately empower the poor.

STEWARDSHIP

The Board and staff of CARD MRI Rizal Bank live as stewards of its vision and builds on its strengths, distinctive, and uniqueness of its being through a framework of good governance.

BUSINESS MODEL & VALUE CREATION

OUR CAPITALS

Financial, manufactured and intellectual, human, social and relationship, and natural — enable our business activities to create and enhance value for our stakeholders and contribute to the United Nations Sustainable Development Goals.

FINANCIAL **F**

Our finances are used to widen the reach of our products, services and programs that are used to better serve our members and community while contributing to the United Nations Sustainable Development Goals.

Total Assets -PHP 6,900,475,147.00

Total Capital- PHP 1,919,107,086.00

MANUFACTURED & INTELLECTUAL **MI**

Our machines and infrastructure are situated in non-disaster and non-hazardous areas for the protection of employees and clients.

1 Head office

37 Branches

215 Branch Lite Unit (BLUs)

10 Automated Teller Machines (ATM)

38 Digital Cash Machines (DCM)

HUMAN **H**

Our highly competent, skilled and dedicated personnel with unparalleled commitment and passion are exposed to training and workshops, including local and international study tours.

1,744 employees (69.04% women, 30.96% men, Millennials 62.39%, Senior Highschool graduates 1.43%, Scholars 2.18%)

PHP 27,669,313.00 spent on local and international training for employees.

SOCIAL & RELATIONSHIP **SR**

Our clients and partners trust us as the advocate of social development and nation building.

767,154 client served.

10 partners

NATURAL **N**

Our provision of products and services that reduces the emission of gasses minimizes our impact on the environment.

1.36% percentage of Environmental and Social Risk-Related Loans versus Overall Loan Portfolio

1,000 trees planted

11.41 tons of reduced papers with the digital implementation

THE VALUE WE CREATE



F MI H SR N

EMPLOYEES **MI H SR**

We empower our employees by providing a positive and thriving workplace that fosters creativity, learning, and development.

PHP 567,909,556.00 total payments to employees

INVESTORS **F**

We maintain our investor's trust by ensuring transparency and prudent risk management.

PHP116,903,517 Total interest paid

PHP360,000,000 Total dividends disbursed

Monthly board meetings

Publishing of annual report to website

GOVERNMENT AND REGULATORS **F SR**

In order to keep institution's credibility and efficiency, we build linkages and partnership to all government agencies, and other related-regulating bodies such as Banko Sentral ng Pilipinas (**BSP**), Securities and Exchange Commission (**SEC**), Philippine Deposit Insurance Corporation (**PDIC**), National Privacy Commission (**NPC**), Department of Labor and Employment (**DOLE**), Social Security System (**SSS**), Philippine Health Insurance Corporation (**PhilHealth**), Home Development Mutual Fund (**Pag-IBIG Fund**), Department of Environment and Natural Resources (**DENR**), and Bureau of Internal Revenue (**BIR**).

PHP65,782,490.16 Total amount of Government remittances

PHP177,588,584.00 Total amount of paid taxes

CLIENTS AND COMMUNITIES **F MI SR N**

We serve our clients and communities with products and services that promotes financial inclusion through exposure and business opportunities.

5,041 No. of Clients who attended Training Programs

1,898 No. of Scholars

HOW WE CREATE VALUE



BUSINESS OPERATION



STRATEGIES

SUSTAINABILITY STRATEGY

RESPONSIBLE BANKING

- Considers environment in the business operations
- Promotes Nation Building

RESPONSIBLE OPERATIONS

- Promotes eco-friendly activities
- Paperless transactions
- Environmental Sustainability
- Conduct Credit with Education (CwE) to members



Message from the

CARD MRI FOUNDER & CHAIRMAN EMERITUS

Harmonizing Heart and Minds in Shaping a Brighter Tomorrow

In the middle of the seemingly endless journey through the pandemic, the year 2023 signals the rebirth of new possibilities and opportunities for both CARD MRI and the communities we serve.

As we emerge from the darkness of the pandemic's grip and navigate uncharted territories, we are reminded of the resilience that binds us together. Despite the challenges of communication barriers with our clients and members across the Philippines, we have remained steadfast in our commitment to advocating connections and sharing stories of hope and inspiration.

Our digital channels have been vital lifelines that bridge the gap and keep our relationships with over 9 million clients and members nationwide vibrant and alive. Our efforts symbolize our unwavering dedication to never leaving anyone behind in adversity.

As we bid farewell to this unimaginable chapter of distress caused by the pandemic, we are embracing the return to physical interactions with our clients and communities. Beyond mere words, it is the genuine care and compassion that define our organization's spirit and principles that compel us to reach out and connect on a deeper level with them.

Through the revival of traditional practices like weekly center meetings and in-person visits and transactions, we are gaining invaluable insights into the needs and aspirations of those we serve. In 2023, we reinforce our back-to-basics strategy as we recognize the power of simplicity and human connection in crafting programs and strategies that can create impactful stories of success.

While modern technology plays a crucial role, we understand the importance of striking a balance between the digital realm and physical engagement. This harmonious balance of heart and mind enables

us to design programs and services tailored to fit the needs of our community.

Our programs are driven by the collective voices and experiences of our employees and clients. Each story shared fuels our commitment to delivering tailored solutions that make a positive ripple effect in the lives of the people.

Moreover, our attainment of the inaugural license to operate an Islamic Banking Branch signifies a historical milestone. It underscores our unwavering commitment to inclusivity, making our initiatives accessible to all. With this achievement, we feel more empowered to extend our financial assistance and other programs to the Muslim communities. We will take even bolder steps to ensure equal opportunity for all, including extending access to microinsurance and other vital community development services.

We not only strive to fortify CARD MRI but also extend our support to the entire microfinance and microinsurance industries, promoting sustainability in helping other people. They stand as our allies in realizing our journey to eradicating poverty. We must amplify our advocacy for nation-building, for policymakers to also bolster our programs and initiatives for the Filipinos.

Our journey does not end here. We are poised to continue flourishing in the remotest corners of our nation. By lending a helping hand to fellow microfinance institutions and like-minded organizations, we accelerate our journey toward ensuring a decent life for every Filipino family.

As we look ahead to the future, we remain steadfast in our commitment to stand alongside Filipino families, empowering them to shape a brighter tomorrow. Together, we will continue to make progress, guided by the wisdom of both heart and mind, towards a more inclusive and progressive society.

Jaime Alip
Jaime Aristotle B. Alip
CARD MRI Founder & Chairman Emeritus

Message from the

CARD MRI MANAGING DIRECTOR

Sustainable Future for Filipino Families

For 37 years, CARD MRI has dedicated its operations to improving the lives of Filipino families, particularly those who are socially and economically challenged. Throughout this time, we have learned key lessons on the importance of sustainability in all our efforts. We have realized that it is not enough to provide short-term support; rather, we must ensure that our programs and initiatives are sustainable and capable enough of delivering lifelong benefits to the people we serve.

To carry out sustainability in all of our programs, every aspect of our organization is carefully reviewed and analyzed. From the development of products and services to the implementation of initiatives and programs, we find solutions that provide constant success. This holistic approach ensures that our efforts continue to create positive ripple effects in our community, even as circumstances evolve.

As we have grown and expanded our reach, we have encountered various needs and challenges within the communities we serve. This dynamic environment has pushed us to adapt and innovate continuously. By embracing change, we have been able to develop more effective strategies and initiatives that meet the evolving needs of our staff, clients, and their families.

Moreover, our commitment to sustainability extends beyond the financial outlook. We recognize the interconnectedness of social, environmental, and economic factors and strive to address them comprehensively. This includes promoting financial inclusion, empowering marginalized groups, and advocating environmental stewardship through our operations and initiatives.

In 2023, we started a new chapter in our sustainability journey by documenting all of our efforts. As we begin our sustainability reporting, it also provides more transparency and accountability in what we do

as an organization. This allows our stakeholders to understand the scope and impact of our activities. This also enables us to take a look at our progress and identify rooms for improvement that help us enhance the effectiveness and efficiency of our processes.

Through this integrated annual reporting, we aim to showcase not only our financial accomplishments but also our commitment to supporting sustainable development goals. This report not only shows the tangible outcomes of our efforts but also the principles and values that guide our actions. By sharing our experiences and insights, we hope to inspire others to join us in our commitment to sustainable development.

Our sustainability strategy is driven by our recognition of the interconnectedness of global challenges and the need for collective action. By aligning our efforts with international initiatives, such as the United Nations Sustainable Development Goals (SDGs), we contribute to a broader movement for positive change.

At the same time, we remain aware of the challenges within the Philippines, which require well-fitted approaches and solutions. By collaborating with individuals, partners, institutions, and other organizations that share the same mission with us, we strengthen collective expertise and resources to maximize our impact.

In conclusion, sustainability is at the heart of everything we do at CARD MRI. It guides our decision-making processes, shapes our motivation, and drives our commitment to creating positive change. As we continue our journey, we remain steadfast in our dedication to empowering individuals, strengthening communities, and building a more sustainable future for all.

Aristeo A. Dequito
CARD MRI Managing Director /
CARD MRI Rizal Bank Chairperson

Message from the

PRESIDENT AND CEO

Empowering Communities Through Innovation and Care

In our persistent pursuit to uplift the socioeconomically challenged communities, 2023 marked a year of innovation and progress for CARD MRI Rizal Bank, Inc. (CARD RBI). Our commitment to client-centric approaches has not only adapted to the evolving needs of our clients but also spearheaded initiatives that redefine the landscape of microfinance-oriented banking.

The culture and core values of CARD MRI have been our guiding principles in everything we say and do. Let me share our endeavors, highlighting our key initiatives, partnerships, and the impact we have collectively achieved in 2023.

Pioneering Financial Solutions for Lasting Impact

Pilot Testing of New Loans: Our journey started with a simple yet profound realization – knowing our clients' goals and desires is the first step to helping and eventually achieving true empowerment. Thus, we ventured beyond conventional lending practices. We introduced innovative loan products tailored to the specific needs of our communities. Every initiative showcased our dedication towards concrete action development, from gadget and appliance loans to pioneering solar appliance financing. After

the successful pilot tests, we swiftly rolled out these initiatives across various CARD RBI centers nationwide. It underscores our commitment to innovation and responsiveness to the evolving needs of our clients.

Educational Empowerment: We always believe that education is the cornerstone of progress, and at CARD RBI, we encourage a culture of learning. We do not want our clients to access financial services to improve their businesses and houses. We also want to help them make better and wiser decisions in life. Our “One Family, One Graduate” campaign seeks to ensure that every household we serve has at least one college graduate. By providing scholarship programs and educational loans, we have provided access to quality education for countless individuals. We are breaking barriers and igniting hope for a brighter future.

In addition, our team ensures we make the most of our clients' time during center meetings. Apart from ‘Lakbay Aral’ and capacity-building programs for our clients, we also implement a Credit with Education (CwE), which has topics such as health and business for them to gain additional knowledge. We want them to become more educated and responsible citizens and individuals.



Elma B. Valenzuela
Elma B. Valenzuela
President and CEO
CARD MRI Rizal Bank, Inc.

Embracing Digital Transformation: Recognizing the transformative potential of technology, we embarked on a journey of digitalization aimed at enhancing accessibility and efficiency. From the development of konek2CARD and CARD Sulit Padala to digitizing loan applications and transactions, our technological initiatives have significantly streamlined processes and advanced accessibility and inclusivity, particularly for marginalized communities in remote areas. We also installed additional digital cash machines and ATMs as part of our digitalization efforts to enhance our services. We continue to deliver seamless service to our clients and communities.

Fostering Collaboration and Sustainable Growth

Collaborative Ventures: None of our achievements would have been possible without the invaluable support of our partners. Through strategic collaborations with CARD MRI institutions and organizations that share a common goal, we have synergized efforts to amplify our impact and reach far-flung and underserved communities. These partnerships have enabled us to leverage our resources, expertise, and networks to contribute to sustainable development and economic empowerment. Moreover, we celebrate our clients' hard work with

awards like “Pagkilala sa mga Likha ni Inay”. It is our way to recognize their efforts to grow their businesses bigger and motivate others to strive harder in what they do.

Sustainable Practices: At CARD RBI, sustainability isn't just a buzzword – it's a way of life. We conduct rigorous loan utilization checks to ensure these loans are used for their intended purpose and help our clients improve their businesses. We also advocate for environmental preservation and community health programs through tree-planting activities and medical missions. Instilling the importance of insurance and savings to them is part of our daily service. Such initiatives build responsible banking practices that transcend profit margins, ensuring that every action adds to the holistic development of our communities.

Culture of Empathy and Resilience

Challenges come our way, but we learn from them. We face challenges managing the transition to digitization and helping our employees and clients deal with crises like the pandemic. But all of these have spurred growth and innovation. The feedback we receive from our clients has helped us to develop new products and services for them. By nurturing empathy, collaboration, and continuous learning,

we have weathered storms and emerged better, stronger, and more resilient.

As we reflect on our accomplishments, we remain steadfast in our commitment to deepening our client-centric approaches. Our plans, such as continuous improvements in paperless transactions, konek2CARD mobile banking app and InstaPay enhancements, and investments in staff training for succession planning, show how we want to promote sustainable social development. We will keep forging partnerships and working together to build a brighter future for everyone.

Indeed, 2023 has been a good year. It has become more purposeful because of the relationships we build and nurture with our clients. As I always tell my staff, “Everything we do is not for ourselves but for our clients. Success comes from serving others, not just ourselves.” It acknowledges that we place our clients' needs at the top and the purpose behind what we do. I want to extend my heartfelt gratitude to our dedicated staff, esteemed partners, and resilient communities for their support and dedication to our shared vision. Together, let us continue to harness the power of innovation, collaboration, and empathy to drive positive change and create a more just and equitable world for all.

B O A R D O F



Mr. Julius Adrian R. Alip
Director



Ms. Suzette S. Marquez
Independent Director



Ms. Elma B. Valenzuela
Director/President and CEO



Mr. Aristeo A. Dequito
Chairperson

D I R E C T O R S



Dr. Dolores M. Torres
Vice Chairperson



Ms. Julieta A. Miranda
Independent Director



Ms. Marie Josephine M. Ocampo
Director



Mr. Lezel M. Flores
Independent Director



Ms. Leonora S. Lasco
Independent Director

M A N A G E M E N T

FINANCIAL



COMMITTEE

Ms. Elma B. Valenzuela
President and CEO

Ms. Juliana B. De Leon
Executive Vice President

Ms. Mary Grace A. Vergavera
Vice President for Finance

Ms. Ma. Adoracion M. Ola
Vice President for Operations

Ms. Marites S. Pedraja
Assistant Vice President for
Operations

Mr. Pedro L. Maniebo
Senior Regional Director

Ms. Medelyn K. Alimagno
Senior Regional Director

Ms. Nenya I. Peralta
Senior Regional Director

Ms. Maria Ernelyn D. Dajao
Director for IT Operations

Mr. Hilario Umiten Jr.
Chief Compliance Officer

Mr. Juanito Alfonso
Deputy Director for Risk

Mr. Joseph Tabora
Deputy Director for Audit

Mr. Oliver G. Quinay
Deputy Director for konek2CARD

Ms. Maria Grethel Besonia
Deputy Director for HR

Ms. Ruby Anne D. Suministrado
Regional Director

Mr. Robert F. Urgino
Regional Director

Ms. Venus J. Manrique
Regional Director

Mr. Joseph G. Verano
Regional Director

Mr. Mark Jayson C. Soriano
Regional Director

Mr. Artemio A. De Las Alas
Regional Director

Mr. Florante F. Andaya
Regional Director

Ms. Rebecca F. Ano-os
Regional Director

Mr. Roneil B. Ganohay
Regional Director

Mr. Rodolf Henry J. Melgar
Regional Director

Ms. Ma. Theresa G. Boncodin
Senior Area Manager

Ms. Ma. Cecilia M. Comaling
Senior Area Manager

Mr. Heric B. Acbayan
Senior Area Manager

Ms. Jhenny R. Logdat
Senior Area Manager

Ms. Lyne M. Inot
Senior Area Manager

Ms. Ma. Clarissa C. Bolivar
Senior Area Manager

Mr. Glenn C. Matienzo
Information Security Officer

Mr. Alex Benitez
Marketing Officer



FINANCIAL HIGHLIGHTS

Minimum Required Data	Year Ended			
	2023	2022	2021	2020
Profitability				
Total Net Interest Income	2,203,419,168	1,914,739,945	1,644,847,363.77	977,683,517
Total Non-Interest Income	30,457,893	32,580,043	7,392,597	1,559,058
Total Non-Interest Expense	1,523,818,095	1,440,107,388	1,448,483,265	835,080,594
Pre-provision Profit				
Allowance for Credit Losses	171,747,125	349,471,450	283,928,389	138,487,623
Net income	532,595,995	379,883,577	143,990,220	5,674,357
Selected Balance Sheet				
Liquid Asset	1,553,964,850	1,348,565,609	1,858,062,544	2,164,602,324
Gross Loans	4,878,456,931	4,511,362,027	4,246,800,146	3,841,832,252
Total Asset	6,900,475,147	6,203,598,597	6,413,292,524	6,399,937,810
Total Deposit	4,022,652,780	4,068,473,105	4,452,027,926	4,212,196,957
Total Equity	1,919,107,086	1,716,784,540	1,241,257,664	1,124,441,821
Selected Ratios				
Return on Average Equity	29.30%	25.68%	12.17%	0.53%
Return on Average Assets	8.13%	6.02%	2.25%	0.10%
Selected Balance Sheet Data				
Cash Dividend Declared	360,000,000	129,500,000	125,240,000.00	72,000,000.00
Head Count				
Officers	410	409	415	475
Staff	1,334	1,251	1,206	1,187

Capital Structure and Capital Adequacy				
Tier 1 Capital	2023	2022	2021	2020
Paid Up Common Stock	1,050,000,000.00	1,006,419,700	800,000,000	748,222,700
Retained Earnings	147,225,535.69	127,341,957	112,851,738	268,907,242
Undivided Profit	532,595,995.43	385,181,092	143,990,220	5,674,357
Total Core Tier 1 Capital	1,729,821,531	1,518,942,749	1,056,841,957	1,022,804,299
Tier 2 Capital				
Preferred Shares	200,000,000	200,000,000	200,000,000	109,872,600
General loan loss provision	114,413,290	42,115,798	57,829,509	56,538,610
Total Core Tier 2 Capital	262,510,579	242,115,798	257,829,509	166,411,210
Gross Qualifying Capital	1,936,297,152	1,761,058,547	1,314,671,466	1,189,215,508
Deductions from Tier 1 and Tier 2 Capital	-45,320,513	-91,696,786	-68,036,718	-70,679,797
TOTAL QUALIFYING CAPITAL	1,890,976,638	1,669,361,761	1,246,634,748	1,118,535,711
Capital Requirements for Credit Risks	6,251,057,859	5,527,301,958	5,714,618,329	5,983,154,558
Capital Requirement from operational risk	2,102,339,658	2,102,339,658	1,867,919,901	1,752,355,294
Total and Tier 1 Capital Adequacy Ratio	23.16%	21.88%	18.00%	15.58%



AT A GLANCE

767,154

Clients Served

420,466

Active Clients with Loans

748,365

Client including Savers



38

Branches and
Offices



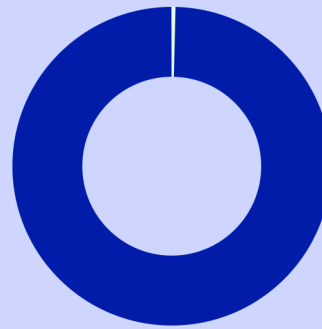
215

Branch Lite
Units

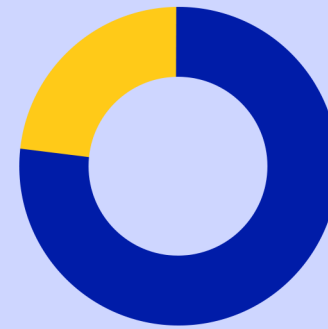


1,744

Staff



Repayment Rate
99.22%



Financial Self-Sufficiency
123.08%



Operational Self-Sufficiency
130.84%

PHP
12,544,601,761

Loans Disbursed

PHP
4,878,456,931

Loans Outstanding

PHP
4,022,652,780

Savings



E

Economic

At CARD RBI, the economic aspect includes our financial activities, performance, and its impact on the economy. It conducts ethical and responsible economic activities that contribute positively to society while maintaining financial sustainability. This involves supporting local economic development, promoting transparent financial reporting, and adhering to regulatory standards. By integrating economic considerations into its operations, CARD RBI aims to create long-term value for its stakeholders while advancing socioeconomic development.



E

Environmental

CARD RBI is committed to becoming environmental stewards while empowering individuals and communities. The organization takes initiatives that focus on mitigating environmental risk and promoting sustainability practices within our community of staff. From energy efficiency to waste management, water conservation, and biodiversity preservation, CARD RBI prioritizes reducing its environmental footprint and addressing climate change.



S

Social

Our community is the heart and soul of everything we do. Beyond providing financial services, we are deeply committed to creating a positive impact in the communities we serve. Through initiatives such as community engagement, social equity, and upholding ethical standards, CARD RBI strives to be a responsible organization dedicated to uplifting society.



G

Governance

Ethical leadership is fundamental to our organization's values. The organization adheres to the highest standards of integrity, accountability, and transparency in our governance practices. As CARD RBI promotes ethical conduct and sound decision-making, we nurture investor confidence, mitigate risks, and ensure the long-term sustainability of the organization's operations for the benefit of all stakeholders.

ECONOMIC

Building a better Philippines through financial inclusion

CARD RBI plays a pivotal role in empowering clients to improve their standard of living and expand their businesses. Our clients are already resourceful, but what they lack is money and proper knowledge to make a successful business. By providing access to financial and insurance services, training, and mentorship, we enable them to pursue entrepreneurial ventures and generate sustainable income streams. Combining all of these led to the improvement of our clients' lives and some are now able to send their children to school even without the help of scholarship assistance.

Guidelines are in place to ensure that clients transition from micro-enterprises to small and medium-sized enterprises (SMEs). We also focus on building their capacity, providing necessary resources, and educating them in financial management and basic financial literacy as some clients operate sizable businesses but fail to maintain financial records or financial statements. But when staff identifies clients with potential, we support them to become SME borrowers, thereby increasing their financial backing.

As we look to the future, we remain committed to fostering entrepreneurship as a catalyst for sustainable development. By continuously innovating and adapting our programs to meet evolving market dynamics, we aim to create an enabling environment for entrepreneurship to thrive, driving inclusive growth and prosperity for all.

767,154

Clients Served

748,365

Clients with Savings

420,466

Active Clients with Loans

PHP 12,544,601,761

Loans Disbursed

PHP 4,878,456,931

Loans Outstanding



Employment

For more than a decade, CARD RBI has created employment opportunities for more than a thousand Filipinos dedicated to serving the low-income sectors. As of December 2023, CARD RBI employs 1,744 individuals, providing fair compensation and benefits across all levels, from account officers to management. This employment not only creates opportunities for its clients but also enhances the lives of our employees, enabling them to start businesses, support family ventures, and provide education for their families.

Geographical Positioning and Management (Offices)

CARD RBI's expansion has allowed it to have a strong presence in Luzon, Visayas, and Mindanao. For this year, a total of 38 branches and 215 branch-lite units (BLUs) are now operating in different areas of the country.

For the subsequent year, CARD RBI plans to open 10 BLUs being set to be established by 2024. This continuous expansion is a reflection of CARD RBI's dedication to providing more underserved families and communities access and being financially inclusive.

Digital Transformation and Optimization

CARD RBI has always been open to innovation. It always strives to simplify, accelerate, and make financial and banking services more efficient.

The konek2CARD is one of CARD RBI's flagship online services, providing clients with convenient access to financial services in an increasingly fast-paced world. As of December 2023, CARD RBI has 460,026 konek2CARD users and generating additional income for 2,468 konek2CARD agents.

With all of these activities, CARD RBI ensures to contribute to our national economic growth.

ENVIRONMENTAL

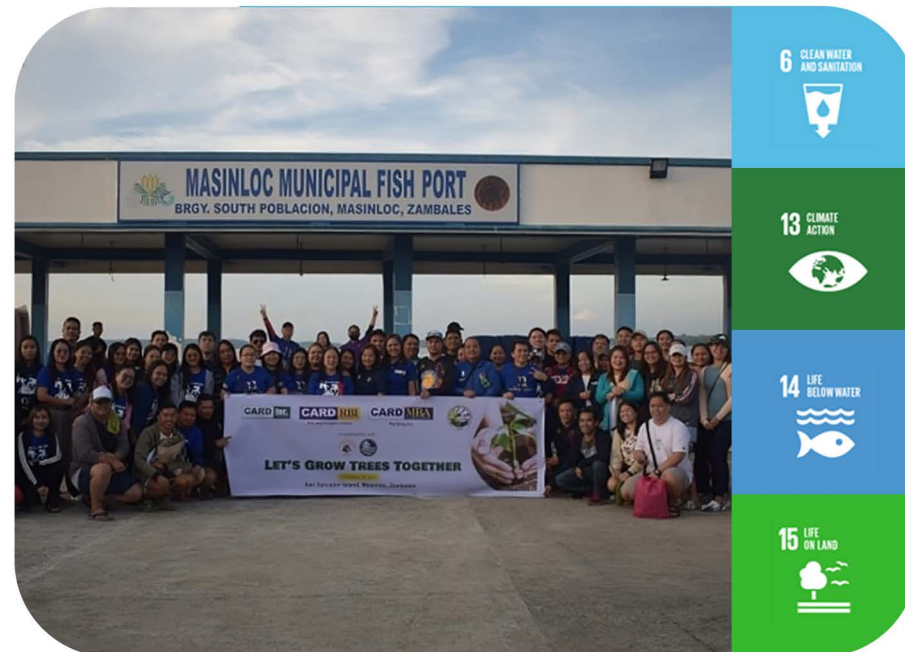
CARD RBI is committed to minimizing our environmental footprint and promoting sustainable practices across our operations.

CARD RBI, along with other CARD MRI institutions, organized a mangrove tree planting event in San Salvador Island, Mainloc, Zambales on November 18, 2023. About 80 employees from the said CARD MRI institutions have collectively planted 1000 mangrove trees with the hopes of reducing the carbon footprint in the area. In hindsight, the mangrove tree planting event also aimed to increase the awareness of the employees that they can help the environment in their own ways.

One of the notable milestones that CARD RBI achieved in 2023 was the partnership with Hybrid Solar Solutions to provide loans for solar panels. The potential of utilizing solar power in the Philippines is more evident with the increasing use of solar panels. CARD RBI has taken this opportunity to provide households, especially those situated in remote off-grid areas, access to renewable energy.

Moreover, our policies and initiatives are aimed at reducing waste, conserving energy, and water resources, and promoting eco-friendly behaviors among our staff and clients.

Through waste management programs and initiatives, we promote responsible consumption and waste reduction across our operations. Waste segregation, recycling efforts, and proper disposal practices are integral to our environmental stewardship efforts, ensuring that we minimize our impact on the environment and promote a culture of sustainability within our organization.



Our commitment to environmental sustainability is reflected in our day-to-day operations, with comprehensive policies and procedures in place to ensure compliance with regulatory requirements and industry best practices.

Most of our processes and transactions have been digitalized, resulting in reduced paper usage. This shift towards a paperless system not only minimizes waste but also promotes environmental sustainability by reducing carbon footprint. Moreover, we actively promote energy and water conservation measures by using energy-efficient appliances and implementing water-saving initiatives.

Also, green bonds represent a strategic investment opportunity for CARD RBI, aligning with our commitment to environmental sustainability and responsible finance. These investments support the transition to a low-carbon economy, promote renewable energy initiatives, and contribute to climate change mitigation and adaptation efforts.

While CARD RBI has not yet invested in green bonds, we remain open to exploring such opportunities in the future. As we continue to evaluate our investment strategy and assess market trends, green bonds may emerge as a viable option for diversifying our portfolio and advancing our sustainability objectives.

As we look to the future, we are exploring opportunities to further enhance our environmental sustainability efforts. This includes advancing renewable energy solutions, initiating more tree-planting initiatives, advocating for backyard gardening, potted gardening, and hydroponics, and continuously promoting sustainable practices among our staff and clients. Aside from these, workshops and seminars on environmental awareness will be conducted to increase knowledge among clients and staff and lead to a more sustainable environment for all.



SOCIAL

Service-oriented

The clients are CARD RBI's heart and purpose for existence. The products and services developed are tailored to their evolving needs, which results in faster and more efficient transactions. CARD RBI's social development programs have paved the way for the clients to develop economically, with financial literacy programs teaching them to manage loans wisely and invest in businesses that support their children's education.

It also encompasses a wide range of community development initiatives and social welfare programs. Through our comprehensive suite of services, we empower individuals and communities to improve their livelihoods, access essential services, and build a better future for themselves and their families.

1,898
SCHOLARS

684
Graduated

1,499
Colleges

7
Senior High
School

369
High School

1,087
Active

CARD BALIK ESKWELA PROGRAM

GRADUATE SCHOLARS OF 2023

22
Colleges

1
High School

125
Colleges

24
High School

PHP

3,631,870.00
Utilized Fund

Community Development Programs

Aside from microfinance products and services, CARD RBI also provides its clients and communities with various social development services to further support their growth and development. Microfinance is a key for CARD RBI to do its non-financial services. What CARD RBI earns is given back to its clients through continuous expansion and provision of development services. Livelihood and capacity-building programs for its clients are consistently conducted in partnership with CMDI and other organizations. CARD RBI also provides clients access to education opportunities through education loans and scholarships. These initiatives aim to build up the capacities of our clients and families through formal learning.

5,041

Clients attended Training Programs

101

Basic Bookkeeping and Financial Management

105

Lakbay-Aral

505

Business Starters

1,062

Livelihood Training

2,457

**CARD MRI Basics:
Clients Re-orientation**

67

The Art of Investment

740

Enterprise Development

4

Bookkeeping training and workshop

Health and Wellbeing

CARD RBI puts a premium on the health and well-being of its clients. Aside from financial and livelihood topics, our CwE program also facilitates discussions on numerous health topics. Moreover, our Microfinance and Health Protection (MaHP) Unit has continued to provide various health services to our clients and communities. Throughout the year, CARD MRI Clinics have provided scheduled medical and dental checkups to CARD RBI clients, while our Community Health Days (CHDs) have provided free medical, dental, and optical services for both clients and the general public. Finally, CARD's online health service, CARD e-Doctor, gives our clients easy access to free online consultation services and e-prescriptions, which tackle relevant and timely health topics throughout 2023. Our initiatives ensure that clients receive the support needed for a healthy lifestyle.

Looking forward, CARD RBI will further create activities that address the social needs of clients. These include hiring indigenous people to foster diversity and inclusion, promoting women's empowerment through targeted programs, and organizing center chief meetings to enhance the leadership skills of center chiefs and integrate them more deeply into their communities.

Employment

The profile of CARD RBI staff and officers, including demographics and characteristics, underscores our commitment to diversity and inclusion. Our workforce comprises individuals from various backgrounds and communities, fostering a rich and dynamic organizational culture.

We believe that applicants are drawn to join CARD RBI by our values-driven approach, focus on community service, and opportunities for personal and professional growth. The prospect of making a meaningful difference in the lives of others and the goal of poverty

eradication, coupled with the chance for employment and career advancement, serves as a compelling incentive for prospective employees.

The impact of employment at CARD RBI extends beyond financial remuneration, influencing the lives of our staff in profound ways. Employees experience an improvement in their standard of living, find fulfillment in their work, and derive satisfaction from contributing to the well-being of others. When you're in the field, you truly witness the improvement in the lives of our clients. You feel a sense of accomplishment and connection when you see clients who have come from poverty and then can help them uplift their lives. It's amazing to see some clients truly prosper, and it's gratifying knowing that you were part of their success. Within the staff, it is evident that a bond is formed among ourselves – we see each other as someone we can rely on or seek guidance from. Moreover, the supportive work environment, wider connections, and opportunities for personal development further enhance the overall quality of life for our employees.

Staff retention is attributed to several factors, including a sense of contentment in their roles, a sense of fulfillment in helping others, opportunities for career advancement, and the organization's clear vision and governance structure. Additionally, initiatives such as capacity-building programs and travel opportunities contribute to employee satisfaction and loyalty.

CARD RBI's decision to hire senior high school graduates reflects our commitment to investing in talent and fostering long-term growth. Senior high school graduates bring enthusiasm, fresh perspectives, and a strong work ethic to the organization, contributing to increased productivity and innovation. Moreover, investing in their education and professional development demonstrates our dedication to nurturing future leaders and empowering individuals to reach their full potential.

HEALTH AVAILMENT THROUGH

420

Medical

3,947

Health Education

866

E-Doctor

314

Community Health Days (CHDs)



CARD RBI's corporate governance is based on CARD MRI's seven core values: Competence, Family Spirit, Integrity, Simplicity, Humility, Excellence, and Stewardship. The Bank's governance framework ensures transparency and accountability, with a commitment to financial inclusion in the country. The institution has long been committed to advocating financial inclusion in the country.

Board of Directors at Management Committee Members

CARD RBI's Board of Directors includes experts in the field of banking to help guide the institution's direction. The bank also includes independent Board Directors to provide unbiased and unique perspectives on its progress.

The Bank has 6 Board Committees to ensure that corporate governance responsibilities are met and potential risks are monitored.

CARD RBI is also a well-structured organization with good leaders who listen to the needs of its clients and communities. This positive orientation trickles down to the rest of the organization and facilitates good performance by its employees. Moreover, it emphasized that the Bank's values are reflected in both their professional and personal lives. This may be proved by the retainment rate of its employees along with the increasing number of people who are interested in joining the Bank. Many of its employees have been with CARD RBI for more than a decade and have seen and been part of the organization's growth. The sense of belongingness and fulfilment in their work is reflected through their work with the communities which is much appreciated by the Bank's clients.

CARD RBI also welcomes talents from various backgrounds. More specifically, it has employed more people regardless of their gender, religion, and age. Our management always underscores the healthy working environment for all its workforce.

Transparency

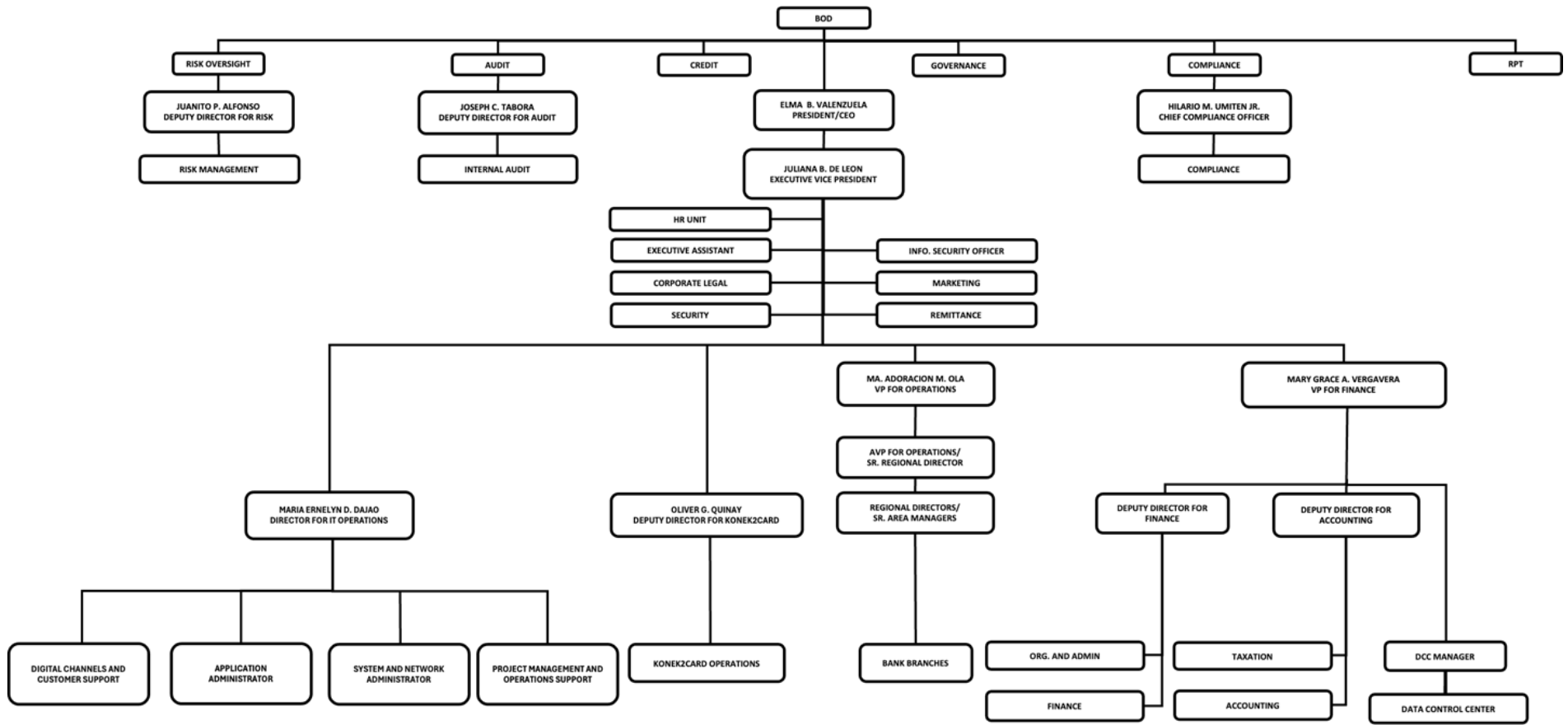
CARD RBI ensures the competence of its operations by seeking the assistance of regulators like the BSP, Internal, and External Auditors to guarantee the health of its operations in serving its communities. Additionally, xx members of the Board of Directors are clients of CARD RBI.

Client Feedback

CARD RBI always puts the client first in all aspects of our service. Their feedback is a valuable asset for us, thus we always listen to the voices of our clients and communities. It is through their insights and suggestions we devise our strategies and base them upon any improvements or changes to our products and services. We always keep an open line between the institution and our clients. Center meetings are one way we can directly hear their needs and suggestions. We also provide grievance reporting channels where clients can share their satisfaction or notes about certain aspects of our service. Consistent Monitoring is also part of how we gather feedback. From unit managers to top management, everyone at CARD RBI is taking part and listening to our clients' comments and suggestions. Social media has played a significant part in making CARD RBI accessible to our clients anytime and anywhere through their mobile devices.

CORPORATE INFORMATION

Organizational Structure





BUILDING A SUSTAINABLE LEGACY

For Alex Jay Duran, 30, from Ytaya, Lazi, Siquijor, true success in entrepreneurship is not merely measured by the number of businesses they establish, but by the positive effects they create. Their ventures stand tall because of the positive impact on their community and environment.

Despite facing early hardships, Alex and his family persevered with unwavering determination. Their decision to start a business enabled them to overcome life's challenges and begin their journey in the business world.

With a starting capital of PHP 500.00, Alex's family established their banana cracker business in 2000. Each of their family members played a part in expanding this business. Alex and his siblings sold their products in Larena, Siquijor to earn pocket money for school. This venture not only sustained their family's needs but also funded the education of all four siblings.

Out of the four siblings, Alex was the one who pursued a business course. He took a Bachelor of Science in Business Administration because of his desire to oversee and manage their family business.

In his second year of college, Alex gained essential business insights through his DTI and DOST trainings. These experiences made it clear to him that the business world demands dedication and patience.

He graduated from college in 2014, marking the same time they established another venture, the Alex Souvenir Shop. To promote their island to tourists, they launched the souvenir shop as the tourism industry in Siquijor grew. Instantly, demand increased which prompted them to hire local suppliers, benefiting their community members. At just 19 years old, he managed both businesses after working as a surveyor in their local municipality for over a month.

Despite strong sales, rising prices from local suppliers necessitated additional capital. In 2017, they turned to CARD MRI Rizal Bank, Inc. (CARD RBI) for financial support to ensure business continuity.

He used his initial loan of PHP 20,000 as additional capital for their souvenir shop. He applied for loans one after the other until his existing loan reached PHP 500,000, which they only used to grow their souvenir shop.

It fueled the growth of the souvenir shop, which served as the foundation for five additional ventures: a restaurant in 2018, poultry farming in 2020, sand and gravel operations in 2021, a meat shop in 2023, and most recently, a piggery.



They acknowledge the significant role that CARD RBI played in their business success, motivating them to expand their business, create job opportunities, serve as inspirations to others, and contribute positively to the environment.

To set a positive example, they implemented eco-friendly practices such as using biodegradable packaging, paper straws and plates, and wooden utensils in their restaurant. Furthermore, they deliver their butchered chickens and meat products fresh and directly to customers, eliminating the need for plastic packaging.

His social initiatives earned him recognition in their community, leading to membership in DTI's Food Entrepreneurs and recognition as a finalist in the 2023 Pagkilala sa Mga Likha Ni Inay.

Currently, they have 50 suppliers and employ 50 people. Together with CARD RBI, Alrex envisions a future filled with opportunities for their ventures.

The Siquijor Alrex Balite Corporation, comprising seven businesses with a total asset of PHP 23,718.776.00, still anticipates further growth and expansion in the years ahead.

For Alrex, always thinking of the wide possibilities and not sticking to one business is crucial. He thinks that it is vital to establish two to three businesses that complement each other so that entrepreneurs like him have a backup plan, and their ventures can support each other's needs. He encourages aspiring entrepreneurs to give back to our community and prioritize environmental sustainability.

His story highlights the limitless potential that exists when one is willing to persevere and innovate in the business world. As their corporation continues to thrive and its reputation grows, it paves the way for a legacy that will inspire and empower future generations of their family to pursue their dreams.



SUSTAINABILITY ACHIEVEMENTS



10

Number of Partners

1891

Solar Loan Clients

PHP 14.6 Million
Amount Disbursed

460,026
konek2CARD users

2,468
konek2CARD agents



11.41 tons
reduced paper with the
used of digital platforms



4

Implemented Digital Platforms
CARD MRI Rizal Bank, Inc. Integrated Annual Report 2023



1,000
mangrove trees planted

SUSTAINABILITY COMMITMENTS



“Our team at CARD RBI will continue to implement sustainable banking practices and renewable energy projects that support environmentally friendly initiatives within rural communities.”

Ms. Elma B. Valenzuela, *President and CEO*



“We will provide training programs and more favorable microfinance loans to empower women in both urban and rural areas, fostering both economic empowerment and financial inclusion.”

Ms. Juliana B. De Leon, *Executive Vice President*



“Our goal is to increase social sustainability by creating more products and services while maintaining the financial and operational sustainability of the institution.”

Ms. Mary Grace Vergavera, *Vice President for Finance*



“We will continue to foster financial inclusion by providing low-interest microloans products which help reduce poverty and promote socioeconomic development.”

Mr. Hilario Umiten Jr., *Chief Compliance Officer*



“To support economic growth and social welfare, we will engage more in community development programs such as caravans and tree planting initiatives.”

Ms. Ma. Adoracion M. Ola, *Vice President for Operations*



NO POVERTY

CARD RBI's primary mission is to eradicate poverty in the country through financial inclusion. By providing financial services, including micro and SME loans, savings products, and remittance services, we give the underserved population an equal opportunity to participate in the financial sector and improve their lives.



ZERO HUNGER

CARD RBI supports small farmers and entrepreneurs through microfinance and agricultural programs. This helps improve food security and promote sustainable agriculture practices, which contributes to the goal of zero hunger.



QUALITY EDUCATION

CARD RBI also supports the educational needs of its clients and their children through educational loans and scholarships. The microfinance-oriented rural bank provides financial assistance for school fees, which ensures that children from low-income families can receive a quality education.



GOOD HEALTH & WELL-BEING

Aside from financial services, CARD RBI also provides community development programs, such as health programs among its clients and their families. This provides them access to affordable healthcare services that reduce their financial burden of illness and promote well-being.



GENDER EQUALITY

For more than 11 years, CARD RBI has put a strong emphasis on women empowerment. The institution promoted gender equality by providing equal access to financial services and opportunities for women. At CARD RBI, women are empowered to become entrepreneurs, leaders, and agents of change in their communities and advance social and economic development.



DECENT WORK & ECONOMIC GROWTH

CARD RBI's financial products and services empower our millions of clients to create decent work and livelihood opportunities that promote economic growth in rural and underserved areas, thus lifting themselves out of poverty.



SUSTAINABLE CITIES & COMMUNITIES

CARD RBI provides financial products and services that bridge the urban-rural divide and promote inclusive development.



REDUCED INEQUALITIES

The inclusive financial services of CARD RBI reduce inequalities. The institution provides marginalized and vulnerable groups, including women, rural communities, and people with disabilities with access to financial products, services, and opportunities.



CLIMATE ACTION

Through CARD RBI's environmental initiatives and sustainable practices, the Bank promotes climate resilience and environmental sustainability among its clients and communities. This includes promoting tree planting activities, supporting renewable energy projects, and raising awareness about climate change mitigation and adaptation.



PEACE, JUSTICE & STRONG INSTITUTIONS

By promoting financial inclusion and empowerment, CARD RBI contributes to building strong and inclusive institutions that support peace, justice, and sustainable development at the community level.



PARTNERSHIPS FOR THE GOALS

The organization always believes that collaboration is vital in facilitating our mutual goal of ending poverty in the country. To also achieve the SDGs identified by the United Nations, CARD RBI continues to collaborate with its various stakeholders, including government agencies, NGOs, and international organizations, to expand its reach and advance the impact of its undertakings.

CARD RBI's contribution to





SUSTAINABLE TRIAD

BALANCING PEOPLE, PLANET, & PROSPERITY

For more than 11 years, CARD MRI Rizal Bank, Inc. (CARD RBI) has been working tirelessly to break the chains of poverty through financial, and non-financial products, and community development services. We work not only for the sustainability of our institution but also for the people and the community we work with. CARD RBI is and will remain committed to integrating the principles of People, Planet, and Profit from our strategic planning to our daily operations. As a trusted microfinance-oriented rural bank in the Philippines, we understand that CARD RBI has a profound responsibility for the impact it creates on its employees, communities, and the environment. Through our integrated approach, we go the extra mile to create value for our society.

PEOPLE

We always recognize that our employees are the greatest asset of our organization and providing them a decent working environment is also a reflection of our success. From our entry-level employees to our C-level executives, we continue to invest in their professional development, health, and safety as part of nurturing our culture and values. By providing opportunities for growth and development, we empower our employees to unlock their full potential and contribute to the overarching goal of CARD MRI to eradicate poverty in the country.

In addition, we place high importance on the needs of our clients and their families, particularly the underserved and vulnerable segments of society. Through our tailored financial products, educational, health, livelihood, and other community outreach programs, our holistic approach to development empowers our clients and the communities we serve to shape their current circumstances and build a better future.



PLANET

CARD RBI also gives equal importance to our environment. As stewards of our planet, we are committed to lessening our environmental footprint and supporting sustainable initiatives and practices across our operations that heal our planet from the human-induced activities that negatively impact our environment.

It is part of our culture to remain simple. We implemented energy-efficient measures and started our waste reduction strategies within our office premises to minimize the negative impact on our environment. Our unit offices do not utilize air conditioning units and we have started to embrace renewable energy and green technology. With these undertakings, we aim to build a more sustainable and resilient future.

In addition, CARD RBI is pushing for activities that will raise awareness about our responsibility of taking care of our environment and preserving our natural resources. Through our partnership with environmental organizations and community programs, we support tree-planting activities to ensure the health and vitality of our planet.

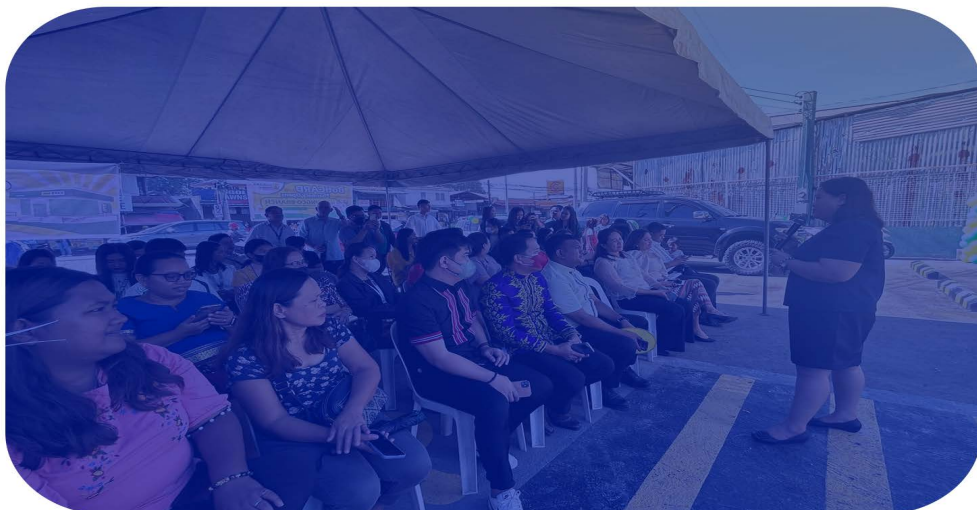


PROSPERITY

While we empower the communities we serve and safeguard our actions that will impact our environment, CARD RBI remains committed to delivering sustainable financial performance and creating value for our shareholders and stakeholders. Throughout our 11 years of operations, we constantly uphold sound financial management practices, sensible risk management, and ethical business conduct. These support our long-term success and resilience as an institution. By nurturing the values of trust, transparency, and accountability, CARD RBI persistently boosts its reputation and credibility to the public.

Furthermore, we acknowledge the connection of our financial success with social and environmental well-being. Through our responsible and smart practices in lending, investing, and delivering strategic community development initiatives, we expect to generate positive social and environmental effects while bringing in reasonable financial returns.

The integration of People, Planet, and Prosperity considerations has been part of our organization for years. From our comprehensive strategy development to our daily operations, we adhere to our sustainability principles in every aspect of our undertakings. Through collaboration, stakeholder engagement, and continuous improvement, CARD RBI is driving positive change and innovation across our operations.



99.22%

Repayment
Rate

123.08%

Financial
Self-Sufficiency

130.84%

Operation
Self-Sufficiency

Through this integrated reporting, we are promoting transparency, accountability, and stakeholder engagement in this sustainability journey. We will measure and monitor our sustainability performance to track our progress, identify our rooms for improvement, and underscore our commitment to operate responsible business practices and contribute to our Sustainable Development Goals (SDGs).

In the coming years, CARD RBI will continue to navigate the opportunities and challenges of the future, but we will remain persistent in our promise to nurture People, Planet, and Profit in our organization. As we focus on the well-being of our clients and communities, preserve our environment, and serve sustainable financial performance, CARD RBI catalyzes positive change and sustainable development in the communities we serve. As we continue our journey towards a zero-poverty Philippines, we can build a more inclusive, resilient, and thriving future for all.



CORPORATE GOVERNANCE

BRAND AND BUSINESS MODEL

CARD MRI Rizal Bank, Inc., A Microfinance-Oriented Rural Bank was incorporated under Philippine laws by virtue of Securities and Exchange Commission (SEC) dated December 15, 1994. The Bank was granted the authority by the Bangko Sentral ng Pilipinas (BSP) to operate on April 29, 1996 under its original name of Rizal Rural Bank (Taytay, Rizal), Inc. The bank was established primarily to engage in the business of rural banking as defined and authorized under Republic Act No. 7353, as amended, such as granting loans to small farmers and to deserving rural enterprises, as well as receiving deposits in accordance with the regulations promulgated by the Monetary Board.

In January 25, 2013, as approved by the Monetary Board in its Resolution No. 155, the bank was acquired by the CARD MRI group and various individuals from its previous owners. Since then, it has continued engaging in rural banking but has concentrated its efforts towards developing programs and services tailor-fit to the needs of the socially and economically challenged women and their families and began expanding its operations towards the Philippine country-side.

One of its major strategies is through the application of the CARD MRI microfinance program model of transitioning evaluated good and prime clients of Center for Agriculture and Rural Development (CARD), Inc. into CARD MRI Rizal Bank, Inc. for them to benefit from the microfinance, small and medium facilities and services from the bank resulting in the availing of more loans, deposits and other banking products and services. This is parallel to the vision-mission of the bank in serving the socially and economically challenged women and their families.

TRANSITIONING OF GOOD AND PRIME CLIENT OF CARD, INC. (A MICROFINANCE NGO)

The CARD MRI Rizal Bank's target market remains closely intertwined with CARD Inc., (A Microfinance NGO), CARD Bank, and CARD SME Bank being all members of CARD MRI. Hence, the target market of the entire CARD MRI can be described in a ladderized and three-legged approach as follows:



As one of the members of CARD MRI group, CARD MRI Rizal Bank's target market is also synchronized and deeply thought about to ensure that all the member-institutions reinforced each other in the attainment of the mission and vision of ultimately empowering the poor by upholding the core values of competence, family spirit, integrity, stewardship, humility, culture of excellence, and simplicity.

As a methodology, transitioning of matured CARD, Inc. clients/borrowers to CARD MRI Rizal Bank will be its mainstream. Transitioning of clients means that the CARD, Inc. clients with good/prime credit standing may avail of the microfinance, small, and medium (MSME) facility/services from CARD MRI Rizal Bank resulting to more loans and deposit products to borrowers/members. This business strategy encourages the borrowers/members to further comply with the repayment discipline required for them to qualify in the transitioning. Upon transitioning of the clients, clients are continuously provided with financial and non-financial services by CARD MRI Rizal Bank, leading to enriching and empowering them through continuous access to financial resource as well as through training and supervision by the CARD MRI Rizal Bank staff. CARD MRI Rizal Bank completes the loop of developing and empowering the poor to become experts in small and medium enterprises who do not just generate profits for the family but also employment opportunities for their communities.

CARD MRI Rizal Bank's overall strategy involves developing the clients further to the next level. With this, CARD MRI Rizal Bank does not stop at the provision of small microfinance loans to awaken and nurture the entrepreneurial skills of the microfinance clients, but by also providing them with bigger loans and other flexible products and services that will continuously nurture their business skills and acumen in managing various individual or family enterprises.

CORPORATE GOVERNANCE

CARD MRI RIZAL BANK, Inc.'s corporate governance practice adheres to seven (7) core values: competence, family spirit, integrity, simplicity, humility, excellence, and stewardship. The bank's exemplary corporate governance is anchored by its strong corporate culture and values. It is guided with a clearly defined governance framework promoting transparency, fairness, and accountability.

The bank advocates financial inclusivity among its members and clients. It assures that all board of directors, officers, and staff are aligned with the interest of its shareholders. The bank believes that corporate governance is a necessary component of what constitute sound strategic business management and undertake every effort necessary to create awareness within the organization. It works closely with the regulators to ensure that the internal governance standards are being met by the bank.

BOARD OF DIRECTORS

Observance of the principles of good corporate governance starts with the Board of Directors. It is primarily responsible in fostering long-term success of the bank and assuring sustained competitiveness in a manner consistent with its fiduciary responsibility.

The Board is responsible for approving and overseeing the implementation of the bank's strategic objectives, risk strategy, corporate governance, and corporate values. It is also responsible in overseeing the performance of senior management in so far as managing the day-to-day affairs of the bank. It establishes a code of conduct and ethical standards in the bank and institutionalizes a system that will allow reporting of concerns or violations to an appropriate body. The board conducts itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.

COMPOSITION

The Board is composed of nine (9) members pursuant to bank's Articles of Incorporation and by-laws, where four (4) of whom are independent directors. All are professionals from various field of expertise such as banking, law, accounting and finance, bank regulation, information technology, microfinance, and social development.

There are nine (9) Board of Directors as of December 31, 2023 with four (4) of whom are independent directors, details are as follows:

Name of Director	Principal Stockholder	Type of Directorship	No. of Years as Director	No. of Shares Held	Percentage of Shares	BOD Meeting's Attendance	
						2023	
Mr. Aristeo A. Dequito	-	Non-Executive	3 Years	1	0.00%	12/12	100%
Dr. Dolores M. Torres	-	Non-Executive	11 Years	262,497	2.50%	12/12	100%
Ms. Elma B. Valenzuela	-	Executive	7 Years	525,000	5.00%	12/12	100%
Ms. Marie Josephine Ocampo	Bank of the Philippine Islands, Inc.	Non-Executive	5 Years	1	0.00%	8/12	67%
Mr. Julius Adrian R. Alip	-	Non-Executive	5 Years	1	0.00%	12/12	100%
Ms. Lezel M. Flores*	-	Independent	2 months	1	0.00%	2/2	100%
Ms. Leonora S. Lasco	-	Independent	3 Years	1	0.00%	12/12	100%
Ms. Julieta A. Miranda	-	Independent	6 Years	1	0.00%	12/12	100%
Ms. Suzette S. Marquez	-	Independent	5 Years	1	0.00%	12/12	100%

**Ms. Lezel Flores was elected as an Independent Director effective November 2023, in replacement of the late Mr. Faustino Buenaventura.*

QUALIFICATIONS OF THE BOARD OF DIRECTORS

Directors

The Board of Directors must be fit and proper for the position of a Director considering the following: 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, sufficiency of time to fully carry out responsibilities, and concurrent position in the same BSFI and interlocking position in entities that may pose conflict of interest. Members of the board of director shall not be appointed as Corporate Secretary or Chief Compliance Officer.

A Board of Director must have attended a seminar on corporate governance for Board of Directors. Except for the following persons who are exempted from these requirements. a) Filipino citizens with recognized stature, influence and reputation in the banking community, including directors of publicly listed companies in the Philippines 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. c) Former Chief Justices and Associate Justices of the Philippine Supreme Court.

Independent Directors

The independent directors must and have not been an officer or employee of the bank, its subsidiaries or affiliates or related interest during the past three (3) years counted from the date of the board's election/appointment. He/she is not an owner of more than two percent (2%) of the outstanding shares or a stockholder with shares of stock sufficient to elect one (1) seat in the board of directors of the institution, or in any of its related companies or of its majority corporate shareholders. He/she is not a close family member of any director, officer or stockholder holding shares of stock sufficient to elect one (1) seat in the board of directors of the Bank or any of its related companies or of any of its substantial stockholders. He/she is not acting as a nominee or representative of any director or substantial shareholder of the bank, any of its related companies or any of its substantial shareholders; and is not or was not retained as professional adviser, consultant, agent or counsel of the Bank, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm during the past three (3) years counted from the date of his election; He/she is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the Bank or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment; He/she was not appointed in the Bank, its subsidiaries, affiliates or related interests as Chairman "Emeritus", "Ex-Officio", Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the board of directors in the performance of its duties and responsibilities during the past three (3) years counted from the date of his appointment; He/she is not affiliated with any non-profit organization that receives significant funding from the Bank or any of its related companies or substantial shareholders; and He/she is not employed as an executive officer of another company where any of the Bank's executives serve as directors.

An independent director may serve as such continuously for three (3) years, after which may be assessed for a possible extension of terms up to a maximum of cumulative term of nine (9) years. After which, the independent director shall be perpetually barred from serving as independent director of the bank after nine (9) cumulative years of service but may continue to serve as regular director.

CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman of the Board of Directors shall provide leadership in the board of directors. The chairman's primary role is to ensure that the board is effective in its task of setting and implementing the Bank's direction and strategy. She shall ensure that a good relationship and trust within the members of the board of directors shall be maintained. The Chairman of the Board shall:

- take the chair at general meetings and board meetings;
- ensure that the meeting agenda focuses on strategic matters including discussion on risk appetites, and key governance concerns;
- ensure a sound decision making process;
- encourage and promote critical discussion;
- ensure that dissenting views can be expressed and discussed within the decision-making process; ensure that members of the board of directors receives accurate, timely, and relevant information;
- ensure the conduct of proper orientation for first time directors and provide training opportunities for all directors; and
- ensure conduct of performance evaluation of the board of directors at least once a year.

BOARD QUALIFICATIONS

Name	Age & Nationality	Years of Experience	Directed Institution	Educational Attainment	Qualifications
Mr. Aristeo A. Dequito <i>Chairman</i>	56, Filipino	35 years in the MFI, banking and other related fields	CARD, Inc. (Managing Director & Trustee) CMIT, Inc. (Director) MLNI, Inc. (Director) CARD-BDSF, Inc. (Trustee) CARD MBA (Executive Director) CMDI, Inc. (Trustee) FDSAP (Director) CARD MRI Holdings, Inc. (Director)	- BS in Business Administration with Major in Accounting -San Pablo Colleges, SPC (1987) - Master in Entrepreneurship -Asian Institute of Management (2008) - Advanced Management Program -Harvard Business School Boston, Massachusetts (2015)	Training Program on Supervisory Assessment Framework (SAFR), Sustainable Finance Framework, Exposure Visit in FDS Indonesia for Core Banking System, Anti-Money Laundering and Combating the Financing of Terrorism, IT Governance Principle Course, Exposure in ASA Agrifinance and SME Program, FDS Core Banking Service and Mobile Technology Training/Planning, IFC Digital Finance Partnership Workshop, Sound Credit Risk Management System, Corporate Governance Seminar and Basic Rural Banking Course, among others.
Dr. Dolores M. Torres <i>Director</i>	68, Filipino	37 years in MFI, banking, and other related fields	CARD, Inc. (Trustee and Treasurer) MiDAS, Inc. (Director and Treasurer) CARD Bank, Inc. (Director) FDF Best Corporation (Director, Treasurer and President) CMDI, Inc. (Trustee)	- BSC Accountancy -Laguna College (1981) - MS Community Development -UPLB (1985) - Global Excellence in Management -Case Western Reserve (2000) - Appreciative Inquiry -University USA (2000) - Microfinance Training -Boulder Colorado (2001) - Executive MBA -AIM Makati City (2006) - Key Executives Management Course -Harvard Business School USA (2010) - Ph.D. in Organization Development -SAIDI, Manila (2016)	Training Program on Supervisory Assessment Framework (SAFR), Sustainable Finance Framework, Anti-Money Laundering and Combating the Financing of Terrorism, IT Governance Principle Course, Risk Management Excellence in Microfinance, Succession Planning: Developing Leaders from Within, ITIL Intermediate Certificate in Service Strategy, Basic and Advance Microfinance Training, and Corporate Governance and Basic Rural Banking Course, among others.
Ms. Elma B. Valenzuela <i>Director</i>	59, Filipino	35 years in the MFI industry and banking	CARD SME Bank (Director) CARD, Inc. (Trustee) CMIT, Inc. (Director)	- BS Agriculture (Agronomy) -G. Araneta Univ. Foundation, Malabon, Metro Manila (1986) - Master of Business Administration (MBA) -Trinity College, Quezon City (2004) - Executive MBA at Asian Institute of Management -Makati City (2007) - Advanced Management Program -Harvard Business School, Boston, Massachusetts (2015)	Training Program on Supervisory Assessment Framework (SAFR), Sustainable Finance Framework, Anti-Money Laundering and Combating the Terrorist and Proliferation Financing, IT Governance Principle Course, Basic Banking Regulations and Compliance, Related Party Transactions, Microfinance Training Program, Governance and Risk Management Training, Risk Management Seminar and Microfinance Credit and Risk Workshop, among others.

Name	Age & Nationality	Years of Experience	Directed Institution	Educational Attainment	Qualifications
Ms. Marie Josephine M. Ocampo <i>Director</i>	61, Filipino	34 years in the banking, finance and related fields	BPI Direct BankO, Inc. (Director and Chairman) Global Payment Asia-Pacific Philippines, Inc. (Director) BPI Payment Holdings Inc. (Chairman) AF Payment Inc. (Director) Bank of Philippine Island–Mass Retail (Executive Vice President)	- BS Business Management Honors Program -Ateneo de Manila University (1984) - Advance Management Program -Harvard Business School, Boston Massachusetts (2007)	Advance Corporate Governance Training, Money Laundering and Terrorist Program, Risk Management Overview, Project Management, Quality Improvement Course, Management Development Program, Johnson and Johnson School of Advertising, and Management Development Program, among others.
Mr. Julius Adrian R. Alip <i>Director</i>	45, Filipino	21 years in the MFI and business dev't service industry	Philippine Finance Association (Director) CARD LFC (Director) CARD SME Bank (Executive Vice President) CARD-BDSFI, Inc. (Trustee)	- AB Technical Theater -De La Salle University College of St. Benilde (1999) - MS Public Administrator -Harvard University (2014) - MS International Community Economic Development -Southern New Hampshire University (2006) - Executive Education Top Management Program -Asian Institute of Management, Makati City (2010) - Executive Education High Potential Leadership -Harvard Business School (2010) - Edward S. Mason program -Harvard University (2014) - Accredited SME Consultant of Association of Accredited Small Business Consultants USA (2020).	Training Program on Supervisory Assessment Framework (SAFR), Sustainable Finance Framework, Corporate Governance Seminar, Risk Management Seminar, SME Financing, IT Governance Principles Course, Anti Money Laundering and Combating Terrorist Financing, Non-Credit Private Equity and Venture Capital, and SME Financing/ Financial Analysis, among others.
Ms. Leonora S. Lasco <i>Independent Director</i>	69, Filipino	-		- Junior Secretarial Science -Southern Technical Institute (1973) - Encoding Course -TESDA (2009)	Training Program on Supervisory Assessment Framework (SAFR), Sustainable Finance Framework, Corporate Governance, Risk Management Training and Simple Bookkeeping, among others.
Ms. Julieta A. Miranda <i>Independent Director</i>	66, Filipino	-		- BS Commerce -Adamson University and Polytechnic University of the Philippines (Undergraduate) - Secretarial -Araullo Evening Vocational School (Vocational)	Training Program on Supervisory Assessment Framework (SAFR), Sustainable Finance Framework, Corporate Governance Seminar and Supervisory Training, IT Governance Principle Course, Anti-Money Laundering and Combating the Financing of Terrorism, among others.
Ms. Suzette S. Marquez <i>Independent Director</i>	59, Filipino	-		BS Secondary Education Major in Psychology -Cebu Normal University, Cebu City (Undergraduate)	Training Program on Supervisory Assessment Framework (SAFR), Sustainable Finance Framework, Enhanced Corporate Governance Seminar, IT Governance Principle Course, Anti-Money Laundering and Combating the Financing of Terrorism, among others.
Lezel M. Flores <i>Independent Director</i>	48, Filipino	-		Associate Fishery Technology at Cebu State College of Science and Technology, Moalboal	Training Program on Supervisory Assessment Framework (SAFR), konek2CARD Negosyo and Anti-Money Laundering, Risk Management in Banking, Enterprise Development Training, Lakbay-Aral Training, Fisheries Laboratory and Post- Harvest Technology (On-the-Job Training), Manufacture of Optical Mechanical Assembly, among others.

BOARD COMMITTEES

The Board is supported by nine (9) different committees with their respective functions and directives as follows:

A. AUDIT COMMITTEE

Name of Director	Attendance		Position
1. Ms. Suzette Marquez	12/12	100%	Chairperson
2. Ms. Lezel M. Flores	1/1	100%	Vice-Chairperson
3. Ms. Julieta A. Miranda	12/12	100%	Member

**Ms. Lezel Flores was elected to the Committee in replacement of the late Mr. Faustino Buenaventura starting December 2023.*

The audit committee is composed of at least three (3) members of the board, all are non-executive director, and majority are independent director including the Chairperson, who have knowledge of financial reporting and internal controls. The committee is responsible for overseeing senior management in establishing and maintaining an adequate, effective and efficient internal control framework. It shall ensure that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations and safeguarding of assets. The committee regularly meets every Friday before Board Meeting of the month or as the need arises.

The audit committee's tasks include, but are not limited to, the following:

- Oversee the financial reporting framework.
- Monitor and evaluate the adequacy and effectiveness of the internal control system.
- Oversee the internal audit function.
- Oversee the external audit function.
- Oversee implementation of corrective actions.
- Investigate significant issues/ concerns raised.
- Establish whistleblowing mechanism.

B. RISK OVERSIGHT COMMITTEE

Name of Director	Attendance		Position
1. Ms. Leonora S. Lasco	12/12	100%	Chairperson
2. Ms. Marie Josephine M. Ocampo	6/12	50%	Vice Chairperson
3. Ms. Suzette S. Marquez	12/12	100%	Member

The Risk Oversight Committee is composed of at least three (3) members of the board of directors, majority of whom are independent directors including the Chairperson. The committee advises the board of directors on the bank's overall current and future risk appetite, oversee senior management's adherence to the risk appetite statement, and reports on the state of risk culture of the bank. The creation of risk oversight committee plays vital role as the bank's success is largely dependent on the ability of its directors and officers in managing risks. The committee regularly meets every Friday before Board Meeting of the month or as the need arises.

The committee's tasks include, but are not limited to, the following:

- Oversee the risk management framework.
- Oversee adherence to risk appetite.
- Oversee the risk management function.

C. CORPORATE GOVERNANCE COMMITTEE

Committee Member	Attendance		Position
1. Ms. Julieta A. Miranda	12/12	100%	Chairperson
2. Ms. Aristeo A. Dequito	11/12	92%	Vice Chairperson
3. Ms. Suzette S. Marquez	12/12	100%	Member

The Corporate Governance Committee is composed of at least three (3) members of the board of directors, majority of whom are independent directors, including the Chairperson. The committee assists the board of directors in fulfilling its corporate governance responsibilities. The committee regularly meets every Friday before Board Meeting of the month or as the need arises.

The committee's tasks include, but are not limited to, the following:

- a. Oversees the nomination process for members of the board of directors and for positions appointed by the board of directors.
- b. Oversees the continuing education program for the board of directors.
- c. Oversees the performance evaluation process.
- d. Oversees the design and operation of the remuneration and other incentives policy.

Other board level committee of the bank are the following:

D. Compliance committee

Name of Director	Attendance		Position
1. Dr. Dolores M. Torres	11/12	92%	Chairperson
2. Ms. Lezel M. Flores*	1/1	100%	Vice-Chairperson
3. Ms. Elma B. Valenzuela	12/12	100%	Member
4. Mr. Julius Adrian Alip	12/12	100%	Member

**Ms. Lezel Flores was elected to the Committee in replacement of the late Mr. Faustino Buenaventura starting December 2023.*

The Compliance Committee is composed of at least three (3) members of the board of directors including the head of audit and head of compliance who shall possess a range of expertise as well as adequate knowledge on the business risks. The committee was chaired by a non-executive member of the board. The committee was chaired by a non-executive member of the board. This is to ensure that committee are updated on the status of the implementation of the compliance program and board thru the compliance committee are updated on the new relevant Philippine laws, rules and regulations and pertinent BSP Circulars governing the operations of the banks. The committee shall have a regular once a month meeting to be held every Friday before the Board meeting or as the need arises.

The Compliance Committee tasks include the following:

- a. Ensuring that compliance system of the bank is defined, established and updated to facilitate an effective management of compliance with bank policies and regulatory requirements.
- b. Ensure that updated compliance program was approved by the Board, oversee and promotes its effective implementation.
- c. Ensuring that compliance issues encounter by the bank were immediately resolved and acted upon.
- d. Ensuring that duties and responsibilities of Board of Directors stated under Section 132 of the MORB: Powers/duties and responsibilities of the board of directors were done.
- e. It shall provide oversight on AML policy development and execution such that AML Policies and Procedures established by the senior management, led by the compliance office are adequate to ensure compliance and are kept updated/remain relevant to best react on the changing AML regulatory scenarios and conditions.
- f. Review and take action, as necessary, on AML related reports coming from the bank's compliance office.
- g. Shall oversee and ensure the effective performance of the AML/TF functions of the bank's compliance office.

E. Related Party Transactions (RPT) Committee

Name of Director	Attendance		Position
1. Ms. Julieta A. Miranda	12/12	100%	Chairperson
2. Ms. Leonora S. Lasco	12/12	100%	Vice Chairperson
3. Ms. Suzette S. Marquez	12/12	100%	Member

Transactions between and among Directors, Officers, Stockholders and their Related Interest, subsidiaries and Affiliates (DOSRI) including transactions with related parties may provide financial, commercial and economic benefits to the bank as well as to the group. The Board ensures that dealings of a bank with any of its DOSRI, subsidiaries and affiliates shall be in the regular course of business and upon terms not less favorable to the bank than those offered to others to avoid insider abuses and unfair competitive advantage.

The RPT committee shall assist the bank in handling transactions with related parties. It shall review and evaluate each transaction to assess its fairness. The committee is composed of at least three (3) members of the board of directors, two (2) of whom are independent directors, including the Chairperson. In case a member has conflict of interest in a particular RPT, he/she refrains from evaluating such particular transaction. Independent unit such as Compliance Officer and/or Internal Auditor shall sit as resource person of the committee. The committee regularly meets every Friday before Board Meeting of the month or as the need arises.

The Related Party Transactions (RPT) Committee's tasks include the following:

- Ensures that all related parties are continuously identified, monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured.
- Ensures that all materials concerning RPTs are not undertaken on more favorable terms to such related parties than similar transactions with non-related parties under similar circumstances.
- Guarantees that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the bank's RPTs exposures, and policies on conflicts of interest or potential conflicts of interest.
- Makes regular reporting to the board of directors on the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties.
- Ensures that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process.
- Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.

F. Credit Committee

Name of Director	Attendance		Position
1. Ms. Lezel Flores*	-/-	-%	Chairperson
2. Ms. Elma B. Valenzuela	-/-	-%	Vice-Chairperson
3. Ms. Juliana B. De Leon	-/-	-%	Member

**Ms. Lezel Flores was elected to the Committee in replacement of the late Mr. Faustino Buenaventura starting December 2023.*

The committee is composed of two (2) members of the board of directors and at least one (1) member of the senior management. The Secretary shall serve as an ex-officio member of the committee. The board of directors may also elect one (1) additional director to serve as an alternate member in the absence or inability of any regular member thereof.

The committee shall meet be as frequently as necessary. The committee shall meet upon the request of the AVP/SRD/RD when there is pending SME loan applications above Php1,000,000.00 subject for evaluation and approval. Hence, as loan applications and approval for the year were within the management's authorized capacity, there were no Committee meetings held for the year 2023.

The Credit Committee's tasks include the following:

- Ensure that SME lending activities of the Bank are aligned with the credit risk strategy approved by the Board of Directors.
- Ensure that SME loan applications recommended from the bank operations are evaluated, approved, or endorsed for approval of the Board of Directors based on the bank's board approved codified signing and approving authority.
- Ensure that risk mitigants and policy enhancements are updated based on the results of recent SME loan evaluations.

The bank's Senior Management level committees are the following:

G. Asset and liability Committee

Name of Director	Attendance		Position	Remarks
1. Ms. Mary Grace Vergavera	12/12	100%	Chairperson	
2. Ms. Elma B. Valenzuela	12/12	100%	Vice-Chairperson	
3. Ms. Juliana B. De Leon	9/9	100%	Member	Committee member starting April 2023
4. Mr. Juanito Alfonso	8/8	100%	Member	Committee member starting May 2023
5. Mr. Hilario M. Umiten, Jr.	9/9	100%	Member	Committee member starting April 2023

The assets and liabilities of CARD MRI Rizal Bank shall be managed properly to maximize shareholder value, to enhance profitability and increase capital, to serve customer and community needs, and to protect the institution from any disastrous financial consequences arising from changes in interest rate risk. These objectives shall be pursued within the

framework of written loan, capital, and investment policies. The Board of Directors believes that accepting some level of interest rate risk is necessary to achieve realistic profit goals. The responsibility of managing the asset/liability management procedures is directed by the Asset/Liability Committee (ALCO).

The Asset and Liability Committee (ALCO) is comprised of senior management who are responsible to carry out Financial Risk Management (FRM) responsibilities. The ALCO Committee shall have a regular once a month meeting. This shall be held the week before of Board of Directors meeting or as the need arises.

The Asset and Liability Committee's tasks include, but are not limited to, the following:

- a. Protect the liquidity position of the Bank to meet maturing obligations when they are due, so that there would have adequate liquidity for growth, and adequate liquidity for emergencies.
- b. Ensure that profitability and sustainability of the institution through proactive balance sheet management.
- c. Analyze the potential financial risks associated with any new products and make recommendations of how to measure and limit/manage the risk (including how to incorporate new products into existing asset liability matching reports).
- d. Review the overall financial risk of the organization whenever there is a significant change to the balance sheet structure (for example adding a new funding source or new client product) and present findings to the Board.

H. Outsourcing Committee

Name of Director	Attendance		Position	Remarks
1. Ms. Elma B. Valenzuela	12/12	100%	Chairperson	
2. Ms. Juliana B. De Leon	12/12	100%	Member	
3. Ms. Maria Ernelyn Dajao	11/12	92%	Member	
4. Mr. Hilario M. Umiten, Jr.	9/9	100%	Member	Committee member starting April 2023
5. Mr. Juanito Alfonso	8/8	100%	Member	Committee member starting May 2023
6. Ms. Mary Grace Vergavera	6/6	100%	Member	Committee member starting July 2023

CARD MRI Rizal bank continuously expands over the years. With the continuous growth towards achieving its strategic technical and operational objectives along with the cost reduction measures bank started to outsource some of its activities. The Outsourcing Committee is comprised of senior management of the Bank. The Outsourcing Committee shall have a regular once a month meeting or as the need arises.

The outsourcing committee's tasks include, but are not limited to, the following:

- a. Reducing cost such as employee compensation cost, office space expenses and other associated cost of doing the outsourced activities.
- b. Giving more focus on the bank in dealing on their expertise and core business.
- c. Improving the quality of services being offered.
- d. Improving customer satisfaction.
- e. Improving operational efficiency.

I. IT Steering Committee

Name of Director	Attendance		Position	Remarks
Ms. Elma B. Valenzuela	12/12	100%	Chairperson	
Ms. Juliana B. De Leon	12/12	100%	Vice-Chairperson	
Ms. Ma. Adoracion Ola	12/12	100%	Member	
Ms. Marites Pedraja	12/12	100%	Member	
Mr. Pedro Maniebo	12/12	100%	Member	
Mr. Glenn Matienzo	11/12	92%	Member	
Ms. Maria Ernelyn Dajao	12/12	100%	Member	

Ms. Mary Grace Vergavera	6/6	100%	Member	Committee member starting July 2023
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The IT Steering Committee serves as a formalized group that is responsible for ensuring the IT Risk Management and Monitoring and Control is started and maintained through regular meetings. The IT Steering Committee oversees the Information Technology development, implementation, and maintenance of the bank's Information System Strategic Program, Information Security Program, and IT related issues and initiatives. The IT Steering Committee is comprised of senior management of the Bank. The IT Steering Committee shall have a regular once a month meeting or as the need arises.

INDEPENDENT CHECKS AND BALANCES

To ensure robust and exemplary banking operations, CARD MRI Rizal Bank, Inc. implements the following independent functions:

Internal Control System

The internal control framework of the bank is consistent with the increased emphasis of banking supervisors (e.g. BSP) on the review of a banking organization's risk management and internal control processes. The effective internal control system is a critical component of CARD MRI Rizal Bank, Inc. management and a foundation for the safe and sound operation. A strong internal control system helps ensure the achievement of goals and objectives of the bank, achieve long-term profitability targets, and maintain reliable financial and managerial reports.

The bank's internal control consists of five (5) interrelated elements:

1. Management oversight and the control culture;
2. Risk recognition and assessment;
3. Control activities and segregation of duties;
4. Information and communication; and
5. Monitoring activities and correcting deficiencies.

Board of Directors and Senior Management are responsible for promoting high ethical and integrity standards; establishing the appropriate culture that emphasizes, demonstrates and promotes the importance of internal control; and designing and implementing processes for the prevention and detection of fraud.

The overall effectiveness of the bank's internal controls are monitored on an ongoing basis. Monitoring of key risks were part of the daily activities of the bank as well as periodic evaluations by the business lines and internal audit.

Internal Audit

The objective of the internal audit unit is to assist all members of management in the effective discharge of their responsibilities, by furnishing them with analyses, appraisal recommendations, and pertinent comments concerning the activities reviewed. The Internal Audit Unit has the management complementary role of ensuring that the internal control systems are operating efficiently thereby giving the management assurance that the systems can be relied upon for the recording of transactions relating to all operations and also for the preparation of the financial statements.

Under the direct supervision of the Board of Audit Committee, the Internal Audit evaluates and ensures the adequacy and effectiveness of the internal controls of the Bank. The Internal Audit Department is mandated to conduct financial audit, compliance audit, operations audit, management audit, and information system audit. It also holds full, free and unrestricted access rights to all activities, information, records, properties, and personnel relevant to the internal audit activity.

The Deputy Director for Audit reports directly to the Audit Committee on its regular monthly meeting which composed of at least three (3) members of the board of directors, all are non-executive director, and majority shall be independent director, who have knowledge of financial reporting and internal controls. Likewise, the audit operative work plan for the following year is being prepared at the end of the year and presented to the board for approval. The audit unit accomplishment status was being assessed and presented to the audit committee on a quarterly basis.

To monitor the effectiveness of implementation of the internal control system, the internal audit unit has implemented an audit rating system that measures the vulnerability of risk exposures due to lack of internal control of branches and other offices during branch/office audit activities. Directory of all findings were also established to monitor the status of branch compliance.

External Auditor

Sycip Gorres Velayo & Co. (SGV & Co.) is the authorized External Auditors of the bank. It presents an audit plan to the Board of Audit Committee and performs audit risk assessment. It also reviewed the internal audit report and compliance with accounting standards and regulatory requirements.

Compliance System

The bank's compliance system was designed to identify and mitigate business risks, which may erode the franchise value of the bank. Business risks, include but not limited to the following:

- a. Risks to reputation that arise from internal decisions that may damage a bank's market standing;
- b. Risks to reputation that arise from internal decision and practices that ultimately impinge on the public trust of a bank;
- c. Risks from the action of a bank that are contrary to the existing regulations and identified best practices and reflect weaknesses in the implementation of codes of conduct and standard of good practice; and
- d. Legal risks to the extent that changes in the interpretation or provisions of regulations directly affect bank's business model.

The authority and independence of the compliance take into consideration the ability to cross departmental lines, access to all areas of the institution's operations and ability to effect corrective action when deficiencies or violations are detected. The mandates of the compliance are widely communicated throughout the organization.

1. The bank's compliance function has a formal status within the organization. Its charter was approved by the board of directors which defines the compliance function's standing, authority and independence.
2. Compliance office have the right to obtain access to information necessary to carry out its responsibilities, conduct investigations of possible breaches of the compliance policy. The compliance is directly reporting to and have direct access to the Board of Directors or Compliance Committee.

The Compliance Unit is responsible for ensuring that the bank complies with the requirements, policies, circulars, and guidelines issued by BSP, BIR, LGUs, and other government agencies. Compliance unit thru the Chief Compliance Officer reports directly to the Compliance Committee on its monthly regular meetings which composed of at least three (3) members of the Board of Directors.

The mission, objectives, scope, authority and accountability of the compliance unit and its staff are clearly defined in the Compliance Program duly approved by the Board of Directors. Likewise, the compliance unit work plan for the following year is being prepared at the end of the year and presented to the board for approval. The compliance unit accomplishment status was being assessed and presented to the compliance unit on a semi-annual basis.

To monitor the effectiveness of implementation of the compliance system, the compliance unit has implemented a compliance rating system that measures the compliance risk exposures system of branches and other offices during compliance monitoring and testing.

Compliance Risk Management

The compliance risk management system of the bank is designed to specifically identify and mitigate risks that may erode the franchise value of the bank such as risks of legal or regulatory sanctions, material financial loss, or loss to reputation, that bank may suffer as a result of its failure to comply with laws, rules, related self-regulatory organization standards, and codes of conduct applicable to its activities.

This compliance risk management will also mitigate risk arising from failure to manage conflict of interest, treat customers fairly, or effectively manage risks arising from money laundering and terrorist financing activities.

Compliance risk management is not solely the responsibility of the compliance unit, but instead the responsibility and shared accountability of all personnel, officers and Board of Directors. This has been an integral part of the culture and risk governance of the institution.

MONEY LAUNDERING AND TERRORIST FINANCING PREVENTION PROGRAM (MLTFPP)

The bank adopted the Updated Anti-Money Laundering Rules and Regulations of Bangko Sentral ng Pilipinas (BSP) - a comprehensive and risk-based Money Laundering and Terrorist Financing Prevention Program (MLTFPP) that promotes high ethical and professional standards of the bank and ensures that it is not being used for money laundering and terrorist financing activities. It supports governments, law enforcement agencies, and international bodies such as the Financial Action Task Force in their efforts to combat the use of the financial system for the laundering of the proceeds crime and terrorism.

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

- Ensure that bank conforms with high ethical standards in protecting the safety, soundness and integrity of the national banking and financial system
- Ensure that identity of customer is established at all times along with ensuring that financially and socially disadvantaged are not denied access to financial services.
- Ensure that suspicious individuals or entity are denied from opening or maintaining an account or transacting with the bank.
- Adopting and implementing this MLTFPP risk management system to identify, assess, monitor and control risks associated with money laundering and terrorist financing.
- Ensure that full compliance with the rules and existing laws by regularly ensuring that all officers and employees are informed on their responsibilities in combating money laundering and terrorist financing.
- Ensure full cooperation with the Anti-Money Laundering Council (AMLC) and Bangko Sentral ng Pilipinas for the effective implementation and enforcement of these regulations.

The digital financial services of the bank were continuously strengthened to better serve our clients without compromising the health and security of our staff. With the increase in digital financial transaction, the bank also strengthened its monitoring activities on transaction passing thru our digital channels to ensure that the bank will not be used as vehicle to divert any proceeds from illegal activities nor to finance terrorism activities.

MLTFPP Risk Management

To ensure that risks associated with money-laundering such as counterparty, reputational, operational, and compliance risks are identified, assessed, monitored, and mitigated, the following measures and processes were adopted.

a. Board and Senior Management Oversight

The bank's Board of Directors has the ultimate duties and responsibilities to ensure full compliance with money laundering and terrorist financing prevention program. As such, board of directors through the Compliance Office and Internal Audit are regularly updated on the matters related to Anti-Money Laundering and Terrorist Financing compliance and risk management.

The Senior management has overseen the day-to-day management of the bank, ensure the effective implementation of AML/CFT policies approved by the board and the alignment of activities with the strategic objectives, risk profile and corporate values as set by the board. Senior management has established a management structure that promotes accountability and transparency and upholds checks and balances. In order to ensure consistent and full compliance with money laundering and terrorist financing prevention program, the Regional Director is also designated as the liaison officer of the compliance office in their respective branches. The Regional Director is responsible in ensuring that all AML polices, laws and regulations are being implemented in the branch and all matters needing assistance are reported to the AML Compliance Officer in Head Office.

b. Compliance Office

The Compliance office thru the AML Compliance Officer is primary responsible in the management of the implementation of the Money Laundering and Terrorist Financing Prevention Program (MLTFPP) of the bank including its subsidiaries and affiliates. This includes achieving the bank's goals through planning, organizing, leading and controlling. Compliance office is independent and has direct reporting line to the board of directors or any board-level or approved committee on all matters related to AML and TF compliance and their risk management. AML Compliance Officer is designated to handle the implementation of the MLTFPP program. She will be the liaison between bank, the BSP and the AMLC in matters relating to Bank's AML/CFT compliance. She is assisted by two (2) Assistant AML Compliance Officer in monitoring the implementation of this MLTFPP program to all branches and other offices.

c. Group-wide Money Laundering and Terrorist Financing Prevention

CARD MRI group has established CARD MRI Compliance Committee. The committee was established to oversee the compliance and anti-money laundering requirement and implementation of the entire CARD MRI group. Further, the CARD MRI group has regular coordination meeting of compliance, audit and risk officers to discussed matters that affect the organization as a whole.

d. Internal Audit

Simultaneous with operations and financial audit, compliance with Anti-Money Laundering Regulations is also being checked by Internal Auditors. The Internal Audit function associated with money laundering and terrorist financing is being conducted by qualified personnel who are independent of the Branch/Unit being audited. Internal Auditors have a direct reporting line to the Audit Committee. Result of audit is also promptly communicated to the Compliance Office for its appropriate corrective action. The Compliance Office regularly submits reports to the Board to inform them of management's action to address deficiencies noted in the audit.

e. Risk Assessment

As part of the banks' risk-based approach, it has ensured that risk exposure to ML/TF was identified, understood and assessed when dealing with its customers, based on geographical areas of operations and customer, products and services being offered, including delivery channels used to carry out the transactions. The institutional risk assessment shall:

- i. Consider all relevant risk factors, including the results of national and sectoral risk assessments;
- ii. Adequately document results and findings; and
- iii. Be updated periodically or as necessary.

RELATED PARTY TRANSACTIONS

To foster transparency of related party transactions between and among the bank and its related parties, affiliated companies, directors, officers, stockholders, related interests (DOSRI), the bank complies with the legal and regulatory requirements pertaining to proper approval and disclosure of such transactions. Policies and procedure are in place to manage potential conflicts of interest arising from related party transactions such as credit accommodations, products or services extended by the bank to directors or officers for their personal capacity or to their company.

Related Party Transactions Disclosure

The Bank's Related Party Transactions are disclosed in the Audited Financial Statements (under Note 19), and other applicable disclosures in accordance with relevant rules and regulations of the BSP, SEC, and other regulatory bodies.



CODE OF CONDUCT AND BUSINESS ETHICS

CARD RBI institutionalized the highest ethical standards through strict implementation of the bank's Code of Conduct, the guiding principles, and policies governing the activities of the institution.

STAKEHOLDERS INTEREST

CARD MRI Rizal Bank, Inc. recognized the inherent rights of shareholders in accordance with the law and aligned the principles and policies with the interest of its shareholders.

CARD MRI Rizal Bank, Inc. Stockholders

The bank envisions transferring its ownership to the economically challenged women; hence it encourages its members to become stockholders. Clients can acquire shares through their Pangakong-Ipon Savings. Dividends are given as one of the benefits of being a stockholder. Being part of the institution, the stockholders are also given the right to take part in the decision-making of the bank. Annual Stockholders meeting is organized to inform clients on the updated financial conditions of the bank. The stockholders can cast their votes and are given the opportunity to question and express their opinions and suggestions.

DISASTER PREPAREDNESS AND FIRST AID TRAINING

In cooperation with local Fire Department and PNP where bank branches and BLUs are located, fire and earthquake drills, first aid, and robbery/theft training were conducted this year. Such trainings aim to orient and teach bank staffs towards responding in times of disaster or unfortunate events.

SUPPLIER/CONTRACTOR SELECTION CRITERIA

CARD MRI Rizal Bank, Inc. conducted a review of the accredited suppliers to ensure that the bank gets effective and efficient third-party products and services. The due diligence considered the financial stability of the supplier, the ability to provide competitive price, good products, and services, and its compliance with the regulatory requirements.

EMPLOYEE BENEFITS

The bank conducts Annual Physical Examinations for its staff and provided free health care benefits and health facilities such medical clinics manned by occupational health practitioners. As a member institution of CARD MRI, the bank continuously pursues competence and high regards on our human resources. To further build on their skills and capabilities in running our banking and microfinance operations, our board members and officers undergo continuous capacity-building through local and international training, seminars, workshops, and conferences. Selected staff from the bank are also given an opportunity to enroll in a master's degree program.

ENVIRONMENT-FRIENDLY VALUE CHAIN

The bank supports Republic Act 9003, also known as the "Ecological Solid Waste Management Act," by implementing proper segregation and disposal of solid wastes. Furthermore, as the issue of climate change continues to threaten our water resources, we implemented a policy that encourages all our offices to use water efficiently. We have availed solar panels through CARD Leasing and Finance Corporation to ensure continuous operations despite certain calamities, especially storms and typhoons. This endeavor is also in support to CARD-Business Development Service Foundation Inc.'s renewable energy initiative.

TRANSPARENCY AND DISCLOSURE

Recognizing the contribution as well as the rights of customers, the bank promotes disclosure and transparency in its policy by providing customers with sufficient information to understand the products and services offered. This information will enable customers to make informed financial decisions by providing them easy access to information such as terms and condition of the products/services being availed of, benefits and its associated risks.

DATA PRIVACY STATEMENT

Maintaining client privacy is an important part of the services the bank has provided. The bank's Data Privacy Statement explains how we collect, protect, use, and share information when our clients access our websites and/or apply for and avail of our products and services. Moreover, it outlines the general practices of the bank in relation to the processes and contents which are made available through our network of websites, our online and mobile applications, and social media pages (collectively referred to as "websites"). It also covers the privacy practices for our clients who have to apply for and obtain products and services from us, such as, but not limited to, deposits, loans, microinsurance, and other products and services that the bank may offer from time to time.



RISK MANAGEMENT

It was in year 2012 when CARD MRI Rizal Bank, Inc. [the bank] – Risk Management was created. Since the bank’s operation continues its expansion by opening more branches nationwide with an end goal of better serve its ever-growing number of member-clients, risk management was handled as a separate independent unit or team – the Risk Management Department (RMD). This is to ensure that corresponding risk mitigation towards the identified and assessed risk is effective to sustain the safe and sound operations of the bank. This is being done by assessing the risk exposures and measuring the degree of risk exposures of the bank by managing risk and control assessment. Risk management is always bank’s priority in all its levels of operation. Part of it is the regular monitoring of branches being conducted by the bank executives, members of the management committee, support units’ heads, members of the board of directors other than the regular audit for all bank branches and head office departments like ISO, IT (CBS/ Program Management), Compliance, Finance & Accounting, Security, Marketing, Human Resource and others.

RISK GOVERNANCE FRAMEWORK

The bank risk management process is incorporated in the bank management system and all levels of operations / units are involved. The respective unit head/supervisors are risk owners and are responsible in identifying risk at their levels through regular monitoring.

RISK CULTURE

The bank is implementing a risk culture that defines the set of individual and corporate values, attitudes, competencies, and behavior to show commitment on risk management. This is compliance to Bangko Sentral ng Pilipinas (BSP) Circular No. 900 - Guidelines on Operational Risk Management.

The main components shall include:

- 1. Staff at all levels shall clearly understand their responsibilities with respect to risk management.
- 2. Adoption of procedures with clearly drawn lines of authority, segregated duties and responsibilities, and appropriate checks and balances across the institution.

THREE LINES OF DEFENSE

1. First Line of Defense – assure that operational people are accountable for the risk assumed in operational activities.	2. Second Line of Defense – review functions of the RMD for ensuring that risk assumed by the bank are appropriately managed and controlled.	3. Third Line of Defense – assure that Internal Audit as an independent function is controlling in line with best industry practices the activities of the First Line and Second Line of Defense.
(OPERATIONS TEAM)	(RISK MANAGEMENT DEPARTMENT (RMD))	(INTERNAL AUDIT DEPARTMENT (IAD))

1. The operational business functions are accountable for the risks assumed in their respective operations. This includes both relevant financial, as well as nonfinancial risks. 2. They are expected to be responsible for understanding and managing these risks and are therefore, from a risk management context, considered the "First Line of Defense" for risk management. 3. The first line's specific responsibilities, and their management's accountabilities, with respect to risk management should be detailed in supporting documents. 4. Operational units assume direct responsibility for the day-to-day management of risk. All staff are responsible for ensuring that risks relating to their operations are identified, followed up and reported to the RMD. 5. The First Line of Defense should therefore: • Conduct its activities to meet the objectives of the bank in line with its stated risk appetite. • Operate within the limits, policies and guidelines set by the risk function and other control function. • Be responsible and accountable for the risks being taken in performing their function.	1. The roles and responsibilities of the Head of RMD is independent of and segregated from other executive functions and business line responsibilities. 2. The Head of RMD reports directly to the ROC and to the President/CEO for administrative concerns. Also responsible for ensuring that any staff allocated to the Second Line of Defense risk management tasks are not performing other duties that would cause a conflict of interest with their Second Line responsibilities. 3. The Head of the RMD shall ensure that an agreed and sufficient level of resources is available to perform the task of the second line of defense. 4. The Head of the RMD shall ensure that staff allocated to the second line of defense are appropriately trained and have the required skill set and tools to effectively execute the second line responsibilities. 5. Defining and maintaining the Risk Policy and ensures that risk taking remains within risk appetite.	1. The IAD function comprises the "Third Line of Defense". 2. IAD is an independent function and shall be responsible for providing to the BOD a reasonable assurance that the risk management function is operating properly and efficiently. 3. The Third Line of Defense should: • Provide independent assurance of the robustness and correct application of risk management processes across the bank through identification, assessment, monitoring and management stages in line with best industry practices. • Identify operational weaknesses/ defects, list them in action plan for remediation and follow-up until implementation.
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RISK APPETITE, STRATEGIES, AND RISK MANAGEMENT PROCESSES

Over time, the bank experienced various type of risks that became guidelines in improving its product and services. Following are the different type of risks, profiles and mitigating strategies and activities to manage and mitigate risk, updated as of December 31, 2023:

TYPE AND DESCRIPTION OF RISK	PROFILE	MITIGATING STRATEGIES/ACTIVITIES
1. Credit Risk – denotes danger that borrower is not able or willing to pay the principal and/or interest at maturity date.	<i>The bank ended its CY 2023 at LOW RISK LEVEL.</i> - Highly volatile due to non-collateralized loans and non-payment by willful defaulters. - High loan loss provisioning eroding profitability and equity. - Breakdown of discipline by some member/ client that impact some good borrowers. - Systemic Risk. Due to the continuous price instability (commodities) and the expected wane/diminish on economic growth that might impact the clients/members of the bank. However, the bank staff are continuously reminded/ oriented on the proper/careful financial capacity assessment during loan validation using the Loan Assessment Form to sufficiently express the cashflows of clients as well as their co-borrower.	First Line of Defense - The following were implemented to strengthen PAR Rehabilitation Strategy: - Assigning Loan Remedial Officer (LRO) - PAR client's much detailed profiling - Monthly reporting PAR Management Status Report - Meeting of PAR/ Defaulting members/clients - Issuance of compromise agreement/s - Endorsement of PAR/ Defaulting members/clients for possible legal action - Conduct revalidation/ revisit of PAR/ Defaulting members/clients with previously executed compromise agreement/s. - Intensive follow-up/ visit defaulting members/clients. - Daily monitoring on the number of default members/clients. - Rehabilitation program for worst hit branches. - Hiring of consultants to help in enhancement and rehabilitation. - Establishing PAR (& Savings) Management Committee with the goal of closely monitoring those clients with repayment problems. Including those Bad Debts/ Written-Off Accounts, In-Active Clients, with lapsed in the microinsurance premium and others. - Intensifying rebuilding of credit discipline by members/clients thru enhancement of awareness of advantages and benefits as members/ clients, stockholders, training programs, lakbay aral program and other non-financial services/ benefits as member/ client. - Up-to-date reporting to the Executives/ Senior Management and Board Level of the bank. - Strict compliance to the approved codified signing and approving authority - The bank adopted the expected credit loss (ECL) model in measuring credit impairment, in accordance with the provisions of PFRS 9. - Ensures full utilization of the bank digital initiatives that mitigates possible delays in the member-client on-boarding, loan processing, repayments and others. - Full utilization of the bank credit risk scoring model/ borrower's risk ratings that serves as one of the basis in approving loans. Including proper cash flow assessment. - Completeness and accuracy of all loan documentations and corresponding requirements. Second Line of Defense - Mitigate the risk of incurring losses arising from counterparty defaults and or failure to honor its financial obligations through credit analysis and review. - Check if the credit risk exposures are within the bank risk appetite. - Develop and review the credit risk policy and recommend changes in the credit risk policy to the ROC and at the board level. - Check and monitor if credit risk policy is properly implemented at all level of the bank - Monitor the loan portfolio which is at risk in order to maintain the level of non-performing loans below 3%. - Monitor set-up limits as to credit concentration per microfinance loans, credit concentration by geographical locations and per industry. - Monitor other transactions per set limit such as DOSRI transactions, Fringe Benefit, loan accounts under moratorium and others. - Up-to-date reporting to the ROC and to the Board of any breaches per set limits/ appetite. - Take specific actions in case part of non-performing loans exceeds 3% in order to recover the loans such as: - Develop a policy to recover the uncollected amount of past due loans (Recommend strategies by doing continued follow up and monitoring of the operations staff to members who are not regularly paying their dues) to control the credit portfolio at risk - Up-to-date reporting of the status of the loan portfolio to the ROC and to the Board. - Check the credit concentration to ensure if within defined limits.
2. Interest Rate Risks - Risks to earnings or capital arising from mismatches of the timing within which interest rates on assets and liabilities can be changed.	<i>The bank ended its CY 2023 at LOW RISK LEVEL.</i>	- Process to coordinate interest rate risk sensitivity decisions is done by the Asset and Liability Committee (ALCO). - Manage the impact of interest rate environments with balances mix of fixed and variable rate - Mitigate the risk of incurring losses arising from market interest rate changes to an acceptable level. - Up-to-date reporting of the status of the operations related to risk to the ROC and to the Board level.

TYPE AND DESCRIPTION OF RISK	PROFILE	MITIGATING STRATEGIES/ACTIVITIES
3. Liquidity Risk - Risk of a temporary cash flow problem, because assets can be liquidated by large discounts.	<i>The bank ended its CY 2023 at LOW RISK LEVEL.</i> At low risk due to savings composition which on the average 60% of fund are coming. In addition are the available credit lines.	- Intensified function of Assets and Liability Management Committee (ALCO) that reviews liquidity position of the bank monthly. - Early repayment and settlement of loan balances when there are excess funds. - Establishment of the (PAR) & SAVINGS Management Committee that talks about the continuous savings mobilization activities and program of the bank. Second Line of Defense - To check if the obligations can pay on time where this is present and future debts taking into account the nature of performed activities and requirements due to changes in market environment by checking the financial position and contingent liabilities and commitments. Conduct liquidity stress testing. - To check compliance to set risk appetite limits per risk sources. Up-to-date monitoring and reporting to the ROC and to the Board Level if compliant based on the set standard ratio or limit.
4. Operational Risks - Risk to earnings or capital that may arise as a result of weakness in organizational structure, poor oversight function of board of directors and senior management, defective personnel recruitment/selection/hiring policy, weak internal control system, inadequate internal and external coverage and deficient management information system.	- People Risk- internal fraud, External fraud, incompetency, working force, interruption, wrongful termination. - Process Risk-failure of internal process, exceeding limits, project of overruns, inadequate project plan, failure to adhere internal and external compliance procedure, security risk. - System and Technology risk-network failure, external security breaches, failure to integrate or migrate with/from existing system. External Risk-legal risk, regulatory risk, political risk, <i>The bank ended its CY 2023 at LOW RISK LEVEL.</i>	- Upgrading of staff capacities both at the top and middle management by sending Senior Officer and Management to different schools like Asian Institute of Management (AIM) in Makati, Phinma Union College, Southern New Hampshire University in USA, South-East Asia Inter-Disciplinary Development Institute (SAIDI), Massachusetts Institute of Technology (MIT) in USA, AMA Institute of Computer Studies, Ateneo de Manila University - John Gokongwei School of Management and others. - Intensified monthly monitoring by the Executive and Management Committee following the newly set target. - Regular management committee meeting once in a month. Second line of defense - To monitor assessment of the exposure to all types of operational risk faced by the company by assessing the quality and appropriateness of mitigating actions. - To ensure that adequate controls and systems are in place to identify and address problems before they become major problems. - To update risks matrix particularly those arising from consultancy and outsourcing activities and other events to expand coverage of existing risks matrix. - Up-to-date reporting of the status of the operations related to risk to the ROC and to the Board level.
5. Regulatory/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.	<i>The bank ended its CY 2023 at LOW RISK LEVEL.</i>	- With compliance committee conducting regular monthly meeting. - Regular reporting of compliance risk issues to the Senior Management, Risk Oversight Committee and the Board Level. - Compliance staff is also conducting regular monitoring and testing of branch compliance and HO based support units. Second line of defense - Check and monitor the status of reporting to BSP if compliant - Reporting of compliance risk issues to the Risk Oversight Committee and Board Level. - Conduct Risk Assessment to Compliance Unit.

TYPE AND DESCRIPTION OF RISK	PROFILE	MITIGATING STRATEGIES/ACTIVITIES
6. Information Technology Risk – any risk related to information technology	<i>The bank ended its CY 2023 at LOW RISK LEVEL.</i> As the bank uses technology to some extent, but not as aggressive as those classified as complex. And its branch network, IT organization and structure, and extent of IT projects are also relatively less significant than those of complex bank. Moreover, procedures on checking parameters and security of the system is already present.	- Core team to monitor IT related problems was established with regular monthly meeting. - With board and management oversight. Established IT Steering Committee with regular monthly meeting. - Regular monitoring of IT staff. - Offline monitoring of IT related concerns - Each branch has a logbook of IT encountered problems which serves as reference and guidelines for IT staff in the conduct of their actions on the problems being reported. - For security of data and source code of the system, IT staff has Confidentiality and Non-Disclosure Agreement. - All IT personnel are well equipped. All are provided with access to IT/ ISO related trainings and further studies and capacity building. - IT projects are well funded and full supported by all levels of the bank. Second line of defense: Ensure that the risks under Information technology risk are monitored and report to the Risk oversight committee and Board Level as follows: - Process Risk Areas - To check the processes, procedures and guidelines for managing risks if established and fully documented and reviewed for relevance and usefulness. - Human Resources Management Risk Areas - To check if the assigned personnel should possess the required skills to handle the systems, equipment, services and facilities in placed and planned. - To check if there is Succession planning for key positions that is established. - To check if Procedures is put in place that all concerned personnel are briefed on the information security roles and responsibilities. - Platform / Application Risk Areas - These are related to the selection and implementation of system hardware, operating and application software associated with the use of information system. In selecting and implementing of any of these software assets, management must consider the availability and adequacy of support to all platforms within the CBI and/or CMIT infrastructure. - Network Security Risk Areas - To check the risks associated with the connection of information systems, terminals and other connections to the internal network infrastructure and to the external network such as the Internet and other third-party facilities. - Security and network management systems should be implemented to monitor any unauthorized access or usage of the systems, resources and facilities. Management should ensure that all network devices and other communication systems are updated and maintained properly. - Physical / Environmental Risk Areas - To check and report if the physical installation and site of the data center, disaster recovery site(s) and other offices should be located in a place free from environmental risks like flood, fire etc. Mitigating steps should be taken in cases that any site has been identified susceptible to these. - Information Assets Risk Areas - To check the following: - All identified information and information assets should be securely stored with its full documentation for the continuous operations of the systems and infrastructure. Examples of Information assets are the actual data stored in the databases, documentation used to maintain, manage and operate the systems. These documentations should be maintained and kept updated. There should be proper process and procedures put in place for verification of all the documentations. - Outsourcing/External Vendor Risk Areas - To check if Service level agreement put in place in outsourcing of work to vendors. - Requirements and responsibilities are clear. - To check the lists of service provider that can be easily identified in cases of failure of delivery of services or worst a termination of contract. - A standard termination/pre-termination clause should be embedded in every Maintenance Agreement to be able to terminate the contract, with or without a cause, at least thirty (30) days prior to the intended date of termination. - To check if the Regular review on the vendor's service performance shall also be conducted by the IT Governance Department.

TYPE AND DESCRIPTION OF RISK	PROFILE	MITIGATING STRATEGIES/ACTIVITIES
		h. Bank's Responsibility Risk Areas To check if proper information on all the benefits is provided for sake of customer on the correct usage of the information system and increase awareness on the aspects of security and confidentiality of data.
7. Information Security Risk	<i>The bank ended its CY 2023 at LOW RISK LEVEL.</i> No Vulnerability and Penetration Testing (VAPT) though the bank has implemented different IT initiatives. However, the system provider has its security devices that could monitor their application and data. Moreover, the bank itself has layered of firewall to protect and monitor the bank's network from threats and cyber-attacks.	First Line of Defense - Installation of firewall - Regular monitoring of threats and attacks - Monitoring of data management - Effective assigned InfoSec Officer - Regular reporting to the management and to the Risk Oversight Committee thru RMD. Second Line of Defense - The Risk Management department has its periodic security risk assessment to identify and understand risks on confidentiality, integrity, and availability of information and IT systems based on current and detailed knowledge of the bank's operating and business environments. The risk assessment includes an identification of information and IT resources to be protected and their potential threats and vulnerabilities. - Up-to-date reporting of the status of the operations related to risk to the ROC and to the Board level.
8. Legal Risks – Risks to earnings and capital that may arise as a result of unenforceable contracts, lawsuits, or adverse judgments.	<i>The bank ended its CY 2023 at LOW RISK LEVEL.</i> The bank has in place policy, systems and procedures in handling all possible case/s that may arise.	- Well set up detailed guidelines for legal documentation for particular transactions involved. - With Legal staff in-charge for the completion, compilation and filing of all legal documentations. - Guidelines in handling legal cases were established to guide employees in handling staff cases. - Settlement of cases shall be done through the Legal Counselor through court proceedings. In this regard, the following executives and Legal Counsel are given! authority to decide whether to pursue staff cases or execute compromise agreement: - Board of Directors (represented by its Chairman) money claims of more than Php100, 000 and above. - President/CEO money claims of more than Php50, 000 but not more than Php 100,00. - Legal Counsel money claims not exceeding Php50,000 - Following are the designated approving authorities on legal recommendations: - Chairman of the Board - President/CEO - Legal Counsel - To prevent lawsuit, more importantly, the following are being observed by the bank: - Maintenance of Legal Counsel in the form of Retainers and maintenance of Legal Unit. - Regular consultation with the Legal Counsel and the Legal Unit on matter that has legal consequences. - Regular monitoring and upgrading of legal policies. - Reports of banking activities and other significant issues are submitted for regular review by the Board of Directors, Executive Committee, Management Committee Regulatory Agencies (i.e. BSP, PDIC, SEC and BIR) - Para-legal training for employees of the bank and capacity building for Legal Unit officers and staffs. - Regular monitoring of contracts being entered into by the bank such as: - Lease contract for all banking offices - Contracts with security agencies - Loan agreements with creditors - Review of insurance premium being paid to Philippine Deposit Insurance Corporation. - Periodic review and updating of legal documentation used by the bank. This is being done both in response to specific events (i.e. new case) that might require amendment and also on a regular basis in order to ensure that the bank remains in step with market practice and legal developments that might otherwise have escaped attention. - Up-to-date reporting of the status of the operations related to risk to the ROC and to the Board level.

TYPE AND DESCRIPTION OF RISK	PROFILE	MITIGATING STRATEGIES/ACTIVITIES
9. Market Risks – Risk to earnings or capital arising from the possible decline in value of trading accounts and investment in equities and debt instruments.	<i>The bank ended its CY 2023 at LOW RISK LEVEL.</i> - Low risk because the bank is not yet involved with trading. - Investment and bills payable are being monitored by ALCO.	- The bank ensures that it shall identify, measure, control and monitor market risks that may arise from the conduct of its business transactions and at its portfolio level at all times. - Active and Appropriate Board and Senior Management Oversight - Proposals and the subsequent new product/activity review should be formal and written. Proposals must at least include the following to manage market risk inherent in new product. - description of the relevant new product or strategy; - use/purpose of the new product; - identification of resources required and units responsible for establishing sound and effective market risk management or the product or activity; - analysis of the reasonableness of the proposed activities in relation to the bank's overall financial condition and capital levels; - procedure to be used to measure, monitor, and control the risks of the proposed product. - An accurate, informative, and timely management information system must be regularly prepared and reviewed regularly in order to inform management and to support compliance with board policy. The report must at least contain the following: - Summaries of the banks aggregate exposures; - Reports demonstrating the bank's compliance with policies and limits; - Summary of key assumptions, for example, non-maturity deposit behavior, pre-payment information, and correlation assumptions; - results of stress tests, including those assessing breakdowns in key assumptions and parameters; and - summary of findings or reviews of market risk policies and procedures and the adequacy of the market risk measurement systems including any findings of internal and external auditors and retained consultants. - Up-to-date reporting of the status of the operations related to risk to the ROC and to the Board level.
10. Environmental and Social Risk	<i>The bank ended its CY 2023 at LOW RISK LEVEL.</i> Closer to 1% of the overall loan portfolio were noted to have possible related risk exposure to environment and social risks. Thus, there is no related issue or risk reported or encountered. Moreover, businesses of clients with high exposure to environmental and social risks will be continuously monitored by the staff. As to Sustainable Finance and ESRM Framework, solar items were sold to the community. This would help in reducing greenhouse gas emissions and mitigating climate change. Other activities such as promoting green environment thru active participation in tree planting activities in collaboration with respective LGUs.	- Actively manage and monitor E&S risks both at the borrower and portfolio levels. - The bank integrates E&S risk factors in its regular monitoring process. - The bank implemented the newly approved Sustainable Financial Framework (SFF) of which the following are being maintained: - Maintain Updated Sustainable Finance Register; - Submission of the status of sustainability objectives and accomplishments reports to ROC & Board Monthly; - Submission of the Green Asset Portfolio and the Social Asset Portfolio Reports to the Board semi-annually (May/Nov). - Release of Sustainable Finance Allocation and Impact Report on or before the first anniversary of the first Sustainable Finance Instrument completed pursuant to the Framework. - Conduct Stress Testing. - Up-to-date reporting of the status of the operations related to risk to the ROC and to the Board level.
11. Reputational Risk	<i>The bank ended its CY 2023 at LOW RISK LEVEL.</i> - Increasing complaints from clients thru social media account of the bank and those that were directed to the branch thru the staff or suggestion box. - Increasing number of lapsed micro-insurance premium.	First Line of Defense - Regular monitoring of Social Media accounts of the bank - Ensure concerns raised by clients are attended and appropriately managed - Monitoring of complaints logbook - Monitoring by the different management levels to ensure proper implementation of policies and delivery of services to clients Second Line of Defense - To monitor assessment of the exposure faced by the bank by assessing the quality and appropriateness of mitigating actions. - Identify the potential sources of reputational risk exposures which shall include, among others, the business lines, liabilities, affiliated operations, off-balance sheet vehicles, and the markets where they operate. - Monitor consumer complaints which could provide valuable insights into areas representing consumer protection risks and potential regulatory violations which may damage the BSFI's reputation. - Up-to-date reporting of the status of the operations related to risk to the ROC and to the Board level.

TYPE AND DESCRIPTION OF RISK	PROFILE	MITIGATING STRATEGIES/ACTIVITIES
12. Business Continuity Program Management (BCP) Risk – Risk to swiftly resume business operation in the event of business disruptions/ disasters	<i>The bank ended its CY 2023 at LOW RISK LEVEL.</i> Though the bank was in the stage of digital transformation wherein reliant to technology that may impact the operation. But, there were action taken and existing controls to relevant risks and ability of the bank to swiftly resume business operation in any disruptions/disasters	- In the event of a disaster which interferes with the bank's ability to conduct business from one of its offices, this program is to be used by the responsible individuals to coordinate the business recovery of their respective areas and/or departments. - The plan is designed to provide reference to all of the information that might be needed at the time of a business recovery. - The Business Continuity Management Program (Business Continuity Plan), is part of the overall Risk Management Program of the bank, has been established not only to comply with the requirement as set out by the Bangko Sentral ng Pilipinas (BSP) under Circular 951 dated March 20, 2017, but also to serve as a guide for the Board and Senior Management in ensuring continuity in the business of the bank and for carrying out smooth and efficient banking activities towards profitability. - The purposes of this plan are as follows: - To have an updated guide in ensuring continuity of its business operation. - To have a basis in carrying out smooth and efficient operational activities. - To comply with the internal procedural requirements of the bank, while implementing the different policies as approved/revised during periodic planning and program review. - To assess management in input requirement of the bank funds and or other assets. - To satisfy the requirement of the Bangko Sentral ng Pilipinas for an updated business continuity management program. - To ensure that bank's operations including online transactions withstand a disaster to achieve recovery. - To continue provide quality care to clients, agents, partners and employees at the times of emergencies and/or disaster. - Coverage of the Business Continuity Management Program (Business Continuity Plan) as follows: Alternate and Business Recovery Sites shall refer to standby facilities for use during disruption of critical operations to ensure business continuity. These provide work-space and/or the necessary technology environment needed to process business-critical information. Business Continuity shall refer to a state of continued, uninterrupted operation of a business. Business Continuity Management (BCM) shall refer to an enterprise-wide framework encompassing policies, standards, facilities, personnel and practices that provides for continuous functioning of the institution during disruptions. Business Continuity Plan (BCP)/Plan shall refer to a documented plan detailing the orderly and expeditious process of recovery, resumption, and restoration of business functions in the event of disruptions. It should be able to cover and establish linkages among its multiple components, such as communication plan, crisis management plan, contingency funding plan, and technology recovery plan. Business Impact Analysis (BIA) shall refer to the process of identifying and measuring (quantitatively and qualitatively) the business impact or loss of business processes in the event of a disruption. It is used to identify recovery priorities, recovery resource requirements, essential staff, and dependencies (internal and external) to be incorporated in the plan. Crisis shall refer to a situation that requires urgent action due to its disruptive impact on the BSFI's core activities or business and operating environment. Crisis Management Plan (CMP) shall refer to a documented plan detailing the actions to be taken when a crisis strikes a BSFI and designed to maintain order amidst the confusion surrounding such situations. During and immediately after a crisis, the members of the crisis management team will convene and activate the plan to attain control over the crisis and minimize its impact to operations. Critical Process shall refer to any activity, function or service, which when lost would materially affect the continued operation of the bank. Cyber Resilience shall refer to an organization's ability to anticipate, handle, adapt to, and/or recover from evolving cyber threats. Events shall refer to disruption scenarios such as loss of people, technology, alternate site, and service providers.

TYPE AND DESCRIPTION OF RISK	PROFILE	MITIGATING STRATEGIES/ACTIVITIES
		11. Pandemic shall refer to epidemics or outbreaks in humans of infectious diseases that have the ability to spread rapidly over large areas, possibly worldwide. 12. Recovery Point Objective (RPO) shall refer to acceptable amount of data loss should a disruption occur without severe impact on the recovery of operations. 13. Recovery Time Objective (RTO) shall refer to the period of time following an incident within which a product, system or business process must be resumed, or resources must be recovered. 14. Resilience shall refer to the ability of an organization to anticipate, handle, adapt to and/or recover from a disruption and resume operations. 15. Risk Assessment shall refer to the process involving the identification and assessment of potential threats and vulnerabilities that could severely interrupt the bank's business activities and the corresponding likelihood and magnitude of impact on business processes. 16. Technology Recovery Plan (TRP)/Disaster Recovery Plan (DRP) shall refer to a documented plan detailing the technology strategy and requirements during recovery for business and support functions.
13. ML/TF/PF Risk	<i>The bank ended its CY 2023 at LOW RISK LEVEL.</i> Low Risk as clients of the bank are those residing within the local community recruited by the staff and/ or their co-members. They are generally low-income earners and	First Line of Defense - Continuing education and training program for the staff and officers of the bank - Manual and electronic monitoring (AML system) for accurate and on time reporting of Covered and Suspicious transaction - Regular monitoring of AML Officers Second Line of Defense - Conduct of an appropriate assessment to have an understanding of the current ML/TF/PF risks arising from its customers, countries or geographic areas of operations, products, services, transactions, or delivery channels. Results of the risk assessments is being documented and appropriate measures to manage and mitigate identified ML/TF/PF risks were recommended, if necessary, which include the enhancement of policies and procedures as embodied in the MTPP. To mon

REGULAR MONITORING

Risk identification is part of the regular activities of all bank personnel starting from Account Officer up to the Executive Level. All risk issues noted are being discussed on the respective meeting of each branches/ HO base Support Unit and for those risks that cannot be resolved within the respective level are being discussed with upper management. The risks are identified through the following process:

- Risk Identification wherein the Unit can list down major risk that the Unit is facing.
- Major strategies and objectives of the Unit in resolving the identified.
- Discussions in the regular meeting

RISK SCORING

Risk Scores are calculated to help the Bank understand which of the current Risk Events represent the most significant threat to Bank and are most in need of mitigation. Risk Score is determined by cross referencing the likelihood that a risk will occur with the impact of the risk should it occur which is automatically calculated by the Risk Management Tool.

Likelihood and Impact Severity Thresholds

To allow Bank more accurate in determinations of the degree of threat presented by the present Risk Events, it uses the following severity thresholds:

Probability Factor	Description
1. Rare	Less than 5% of the risk to occur
2. Unlikely	6% to 20% of the risk occur
3. Possible	21% to 50% of the risk to occur
4. Likely	51% to 80% of the risk occur
5. Almost Certain	Greater than 80% of the risk to occur

Impact to the Organizations

Rating	1	2	3	4	5
Meaning	Insignificant	Negligible	Moderate	Extensive	Significant
People	Minor skills impact	Minor impact to capability	Unavailability of core skills affecting services	Unavailability of critical skills or personell	Protracted availability of critical skills/ people
	Minor injury or first aid treatment	Injury requiring treatment by medical practitioner	Major injury/hospitalization	Single death and/or multiple major injuries	Multiple deaths
Information	Compromise of information otherwise available in the public domain	Minor compromise of information sensitive to internal or sub-unit interest	Compromised information sensitive to organization	Scrutiny bt Executives, internal committees or internal audit to prevent escalation. Short term local media concern.	Compromise of information with significant ongoing impact
Property / Equipment / Other Asset	Minor damage or vandalism to asset	Minor damage or loss of <1% of total asset	Damage or loss of <5% of total asset	Extensive damage or loss <10% of total asset	Destruction or complete loss of >10% of total asset
Reputation	Local mention only. Quickly forgotten, Freedom to operate unaffected, Self-improvement review required	Scrutiny by Executives, internal committees, or internal audit to prevent escalation. Short term local media concern. Some impact on local level activities	Persistent national concern. Scrutiny required by external agencies. Long term "brand: unact.	Persistent intense national public, political, and media scrutiny. Long term "brand" impact. Major operations severely restricted.	International concern, Governmental Inquiry or sustained adverse national/international media. "Brand" significantly affects organizational activities
Financial	1% of Project or Organizational Annual Budget. Negligible financial loss	2% to 5% of Project or Organizational Annual Budget. Expected minimal financial losses	6% to 10% of Project or Organizational Annual Budget. Expected financial losses	> 10% of Project or Organizational Annual Budget. High financial losses	> 30% of Project or Organizational Annual Budget. Significant financial losses
Capability	Minimal impact on the non-core business operations. The impact can be dealt with by routine operations	Some impact on business areas in terms of delays, systems quality but able to be dealt with at operational level	Impact on the organization resulting in reduced performance such that targets are not met. Organizational existence is not threatened but could be subject to significant review or changed ways of operations	Breakdown of key activities leading to reduction in performance (e.g. service delays, revenue loss, dissatisfaction, legislative breaches). Survival of the project/activity/organization is threatened	Critical failure(s) preventing core activities from being performed. The impact threatens the survival of the project or the organization itself

RISK ORGANIZATIONAL STRUCTURE

The Board of Directors

The BOD delegate authority to ROC to balance performance and compliance by ensuring that management's actions are consistent with the bank's strategy and in line with its risk tolerance. The ROC delegates authority for identifying, analyzing, managing, and reporting risks to an independent Risk Management Department (RMD).

The Risk Oversight Committee

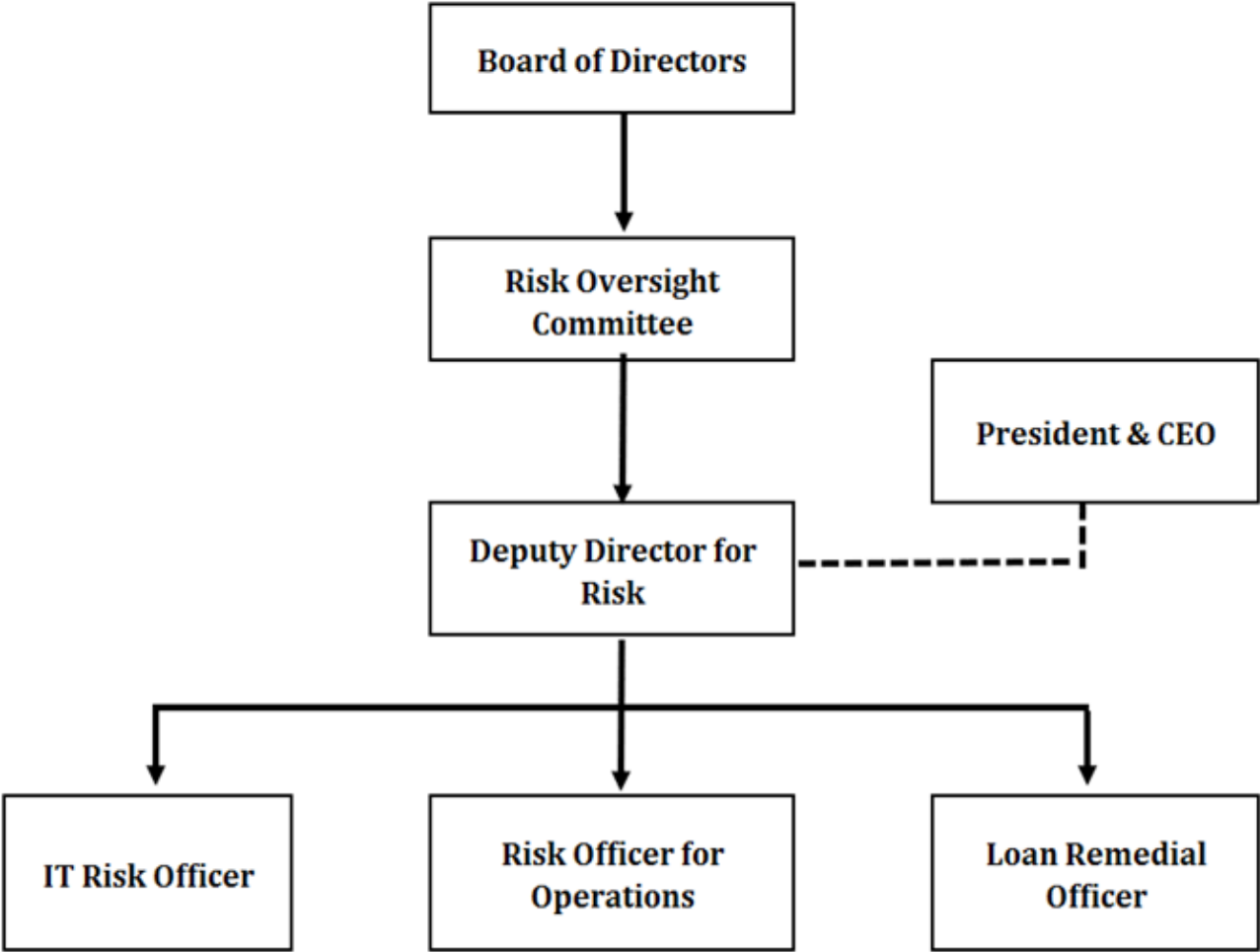
CARD MRI Rizal Bank has vision being a bank that would be owned by the poor, especially by the landless rural women. This vision was kept intact by its Board Members, the management, and more importantly, by its members.

In line with this vision is the Board of Directors and management concern on "risk management". The creation and approval of risk oversight committee, other than compliance to Circular No. 456, is also a vital move by CARD MRI Rizal Bank, Inc. Board of Directors because a bank's success is largely dependent on the ability of its directors and officers in managing risks.

The Risk Management Unit

CARD MRI Rizal Bank has a functioning independent risk management unit that effectively covers all risks associated with the various activities and operations of the Bank to ensure their consolidated control and appropriate management and to provide the required coordination across all departments of the Bank.

As of December 31, 2023, the unit is headed by a Deputy Director for Risk Management, with a level of Senior Officer, who is reporting to Risk Oversight Committee and regularly coordinating to the President and CEO for all the matters related to risk. The unit is composed of Deputy Director for Risk, IT Risk Officer, Risk Officer for Operations and Loan Remedial Officer. See Diagram 1 – Departmental Organizational Structure



SUSTAINABLE FINANCE FRAMEWORK

I. SUSTAINABLE FINANCE

This refers to any form of financial product or services which integrates environmental, social and governance criteria into business decisions that supports economic growth and provides lasting benefit for both clients and society while reducing pressures on the environment.

II. SUSTAINABILITY OVERVIEW

The earth's environment is under severe stress from uncontrolled human activity, threatening the survival of our society and the performance of CARD MRI Rizal Bank, Inc.'s mission and vision.

CARD MRI Rizal Bank, Inc. accepts that it must work to preserve the environmental sustainability of the planet, at all levels of its operations – in its own practice, as a participant in a community of practice.

CARD MRI Rizal Bank, Inc. aspires to minimize its impact on our environment and maximize the effective use of resources. The bank strives to achieve this by increasing communication and awareness of our efforts in accordance with this policy and fostering responsible environmental behavior amongst staff, volunteers, and users at all levels.

CARD MRI Rizal Bank, Inc. is committed not only to complying with applicable law in all its operations but to minimize risks and impacts through the development of robust and documented systems to implement, measure, monitor, and disseminate excellent environmental performance both within its operations and to the broader community.

III. SUSTAINABILITY POLICY

CARD MRI Rizal Bank Inc. commits itself to minimizing its impact on our environment and social through:

- Being a responsible business that meets the highest standards of ethics and professionalism.
- Promoting an identity as a socially aware and responsible business.
- Providing a safe and healthy workplace.
- Having an environmentally sustainable aware culture, where responsibility is assigned and understood.
- Being an environmentally responsible neighbor in our community.
- Conserving natural resources by reusing and recycling.
- Using, in our own operations, processes that do not adversely affect the environment.
- Ensuring the responsible use of energy throughout the organization.
- Participating in efforts to improve environmental protection and understanding.
- Taking steps to improve environmental performance continually.
- Conducting rigorous audits, evaluations, and self-assessments of the implementation of this policy.
- Working with suppliers who promote sound environmental practices; and
- Enhancing awareness among our employees, volunteers, and users – educating and motivating them to act in an environmentally responsible manner.

IV. ENVIRONMENT AND SOCIAL GOALS RISK APPETITE

INDICATORS	ACTIVITIES
SOCIAL	
No Loan application should be entertained/ approved with issue of child labor, labor dispute cases, unsafe workplace and involved in vice generating and illegal activities.	Regular monitoring of loan disbursements and their type of business and their ESMS
No./percentage of clients provided with water facilities and improved sanitations thru loans.	Regular monitoring of through the loan utilization check and on-site client visitations
No./percentage of clients provided with housing and house improvement thru loans.	Regular monitoring of through the loan utilization check and on-site client visitations
No./Percentage of clients provided with educational assistance thru loans.	Regular monitoring of through the loan utilization check and on-site client visitations
No./Percentage of clients assisted in Business Improvement thru loans.	Regular monitoring of through the loan utilization check and on-site client visitations
Micro Financing Outreach Target	5-year plan monitoring and assessment

Client Protection - Ageing on clients inquiry and concerns should be addressed within the standard turnover time.	Regular monitoring of concerns and its ageing to ensure immediate and appropriate actions are taken
ENVIRONMENTAL	
Percentage of portfolio to flood prone area under high-risk category. Branches under (High-prone to coastal/river flood and tsunami) and/or has previous experience of extreme flood.	Identification and assessment of branches that are prone to flood and identification of strategies to mitigate corresponding risks.
100% Climate resilient BLUs and Branches	Set-up requirements Number of Offices vulnerable to climate risk (Through the use of Hazard Hunter and other reliable sources).
Reduce carbon emission of about 10% from the operating activities.	Regular monitoring of vehicles, equipments, etc. and their usage. This shall include that all vehicles are euro 4 compliant. Average gas consumptions of field personnel maximization. Actual power consumptions of all offices converted to KW. Adoption of renewable energy to offices and staffhouses, etc.
Plant at least 1000 trees per year to offset 10% of carbon emission.	In 3 years' time, each bank personnel should have planted 1 tree. After 10 years, projected carbon emission from operation activities should be requested.

V. OPERATIONAL RISK MANAGEMENT SYSTEM

The Operational Risk Management System effectively identify, assess, monitor, report, and manage E&S risks related to operations. The bank has integrated in its day-to-day operations various initiatives that would preserve and protect deterioration of natural resources. Among the policies and procedures implemented are as follows:

1. Integration to Day-to-Day Operations of Branches and Offices

As part of the Bank's commitment to contribute to nation building, the bank has adapted some operational measures to preserve the devastating impact climate change through the following policy measures:

- a. Efficient use of energy and other resources – office equipment are unplugged to minimize carbon emission, turning-off on certain times of the day, replacement to sustainable alternative, and regular maintenance.
- b. Reduce carbon footprints and avoid negative impact on the environment – maximizing the use of emails and other communication means that consumes energy, minimizing or avoiding usage of single use plastics, maximizing use of vehicles and use of alternative sustainable transportation means such as bicycles, etc.
- c. Proper Management of Hazardous waste – continuous implementation of waste segregation in all branches, offices, and staffhouses, maintenance and proper discharge of wastewater, and compliance to sanitary and environmental permits.
- d. Activities to help fight climate change – schedule regular tree planting activities in coordination with the LGUs, discuss climate change and its effects and contributions to prevent global warming.
- e. Environment-Friendly Disposals Process of Office Documents – compliant to the Philippine Ecological Solid Waste Management Act of 2000, proper disposal of paper is adherent and considers recycling/maximization of paper wastes and handling by eligible disposal services.
- f. Other activities and initiatives – the bank's investment, partnerships and collaborations with institutions/organizations with common advocacies/initiatives on climate change and avoid sectors that are into fossil fuel production or anything that is considered harmful to the environment (coal, fossil fuels and others).

2. Credit with Education Program

As a socially oriented institution, the services of the Bank is not just limited to loans and savings. The Bank believe that client education is an important pieces for our client to live out of poverty.

Under this program, members are trained in topics about health, entrepreneur and livelihood program, Bank's products and services, microinsurance, disaster preparedness, and credit discipline and financial management. The CARD MRI Development Institute, Inc. prepared series of educational modules which are being run into program by our Account Officers during weekly center meeting.

3. Consumer Protection Practices

The Bank adopts a Consumer Protection Compliance Program to provide better protection of the interest of the consumers. This will assist the bank in achieving the following objectives towards customer's protection.

- Promote fair and equitable financial services practices by setting standards in dealing with customers.
- Increase transparency to inform and empower consumers of financial services.
- Provide efficient and effective mechanisms for handling consumer complaints relating to the provision of financial products and services.

VI. CREDIT RISK MANAGEMENT SYSTEM

Credit risk management related to Environmental and Social risks is a regular component report of the Risk Management Unit. Through the SFF working team that was established, headed by a Head of Risk Management, status of SFF development and compliance is regularly reviewed and reported during monthly risk management committee meetings. Composition of loan portfolio is reviewed by Risk Management and reported during Risk Oversight Committee (ROC) meeting. Stress testing and scenario analysis are developed in the Credit Strategy and Risk Appetite.

1. Integration to Banking Operations

Exposure to environmental and social risk is low since majority of the Bank's clientele were still belongs to microfinance operations which were living below the poverty line. Their loans are utilized to finance livelihood activities such as Agricultural Trading, Merchandising, Livestock Raising, Rice and Pineapple and Vegetable Production, Bakeshops, Slipper Making, Stainless Kitchen Wares, Labor Services like Beauty Parlor, and Machine Shops, among others. However, even the size of its business is small, it should be noted that the number of its clients is high thereby creating large cumulative effects.

The Bank continually endeavors to ensure effective sustainable practices in all its activities, products and services with a special focus on the following:

- All projects shall be reviewed and evaluated in compliance with the applicable national laws on environment, health, safety and social issues and any standards established therein.
- Projects engage in any of the items which fall under the prohibited list shall not be qualified to any transaction.
- Only those projects designed, operated and maintained in a manner consistent with the applicable requirements shall be financed.
- Continuous monitoring activities shall be set and implemented in compliance with the applicable requirements.
- Transparency in the performance of identifying, mitigating and monitoring the continuous compliance to effective sustainable finance shall be ensured.
- The management and shareholders of the client company shall have a clear understanding on the policy commitment set for environmental and social matters.

2. Sustainable Products and Services

- a. Health Loan Products - the Bank has offers Other Loan-Health Loan Premium that is intended for health security and insurance premium payment of members and savers who wants to avail insurance products for their continuous protection against un-expected circumstances such as sickness, loss of life and property, among others.
- b. Educational Loan Products – these loan product are intended to assist those members with children or dependents in Pre-school and Elementary level, High School and College level children but needs financial assistance to send them to school.
- c. Credit Strategy – the Bank reviews the composition of its loan portfolio and also set credit limit based on its loan portfolio and also review its E&S risk exposure per industrial sector. The results of stress testing and scenario analysis are considered in setting credit strategy and risk appetite.
- d. Risk Measurement, Monitoring, Reporting and Control – E&S risks are monitored regularly by the Management and Board of Directors through the Risk Oversight Committee (ROC). E&S risk assessment tool are continuously developed, enhanced/updated, and considered in the credit scoring model of the bank.

3. Credit Strategy

The bank reviews the composition of its loan portfolio and also set credit limit based on its loan portfolio and also review its E&S risk exposure per industrial sector (i.e. Oil, Gas and Mining, Forestry, etc.). The results of stress testing and scenario analysis will be considered in setting credit strategy and risk appetite.

4. Risk Measurement, Monitoring, Reporting and Control

E&S risks are monitored during the Risk Oversight Committee (ROC) meeting. E&S risk assessment tool will continuously be developed and will be considered in the credit scoring model of the bank.

VII. ENVIRONMENTAL AND SOCIAL RISK EXPOSURES OF THE BANK (per Sector)

Updates on the current E&S Risk Exposures of the Bank are manageable with details provided as follows:

Industrial Sector	Loan Outstanding	% of Portfolio
Fishing	45,508,539	0.93%
Furniture and related products	17,962,459	0.37%
Forestry	2,342,408	0.05%
Oil, Gas and Mining	529,552	0.01%
Water supply, sewerage, waste management and remediation system	1,235	0.00%
Total	66,344,193	1.36%

DATA PRIVACY STATEMENT

GENERAL STATEMENT

CARD MRI Rizal Bank, Inc. ("CARD RBI"), including its affiliates and subsidiaries and all members of the CARD Mutually Reinforcing Institutions ("CARD MRI"), values the confidentiality of personal data and committed in maintaining the privacy of its customers. This Data Privacy Statement ("**Statement**"), details how CARD RBI uses and protects personal data for the purpose of obtaining the consent of data subject in accordance with the Republic Act No. 10173, otherwise known as the Data Privacy Act of 2012, and its Implementing Rules and Regulations ("DPA"). This Statement also covers the privacy practices for our customers who apply for and obtain products and services from us, such as, but not limited to, deposits, loans, investments, insurance, remittances, and other such products and services that CARD RBI may offer from time to time.

OUR PRIVACY PRACTICES

The privacy practices described in this Statement are primarily intended for individuals in the Philippines and are designed to comply with the provisions of the DPA. When accessing our websites and/or availing of our services through our branches, you acknowledge and agree that your information may be collected, processed, and transferred within the Philippines following legal and regulatory standards for data protection that may differ from your current or home jurisdictions.

WHAT DATA DO WE COLLECT FROM YOU

To provide the client with CARD RBI's banking/financial products and services and/or to implement client-requested transactions, CARD RBI shall collect personal information from the client which may include, but are not limited to:

- Name, Age, Date/Place of Birth, Gender, Civil Status, Nationality;
- Address and Contact Details (Home/Business)
- Educational Background;
- Employment History;
- Financial Information (such as income, expenses, balances, investments, tax, insurance, financial and transaction history, etc.);
- Specimen Signature;
- Permits, Licenses & Registrations;
- Status of Pending Civil/Criminal Cases (if any);
- Telephone conversation recordings through our Customer Service Representative;
- CCTV footage for security purposes;
- Religion;
- Health/Disability;
- Regulatory Numbers (HDMF/SSS/TIN);
- Housewife/Husband Information (Name/Occupation);
- Valid ID & Photos;
- Mother's Maiden Name

HOW WE USE YOUR INFORMATION

CARD RBI uses your personal information to provide the services and products that you have availed or intend to avail from CARD RBI, including and together with following purposes:

- Opening, maintaining, and/or terminations of accounts;
- Ease of contacting/communicating with clients;
- Evaluate, approve, provide, or manage applications, financial products and services, and other transactions that the client has requested;
- Comply with know-your-customer (KYC) information requirements as specified under the Manual of Regulations for Banks and other applicable regulations;
- Conduct of credit and background information checks and verification;
- Evaluate client's eligibility for CARD RBI's products and services, such as loan inventory and loan validation;
- Perform risk profile and risk assessment;
- Perform Loan Utilization Check (LUC);

- Provide extensive and quality support to the client;
- For internal purposes, such as administrative, operational, audit, credit and risk management;
- Provide location-based services such as finding the ATM or branch nearest to you;
- Offering and processing of insurance products for the CARD Mutual Benefits Association
- Comply with legal and regulatory requirements such as submission of data to credit bureaus, credit information companies, the Credit Information Corporation (CIC), CISA, responding to court orders and other instructions and requests from any local or foreign authorities including regulatory, governmental, tax and law enforcement authorities or other similar authorities;
- Perform other such activities permitted by law or with your consent.

WHEN DO WE COLLECT PERSONAL INFORMATION

CARD RBI collects personal information through, but not limited to, any of the following:

- Face-to-face and/or telephone conversation with CARD RBI Customer Service Representative;
- Accomplishment and/or signing of forms/documents (e.g. loan proposal, New Accounts Form, Insurance Products, Employment application and contracts and Client Information Form);
- Registration through electronic banking channels and services (e.g. Mobile Banking Application-Konek2CARD, HCIS); and
- Conducting Background and credit investigation and Loan Utilization Check
- Inquiries to the Credit Bureau such as CIC, NFIS and MIDAS.

RECIPIENTS OF INFORMATION

We may share your personal information with our subsidiaries, affiliates and third parties, including members of CARD MRI, for the purposes above and with an obligation of confidentiality. Your personal information may similarly be disclosed to government agencies, supervisory bodies, tax authorities, or courts of competent jurisdictions for purposes of complying with banking regulations, which CARD RBI may be subject to such as Republic Act No. 9160 otherwise known as the *Anti-Money Laundering Act of 2001* or Republic Act No. 9510 otherwise known as the *Credit Information System Act* ("CISA"), among others.

If necessary, for the efficient delivery of CARD RBI's products and services, we may also outsource processing of your personal information to third-party service providers or CARD MRI, consistent with the terms of this Statement and the provisions of the DPA.

HOW WE SAFEGUARD PERSONAL INFORMATION

In accordance with the provisions of the DPA, Republic Act No. 1405 otherwise known as the Bank Secrecy Law, Republic Act No. 8791 otherwise known as the *General Banking Law of 2000*, Republic Act No. 6426 otherwise known as *The Foreign Currency Deposit Act*, BSP Circular No. 808, Series of 2013 otherwise known as the *Guidelines on Information Technology Risk Management for All Banks and other Supervised Institutions*, and BSP Circular No. 982, Series of 2017 otherwise known as the *Enhanced Guidelines on Information Security Management*, CARD RBI, its employees, agents and representatives, shall handle personal information with utmost care and adhere to the implemented organizational, physical, and technical security measures to maintain the confidentiality, integrity, security, and availability of all personal information under its custody.

HOW LONG DO WE KEEP YOUR INFORMATION

Documents containing your personal information will be retained in the records and systems of CARD RBI for a period no longer than five years from the date of the termination of your account or of the specific transaction with CARD RBI, unless CARD RBI is required by law to retain the information for a longer period.

YOUR RIGHTS AS DATA SUBJECT

CARD RBI respects your rights to:

1. Be informed;
2. Object to the processing of your personal data;
3. Have reasonable access to your personal data under the custody of CARD RBI;
4. Require immediate correction of inaccurate or erroneous personal data under the custody of CARD RBI;
5. Suspend, withdraw or order the blocking, removal or destruction of your personal data from CARD RBI's records and/or system; and
6. Be indemnified in case of violation of your rights as data subject.

You may reach us for any questions, concerns or requests you may have on your personal data and exercising the above rights.

HOW TO CONTACT US

Should you need to get in touch with us for any data privacy concerns or requests or should you have any questions or clarifications regarding the Statement, CARD RBI has adopted a Customer Assistance Management System (CAMS). This is an organized system where customer feedback, inquiries and complaints are carefully handled and processed. Through this channel, a Customer Service Officer, who serves as the representative of the Data Protection Officer shall initially assist you and raise such concerns to the Compliance Unit of CARD RBI.

You may also visit the Customer Service Desk at any of CARD RBI's branches or call the Customer Service Hotlines at the following numbers:

Telephone Number: (049) 530-7284
Cellphone Numbers: 0917-132-7589 (Globe-call) 0961-017-0676 (Smart-text message only)
0961-017-0677 (Smart-call) 0969-285-4378 (Smart-outgoing calls)
0999-880-4785 (Smart-call) 0938-744-6274 (Smart- outgoing calls)

You may also e-mail us at cmrbi.csr@cardmri.com or visit our website <https://www.cardmri.com/rbi/>.

Alternatively, for any pressing concerns, you may reach our data protection officer at the following contact information:

Email: cmrbi.compliance@cardmri.com

Telephone Number: (+63-49) 523-1047

Address: P. Guevarra corner Aguirre St., Brgy. Poblacion, Sta. Cruz, Laguna

CHANGES TO OUR PRIVACY STATEMENT

We may amend or modify the terms of this Statement from time to time to ensure relevance with the relevant laws and regulations applicable to CARD RBI. Any relevant modification will be posted on our website and distributed to all CARD RBI branches and BLUs.

BANK EXECUTIVES AND SENIOR MANAGEMENT

The Senior Management, as mandated by the Board, has the oversight and responsibility to effectively implement the bank policies and practices on its day-to-day operations and affairs. The qualifications of the Bank's executive and senior management personnel as of December 31, 2023, are as follows:

Name	Age & Nationality	Years of Experience	Position	Education Attainment	Other Trainings
Ms. Elma B. Valenzuela	59, Filipino	35 years in microfinance industry	President and CEO	- BS in Agriculture (Agronomy)-G. Araneta Univ. Foundation, Malabon, Metro Manila (1986) - Master of Business Administration (MBA) -Trinity College, Quezon City (2004) - Executive MBA at Asian Institute of Management- Makati City (2007) - Advanced Management Program- Harvard Business School, Boston, Massachusetts (2015)	Training Program on Supervisory Assessment Framework (SAFR), Sustainable Finance Framework, Anti-Money Laundering and Combating the Terrorist and Proliferation Financing, IT Governance Principle Course, Basic Banking Regulations and Compliance, Related Party Transactions, Microfinance Training Program, Governance and Risk Management Training, Risk Management Seminar and Microfinance Credit and Risk Workshop, among others.
Ms. Juliana B. De Leon	52, Filipino	29 years in microfinance industry	Executive Vice President	- BS in Agriculture Major in Agricultural Education - Mindoro State College of Agriculture and Technology Victoria, Oriental Mindoro (1992) - MS in International Community Economic Development - Southern New Hampshire, USA (2009) - Executive Program in General Management - Massachusetts Institute of Technology (MIT), Cambridge, Massachusetts, USA (2019)	Sustainable Finance Framework, Anti-Money Laundering and Combating the Financing of Terrorism, Power Presentation, Management Development Program, and Leadership and Diversity Innovation Program, among others.
Ms. Maria Adoracion M. Ola	49, Filipino	26 years in microfinance industry	Vice President for Operations	- BS Business Administration -Manuel L. Quezon University (1997) - MA in Organization Development Specializing in Microfinance Management -Southeast Asia Interdisciplinary Development Institute (SAIDI) and CARD-MRI Development Institute, Inc. (2013) - Basic Strategic Management -Ateneo De Manila University (2018)	AML Refresher/BBRC Refresher, Anti-Money Laundering and Combating the Financing of Terrorism, Values and Culture, Basic Banking Regulations and Compliance, Leadership Training, and Introduction to Lean Six Sigma, among others.
Ms. Marites S. Pedraja	49, Filipino	26 years in the microfinance industry	Assistant Vice President for Operations	- BS in Industrial Technology Major in Food Technology - Laguna State Polytechnic University (1996) - MA in Organization Development Specializing in Microfinance Management - Southeast Asia Interdisciplinary Development Institute (SAIDI) and CARD-MRI Development Institute, Inc. (2012) - Management Development Program - Asian Institute of Management (2017)	AML Refresher/BBRC Refresher, Anti-Money Laundering and Combating the Financing of Terrorism, Basic Banking Regulations and Compliance, 19th DSAP Convention (CAR), and Enhancing Communication Effort of CARD MRI, among others.
Mr. Pedro L. Maniebo	49, Filipino	24 years in microfinance industry	Senior Regional Director	- BS Management -University of Batangas (1997) - Master in Productivity and Quality Major in Microfinance at Development Academy of the Philippines (2013)	AML Refresher/BBRC Refresher, Basic Banking Regulations and Compliance, AMLA and AML Risk Rating System, and Risk-Based Audit Methodology, among others.
Ms. Medelyn K. Alimagno	42, Filipino	22 years in microfinance industry	Senior Regional Director	- BA Economics -Dalubhasaan ng Lungsod ng San Pablo (2001) - MA in Organization Development Specializing in Microfinance Management -Southeast Asia Interdisciplinary Development Institute (SAIDI) and CARD-MRI Development Institute, Inc. (2012)	AML Refresher/BBRC Refresher, Staff Ready for Banking and Basic Banking Regulations and Compliance Training, among others.
Ms. Nenia I. Peralta	47, Filipino	25 years in microfinance industry	Senior Regional Director	- BSC major in Banking and Finance at San Pablo College (2001) - MA in Community Economic Development at Southern New Hampshire University (2010)	AML Refresher/BBRC Refresher, Know Your Money, Basic Banking Regulations and Compliance Training, among others.

Name	Age & Nationality	Years of Experience	Position	Education Attainment	Other Trainings
Ms. Mary Grace A. Vergavera	42, Filipino	20 years in the microfinance industry	Vice President for Finance	- BS in Accountancy -Divine Word College of San Jose (2003) - Master in Productivity and Quality Management major in Microfinance -DAP (2017) - Certified Management Accountant (CMA) -Institute of Certified Management Accountant (2019) - Certified Taxation Technician (CTT) -PACTT (2019) - Civil Service Sub Professional and Professional Passer	AML Refresher/BBRC Refresher, Basic Banking Regulations and Compliance Training, Seminar on ECL Modelling for PFRS 9 Compliance, Training/Workshop on "Managing, Motivating and leading a Multigenerational Workforce: The Millennial Difference, PFRS 16, Leases Workshop, Training/Workshop on ECL computation and Modelling and Mastering of Withholding Tax, VAT and Income Tax and the effects of Train Law Training, among others.
Mr. Hilario M. Umitten, Jr.	34, Filipino	13 years in the microfinance industry	Chief Compliance Officer (Officer-In-Charge)	- Bachelor of Science of Business Administration Major in Management Accounting at Palawan State University (Main) (2010) - Master of Arts in Organization Development specializing in Microfinance Management at Southeast Asia Interdisciplinary Development Institute and CARD MRI Development Institute (2022)	Webinar on Basic Course on Corporate Governance, Sustainable Finance Framework, BSP Awareness - Raising Session on Institutional Risk Assessment (IRA) and Results of the 2022 Thematic Review on Targeted Financial Sanctions (TFS), Basic Leadership and Effective Supervision Seminar (BLESS), Anti-Money Laundering/Counter-Terrorism Financing (AML/CTF) Fundamentals Webinar for Covered Persons, Mental Health Awareness Webinar, Data Privacy and Security for Financial Institutions, Handling Millennials, Data Privacy Act of 2012, among others.
Juanito P. Alfonso	38, Filipino	14 years in the microfinance industry	Deputy Director for Risk (Officer-In-Charge)	BS Information Technology (2006)	AML Refresher/BBRC Refresher, IT Security and Banking Operations, Counter Malicious Cyber Attacks on Financial Institutions (Webinar), Basic Banking Regulations and Compliance Regulatory, Risk Management Seminar 2020, Cloud Security Fundamentals Course, Enhancing RBs Cybersecurity: IT Risk Management Awareness, among others.
Mr. Joseph C. Tabora	32, Filipino	12 years in the microfinance industry	Deputy Director for Audit (Officer-In-Charge)	Bachelor of Science in Accountancy at San Pablo Colleges (2011)	Common errors of accountants in the field of taxation, Effective Audit Reporting and Issues Monitoring, Excel Analytics Essentials, Third Party Risk Management, BSP Awareness - Raising Session on Institutional Risk Assessment (IRA) and Results of the 2022 Thematic Review on Targeted Financial Sanctions (TFS), Related Party Transactions, Understanding the Supervisory Assessment Framework (SAFr), Temenos 24 T24 Development, T24 Services, COB, DMD, Capacity Management, General Ledger and Loans (AA), Fraud Risk Management, among others.
Ms. Maria Grethel A. Besonia	40, Filipino	15 years in the microfinance industry	Deputy Director for HR (Officer-In-Charge)	- Bachelor of Science in Management at Laguna College (2004) - Master of Arts in Organizational and Development and Planning specializing in Microfinance Management at Southeast Asia Interdisciplinary Development Institute (2022)	Wage Distortion, AML Refresher/BBRC Refresher, Basic Banking Regulations and Compliance, Managing, Motivating, and Leading a Multinational Workforce: The Millennial Difference, among others.
Ms. Maria Ernelyn D. Dajao	39, Filipino	17 years in the microfinance industry	Director for IT Operations	BS in Accountancy -Southern Luzon State University (2006)	AML Refresher/BBRC Refresher, Core Values and Culture Training, Basic Banking Regulations and Compliance Training, among others.
Mr. Oliver G. Quinay	41, Filipino	19 years in the microfinance industry	Deputy Director for konek2CARD	- BS Customs Administration at Asian Institute of Maritime Studies (2003) - Master in Productivity and Quality Management Major in Microfinance at Development Academy of the Philippines-Pasig, Metro Manila (2015)	AML Refresher/BBRC Refresher, Handling Millennials, Basic Banking Regulations and Compliance and Core Banking System (CBS) Training, among others.
Mr. Glenn C. Matienzo	40, Filipino	15 years in the microfinance industry	Information Security Officer	- BS Information Technology -Laguna State Polytechnic University - Los Baños Campus (2007) - Diploma in Digital Forensics and Cybersecurity at Aventis School of Management (2018)	Core Values and Culture Training, AML Refresher/BBRC Refresher, Managing a Young Workforce: The Millennial Difference, IT security in Banking Operations, Fortinet - 361 Degrees Security 2019, Trend Micro - Security Trends 2019, CompTIA Advance Security Practitioner +, Information Security in Banking Operations, Data Privacy Officer (DPO) Briefing, Overview of Business Continuity Management - ISO 22301 Aligning to BSP Cir. No. 951, and Basic Banking Regulations and Compliance, among others.
Mr. Alex B. Benitez	45, Filipino	11 years in the microfinance industry	Marketing Officer	BS Commerce at Laguna College (1999)	AML Refresher/BBRC Refresher, Digital Marketing, Content Writing/Social Media Training and Basic Banking Regulations and Compliance, among others.
Mr. Rodolf Henry J. Melgar	44, Filipino	19 years in the microfinance industry	Regional Director	- BSC Major in Banking and Finance at Abada College (2002) - Master in Productivity and Quality Management with Major in Microfinance at Development Academy of the Philippines (2017)	AML Refresher/BBRC Refresher, Basic Banking Regulations and Compliance Training, Online refresher training for Microinsurance, BSPFinEd2019, AMLA Refresher and Basic Strategic Management Program, among others.

Name	Age & Nationality	Years of Experience	Position	Education Attainment	Other Trainings
Ms. Ruby Anne D. Suministrado	42, Filipino	20 years in the microfinance industry	Regional Director	- BSBA Management at Dalubhasaan ng Lungsod ng San Pablo (2002) - Master in Productivity and Quality Management Major in Microfinance at Development Academy of the Philippines-Pasig, Metro Manila (2017)	AML Refresher/BBRC Refresher, Basic Banking Regulations and Compliance and Bless Training Program, among others.
Ms. Venus J. Manrique	43, Filipino	18 years in the microfinance industry	Regional Director	- BS Secondary Education at Naga College Foundation (2001) - Master in Productivity and Quality Management Major in Microfinance at Development Academy of the Philippines-Pasig, Metro Manila (2017)	AML Refresher/BBRC Refresher, Basic Banking Regulations and Compliance, among others.
Ms. Rebecca F. Ano-os	45, Filipino	18 years in the microfinance industry	Regional Director (Officer-In-Charge)	Bachelor of Science in Agribusiness Management at Central Bicol State University (2001)	Regional Director Ready To Lead and Uphold Core Values and Culture, Handling Millennials, AML Refresher/BBRC Refresher, Basic Banking Regulations and Compliance Training, Microfinance Risk and Legal Aspect, Business Correspondence, AM Advance Course on Human Resource Management and Special Agriculture and QSL Training, among others.
Mr. Robert F. Urgino	43, Filipino	18 years in the microfinance industry	Regional Director (Officer-In-Charge)	BS in Business Administration with Major in Marketing at Leon Guinto Memorial College (2003)	Regional Director Ready To Lead and Uphold Core Values and Culture, Core Values and Culture Training, AML Refresher/BBRC Refresher, Basic Banking Regulations and Compliance Training, Staff Ready for Banking and Coaching towards nurturing Passion, Purpose and Productivity, among others.
Mr. Florante F. Andaya	49, Filipino	22 years in the microfinance industry	Regional Director	- BS in Marine Transportation at Lyceum University Batangas Campus (1994) - BS in Accountancy at Occidental Mindoro State College (2001) - Master in Productivity and Quality Management with Major in Microfinance at Development Academy of the Philippines (2012)	Regional Director Ready To Lead And Uphold Core Values and Culture, AML Refresher/BBRC Refresher, Core Values and Culture Training, Basic Banking Regulations and Compliance Training, and Basic Strategic Management Program, among others.
Ms. Ma. Theresa G. Boncodin	43, Filipino	20 years in the microfinance industry	Senior Area Manager	BS Economics at Colegio De Los Banos (2001)	Regional Director Ready to Lead and Uphold Core Values and Culture, AML Refresher/BBRC Refresher, Basic Banking Regulations and Compliance Training, , among others.

Name	Age & Nationality	Years of Experience	Position	Education Attainment	Other Trainings
Mr. Joseph G. Verano	48, Filipino	25 years in the microfinance industry	Regional Director	- BS Elementary Education (1998) - Master in Productivity and Quality Management with Major in Microfinance at Development Academy of the Philippines (2015)	Core Values and Culture Training, AML Refresher/BBRC Refresher, Basic Banking Regulations and Compliance and Basic for Effective Supervision Seminar, among others.
Mr. Mark Jayson C. Soriano	34, Filipino	14 years in the microfinance industry	Regional Director (Officer-In-Charge)	Business Information Management at AIE College (2009)	AML Refresher/BBRC Refresher, Handling Millennials, Basic Banking Regulations and Compliance Training, among others.
Ms. Ma. Cecilia M. Comaling	42, Filipino	17 years in the microfinance industry	Senior Area Manager	Bachelor of Science in Business Management Major in Marketing Management at Southern Luzon Polytechnic College (2003)	AML Refresher/BBRC Refresher, Basic Banking Regulations and Compliance Training, Cross Cultural Sensitivity and Workplace Biodiversity, Basic Occupational Safety and Health Training, Money Counterfeit and Fraud Training, among others.
Mr. Heric B. Acbayán	38, Filipino	17 years in the microfinance industry	Senior Area Manager	- Bachelor of Science in Commerce Major in Banking and Finance at St. Vincent's College (2006) - Masters in Productivity and Quality Management at Dap, Pasig City (2017)	Know Your Money, AML Refresher/BBRC Refresher, Basic Banking Regulations and Compliance Training, Fire Drill and Bomb Treat Training, OSCH Training, Regional Director Ready to Lead and Achieve, among others.
Ms. Ma. Clarissa C. Bolivar	38, Filipino	16 years in the microfinance industry	Senior Area Manager (Officer-In-Charge),	: Bachelor of Arts in Communication at Divine Word College of San Jose, Occidental Mindoro (2006)	Handling Millennials, Branch Focus Training, AML Refresher/BBRC Refresher, Basic Banking Regulations and Compliance Training, among others.
Mr. Artemio A. De Las Alas	42, Filipino	18 years in the microfinance industry	Regional Director (Officer-In-Charge)	BS in Agri-Business Management at PUP Mulanay Campus (2004)	AML Refresher/BBRC Refresher, Core Values and Culture Training, Basic Banking Regulations and Compliance Training and Wellness, Body, Mind and Soul Training, among others.

Name	Age & Nationality	Years of Experience	Position	Education Attainment	Other Trainings
Mr. Roneil B. Ganohay	34, Filipino	12 years in the microfinance industry	Regional Director (Officer-In-Charge)	· BS in Information Technology at Siquijor State College (2011)	Handling Millennials, Training of Trainers, RD Ready-To-Lead and Uphold Core Values and Culture, AML Refresher/BBRC Refresher, Basic Banking Regulations and Compliance Training and Staff Ready for Banking, among others.
Ms. Jhenny R. Logdat	36, Filipino	13 years in the microfinance industry	Senior Area Manager	· Bachelor in Business Administration at Polytechnic University of the Philippines (2009)	AML Refresher/BBRC Refresher, Basic Banking Regulations and Compliance Training and Staff Ready for Banking, Area Manager Ready to go, Basic Occupational Safety and Health Training Safety Officer, English Proficiency Skills Training, Computer Literacy, among others.
Ms. Lyne M. Inot	37, Filipino	13 years in the microfinance industry	Senior Area Manager	· Bachelor of Science in Business Administration Major in Banking and Finance at Bukidnon State University (2009)	AML Refresher/BBRC Refresher, Basic Banking Regulations and Compliance Training and Staff Ready for Banking, UM for Internal Control and Compliance, UM Advance Course on HR, Workplace Diversity, Cross-Cultural Sensitivity, Paralegal Training, Money Counterfeiting and Fraud Detection, English Proficiency Training, Asian Development Education Workshop, among others.

LIST OF MAJOR STOCKHOLDERS

Stockholder	Nationality	Percentage of stockholdings	Voting Status
Center for Agriculture and Rural Development (CARD), Inc. (A Microfinance NGO)	Filipino	22%	Voting
CARD Bank, Inc.	Filipino	40%	Voting
Bank of the Philippine Islands, Inc.	Filipino	10%	Voting

ORIENTATION, SEMINARS AND EDUCATION FOR BOARD AND SENIOR MANAGEMENT

Board composition and dynamics are critical to bank's operation. Within the framework of positive board culture, the board will leverage their diverse skill sets to excellent advantage. With this, Board of Directors training programs help build the skills for driving positive board culture - especially if undertaken as a team.

As the governing body of the bank, Boards of Directors provide the leadership and accountability that determine the success of the institution. The board recognizes the importance of training and development of individual directors and the board as a whole. It was recognized as an important investment for the bank as it intends to operate at its greatest effectiveness.

All directors of the Bank have attended Corporate Governance Seminar conducted by accredited private institutions prior to, or at least immediately after, assumption of office. All newly elected Board of Directors undergone orientation on their duties and responsibilities as board of directors including the general operating procedures of the bank. Prior to his election as member of the Board of Directors, candidates were invited to seat as observers in the bank's committee and board of directors' meetings to get familiar with the banking operations.

The Board of Directors and Senior Management were continually updated with the anti-money laundering initiatives, Bangko Sentral ng Pilipinas issuances, and other banking-related issues, conducted by the compliance unit, by CMDI, and by external organizations through webinars.

Moreover, the bank's senior officers have attended series of webinars conducted internally by our CMDI and by external organizations to further expand and strengthen their areas of expertise, update them on regulatory matters, bring in new ideas and practices to the organization. As part of the capacity building program of the bank for its Senior Management, qualified officers were sent to master's degree and short degree programs, both locally and internationally.

BOARD AND SENIOR MANAGEMENT SELECTION PROCESS

Board Selection Process

To ensure that clients are represented on the policy making body of the Bank, seat(s) in the board are allotted for the member-board of directors. To ensure, however, that the board passed the required qualifications, the following selection process is needed:

1. The Selection Committee is informed through the Governance Committee of the need to conduct selection/nomination at least one year before the position will be vacated or replaced.
2. Invitation will be sent to the members through the operations staff (from Regional Director to Unit Manager). It must be clear that nomination will directly come from the members and not as endorsed or selected by the Account Officer.
3. Nomination will be forwarded to the HR personnel who then will forward to the Selection Committee.
4. Personal interview will be conducted by the Selection Committee at the place where the nominees are residing.
5. Selection Committee prepares reports and conduct deliberation based on the selection criteria as to who shall be the shortlist nominees.

The nomination selection criteria for the committee member/board member are as follows:

- a. Membership record performance (repayment, attendance and length of membership with CARD MRI)
 - b. Business potential to support the family needs as well as other family activities or engagement: on-going business, at least college graduate or have at least 5 years' experience in business, legality of the business.
 - c. Achievements and development work involvement: in CARD MRI, in family, and in the community.
 - d. Personal attributes: Self-confidence, communication skills, values and principle in life, and good grooming.
 - e. Reputation in the community, family background and how the family is regarded in the community.
6. Result of the deliberation shall be submitted to the Governance Committee for review and approval for further endorsement to the Board.
 7. As part of the process, shortlisted nominees are invited to become board member observer to the board meeting for three (3) consecutive months, one at a time (while first priority nominee attends for three consecutive meetings, record/profile/background of the next nominee is also evaluated/revalidated prior to her turn to take the place as the next board member observer). This is to give ample time to further evaluate them and see their fitness to the position.

8. The finalist/top selected nominees are then endorsed to the Governance committee for further endorsement to the board.
9. The final selected nominees attend the board meeting as a regular observer.
10. While her status remains as a regular member observer to the board, she is also invited to join the board committee.
11. While attending as regular member observer to the board, she is also given opportunity to share and report based on the center visit she conducted during the month.
12. When available position in the board opens, regular member observer to the board is further endorsed to the board for confirmation.
13. Once confirmed by the board, submission of the profile/biographical data to the BSP is done.
14. Selected Board Member is also required to attend the Corporate Governance and Risk Management Seminar.

Senior Management Selection Process

Senior management is filled from within the ranks prioritizing them for opportunities on growth and career development. This is without prejudice to recruitment outside of the institution, except when certain special qualifications, experience, and training are required for the job. In offering this opportunity, it is the policy of the CARD MRI Rizal Bank, Inc., to likewise provide equal chances among all qualified employees across CARD MRI.

PERFORMANCE ASSESSMENT

Board Members

Consistent with the principles of good corporate governance, the corporate governance committee is responsible in ensuring the effectiveness and due observance of the board on the principles and guidelines stated in the Corporate Governance manual. It includes overseeing periodic performance evaluation of the board and its committees including executive management. An annual performance assessment was conducted to measure director's effectiveness and if adequately carrying out their duties as director, and their contribution and performance (e.g. duty of care, duty of loyalty, duty of obedience, management accountability, strategic planning and policy setting). Committee's performance was also evaluated based on their respective duties and responsibilities.

The result of the evaluation should be forwarded to the committee who will be responsible in deciding whether each director has been adequately carrying out his duties using the criteria stated in the evaluation form. The result of the evaluation shall be the basis of the committee in recommending continuing education of directors and succession plan for the board members and senior officers.

Senior Management and other bank staffs

Performance Evaluation is conducted annually to review how regular employees fared in the last 12 months. The results serve as the Annual Performance Rating of the employee. Performance Evaluation takes into consideration both quantitative and qualitative performance indicators.

REMUNERATION POLICY

Board Members

Consistent with the section 29 of the Corporation Code of the Philippines and as provided in the By Laws of the Bank, Directors shall not receive any compensation, except for reasonable per diems. In which no case shall the total yearly compensation of directors exceed ten percent (10%) of the net income before income tax of the bank during preceding year. Further, only expenses deemed necessary for them to attend the meetings and discharge their official duties shall be allowed for reimbursement.

Senior Manager

CARD MRI Rizal Bank, Inc. has adopted a standardized salary grading system applicable for all level of position with a corresponding rate of pay that are fair and equitable in relation to the job requirements in terms of complexity, responsibility, skills, and qualifications. The bank maintains a salary and benefits structure competitive with the prevailing rates/system of similar agencies and organizations compatible with the financial condition and objectives of the institution. These remuneration policies of the bank are duly approved by the Board of Directors. There will be a provision on annual increase and performance assessment measures.

All officers and employees of the bank are entitled for all regulatory benefits mandated by law, including other institutional benefits such as but not limited to retirement benefits, life and health insurance, further studies locally and abroad, international exposures, performance bonus and salary appraisal.

RETIREMENT, SUCCESSION PLANNING AND DEVELOPMENT PROGRAM

Elected Directors serve for a period of one (1) year from March to February of the succeeding year shall continue to serve until their successor is duly appointed. Members of the Board of Directors are not entitled to any retirement benefits. There is no prescribed age limit for Directors, provided, they are physically and mentally fit for the position.

As CARD MRI Rizal Bank, Inc. continues to grow and expand, it is fundamental to ensure readiness of the next generation of leaders. The bank aims to sustain its core values of excellence by ensuring that next-in-line leaders are equipped with adequate knowledge and competence. This is to prepare next level officers assuming vacancies in senior management positions brought about by expansion, promotion, and retirement, among others. Through the succession program of the bank support by its capacity building program, it ensures that qualified employees are recruited and developed to fill each key role within the bank.

Under this program are as follows:

- Succession Management program for middle to senior management officers to assume leadership position.
- Master's Degree Program and short-term leadership management course for middle management officers.

Policy Statement

4. CARD RBI ensures continuity of a strong leadership through operationalizing an effective and sound succession planning and development program.
5. CARD RBI ensures that a strong and sound succession planning program identifies and fosters the next generation of leaders.
6. CARD RBI ensure that employees have development opportunities to hone their leadership skills and must guarantee that the organization has a leadership plan in place for success in the future.
7. The Succession Planning and Development Program must link talent development with the strategic goals of the Board, the institution, and the staff.
8. The President and CEO may only serve for a total of five years term, however, he/she may be re-appointed subject to the approval of the Board of Directors and confirmation of the Bangko Sentral ng Pilipinas.

Scope

The Succession Planning and Development Program covers key positions particularly in the Executives, Management Committee, and the Middle Management.

Policy Guidelines

5. Succession Planning and Development Program particularly for the Senior Management is reviewed at the Board level through the Governance Committee at least annually.
6. In operationalizing the program, the HRD works with the management and the Board in identifying, developing (through mentoring, training, and stretch assignments), transitioning, and posting of the next generation of leaders.

Policy Violation and Non-compliance

Success in the Succession Planning and Development Program relies on the support and cooperation of all, particularly from the Management. Hence, they are held accountable and responsible for any violation and noncompliance in this policy

Exemption Handling

Any deviation from this policy shall be approved by the President and CEO and the Chairman of the Board.

The mandatory retirement age for all bank officers and staff including senior officers is 60 years old.

DIVIDEND POLICY

The bank's dividend policy is an integral component of its capital management policy rather than a stand-alone process. Its fundamental and overriding policy is sustainability.

Dividends are declared and paid out of unrestricted retained earnings of the bank at such intervals as the Board of Directors may determine and in accordance with the provisions of the law and the regulations of the Bangko Sentral ng Pilipinas (BSP) and the Securities and Exchange Commission (SEC).

The payment of dividends in the future will depend on the bank's earnings, cash flow, financial condition, regulatory requirements for capital and other factors. Circumstances which could restrict the payment of cash dividends include, but not limited to, when the bank undertakes major projects and developments requiring substantial cash expenditures. The Board of Directors may, at any time, modify the bank's dividend payout ratio depending on the results of operations and future projects and plans of the bank. The bank also considers its internally set limits on Capital Adequacy Ratio Liquidity Ratio before and after dividends declaration.

At the time of dividends declaration, the bank ensures that it is compliance with the requirements on the declaration of dividends under Section 124 of the Manual of Regulation for Bank of the Bangko Sentral ng Pilipinas, as follows:

1. Clearing account with the Bangko Sentral is not overdrawn;
2. Liquidity floor requirement for government funds;
3. Minimum capitalization requirement and risk-based capital ratios as provided under applicable and existing capital adequacy framework;
4. Has not committed any unsafe or unsound banking practice and/or major acts or omissions as may be determined by the BangkoSentral;
5. Has accumulated reserves of ___ for the retirement of the government preferred stock which is at least equal to the amount prescribed in Section 124-C of the MORB;
6. Has complied with the provisions of Section 43 (Power to declare dividends) of The Corporation Code of the Philippines (Batas Pambansa Blg. 68), as may be applicable

The total dividends declared by the Bank are provided in the 2023 Audited Financial Statements of the Bank, under Note 13.

CONSUMER PROTECTION POLICIES

In view of the Bangko Sentral ng Pilipinas (BSP) mandates for Financial Consumer Protection, the Bank has adopted a Consumer Protection Compliance Program to provide better protection of the interest of the consumers. This will assist the bank in achieving the following objectives towards customer's protection.

- Promote fair and equitable financial services practices by setting standards in dealing with customers.
- Increase transparency in order to inform and empower consumers of financial services.
- Provide efficient and effective mechanisms for handling consumer complaints relating to the provision of financial products and services.

Consumer Protection Risk Management System

To ensure that consumer protection risks inherent in the bank's operations are identified, measured, monitored and controlled, the bank adopted a risk management system that is adherence to consumer protection standards and compliance with consumer protection laws, rules and regulations.

The Board of Directors have the ultimate duties and responsibilities to ensure full compliance with the consumer protection policies and procedures. The board is responsible for the development and maintenance of a sound Customer Protection and Risk Management System for all products and services life cycle. Board and Senior Management ensure that effectiveness of this system is periodically reviewed including reporting of findings and audit mechanism in place. The Compliance Unit office thru its day-to-day monitoring activities ensure that each office has complied with the standards provided in this consumer protection program. Simultaneous with operations and financial audit, Internal Audit unit likewise ensure that bank's consumer protection practices have been implemented and reviewed.

The bank's personnel and customers' continuing education is vital towards maintaining a sound consumer protection compliance program. As such, the bank sees to it that all bank employees and customers shall be given appropriate training on consumer protection.

a. Disclosure and Transparency

Recognizing the contribution as well as the rights of customers, the bank in its policy promotes disclosure and transparency by providing customers with sufficient information to understand the products and services being offered. This information will enable customers to make informed financial decisions by providing them easy access to information such as terms and condition of the products/services being availed of, benefits and its associated risks. This shall be applicable even to products and services offered electronically as well as to products catering to different market segments with particular consideration for segments that may have limited financial literacy.

b. Protection of customer Information

Recognizing the contribution as well as the rights of customers, the bank in its policy promotes disclosure and transparency by providing customers with sufficient information to understand the products and services being offered. This information will enable customers to make informed financial decisions by providing them easy access to information such as terms and condition of the products/services being availed of, benefits and its associated risks. This shall be applicable even to products and services offered electronically as well as to products catering to different market segments with particular consideration for segments that may have limited financial literacy.

c. Fair Treatment

The bank ensure that customer is treated fairly, with honesty and professionally. Fair treatment of the client shall also cover dealing of the bank employee in marketing and delivering products and services.

d. Protection of Consumer Assets Against Fraud and Misuse

Despite the changes towards digitization, CARD RBI continues to adapt to such changes while continuing to safeguard the protection of its financial consumers through the implementation of bank's initiatives to mitigate the possible risks of fraud and misuse that may face by the financial consumers.

e. Effective Recourse

The bank has designated service helpdesk accountable on the processing of client's inquiries and concerns to ensure that it is properly attended, timely responded and resolved, which is accessible to the customers. The bank has mechanisms in place for complaint handling and redress and have employ various modalities and technological innovations.

f. Financial Education and Awareness

The bank recognizes that client education and awareness are powerful strategies to ensure client protection. As such, bank adopted the following measures:

- Financial education and training program/module shall be designed and given to clients. This shall be part of the credit with education and center's agenda during meeting.
- Financial education tool/information materials shall be developed and disseminated to customers.
- Regular monitoring and assessment on campaign materials for possible improvement.

Conflict of Interest

Members of the board, management, officers, and employees are committed to adhere to ethical business conduct and shall not enter business transactions where conflict of interest may arise. As such, the bank ensure that the following are consistently complied into for the protection of the bank and its customer.

- Established a consumer service unit that is responsible in dealing with consumer concerns independently. Personnel handling customer service is equipped with the necessary knowledge and skills in the implementation of customer assistance program of the bank.
- Several channels have been set up by the bank to ensure that customers are given option to lodge their concern as follows;
 - a. Customer Service Officers (CSO) in the branch for walk-in clients;
 - b. 24/7 Customer Service Desk
 - Customer Service hotline numbers:
 - Telephone Number: (049) 530-7284
 - Cellphone Numbers: 0917-132-7589 (Globe-call) 0961-017-0676 (Smart-text message only)

0961-017-0677 (Smart-call) 0969-285-4378 (Smart-outgoing calls)
0999-880-4785 (Smart-call) 0938-744-6274 (Smart- outgoing calls)

c. Bank email address: cmrbi.csr@cardmri.com
d. Official website: <https://www.cardmri.com/rbi/>

- Installation of suggestion box and incidents complaint logbooks to all branches and branch-lite unit offices.

CORPORATE SOCIAL RESPONSIBILITY

Policy Objective

To cater in social empowerment in Corporate Social Responsibility (CSR) programs for CARD RBI, create more opportunities to raise savings mobilization, reduce default rates and measure more positive community impact among members.

Policy Statement

CARD RBI shall ensure that the CSR investment shall proactively consider as a business opportunity and strategy to support the Social Performance Management as a whole.

For almost a decade, CARD RBI assured that the CSR addresses the impact on the lives of its beneficiaries, its relevance in addressing current society concerns, its long-term commitment to continue the program and services, and its effectiveness in inspiring other institutions to resonate the same initiatives.

CARD RBI aims to provide holistic social development service to the poor by giving its clients access to health services. The bank clients, their children and deserving students from indigent and poorest communities have also the opportunity to get educational assistance and scholarships. CARD RBI also ensures that its members and their families can get back on their feet through immediate provision of relief goods, stress debriefing, health missions, and immediate claims payment.

CARD RBI believes that financial support must be paired with suitable and effective community development services so that poverty eradication can be achieved. The bank has been very active in delivering various programs which may assist its clients to support their growing enterprises as well as their other needs in health and education.

A. SCHOLARSHIP PROGRAM

Believing that education brings about change in the community, CARD RBI together with members of CARD MRI offers educational assistance and scholarship through the CARD Scholarship Program (CSP) under the Resource Mobilization Unit (RMU) of CARD MRI. CSP has been actively and successfully providing a platform for qualified students to have well-deserved opportunities for education.

B. HEALTH PROTECTION PROGRAM

CARD RBI ensures that health condition of its clients is protected. We found out that most members and their families suffer from common, treatable, and/ or preventable illnesses. Thus, the Microfinance and Health Protection Program was conceptualized. Greater availability and access to affordable physician consultation services; affordable, quality prescription drugs to treat the most common diseases; and more information about how to use health care services that are available, including when to seek treatment for themselves and their families are the greatest healthcare needs of these families.

With the restriction on social gatherings and strict implementation of social distancing, the bank and the CARD MRI has deferred its regular activities in providing Credit with Education and community health days. However, with its desire to continuously provide medical assistance to the members and to the public, following health service initiatives were provided in the midst of COVID-19 threat.

With the restriction on social gatherings and strict implementation of social distancing, the bank and the CARD MRI has deferred its regular activities in providing Credit with Education and community health days. However, with its desire to continuously provide medical assistance to the members and to the public, following health service initiatives were provided in the midst of COVID-19 threat.

E-Doctor Consultation

The threat posed by COVID-19 propels our Microfinance and Health Protection (MaHP) Program Unit to maximize the use of digital initiatives when it comes to health. We continue to provide free health consultation using Facebook Messenger where our medical health practitioners offer medical support to the communities nationwide. Through this program, CARD RBI bridges the gap between people in need and medical health services.

CARD MediKaalaman

The CARD e-Doctor Facebook Page became a venue for CARD RBI to inform and educate the public about many health concerns and issues. We do free health webinars using the CARD e-Doctor FB page to discuss different health topics.

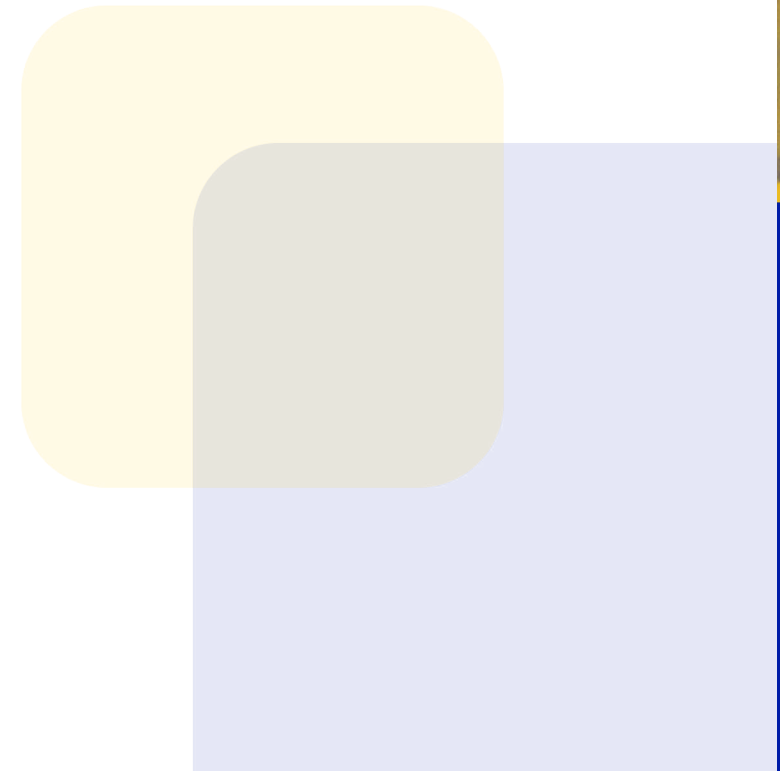
Health Education

Our MaHP nurses attend center meetings to teach health education and promote healthy lifestyles in our communities.

Health Education

Our partner doctors and CARD nurses conduct free medical and dental check-ups to our clients and their families to different communities. We also do dental extractions to our clients. CARD RBI advocates for a healthy family to also improve their quality of living.

We continue to provide and strengthen these primary healthcare needs, scholarship grants, and business support which we already extended across the country.





AUDITED FINANCIAL STATEMENTS

**CARD MRI Rizal Bank, Inc.,
A Microfinance-Oriented Rural
Bank**

Financial Statements
December 31, 2023 and 2022

and

Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
CARD MRI Rizal Bank, Inc., A Microfinance-Oriented Rural Bank

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CARD MRI Rizal Bank, Inc., A Microfinance-Oriented Rural Bank (the Bank), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of income, statements of comprehensive income statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.



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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Section 174 of the Manual of Regulations for Banks (MORB) and Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Section 174 of the MORB in Note 22 and Revenue Regulations 15-2010 in Note 23 to the financial statements is presented for purposes of filing with the Bangko Sentral ng Pilipinas and the Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of CARD MRI Rizal Bank, Inc., A Microfinance-Oriented Rural Bank. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Bryan Chrisnel M. Baes

Bryan Chrisnel M. Baes

Partner

CPA Certificate No. 128627

Tax Identification No. 275-229-188

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-148-2022, November 7, 2022, valid until November 6, 2025

PTR No. 10079899, January 5, 2024, Makati City

April 26, 2024

CARD MRI RIZAL BANK, INC., A MICROFINANCE-ORIENTED RURAL BANK

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Cash and other cash items	₱38,018,429	₱48,452,725
Due from Bangko Sentral ng Pilipinas (Notes 6 and 10)	27,824,391	83,383,507
Due from other banks (Note 6)	1,488,122,030	1,216,729,377
Loans and receivables (Note 7)	4,855,592,398	4,283,933,099
Investment securities at amortized cost (Note 7)	118,982,250	83,769,670
Property and equipment (Note 8)	212,021,448	259,815,784
Retirement asset (Note 15)	23,459,733	24,619,373
Deferred tax assets (Note 18)	44,821,551	85,522,505
Other assets (Note 9)	91,632,917	117,372,557
	₱6,900,475,147	₱6,203,598,597
LIABILITIES AND EQUITY		
Liabilities		
Deposit liabilities (Notes 10 and 19)		
Regular savings	₱3,919,126,252	₱3,877,738,954
Special savings	98,754,575	168,558,718
Demand	4,771,953	22,175,434
	4,022,652,780	4,068,473,106
Bills payable (Note 11)	498,424,236	–
Income tax payable	64,295,280	53,242,899
Other liabilities (Note 11)	395,995,765	365,098,052
	4,981,368,061	4,486,814,057
Equity		
Capital stock (Note 13)		
Common stock	1,050,000,000	1,006,419,700
Preferred stock	200,000,000	200,000,000
	1,250,000,000	1,206,419,700
Surplus free	679,821,531	507,225,535
Remeasurement gain (loss) on retirement plan (Note 15)	(10,714,445)	3,139,305
	1,919,107,086	1,716,784,540
	₱6,900,475,147	₱6,203,598,597

See accompanying Notes to Financial Statements.

CARD MRI RIZAL BANK, INC., A MICROFINANCE-ORIENTED RURAL BANK

STATEMENTS OF INCOME

	Years Ended December 31	
	2023	2022
INTEREST INCOME		
Loans and receivables (Note 7)	₱2,241,980,940	₱2,078,330,281
Due from other banks (Note 6)	80,139,195	31,408,825
Investment securities at amortized cost (Note 7)	5,963,522	1,611,983
	2,328,083,657	2,111,351,089
INTEREST EXPENSE		
Deposit liabilities (Notes 10 and 19)	116,903,517	184,081,315
Bills payable (Note 11)	1,774,155	6,197,333
Lease liabilities (Note 16)	5,986,816	6,332,496
	124,664,488	196,611,144
NET INTEREST INCOME	2,203,419,169	1,914,739,945
OTHER INCOME	30,457,893	32,580,043
TOTAL OPERATING INCOME	2,233,877,062	1,947,319,988
OPERATING EXPENSES		
Compensation and benefits (Notes 14, 15 and 19)	567,909,556	478,759,596
Taxes and licenses	177,588,584	162,628,864
Information technology	171,423,136	114,391,514
Transportation and travel	165,657,318	141,861,589
Depreciation and amortization (Notes 8 and 9)	101,928,503	113,095,668
Stationeries and supplies	70,704,960	66,572,064
Provision for credit losses (Note 7)	61,078,786	201,672,692
Training and development	44,440,109	27,546,101
Rent (Note 16)	36,201,877	30,084,368
Security, messengerial, janitorial services	24,259,155	23,413,672
Power, light and water	17,109,244	16,343,177
Insurance	15,817,578	10,084,617
Seminars and meetings	13,386,476	10,206,414
Postage, telephone, cables and telegrams	11,187,071	9,048,102
Fines, penalties and other charges	2,506,264	113,500
Professional fees	1,639,992	5,092,467
Miscellaneous (Note 17)	40,979,486	29,192,985
	1,523,818,095	1,440,107,390
INCOME BEFORE INCOME TAX	710,058,967	507,212,598
PROVISION FOR INCOME TAX (Note 18)	177,462,971	127,329,021
NET INCOME	₱532,595,996	₱379,883,577

See accompanying Notes to Financial Statements.

**CARD MRI RIZAL BANK, INC., A MICROFINANCE-ORIENTED RURAL
BANK**

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2023	2022
NET INCOME	₱532,595,996	₱379,883,577
OTHER COMPREHENSIVE GAIN (LOSS)		
<i>Other comprehensive gain not recycled to profit or loss in subsequent periods:</i>		
Remeasurement gain (loss) on retirement plan (Note 15)	(18,471,667)	24,964,798
Income tax effect (Note 18)	4,617,917	(6,241,199)
	(13,853,750)	18,723,599
TOTAL COMPREHENSIVE INCOME	₱518,742,246	₱398,607,176

See accompanying Notes to Financial Statements.

CARD MRI RIZAL BANK, INC., A MICROFINANCE-ORIENTED RURAL BANK
STATEMENTS OF CHANGES IN EQUITY

	Common Stock (Note 13)	Preferred Stock (Note 13)	Surplus Free	Reserve (Note 7)	Remeasurement Loss on Retirement Plan (Note 15)	Total
Balances at January 1, 2023	₱1,006,419,700	₱200,000,000	₱507,225,535	₱—	₱3,139,305	₱1,716,784,540
Issuance of shares (Note 13)	43,580,300	—	—	—	—	43,580,300
Total comprehensive income for the year	—	—	532,595,996	—	(13,853,750)	518,742,246
Declaration of cash dividends (Note 13)	—	—	(360,000,000)	—	—	(360,000,000)
Balances at December 31, 2023	₱1,050,000,000	₱200,000,000	₱679,821,531	₱—	(₱10,714,445)	₱1,919,107,086
Balances at January 1, 2022	₱800,000,000	₱200,000,000	₱238,986,246	₱17,855,712	(₱15,584,294)	₱1,241,257,664
Issuance of shares (Note 13)	120,113,000	—	—	—	—	120,113,000
Subscribed shares (Note 13)	60,713,000	—	—	—	—	60,713,000
Subscription receivable (Note 13)	(43,580,300)	—	—	—	—	(43,580,300)
Application of deposit for future stock subscription (Note 13)	69,174,000	—	—	—	—	69,174,000
Total comprehensive income for the year	—	—	379,883,577	—	18,723,599	398,607,176
Release from surplus appropriation	—	—	17,855,712	(17,855,712)	—	—
Declaration of cash dividends (Note 13)	—	—	(129,500,000)	—	—	(129,500,000)
Balances at December 31, 2022	₱1,006,419,700	₱200,000,000	₱507,225,535	₱—	₱3,139,305	₱1,716,784,540

See accompanying Notes to Financial Statements.

CARD MRI RIZAL BANK, INC., A MICROFINANCE-ORIENTED RURAL BANK

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱710,058,967	₱507,212,598
Adjustments for:		
Depreciation and amortization (Note 8)	101,928,503	113,095,668
Provision for credit losses (Note 7)	61,078,786	201,672,692
Amortization of documentary stamp tax on bills payable (Notes 11 and 20)	255,058	2,633,826
Retirement expense (Note 15)	8,108,644	12,441,087
Amortization of financial assets at amortized cost	(511,754)	(119,479)
Operating income before changes in operating assets and liabilities:	880,918,204	836,936,392
Decrease (increase) in the amounts of:		
Loans and receivables	(632,738,084)	(390,224,440)
Other assets	21,932,145	(10,458,418)
Increase (decrease) in the amounts of:		
Deposit liabilities	(45,820,326)	(383,554,820)
Other liabilities	65,722,711	118,495,304
Net cash generated from operations	290,014,650	171,194,018
Income taxes paid	(121,091,719)	(112,845,678)
Contributions to retirement asset (Note 15)	(25,420,671)	(7,142,681)
Net cash provided by operating activities	143,502,260	51,205,659
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and equipment (Notes 8 and 20)	(22,025,966)	(36,498,789)
Placement on investment securities at amortized cost (Note 7)	(40,933,524)	(69,873,264)
Proceeds from maturity of investment securities at amortized cost (Note 7)	6,232,699	6,076,936
Net cash used in investing activities	(56,726,791)	(100,295,117)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Issuance of common stock (Notes 13 and 20)	—	120,113,000
Subscription of shares (Notes 13 and 20)	43,580,300	17,132,700
Availment of bills payable (Notes 11 and 20)	498,169,178	—
Settlements of:		
Bills payable (Notes 11 and 20)	—	(400,000,000)
Dividend distribution (Notes 13 and 20)	(359,464,325)	(129,569,450)
Payment of principal portion of lease liabilities (Notes 16 and 20)	(63,661,381)	(68,083,727)
Net cash provided by financing activities	118,623,772	(460,407,477)
NET DECREASE IN CASH AND CASH EQUIVALENTS	₱205,399,241	(₱509,496,935)

(Forward)

	Years Ended December 31	
	2023	2022
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
Cash and other cash items	₱48,452,725	₱44,163,490
Due from Bangko Sentral ng Pilipinas	83,383,507	94,846,928
Due from other banks	1,216,729,377	1,719,052,126
	₱1,348,565,609	₱1,858,062,544
CASH AND CASH EQUIVALENTS AT END OF YEAR		
Cash and other cash items	₱38,018,429	₱48,452,725
Due from Bangko Sentral ng Pilipinas	27,824,391	83,383,507
Due from other banks	1,488,122,030	1,216,729,377
	₱1,553,964,850	₱1,348,565,609
OPERATIONAL CASH FLOWS FROM INTEREST		
Interest received	₱2,303,088,921	₱2,093,876,173
Interest paid	72,067,047	84,645,188

See accompanying Notes to Financial Statements.

CARD MRI RIZAL BANK, INC., A MICROFINANCE-ORIENTED RURAL BANK

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

CARD MRI Rizal Bank, Inc., A Microfinance-Oriented Rural Bank (the Bank) was incorporated under Philippine laws by virtue of Securities and Exchange Commission (SEC) Certificate of Registration No. AS094-11394 dated December 15, 1994 with a corporate life of 50 years. Based on the provisions of Republic Act (RA) No. 11232, otherwise known as “An Act Providing for the Revised Corporation Code of the Philippines,” the Bank has a perpetual existence.

The Bank was granted the authority by the Bangko Sentral ng Pilipinas (BSP) to operate on April 29, 1996. It was established primarily to engage in the business of rural banking as defined and authorized under RA No. 3779, As Amended, such as granting loans to small farmers and to deserving rural enterprises, as well as receiving deposits in accordance with the regulations promulgated by the Monetary Board.

As of December 31, 2023 and 2022, the Bank’s majority stockholder is CARD Bank, Inc.

The principal place of business of the Bank is at P. Guevarra St., corner Aguirre St., Brgy. Poblacion 2, Sta. Cruz, Laguna. As at December 31, 2023, the Bank consists of its head office and thirty-seven (37) branches.

2. Material Accounting Policy Information

Basis of Preparation

The accompanying financial statements have been prepared on a historical cost basis. The financial statements are presented in Philippine peso (₱), the Bank’s functional currency, and all values are rounded to the nearest peso except when otherwise indicated.

Presentation of Financial Statements

The Bank presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery of assets or settlement of liabilities within 12 months after the reporting date (current) and more than 12 months after the reporting date (noncurrent) are disclosed in Note 12.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Bank assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Bank and all of the counterparties.

The Bank has no offsetting arrangements with its counterparties.

Statement of Compliance

The financial statements of the Bank have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Income and expenses are not offset in the statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the following new accounting pronouncements which became effective as of January 1, 2023. These changes in the accounting policies did not have any significant impact on the financial position or performance of the Bank.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.

Material Accounting Policy

Fair Value Measurement

For measurement and disclosure purposes, the Bank determines fair value of an asset or a liability at initial measurement date or at each statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of the principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Bank.

The fair value of an asset or a liability is measured using the assumptions that the market participants would use when pricing the asset or liability assuming the market participants act in their economic best interest.

If the asset or liability measured at fair value has a bid and ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value, regardless of where the input is categorized within the fair value hierarchy.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items, and amounts due from BSP and other banks that are convertible to known amounts of cash with original maturities of three months or less from dates of placements and that are subject to insignificant risk of changes in value.

Due from BSP includes the statutory reserves required by the BSP which the Bank considers as cash equivalents as withdrawals can be made to meet the Bank's cash requirements as allowed by the BSP. The components of cash and cash equivalents are shown in the statement of cash flows. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

Regular way purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market, except for derivatives, are recognized on the settlement date. Settlement date is the date on which the transaction is settled by delivery of the assets that are the subject of the agreement. Settlement date accounting refers to:

- a. the recognition of an asset on the day it is received by the Bank; and
- b. the derecognition of an asset and recognition of any gain or loss on disposal on the day that it is delivered by the Bank.

'Day 1' difference

Where the transaction price in a non-active market is different from the fair value or from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Bank recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the statement of income unless it qualifies for recognition as some other type of asset.

In cases when the fair value is determined using data which are not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Bank determines the appropriate method of recognizing the 'Day 1' difference amount.

Classification and measurement

Under PFRS 9, the classification and measurement of financial assets is driven by the entity's contractual cash flow characteristics of the financial assets and business model for managing the financial assets.

As part of its classification process, the Bank assesses the contractual terms of financial assets to identify whether they meet the 'solely payments of principal and interest' (SPPI) test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (e.g., if there are repayments of principal or amortization of the premium or discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at fair value through profit or loss (FVTPL).

Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- the expected frequency, value and timing of sales are also important aspects of the Bank's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Bank's measurement categories are described below:

Financial assets at amortized cost

Debt financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Bank's business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairment in value, with the interest calculated recognized as 'Interest income' in the statement of income. The Bank classified 'Cash and other cash items', 'Due from BSP', 'Due from other banks', 'Investment securities at amortized cost', 'Loans and receivables', and refundable rental (included under 'Other assets') as financial assets at amortized cost.

The Bank may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the debt financial asset been measured at amortized cost.

As of December 31, 2023 and 2022, the Bank has not made such designation.

Financial liabilities

This category represents issued financial instruments or their components, which are not designated at FVTPL where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The financial liabilities at amortized cost are classified under the statement of the financial position captions 'Deposit liabilities' and 'Bills payable', and financial liabilities presented under 'Other liabilities'. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral part of the effective interest rate (EIR).

This accounting policy relates to the statement of financial position captions 'Deposit liabilities', 'Bills payable' and financial liabilities presented under 'Other liabilities'.

Impairment of Financial Assets

Expected credit losses (ECL) represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances are measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

Staging assessment

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a SICR since initial recognition. The Bank recognizes a 12-month ECL for Stage 1 financial instruments.
- Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Bank recognizes a lifetime ECL for Stage 2 financial instruments.

For credit-impaired financial instruments:

- Financial instruments are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The ECL model requires that lifetime ECL be recognized for impaired financial instruments.

The Bank recognizes lifetime ECL on all of its non-impaired financial instruments since the Bank assessed that the expected life of its financial assets does not exceed 12 months. As a result, the Bank considers these instruments under Stage 1, regardless whether SICR already exists since initial recognition.

The Bank uses internal credit assessment and approvals at various levels to determine the credit risk of exposures at initial recognition. Assessment can be quantitative or qualitative and depends on the materiality of the facility or the complexity of the portfolio to be assessed.

The Bank defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, in all cases when the borrower becomes at least 90 days past due on its contractual payments. As a part of a qualitative assessment of whether a customer is in default, the Bank also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Bank carefully considers whether the event should result in treating the customer as defaulted. An instrument is considered to be no longer in default (i.e., to have cured) when it no longer meets any of the default criteria for a consecutive period of 180 days (i.e. consecutive payments from the borrowers for 180 days).

ECL parameters and methodologies

ECL is a function of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment.

The PD represents the likelihood that a credit exposure will not be repaid and will go into default. EAD represents an estimate of the outstanding amount of credit exposure at the time a default may occur. For off-balance sheet and undrawn amounts, EAD includes an estimate of any further amounts to be drawn at the time of default. LGD is the amount that may not be recovered in the event of default. LGD takes into consideration the amount and quality of any collateral held.

Economic overlays and multiple economic scenarios

The Bank incorporates economic overlays into the measurement of ECL to add a forward-looking risk measure parallel to multiple future macroeconomic atmosphere expectations. A broad range of economic indicators were considered for the economic inputs. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To address this, quantitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material

Financial asset carried at amortized cost

For financial assets carried at amortized cost, which includes 'Loans and receivables', 'Due from BSP', 'Due from other banks', and refundable rental deposits under 'Other assets'. The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If the Bank determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the counterparties' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to the statement of income. Financial assets, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, subsequently, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account.

If a write-off is later recovered, any amounts formerly charged are credited to 'Miscellaneous' in the statements of income.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as days past-due and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period in which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows reflect and are directionally consistent with changes in related observable data from period to period (such as changes in unemployment rates, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

Restructured receivables

Where possible, the Bank seeks to restructure receivables, which may involve extending the payment arrangements and the agreement of new receivable conditions. Once the terms have been renegotiated, the receivable is no longer considered past due.

Management continuously reviews restructured receivables to ensure that all criteria are met and that future payments are likely to occur. The receivables continue to be subject to an individual or collective impairment assessment, calculated using the receivable's original EIR. The difference between the recorded value of the original receivable and the present value of the restructured cash flows, discounted at the original EIR, is recognized in 'Provision for credit losses' in the statements of income.

Modification of financial assets

The Bank derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Bank considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Bank considers the following factors, among others:

- introduction of an equity feature;
- change in counterparty; and
- if the modification results in the asset no longer considered SPPI.

The Bank also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Bank considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Bank recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statements of income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when:

- a. the rights to receive cash flows from the asset have expired; or
- b. the Bank retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- c. the Bank has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risks and rewards of the asset but has transferred control over the asset.

Where the Bank has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control over the asset, the asset is recognized to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognizes an associated liability. The transferred asset and associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

The transfer of risks and rewards is evaluated by comparing the Bank's exposure, before and after the transfer, with the variability in the amounts and timing of the net cash flows of the transferred asset. The Bank has retained substantially all the risks and rewards of ownership of a financial asset if its exposure to the variability in the present value of the future net cash flows from the financial asset does not change significantly as a result of the transfer (e.g., because the entity has sold a financial asset subject to an agreement to buy it back at a fixed price or the sole price plus a lender's return). The Bank has transferred substantially all the risks and rewards of ownership of a financial asset if its exposure to such variability is no longer significant in relation to the total variability in the present value of the future net cash flows associated with the financial asset (e.g., because the entity has sold a financial asset subject only to an option to buy it back at its fair value at the time of repurchase or has transferred fully proportionate share of the cash flows from a larger financial asset in an agreement).

Whether the Bank has retained control of the transferred asset depends on the transferee's ability to sell the asset. If the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, the entity has not retained control.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

Prepayments

Prepayments are expenses paid in advance and recorded as asset before they are utilized. This account consists of prepaid rentals and prepaid expenses under 'Other assets' in the statement of financial position. Prepayments are apportioned over the period covered by the payments and charged to the appropriate accounts in the statements of income when incurred.

Property and Equipment

Depreciable property and equipment, which include building, furniture, fixtures and equipment, information technology equipment, transportation equipment and leasehold improvements, are stated at cost less accumulated depreciation and amortization, and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged against operations in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

The initial cost is comprised of construction costs and any other directly attributable costs of bringing the asset to its working condition and location for its intended use. Construction-in-progress is not depreciated and is transferred to the related property and equipment account when the construction or installation and related activities necessary to prepare the property and equipment for their intended use are completed, and the property and equipment are ready for use.

Depreciation is calculated on the straight-line method over the estimated useful lives (EUL) of the depreciable assets. The EULs of the depreciable assets follow:

Building	10 years
Furniture, fixtures and equipment	3 to 7 years
Information technology equipment	3 to 5 years
Transportation equipment	3 years
Leasehold and improvements	5 years or the terms of the related leases, whichever is shorter

The EULs, residual value and the depreciation and amortization method are reviewed periodically to ensure that the period and the method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amounts.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognized.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is credited against statement of income.

Intangible Assets

The Bank's intangible assets include software costs under development and purchased licenses amortized on a straight-line basis over EUL of 3 years and recognized under 'Other assets' in the statement of financial position. An intangible asset is recognized only when the cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

If the Bank acquires intangible assets by subcontracting other parties (e.g., development-and-supply contracts or research and development contracts), the Bank must exercise judgment in determining whether it is acquiring an intangible asset or whether it is obtaining goods and services that are being used in the development of an intangible asset by the entity itself. In the latter case, the Bank will only be able to recognize an intangible asset if the expenditures meet the criteria which confirm that the related activity is at a sufficiently advanced stage of development, which shall be both technically and commercially viable and includes only directly attributable costs.

Only expenditure arising from the development phase can be considered for capitalization, with all expenditure on research being recognized as an expense when it is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and they are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statements of income under 'Depreciation and amortization'.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statements of income when the asset is derecognized.

Impairment of Nonfinancial Assets

At each reporting date, the Bank assesses whether there is any indication that its non-financial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Bank makes a formal estimate of recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash generating unit (CGU) to which it belongs. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is charged to the statement of income in the year in which it arises.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income. After such a reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Deposits for Future Stock Subscription (DFS)

DFS represents payments made on subscription of shares which cannot be directly credited to 'Preferred stock' or 'Common stock' pending registration with the SEC of the amendment to the Articles of Incorporation increasing capital stock.

Under SEC Financial Reporting Bulletin No. 006 issued in 2012 and amended in 2013, an entity should not consider a DFS as an equity instrument unless all of the following elements are present.

1. The unissued authorized capital stock of the Bank is insufficient to cover the amount of shares classified as deposits for future shares subscriptions;
2. The entity's BOD and shareholders have approved an increase in capital stock to cover the shares corresponding to the amount of the deposit; and
3. An application for the approval of the increase in capital stock has been filed with the SEC and BSP.

If any or all of the foregoing elements above are not present, the DFS should be recognized as a financial liability.

Equity

Capital stock is measured at par value for all shares issued and outstanding. When the Bank issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as deduction from proceeds, net of tax. Capital stock consists of common and preferred. Preferred stocks are: (a) cumulative, (b) non-voting, and (c) non-redeemable.

Common stock is recognized at subscribed amount net of any subscription receivable. This will be credited upon full payment of the subscription and issuance of the shares of stock.

Surplus represents the cumulative balance of periodic net income or loss, dividend contributions, prior period adjustments, effect of changes in accounting policy and other capital adjustments.

Cash dividends are recognized as liability and deducted from the equity when approved by the BOD while stock dividends are deducted from equity when approved by BOD and ratified by stockholders. Dividends for the year that are approved after the reporting date are dealt with as subsequent events. Stock issuance costs are accounted for as deduction from equity.

Retirement Benefits

The Bank operates a defined benefit retirement plan and a defined contribution plan, which require contributions to be made to a separately administered fund.

Defined benefit retirement plan

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the reporting date reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling (if any). The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expenses in the statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in the statement of financial position with a corresponding debit or credit to 'Remeasurement gains (losses) on retirement liabilities' under OCI in the period in which they arise. Remeasurements are not reclassified to the statement of income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Bank, nor can they be paid directly to the Bank. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Bank as a lessee

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Bank recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Years
Office space	2 - 12 years
Vehicles	1.5 - 2 years

If ownership of the leased asset transfers to the Bank at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects the Bank exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Bank uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Bank applies the short-term lease recognition exemption to its short-term leases of machinery. It also applies the lease of low-value assets recognition exemption to leases of machinery that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Operating lease - Bank as lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized under 'Rent' in the statements of comprehensive income on a straight-line basis over the lease term.

Revenue Recognition

Interest income

For all financial assets measured at amortized cost, interest income is recorded at EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument including any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

Under PFRS 9, when a financial asset becomes credit-impaired, the Bank calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

Expense Recognition

Expenses are recognized when it is probable that decrease in the future economic benefits related to decrease in asset or an increase in liability has occurred and that the decrease in economic benefits can be measured reliably. Expenses are recognized as incurred.

Interest expense

Interest expense for financial liabilities is recognized in 'Interest expense' in the statements of income using the EIR of the financial liabilities to which they relate.

Other expenses

Expenses encompass losses as well as those expenses that arise in the ordinary course of business of the Bank. Expenses are recognized when incurred.

Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The Bank allows to carry-over maximum of 30 and 60 days paid leave for its staff and managerial levels, respectively. Employees can convert to cash up to ten (10) days leave credits in the following year. The excess of the allowed leave credits shall likewise be converted to cash. The

undiscounted liability for leave expected to be settled after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period and reported under 'Other liabilities' in the statements of financial position.

For leave entitlements expected to be settled for more than twelve months after the reporting date, valuation of the liability is dependent on certain assumptions used by the Bank's internal actuary. These include, among others, discount rate, future salary increase rate, and turnover rate. As at December 31, 2022 and 2021, valuation methodology used was Earned Portion Present Value of Expected Future Liability and reported under 'Other Liabilities' in the statements of financial position.

Income Taxes

Current tax

Current tax assets and current tax liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is provided, using the statement of financial position liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences with exceptions. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and carry forward of unused excess MCIT over RCIT and unused NOLCO can be utilized.

Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes relates to the same taxable entity and the same taxation authority.

Current income tax and deferred income tax relating to items recognized directly in equity is recognized in OCI, and not in profit or loss.

Provisions and Contingencies

Provisions are recognized when the Bank has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Bank expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to time value of money is recognized as 'Interest expense' in the statement of comprehensive income.

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

Events After the Reporting Date

Post-year-end events up to the date of approval of the financial statements that provide additional information about the Bank's position at the reporting date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed in the notes when material to the financial statements.

Standards Issued but Not Yet Effective

Pronouncements issued but not yet effective are listed below. The Bank intends to adopt the following pronouncements when they become effective. Unless otherwise stated, adoption of these pronouncements is not expected to have a significant impact on the Bank's financial statements.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

3. Significant Accounting Judgments and Estimates

The preparation of the Bank's financial statements in accordance with PFRSs requires the management to make judgments and estimates that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities, if any. Future events may occur which will cause the judgments used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Bank's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

a) Fair value of financial instruments

When the fair values of financial assets and financial liabilities recognized or disclosed in the statements of financial position cannot be derived from active markets, these are determined using internal valuation techniques using generally accepted market valuation models.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. These judgments may include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

b) Determination of the lease term for lease contracts with renewal and termination options

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Bank has several lease contracts that include extension and termination options. The Bank applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization of the leased asset).

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period, are described below. The Bank based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

(a) Expected credit losses on financial assets (PFRS 9)

The Bank's ECL calculations are outputs of complex with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Significant factors affecting the estimates on the ECL model include:

- Segmentation of the portfolio, where the appropriate model or ECL approach is used
- The criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment.

- The segmentation of the financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of association between macroeconomic scenarios and economic inputs and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs to the ECL models

The related allowance for credit losses of financial assets are disclosed in Note 7.

(b) *Present value of defined benefit obligation*

The cost of defined benefit retirement plan and other post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, and mortality rates. Due to the complexity of the valuation, the underlying assumptions and long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout at reporting date, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Future salary increases are based on expected future inflation rates for the specific country. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements.

The Bank's net retirement asset are disclosed in Note 15.

4. Fair Value Measurement

As of December 31, 2023, and 2022, except as discussed below, the carrying values of the Bank's financial assets and financial liabilities as reflected in the statements of financial position and related notes approximate their fair values.

The methods and assumptions used by the Bank in estimating fair values of financial instruments for which fair value is disclosed are as follows:

Cash and other cash items, due from BSP, due from other banks, current portion of receivables, accrued interest receivable, current portion of refundable rental deposits, current portion of deposit liabilities, bills payable, accrued interest payable, accounts payable, other and dividends payable.

Fair values of these financial instruments approximate their carrying values in view of the short-term maturities of these instruments.

Accrued vacation leave credits

Carrying values of the accrued vacation leave credits approximate their fair values since these are recognized at discounted value.

The following tables summarize the carrying amounts and the fair values by level of the fair value hierarchy of the Bank's financial assets and liabilities as at December 31, 2023 and 2022:

	2023				Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
Assets and liabilities for which fair values are disclosed:					
Financial assets					
Investment securities at amortized cost	₱118,982,250	₱-	₱102,970,973	₱18,297,531	₱121,268,504
Other assets					
Refundable rental deposits	14,681,850	-	-	10,522,138	10,522,138
Financial liabilities					
Deposit liabilities	4,022,652,780	-	-	3,666,265,450	3,666,265,450
	2022				Total Fair Value
	Carrying Value	Level 1	Level 2	Level 3	
Assets and liabilities for which fair values are disclosed:					
Financial assets					
Investment securities at amortized cost	₱83,769,670	₱-	₱60,100,122	₱23,309,952	₱83,410,074
Other assets					
Refundable rental deposits	15,025,012	-	-	14,683,707	14,683,707
Financial liabilities					
Deposit liabilities	4,068,473,106	-	-	3,849,140,278	3,849,140,278

Investment securities at amortized cost,

Inputs used in estimating fair values of financial instruments carried at cost and categorized under Level 1 include risk-free rates and applicable risk premium ranging from 5.75% to 7.00% in 2023 and under Level 3 ranging from 5.90% and from 3.78% to 6.68% in 2023 and 2022, respectively.

Non-current portion of refundable deposits

Fair values of non-current portion of refundable deposit were estimated using the discounted cash flow methodology, using the Bank's current incremental borrowing rates for similar borrowings, ranging from 3.72% to 7.19% and from 3.55% to 7.19% in 2023 and 2022, respectively.

Non-current portion of deposit liabilities

Fair values of noncurrent deposit liabilities are estimated using the discounted cash flow methodology, using risk-free rates and applicable premium, ranging from 5.87% to 5.94% and from 3.76% to 6.69% in 2023 and 2022, respectively, with maturities consistent with those remaining for the liability being valued, if any.

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements in 2023 and 2022.

5. Financial Risk Management Objectives and Policies

In the course of the business cycle, the Bank has exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk

The Bank has instituted the Risk Management Committee (RMC), composed of Independent director as chairman and majority of the members are independent directors, which is responsible for the comprehensive development of financial risk strategies, principles, frameworks, policies and limits purposely to eliminate or at least reduce the risk the Bank faces in banking activities and thus optimize returns on the capital or equity.

The Bank adheres to the proactive and prudent approach of managing the business that recognizes and manages risks to continuously provide quality financial services to clients and to protect shareholders' value.

Risk management process involves identifying and assessing the risk, taking actions to mitigate the risks through defined roles and responsibilities, close monitoring of the scenarios, and adjustment of the systems and policies necessary to effectively minimize risk level.

The BOD through its RMC is responsible for monitoring the Bank's implementation of risk management policies and procedures, and for reviewing the adequacy of risk management framework in relation to the risks faced by the Bank. The RMC regularly reports to the BOD the results of reviews of actual implementation of risk management policies. Internal Audit (IA) undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee (AC).

Credit Risk

Credit risk is the risk of financial loss to the Bank if the counterparty to a financial instrument fails to meet its contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

Management of credit risk

The Bank faces potential credit risks every time it extends funds to borrowers, commits funds to counterparties or invests funds to issuers (e.g., investment securities issued by either sovereign or corporate entities).

The Bank manages credit risks by instilling credit discipline both among the staff and the borrowers. Close-monitoring and assessment of account throughout the borrowing period is being done. Moreover, on-time and quality service delivery increase motivation of the borrowers to fulfill their financial obligation. Instilling good credit discipline and commitment are always considered through regular orientation and training. Consequently, their savings balances are pledged and serve as guarantee to their loans, which increase their borrowing capacity. Each business unit has a designated Unit Manager, who reports on all credit-related matters to Area Manager and Regional Director. Each business unit is responsible for the quality and performance of its credit portfolio and monitoring and controlling risks associated with it. Regular audits of business units and credit processes are undertaken by IA. In addition, Executive Committee and Management Committee

members of the Bank regularly conduct monitoring based on their respective target per month. This strategy further ensures that business unit's implementation is within the credit policy and regulation of the Bank. Regular capacity building program through provisions of banking-related trainings such as but not limited to credit risk management, managing business, and delinquency management are regularly run. Availability of operations manual as reference, assist personnel in handling daily transaction. The manual is customized for microfinance clients and is being updated as often as new policies and procedures are finalized and approved by the BOD, based on client and staff satisfaction surveys, staff and management program review and planning meetings and workshops. A codified signing authority is in place for every level of loan processing and approval.

All past due accounts are reported on daily, weekly and monthly bases. Consistent monitoring for this group of accounts is established by competent and diligent staff to maximize recovery. Writing off bad accounts are approved by the BOD and reported to the BSP in compliance with the rules and regulations for banks.

The RMC closely monitors the over-all credit operations. Identified existing and potential risks are acted upon appropriately and are reported during monthly meetings of the BOD.

Maximum exposure to credit risk

An analysis of the maximum exposure to credit risk after taking into account any collateral held or other credit enhancements is shown below as at December 31, 2023 and 2022:

	2023			
	Maximum Exposure	Fair Value of Collateral	Financial Effect of Collateral	Net Exposure
Loans and receivables				
Microfinance loans	₱4,232,139,501	₱957,095,473	₱941,042,751	₱3,291,096,750
Other loans	781,237,996	185,459,545	179,826,906	601,411,090
	2022			
	Maximum Exposure	Fair Value of Collateral	Financial Effect of Collateral	Net Exposure
Loans and receivables				
Microfinance loans	₱3,995,130,223	₱874,013,549	₱499,267,651	₱3,495,862,572
Other loans	629,759,644	386,910,450	153,107,788	476,651,856

As at December 31, 2023 and 2022, the Bank does not hold any collateral or other credit enhancements to cover the credit risks associated with its due from BSP and other banks, other receivables and other financial assets. Hence, the carrying values of those financial assets best represent the maximum exposure to credit risk.

Credit enhancement for receivables from customers pertains to deposit hold-out from pledge savings equivalent to 15.00% of the original amount of the loan to the member as at December 31, 2023 and 2022.

The Bank has no financial instruments with rights of set-off in accordance to PAS 32, *Financial Instruments: Presentation*, as at December 31, 2023 and 2022. There are also no financial instruments that are subject to an enforceable master netting arrangements or similar agreements which require disclosure in the financial statements in accordance with amendments to PFRS 7, *Financial Instruments: Disclosures*.

Additionally, the tables below show the distribution of maximum credit exposure by industry sector of the Bank as at December 31, 2023 and 2022:

	2023				
	Loans and Receivables	Due from BSP and Other Banks	Investment securities at Amortized Cost	Other Assets*	Total
Wholesale and retail trade, repair of motor vehicles and motorcycles; and personal and household goods	P2,586,356,732	P-	P-	P10,647,776	P2,597,004,508
Agriculture, forestry and fishing	925,647,080	-	-	-	925,647,080
Government	1,368,998	504,841,885	118,982,250	-	625,193,133
Financial institutions	10,670,056	1,011,104,536	-	3,385,008	1,025,159,600
Administrative and support service activities	328,134,333	-	-	-	328,134,333
Real estate activities	199,577,371	-	-	649,066	200,226,437
Manufacturing	172,833,023	-	-	-	172,833,023
Construction	130,347,718	-	-	-	130,347,718
Accommodation and food service activities	149,885,615	-	-	-	149,885,615
Human health and social work activities	142,823,033	-	-	-	142,823,033
Arts, entertainment and recreation	162,379,045	-	-	-	162,379,045
Other community, social and personal service activities	59,074,304	-	-	-	59,074,304
Education	71,141,868	-	-	-	71,141,868
Transportation and storage	36,728,360	-	-	-	36,728,360
Information and communication	15,814,351	-	-	-	15,814,351
Professional, scientific and technical activity	18,469,668	-	-	-	18,469,668
Electricity, gas and water supply	9,987,596	-	-	-	9,987,596
Water supply, sewerage, waste management, and remediation activities	5,639,499	-	-	-	5,639,499
Mining and quarrying	460,873	-	-	-	460,873
	5,027,339,523	1,515,946,421	118,982,250	14,681,850	6,676,950,044
Less :Allowance for credit losses	171,747,125	-	-	-	171,747,124
Total	P4,855,592,398	P1,515,946,421	P118,982,250	P14,681,850	P6,505,202,920

*Pertains to refundable rental deposit.

	2022				
	Loans and Receivables	Due from BSP and Other Banks	Investment securities at Amortized Cost	Other Assets*	Total
Wholesale and retail trade, repair of motor vehicles and motorcycles; and personal and household goods	P2,412,452,091	P-	P-	P10,931,891	P2,423,383,982
Agriculture, forestry and fishing	872,637,209	-	-	-	872,637,209
Government	1,585,896	785,815,510	83,769,670	-	871,171,076
Financial institutions	5,058,376	514,297,374	-	3,792,965	523,148,715
Administrative and support service activities	296,485,770	-	-	-	296,485,770
Real estate activities	198,328,406	-	-	300,156	198,628,562
Manufacturing	175,424,950	-	-	-	175,424,950
Construction	154,792,359	-	-	-	154,792,359
Accommodation and food service activities	133,918,420	-	-	-	133,918,420
Human health and social work activities	104,216,296	-	-	-	104,216,296
Arts, entertainment and recreation	84,050,617	-	-	-	84,050,617
Other community, social and personal service activities	56,584,739	-	-	-	56,584,739
Education	48,151,268	-	-	-	48,151,268
Transportation and storage	35,525,805	-	-	-	35,525,805
Information and communication	18,521,744	-	-	-	18,521,744
Professional, scientific and technical activity	20,655,420	-	-	-	20,655,420
Electricity, gas and water supply	9,647,319	-	-	-	9,647,319
Water supply, sewerage, waste management, and remediation activities	4,941,957	-	-	-	4,941,957
Mining and quarrying	425,907	-	-	-	425,907
	4,633,404,549	1,300,112,884	83,769,670	15,025,012	6,032,312,115
Less :Allowance for credit losses	349,471,450	-	-	-	349,471,450
Total	P4,283,933,099	P1,300,112,884	P83,769,670	P15,025,012	P5,682,840,665

*Pertains to refundable rental deposits

Credit quality per class of financial assets

The financial assets are grouped according to stage whose description is explained as follows:

Stage 1

Microfinance loans

Those that are considered current, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Other loans

Agri Loans and Other Loans

Those that are considered current, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Business Loans and Salary Loans

Those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2

Other loans

Business Loans and Salary Loans

Those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered 31 up to 90 days past due but does not demonstrate objective evidence of impairment as of reporting date.

Stage 3

Microfinance loans

Those that are considered in default or when the borrower has missed any installment payments and is past due for one (1) or more days.

Other loans

Other Loans

Those that are considered in default past due of more than 90 days, demonstrate objective evidence of impairment as of reporting date

Business Loans and Salary Loans

Those that are considered in default or past due of more than 90 days, demonstrate objective evidence of impairment as of reporting date.

The tables below show the credit quality per class of financial assets (gross of allowance for credit and impairment losses) as at December 31, 2023 and 2022:

	2023			
	Stage 1	Stage 2	Stage 3	Total
Due from BSP	P27,824,391	P-	P-	P27,824,391
Due from other banks	1,488,122,030	-	-	1,488,122,030
Loans receivable:				
Microfinance loans	4,007,956,273	-	108,262,307	4,116,218,580
Other loans	751,232,239	3,179,320	7,826,792	762,238,351
Other receivables:				
Accrued interest receivable	141,975,303	-	-	141,975,303
Accounts receivable	6,907,289	-	-	6,907,289
Investment securities at amortized cost	118,982,250	-	-	118,982,250
Other assets:				
Refundable rental deposits	14,681,850	-	-	14,681,850
	P6,557,681,625	P3,179,320	P116,089,099	P6,676,950,044

	2022			
	Stage 1	Stage 2	Stage 3	Total
Due from BSP	P83,383,507	P-	P-	P83,383,507
Due from other banks	1,216,729,377	-	-	1,216,729,377
Loans receivable:				
Microfinance loans	3,618,469,684	-	277,361,074	3,895,830,758
Other loans	592,234,636	1,043,004	22,253,629	615,531,269
Other receivables:				
Accrued interest receivable	117,492,322	-	-	117,492,322
Accounts receivable	4,550,200	-	-	4,550,200
Investment securities at amortized cost	83,769,670	-	-	83,769,670
Other assets:				
Refundable rental deposits	15,025,012	-	-	15,025,012
	P5,731,654,408	P1,043,004	P299,614,703	P6,032,312,115

As at December 31, 2023 and 2022, the Bank's microfinance loans that are past due for more than 90 days are considered impaired.

Carrying amount per class of loans and receivables which terms have been renegotiated

Restructured receivables have principal terms and conditions that have been modified in accordance with an agreement setting forth a new plan of payment or a schedule of payment on a periodic basis. When the receivable account becomes past due and is being restructured or extended, the approval of the BOD is required before loan booking and is always governed by the BSP rules on restructuring. No loans were restructured as at December 31, 2023 and 2022.

Market Risk

Market risk is the risk of loss to future earnings, fair values or future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates. The financial instruments of the Bank have fixed interest rates and are therefore not subject to any interest rate risk.

Interest rate risk

The Bank has floating or variable interest rates from held-to-maturity investments, however, management assessed that the Bank's exposure to changes in interest rate risk is immaterial.

Liquidity Risk

Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Bank's inability to meet its obligations when they come due without incurring unacceptable losses or costs.

The Bank's Asset-Liability Committee is responsible for formulating the Bank's liquidity risk management policies. Liquidity management is among the most important activities conducted within the Bank. The Bank manages its liquidity risk through analyzing net funding requirements under alternative scenarios, diversification of funding sources and contingency planning. The Bank utilizes a diverse range of sources of funds, although short-term deposits made with the Bank's network of domestic branches comprise the majority of such funding. Core deposits composed mainly of pledge savings.

Liquidity risk is managed by the Bank through holding sufficient liquid assets and appropriate assessment to ensure short-term funding requirements are met and by ensuring the high collection performance at all times. Deposits with banks are made on a short-term basis with almost all being available on demand or within one month.

The Bank uses liquidity forecast models that estimate the Bank's cash flow needs based on the Bank's actual contractual obligations and under normal circumstances and extraordinary circumstances.

The tables below summarize the maturity profile of the financial instruments of the Bank based on contractual undiscounted cash flows:

	2023					
	On demand	Due within 1 month	1 to 3 months	3 to 12 months	Beyond 1 year	Total
Financial Assets						
Cash and other cash items	P38,018,429	P-	P-	P-	P-	P38,018,429
Due from BSP	27,824,391	-	-	-	-	27,824,391
Due from other banks*	231,699,810	962,369,481	302,730,257	-	-	1,496,799,548
Loans and receivable*	82,813,798	125,597,168	812,205,810	4,712,028,866	12,131,421	5,744,777,063
Financial asset at amortized cost*	-	42,405,691	741,110	7,642,520	90,932,139	141,721,460
Other assets	9,177,339	315,500	365,250	2,057,972	3,618,417	15,534,478
Total Financial Assets	389,533,767	1,130,687,840	1,116,042,427	4,721,729,358	106,681,977	7,464,675,369
Financial Liabilities						
Deposit liabilities	1,468,224,328	149,907,711	315,398,635	753,655,939	1,668,078,065	4,355,264,678
Bills payable	-	-	257,353,125	253,532,813	-	510,885,938
Other liabilities:						
Lease liabilities	-	4,774,460	9,220,448	34,577,358	65,601,700	114,173,966
Accounts payable	11,909,902	6,562,114	-	-	-	18,472,016
Accrued other expenses	366,061	-	-	-	20,837,096	21,203,157
Dividends payable	695,222	-	-	-	-	695,222
Total Financial Liabilities	1,481,195,513	161,244,285	581,972,208	1,041,766,110	1,754,516,861	5,020,694,977
Net	(P1,091,661,746)	P969,443,555	P534,070,219	P3,679,963,248	(P1,647,834,884)	P2,443,980,391

*Includes future interest

	2022					
	On demand	Due within 1 month	1 to 3 months	3 to 12 months	Beyond 1 year	Total
Financial Assets						
Cash and other cash items	P48,452,725	P-	P-	P-	P-	P48,452,725
Due from BSP	83,383,507	-	-	-	-	83,383,507
Due from other banks*	178,454,729	992,587,524	50,205,833	-	-	1,221,248,086
Loans and receivable*	229,379,746	115,132,223	777,207,814	4,144,883,567	15,930,765	5,282,534,115
Financial asset at amortized cost*	-	612,500	761,488	7,856,788	100,597,744	109,828,520
Other assets	8,034,359	230,224	544,405	2,671,470	4,498,334	15,978,792
Total Financial Assets	547,705,066	1,108,562,471	828,719,540	4,155,411,825	121,026,843	6,761,425,745
Financial Liabilities						
Deposit liabilities*	1,448,954,380	2,086,934,070	277,722,573	603,913,002	368,770	4,417,892,795
Other liabilities:						
Lease liabilities	-	5,815,312	11,194,430	41,652,199	87,367,740	146,029,681
Accounts payable	6,474,441	5,140,646	-	-	-	11,615,087
Accrued other expenses	89,035	2,205,280	-	-	16,838,242	19,132,557
Dividends payable	159,547	-	-	-	-	159,547
Total Financial Liabilities	1,455,677,403	2,100,095,308	288,917,003	645,565,201	104,574,752	4,594,829,667
Net	(P907,972,337)	(P991,532,837)	P539,802,537	P3,509,846,624	P16,452,091	P2,166,596,078

*Includes future interest

6. Due from BSP and Other Banks

The 'Due from BSP' account represents the balance of non-interest-bearing peso deposit account with the BSP which the Bank maintains primarily to meet reserve requirements (Note 10) and to serve as a clearing account for interbank claims.

Due from other banks represent funds deposited with domestic banks which are used by the Bank as part of its working funds. These deposits earn interest at annual rates ranging from 0.05% to 6.35% and from 0.05% to 5.25% in 2023 and 2022, respectively. Interest earned on due from other banks amounted to ₱80.14 million and ₱31.41 million in 2023 and 2022, respectively.

7. Loans and Receivables and Investment Securities at Amortized Cost

Loans and Receivables

This account consists of:

	2023	2022
Loans and receivables		
Microfinance loans	₱4,116,218,580	₱3,895,830,758
Other loans	762,238,351	615,531,269
	4,878,456,931	4,511,362,027
Accrued interest receivable	141,975,303	117,492,322
Accounts receivable (Note 19)	6,907,289	4,550,200
	5,027,339,523	4,633,404,549
Less: Allowance for credit losses	171,747,125	349,471,450
	₱4,855,592,398	₱4,283,933,099

Microfinance and other loans carry annual effective interest rates ranging from 0.47% to 88.98% and from 0.46% to 92.86% in 2023 and 2022, respectively. Interest earned on loans and receivables amounted to ₱2.24 billion and ₱2.08 billion in 2023 and 2022, respectively.

The movements in the allowance for credit losses follow:

	2023	2022
Balance at beginning of year	₱349,471,450	₱254,194,402
Provisions	61,078,786	201,672,692
Write-offs	(238,803,111)	(106,395,644)
Balance at end of year	₱171,747,125	₱349,471,450

The tables below illustrate the movements of the allowance for impairment and credit losses during the year 2023 and 2022 (effect of movements in ECL due to transfers between stages are shown in the total column):

	2023			
	ECL Staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Loss allowance at January 1, 2023	₱50,495,235	₱236,989	₱298,739,226	₱349,471,450
Movements with P&L impact				
Transfer from Stage 1 to Stage 2	(906,867)	906,867	–	–
Transfer from Stage 1 to Stage 3	(45,269,700)	–	45,269,700	–
Transfer from Stage 2 to Stage 3	–	(65,995)	65,995	–
New financial assets originated or purchased	140,071,339	(105,553)	(11,473,244)	140,071,339
Changes in PDs/LGDs/EADs	(3,962,067)	–	–	(3,962,067)
Financial assets derecognized during the period	(26,013,828)	(65,372)	(37,372,489)	(63,451,689)
Total net P&L charge during the period	63,918,877	669,947	(3,510,038)	61,078,786
Other movements without P&L impact	–	–	(238,803,111)	(238,803,111)
Write-offs and other movements	–	–	(238,803,111)	(238,803,111)
Total movements without P&L impact	–	–	(238,803,111)	(238,803,111)
Loss allowance at December 31, 2023	₱114,414,112	₱906,936	₱56,426,077	₱171,747,125

	2022			
	ECL Staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Loss allowance at January 1, 2022	₱133,094,170	₱120,036	₱120,980,196	₱254,194,402
Movements with P&L impact				
Transfer from Stage 1 to Stage 2	(236,989)	236,989	–	–
Transfer from Stage 1 to Stage 3	(124,005,401)	–	124,005,401	–
Transfer from Stage 2 to Stage 3	–	(171,969)	171,969	–
Transfer from Stage 3 to Stage 1	7,790,986	–	(7,790,986)	–
New financial assets originated or purchased	45,188,906	–	–	45,188,906
Changes in PDs/LGDs/EADs	115,569,564	108,395	182,714,952	298,392,911
Financial assets derecognized during the period	(126,906,001)	(56,462)	(14,946,662)	(141,909,125)
Total net P&L charge during the period	(82,598,935)	116,953	284,154,674	201,672,692
Other movements without P&L impact	–	–	(106,395,644)	(106,395,644)
Write-offs and other movements	–	–	(106,395,644)	(106,395,644)
Total movements without P&L impact	–	–	(106,395,644)	(106,395,644)
Loss allowance at December 31, 2022	₱50,495,235	₱236,989	₱298,739,226	₱349,471,450

The movements in gross carrying amount of receivables from customers between stages follow:

	2023			
	ECL Staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Microfinance loans				
Gross carrying amount as at January 1, 2023	₱3,724,163,419	–	₱277,361,074	₱4,001,524,493
Transfer from Stage 1 to Stage 3	(87,681,133)	–	87,681,133	–
New financial assets originated or purchased	4,176,803,262	–	–	4,176,803,262
Collection of principal and accrued interest	(3,638,888,280)	–	(15,820,775)	(3,654,709,055)
Financial assets derecognized during the period	(50,520,074)	–	(18,789,832)	(69,309,906)
Write-offs and other movements	–	–	(222,169,293)	(222,169,293)
	4,123,877,194	–	108,262,307	4,232,139,501
Other loans				
Gross carrying amount as at January 1, 2022	604,033,223	1,043,004	22,253,629	627,329,856
Transfer from Stage 1 to Stage 2	(3,179,131)	3,179,131	–	–
Transfer from Stage 1 to Stage 3	(7,464,215)	–	7,464,215	–
Transfer from Stage 2 to Stage 3	–	(183,015)	183,015	–
New financial assets originated or purchased	768,795,522	–	–	768,795,522
Collection of principal and accrued interest	(590,237,086)	(506,646)	(2,953,627)	(593,697,359)
Financial assets derecognized during the period	(1,716,429)	(353,154)	(2,486,622)	(4,556,205)
Write-offs and other movements	–	–	(16,633,818)	(16,633,818)
	770,231,884	3,179,320	7,826,792	781,237,996
Gross carrying amount as at December 31, 2023	₱4,894,109,078	₱3,179,320	₱116,089,099	₱5,013,377,497

	2022			
	ECL Staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
Microfinance loans				
Gross carrying amount as at January 1, 2022	₱3,472,717,696	–	₱352,499,123	₱3,825,216,819
Transfer from Stage 1 to Stage 3	(254,302,741)	–	254,302,741	–
Transfer from Stage 3 to Stage 1	6,961,491	–	(6,961,491)	–
New financial assets originated or purchased	3,801,736,105	–	–	3,801,736,105
Collection of principal and accrued interest	(3,299,238,196)	–	(51,135,070)	(3,350,373,266)
Financial assets derecognized during the period	(3,710,936)	–	(172,764,059)	(176,474,995)
Write-offs and other movements	–	–	(98,580,170)	(98,580,170)
	3,724,163,419	–	277,361,074	4,001,524,493
Other loans				
Gross carrying amount as at January 1, 2022	497,862,551	827,322	23,030,339	521,720,212
Transfer from Stage 1 to Stage 2	(1,642,400)	1,642,400	–	–
Transfer from Stage 1 to Stage 3	(22,593,420)	–	22,593,420	–
Transfer from Stage 2 to Stage 3	–	(835,752)	835,752	–
Transfer from Stage 3 to Stage 1	292,355	–	(292,355)	–
New financial assets originated or purchased	613,542,997	–	–	613,542,997
Collection of principal and accrued interest	(478,533,584)	(285,563)	(7,394,390)	(486,213,537)
Financial assets derecognized during the period	(4,895,276)	(305,403)	(8,703,663)	(13,904,342)
Write-offs and other movements	–	–	(7,815,474)	(7,815,474)
	604,033,223	1,043,004	22,253,629	627,329,856
Gross carrying amount as at December 31, 2022	₱4,328,196,642	₱1,043,004	₱299,614,703	₱4,628,854,349

While the Bank recognizes through the statements of income the movements in the expected credit losses computed using the ECL models, the Bank also complies with BSP's regulatory requirement to appropriate a portion of its surplus at an amount necessary to bring to at least 1% the allowance for credit losses on loans.

Generally, NPLs refer to loans whose principal and/or interest are unpaid after due date or after they have become past due in accordance with existing BSP rules and regulations. This shall apply to loans receivable in lump sum and loans receivable in quarterly, semi-annual, or annual installments, in which case, the total outstanding balance thereof shall be considered nonperforming.

In the case of loans that are payable in monthly installments, the total outstanding balance thereof shall be considered nonperforming when three or more installments are in arrears.

In the case of loans that are payable in daily, weekly, or semi-monthly installments, the total outstanding balance thereof shall be considered nonperforming at the same time that they become past due in accordance with existing BSP regulations, i.e., the entire outstanding balance of the receivable shall be considered as past due when the total amount of arrearages reaches ten percent (10.00%) of the total receivable balance. In the case of microfinance loans, past due/PAR accounts shall be considered as NPL. Loans are classified as nonperforming in accordance with BSP regulations, or when, in the opinion of management, collection of interest is doubtful. Loans are not reclassified as performing until interest and principal payments are brought to current or the loans are restructured in accordance with existing BSP regulations, and future payments appear assured.

The following table shows the secured and unsecured portions of receivable from customers as at December 31, 2023 and 2022 (at gross amount):

	2023	2022
Secured portion		
Deposit hold-out	₱1,142,555,018	₱1,027,121,337
Unsecured portion	3,735,901,913	3,484,240,690
	₱4,878,456,931	₱4,511,362,027

Collateral of loans includes deposit hold-out at 15.00% of loan disbursed (Note 10).

Investment Securities at Amortized Cost

As at December 31, 2023 and 2022, investment securities at amortized cost consist of the following:

	2023	2022
Government debt securities	₱60,000,000	₱60,000,000
Treasury bills	41,303,885	—
Agrarian Reform 10-year bonds	17,678,365	23,769,670
	₱118,982,250	₱83,769,670

Agrarian Reform bonds pertain to long-term certificates issued by the National Government and earn annual interest rates from 4.20% to 6.00% and from 4.31% to 5.50% in 2023 and 2022, respectively.

Treasury bills pertain to short-term investments with maturity of 76 days that earn annual interest rate of 6.04% per annum, and will mature within 10 days from the statement of financial position date.

The government debt securities are quoted debt securities that earn nominal and effective interest rates ranging from 5.75% to 7.00% in 2023 and 2022 and will mature between four (4) years and five (5) years from the statement of financial position date.

Interest income on investment securities at amortized cost amounted to ₱5.96 million and ₱1.61 million in 2023 and 2022, respectively.

8. Property and Equipment

The composition of and movements in this account follow:

	2023								Total
	Land	Building	Furniture, Fixtures and Equipment	Information Technology Equipment	Transportation Equipment	Leasehold Improvements	Construction in Progress	Right-of-Use Asset	
Cost									
Balance at beginning of year	₱20,030,959	₱31,761,722	₱110,187,811	₱35,799,021	₱5,304,319	₱131,479,337	₱7,154,489	₱244,590,073	₱586,307,731
Additions	–	–	5,353,094	7,606,857	4,218,433	2,599,188	2,248,392	31,009,955	53,035,919
Reclassification	–	–	–	–	–	7,154,489	(7,154,489)	–	–
Disposals	–	–	–	–	–	–	–	(59,833,597)	(59,833,597)
Balance at end of year	20,030,959	31,761,722	115,540,905	43,405,878	9,522,752	141,233,014	2,248,392	215,766,431	579,510,053
Accumulated Depreciation									
Balance at beginning of year	–	22,843,136	78,635,220	22,354,560	2,656,288	89,145,997	–	110,856,746	326,491,947
Depreciation	–	2,906,875	12,270,614	5,147,299	1,447,356	18,366,845	–	59,222,842	99,361,831
Disposals	–	–	–	–	–	–	–	(58,365,173)	(58,365,173)
Balance at end of year	–	25,750,011	90,905,834	27,501,859	4,103,644	107,512,842	–	111,714,415	367,488,605
Net Book Value	₱20,030,959	₱6,011,711	₱24,635,071	₱15,904,019	₱5,419,107	₱33,720,172	₱2,248,392	₱104,052,017	₱212,021,448

	2022								Total
	Land	Building	Furniture, Fixtures and Equipment	Information Technology Equipment	Transportation Equipment	Leasehold Improvements	Construction in Progress	Right-of-Use Asset	
Cost									
Balance at beginning of year	₱20,030,959	₱31,761,722	₱99,074,319	₱30,934,682	₱4,871,355	₱108,193,811	₱12,063,626	₱221,061,746	₱527,992,220
Additions	–	–	11,714,327	4,879,574	494,900	3,878,995	15,530,994	79,732,833	116,231,622
Reclassification	–	–	–	–	–	20,440,131	(20,440,131)	–	–
Disposals	–	–	(600,835)	(15,235)	(61,936)	(1,033,600)	–	(56,204,505)	(57,916,111)
Balance at end of year	20,030,959	31,761,722	110,187,811	35,799,021	5,304,319	131,479,337	7,154,489	244,590,073	586,307,731
Accumulated Depreciation									
Balance at beginning of year	–	19,027,829	65,146,975	17,181,353	1,676,926	68,255,660	–	102,702,575	273,991,318
Depreciation	–	3,815,307	14,089,080	5,188,442	1,006,201	21,923,937	–	64,358,676	110,381,643
Disposals	–	–	(600,835)	(15,235)	(26,839)	(1,033,600)	–	(56,204,504)	(57,881,014)
Balance at end of year	–	22,843,136	78,635,220	22,354,560	2,656,288	89,145,997	–	110,856,746	326,491,947
Net Book Value	₱20,030,959	₱8,918,586	₱31,552,591	₱13,444,461	₱2,648,031	₱42,333,340	₱7,154,489	₱133,733,327	₱259,815,784

The composition of depreciation and amortization as presented in the statements of income are as follows:

	2023	2022
Property and equipment	₱99,361,831	₱110,381,643
Intangible assets (Note 9)	2,566,672	2,714,025
	₱101,928,503	₱113,095,668

Construction in progress represents the cost of materials, labor, and other capitalizable expenditures incurred in connection with leasehold improvements of bank premises under establishment or renovation.

As at December 31, 2023, the leasehold improvements under construction pertains to the renovation of bank premises of Head Office that is completed in the first quarter of 2024 and of Taguig branch. As at December 31, 2022, the leasehold improvements under construction pertains to the renovation of bank premises of Taytay and Surigao branches.

As of December 31, 2023 and 2022, the cost of fully depreciated property and equipment that are still in use amounted to ₱148.35 million and ₱105.53 million, respectively.

9. Other Assets

This account consists of:

	2023	2022
Financial assets		
Refundable rental deposits	₱14,681,850	₱15,025,012
Nonfinancial assets		
Prepaid expenses	36,281,818	66,460,884
Stationery and supplies on hand	32,267,459	26,848,900
Prepaid rent	5,362,482	3,625,121
Bills deposit	2,357,006	2,347,006
Intangible assets	498,962	3,065,634
Artwork	183,340	—
	76,951,067	102,347,545
	₱91,632,917	₱117,372,557

Prepaid expenses include advance payments for IT-related services, insurance premiums and downpayments for fixed asset acquisition. Prepaid rent pertains to advances paid on lease of offices and advance lease payment of office and IT equipment. Bills deposit pertains to the amount required as a guarantee for payment of electric bills.

No impairment loss was recognized on other assets in 2023 and 2022.

Intangible assets

Intangible assets include software costs under development and purchased licenses.

The movements of intangible assets follow:

	2023	2022
Cost		
Balance at beginning of year	₱8,142,078	₱8,142,078
Balance at end of year	8,142,078	8,142,078
Accumulated amortization		
Balance at beginning of year	5,076,444	2,362,419
Amortization (Note 8)	2,566,672	2,714,025
Balance at end of year	7,643,116	5,076,444
Net Book Value	₱498,962	₱3,065,634

10. Deposit Liabilities

The Bank's deposit liabilities include regular savings amounting to ₱3.92 billion and ₱3.88 billion as at December 31, 2023 and 2022, respectively. These mostly comprise of the ₱50.00 per week aggregate compulsory savings collected from each member/nonmember/borrower plus any voluntary deposit. Under an assignment agreement, the "pledge" savings balances serve as security for loans granted by the Bank to its members. The "pledge" savings earn annual interest of 2.50% and 2.00% in 2023 and 2022, respectively. In 2023 and 2022, a member/borrower is required to maintain a pledge savings balance equivalent to 15.00% of the original loan amount (Note 7).

Other regular savings accounts are "Kusang-ipon", "Tagumpay", "Agap-ipon" and "Katuparan" savings deposit accounts which cater to non-members and Bank employees and carry interest rates from 0.50% and 5.00% in 2023 and 2022, respectively.

Special savings deposits have interest rates ranging from 1.00% to 4.00% and from 1.00% to 1.75% in 2023 and 2022, respectively.

Interest expense on deposit liabilities are as follows:

	2023	2022
Regular savings deposits	₱114,332,125	₱175,982,245
Special savings deposit	2,571,392	8,099,070
Balance at end of year	₱116,903,517	₱184,081,315

BSP Circular No. 1175 prescribes 1.00% reserve requirements on demand and savings deposits. As of December 31, 2023 and 2022, available reserves pertain to Due from BSP of ₱27.82 million and ₱83.38 million, respectively (Note 6). The Bank is compliant with the applicable reserve requirements on demand and savings deposits, respectively.

11. Bills Payable and Other Liabilities

Bills Payable

Bills payable represent borrowings from financing institutions which are subject to certain terms and conditions and bears annual nominal interest rates ranging from 5.75% to 6.50% in 2023.. The maturity period for the outstanding bills payable is six (6) months in the year 2023.

Interest expense recognized in the statements of income amounted to ₱1.77 million and ₱6.20 million in 2023 and 2022, respectively.

The composition of and movements in this account follow:

	2023	2022
Face value		
Balance at beginning of year	₱–	₱400,000,000
Availments	500,000,000	–
Principal payments	–	(400,000,000)
Balance at end of year	500,000,000	–
Unamortized transaction cost		
Balance at beginning of year	–	2,633,826
Availments	1,830,822	–
Amortization	(255,058)	(2,633,826)
Balance at end of year	1,575,764	–
Carrying value	₱498,424,236	₱–

Other Liabilities

This account consists of the following:

	2023	2022
Financial liabilities:		
Accrued interest payable	₱219,510,941	₱171,324,552
Lease liabilities (Note 16)	105,475,440	134,849,298
Accounts payable	18,472,016	11,615,086
Accrued other expenses	11,931,667	10,831,787
Dividends payable	695,222	159,547
	356,085,286	328,780,270
Non-financial liabilities:		
Gross receipt taxes payable	31,337,146	28,677,887
Withholding taxes payable	4,854,648	4,041,908
Documentary stamp taxes payable	3,718,685	3,597,987
	39,910,479	36,317,782
	₱395,995,765	₱365,098,052

Accounts payable include due to suppliers and contractors, regulatory bodies, employees and related parties.

Accrued other expenses include accrued vacation leaves and other operating expenses.

12. Maturity Analysis of Assets and Liabilities

The following table shows an analysis of assets and liabilities analyzed according to whether they are expected to be recovered or settled within one year and beyond one year from statement of financial position dates:

	2023			2022		
	Within One Year	Beyond One Year	Total	Within One Year	Beyond One Year	Total
Financial Assets						
Cash and other cash items	₱38,018,429	₱–	₱38,018,429	₱48,452,725	₱–	₱48,452,725
Due from BSP	27,824,391	–	27,824,391	83,383,507	–	83,383,507
Due from other banks	1,488,122,030	–	1,488,122,030	1,216,729,377	–	1,216,729,377
Loans and receivables	5,017,396,413	9,943,110	5,027,339,523	4,621,154,039	12,250,510	4,633,404,549
Investment securities at amortized cost	45,832,309	73,149,941	118,982,250	4,804,465	78,965,205	83,769,670
Other assets (Note 9)	11,839,412	2,842,438	14,681,850	12,244,239	2,780,773	15,025,012
Nonfinancial Assets						
Property and equipment	–	579,510,053	579,510,053	–	586,307,731	586,307,731
Retirement asset	–	23,459,733	23,459,733	–	24,619,373	24,619,373
Deferred tax assets	–	44,821,551	44,821,551	–	85,522,505	85,522,505
Other assets (Note 9)	74,439,353	2,511,714	76,951,067	99,281,911	3,065,634	102,347,545
	₱6,703,472,337	₱736,238,540	₱7,439,710,877	₱6,086,050,263	₱793,511,731	₱6,879,561,994
Allowance for credit and impairment losses			(171,747,125)			(349,471,450)
Accumulated depreciation and amortization			(367,488,605)			(326,491,947)
			₱6,900,475,147			₱6,203,598,597
Financial Liabilities						
Deposit liabilities	₱2,675,117,492	₱1,347,535,288	₱4,022,652,780	₱4,068,308,350	₱164,756	₱4,068,473,106
Bills payable	498,424,236	–	498,424,236	–	–	–
Other liabilities (Note 11)	283,256,740	72,828,546	356,085,286	161,555,947	167,224,323	328,780,270
Nonfinancial Liabilities						
Income tax payable	64,295,280	–	64,295,280	53,242,899	–	53,242,899
Other liabilities (Note 11)	39,910,479	–	39,910,479	36,317,782	–	36,317,782
	₱3,561,004,227	₱1,420,363,834	₱4,981,368,061	₱4,319,424,978	₱167,389,079	₱4,486,814,057

13. Equity

Capital Stock

The Bank's authorized capital stock amounted to ₱2.00 billion, consisting of 18,000,000 shares of common stock with par value of ₱100 per share and 1,000,000 private preferred shares with par value of ₱200 per share.

As at December 31, 2023 and 2022, the Bank's capital stock consists of:

	2023		2022	
	Shares	Amount	Shares	Amount
Common stock - ₱100 par value, 18,000,000 authorized shares				
Common stock at the beginning of the year	9,892,870	₱989,287,000	8,000,000	₱800,000,000
Application of DFS subscription to issued shares	–	–	691,740	69,174,000
Issuance of shares	607,130	60,713,000	1,201,130	120,113,000
	10,500,000	1,050,000,000	9,892,870	989,287,000
Subscribed shares	–	–	607,130	60,713,000
Subscription receivable	–	–	–	(43,580,300)
Common stock at the end of the year	10,500,000	₱1,050,000,000	10,500,000	₱1,006,419,700

	2023		2022	
	Shares	Amount	Shares	Amount
Preferred stock - ₱200 par value, 1,000,000 authorized shares				
Preferred stock at the beginning of the year	1,000,000	₱200,000,000	1,000,000	₱200,000,000
Preferred stock at the end of the year	1,000,000	₱200,000,000	1,000,000	₱200,000,000

Preferred shares have the following features: (a) cumulative, (b) non-voting, and (c) non-redeemable. Preferred shareholders shall be entitled to a dividend rate of eight percent (8.00%) per annum or whatever is determined by the BOD. As of December 31, 2023 and 2022, cumulative dividends paid on preferred shares amounted to ₱24.00 million and ₱18.00 million, respectively.

Deposit for Future Stock Subscriptions

Deposit for future stock (DFS) subscription pertains to total consideration received in excess of the authorized capital of the Bank with the purpose of applying the same as payment for future issuance of shares.

Financial Reporting Bulletin No. 6, dated January 24, 2013 provides that a bank shall classify a contract to deliver its own equity instruments under equity as a separate account from capital stock if and only if, all of the following elements are present as of the reporting period:

1. The unissued authorized capital of the Bank is insufficient to cover the amount of shares indicated in the contract;
2. BOD approval on the proposed increase in authorized capital stock (for which a deposit was received by the Bank);
3. There is stockholders' approval of the said proposed increase; and
4. The application for the approval of the proposed increase has been filed with the SEC.

The application of the proposed increase in authorized capital was approved by the BOD on September 11, 2021 and was filed with the SEC on November 24, 2021. The SEC approved the said increase on June 14, 2022.

Dividends

Cash dividends declared by the Bank in 2023 and 2022 are the following:

Date of declaration	Common shares		Preferred shares		Record date
	Per share	Total amount	% of Par	Total amount	
September 9, 2023	₱20.00	₱210.00 million	4%	₱8.00 million	August 31, 2023
April 13, 2023	₱12.00	₱126.00 million	8%	₱16.00 million	March 31, 2023
November 12, 2022	₱3.00	₱31.50 million	1.00%	₱2.00 million	September 30, 2022
April 9, 2022	₱10.00	₱80.00 million	8.00%	₱16.00 million	March 31, 2022

Capital Management

The Bank's capital management aims to ensure that it complies with regulatory capital requirements and maintains strong credit ratings and healthy capital ratios in order to support and sustain its business growth towards maximizing the shareholders' value.

The Bank manages its capital structure and appropriately effect adjustment according to the changes in economic conditions and the risk level it recognizes at every point of time in the course of its business operations.

In order to maintain or adjust for good capital structure, the Bank carefully measures the amount of dividend payment to shareholders, call payment due from the capital subscribers or issue capital securities as necessary. No changes were made on the capital management objectives, policies and processes from previous years.

Regulatory Qualifying Capital

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) reported to the BSP, determined on the basis of regulatory accounting policies, which differ from PFRSs in some aspects.

BSP Circular No. 688, Revised Risk-Based Capital Adequacy Framework for stand-alone thrift banks, rural banks and cooperative banks which took effect on January 1, 2012 represents BSP's commitment to align existing prudential regulations with international standards, which is consistent with the BSP's goal of promoting the soundness and stability of individual banks and of the banking system as a whole.

Under current banking regulations, the combined capital accounts of each bank should not be less than an amount equal to ten percent (10.00%) of its risk assets. The qualifying capital of the Bank for purposes of determining the capital-to-risk assets ratio to total equity excludes:

- unbooked valuation reserves and other capital adjustments as may be required by the BSP;
- total outstanding unsecured credit accommodations to directors, officers, stakeholders and related interests (DOSRI);
- deferred tax asset or liability; and
- other regulatory deductions.

Risk assets consist of total assets after exclusion of cash on hand, due from BSP, loans covered by hold-out or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits, and other non-risk items as determined by the Monetary Board of the BSP.

Under BSP Circular No. 360, effective July 1, 2003, the risk-based capital adequacy ratio (CAR) is to be inclusive of a market risk charge. BSP Circular No. 560 dated January 31, 2007 which took effect on February 22, 2007, requires the deduction of unsecured loans, other credit accommodations and guarantees granted to subsidiaries and affiliates from capital accounts for purposes of computing CAR.

On October 9, 2014, the BSP issued Circular No. 854, which states that rural banks with head offices in areas outside the National Capital Region and with up to ten branches are required to comply with the minimum capital requirement of ₱30.00 million. As at December 31, 2023 and 2022, the Bank is in compliance with the capitalization requirement.

Under BSP Circular No. 854, regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, surplus including current year profit less accrued dividends, net long positions in own shares and goodwill. The other component of regulatory capital is Tier 2 capital, which includes revaluation reserves. Certain adjustments are made to PFRSs-based results and reserves, as prescribed by the BSP.

The CAR of the Bank as at December 31, 2023 and 2022, as reported to the BSP, is shown in the table below (amounts in millions):

	2023	2022
Tier 1 capital	₱1,726.64	₱1,427.24
Tier 2 capital	247.59	242.12
Total qualifying capital	₱1,974.23	₱1,669.36
Risk-weighted assets	₱8,522.63	₱7,629.69
Tier 1 capital ratio	20.26%	18.71%
Tier 2 capital ratio	2.91%	3.17%
Total CAR	23.16%	21.88%

As of December 31, 2023 and 2022, the Bank's CAR is in compliance with the regulatory requirements.

Liquidity Coverage Ratio for universal and commercial banks, which also applies to their subsidiary and affiliate thrift banks (TBs), rural banks (RBs), cooperative banks (CBs), and quasi-banks (QBs) is 90.00% beginning January 1, 2018 and 100% beginning January 1, 2019 onwards. Meanwhile, stand-alone TBs, RBs, CBs, and QBs will be subjected to a Minimum Liquidity Ratio (MLR) of 20.00% for 2023 and 2022.

The Bank's MLR as at December 31, 2023 and 2022, as reported to the BSP is shown in the table below (amounts in millions):

	2023	2022
Stock of liquid assets	₱1,554.81	₱1,348.57
Qualifying liabilities	3,226.59	3,305.30
MLR	48.19%	40.80%

As at December 31, 2023 and 2022, the Bank's MLR is in compliance with the regulatory requirement.

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios adopted by the BSP in supervising the Bank.

The amount of surplus funds available for dividend declaration is determined also on the basis of regulatory net worth after considering certain adjustments.

Covered banks and quasi-banks are enjoined to consider the forthcoming regulatory changes in capital planning exercises and conduct preliminary assessments of the likely impact of the changes.

14. Compensation and Benefits

This account consists of:

	2023	2022
Salaries and wages	₱290,269,683	₱248,499,282
Employee benefits	229,133,191	185,946,688
Retirement expense (Note 15)	8,108,644	12,441,087
Other short-term benefits	40,398,038	31,872,539
	₱567,909,556	₱478,759,596

Other short-term benefits pertain to the Bank's share in contribution to employee's SSS, and health benefit plans.

15. Retirement Plan

The Bank, CARD Bank, Inc., CARD MRI Development Institute, Inc., CARD Mutual Benefit Association, Inc., CARD SME Bank, Inc., CARD MRI Insurance Agency, Inc., CARD Business Development Service Foundation, Inc., CMIT, CARD Employees Multi-Purpose Cooperative, Responsible Investments for Solidarity and Empowerment Financing Co., BotiCARD Inc., CLFC, CARD, Inc., Mga Likha ni Inay Inc., CARD MRI Property Holdings Inc., CARD MRI Publishing House Inc., CARD MRI Hijos Tours Inc., CARD MRI Astro Laboratories Inc., and CARD Masikhay Consultancy Services Inc. maintain a funded and formal noncontributory defined benefit retirement plan - the CARD MRI Multi-Employer Retirement Plan (MERP) - covering all of their regular employees and CARD Group Employees' Retirement Plan (New Plan) applicable to employees hired on or after July 1, 2016. MERP and New Plan comply with the requirements of RA No. 7641, *Retirement Pay Law*.

MERP is valued using the projected unit cost method and is financed solely by the Bank and its related parties. MERP provides lump sum benefits equivalent to up to 120.00% of final salary for every year of credited service, a fraction of at least six (6) months being considered as one whole year, upon retirement, death, total and permanent disability, or voluntary separation after completion of at least one year of service with the participating companies.

In addition to MERP, the Bank is also a participant to the CARD Group Employees' Retirement Plan referred to as "New Plan" which provides a retirement benefit equal to 100.00% of the member's employer accumulated value (the Bank's contributions of 8.00% plan salary to Fund A plus credited earnings) and 100.00% of the member's employee accumulated value (member's own contributions up to 10.00% of plan salary to Fund B plus credited earnings), if any, provided that in no case shall 100.00% of the employee accumulated value in Fund A be less than 100.00% of plan salary for every year of credited service.

The date of the latest actuarial valuation report is December 31, 2023.

Changes in net retirement asset in 2023 and 2022 are as follow:

	2023												
	Net benefit cost in statement of income						Remeasurements in other comprehensive income						
	January 1	Current service cost	Net interest	Subtotal	Transfer to the Plan Net of Benefits Paid	Benefits paid from plan assets	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from changes in the effect of asset ceiling	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Subtotal	Contribution by employer	December 31
Fair value of plan assets	₱150,262,939	₱–	₱11,626,487	₱11,626,487	(₱2,747,828)	(₱4,664,821)	(₱5,912,843)	₱–	₱–	₱–	(₱5,912,843)	₱25,420,671	₱173,984,605
Present value of defined benefit obligation	(122,256,933)	(10,563,151)	(8,924,756)	(19,487,907)	2,747,828	4,664,821	2,092,448	–	201,633	(16,184,349)	(13,890,268)	–	(148,222,459)
Asset ceiling	(3,386,633)	–	(247,224)	(247,224)	–	–	–	1,331,444	–	–	1,331,444	–	(2,302,413)
Net defined benefit asset	₱24,619,373	(₱10,563,151)	₱2,454,507	(₱8,108,644)	₱–	₱–	(₱3,820,395)	₱1,331,444	₱201,633	(₱16,184,349)	(₱18,471,667)	₱25,420,671	₱23,459,733
	2022												
	Net benefit cost in statement of income						Remeasurements in other comprehensive income						
	January 1	Current service cost	Net interest	Subtotal	Transfer to the Plan Net of Benefits Paid	Benefits paid from plan assets	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from changes in the effect of asset ceiling	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Subtotal	Contribution by employer	December 31
Fair value of plan assets	₱140,569,192	₱–	₱7,339,596	₱7,339,596	₱1,265,257	(₱4,513,469)	(₱1,540,318)	₱–	₱–	₱–	(₱4,788,530)	₱7,142,681	₱150,262,939
Present value of defined benefit obligation	(135,361,133)	(12,796,448)	(6,971,098)	(19,767,546)	(1,265,257)	4,513,469	(6,306,114)	–	2,126,065	33,803,583	32,871,746	–	(122,256,933)
Asset ceiling	(255,078)	–	(13,137)	(13,137)	–	–	–	(3,118,418)	–	–	(3,118,418)	–	(3,386,633)
Net defined benefit asset	₱4,952,981	(₱12,796,448)	₱355,361	(₱12,441,087)	₱–	₱–	(₱7,846,432)	(₱3,118,418)	₱2,126,065	₱33,803,583	₱24,964,798	₱7,142,681	₱24,619,373

In 2023 and 2022, net benefit cost is recognized under ‘Compensation and benefits’ in the statements of income.

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions. The fair value of plan assets by each class as at December 31, 2023 and 2022 follows:

	2023	2022
Cash and cash equivalents	₱20,460,590	₱24,628,096
Government securities	118,205,141	103,155,508
Loans and receivables	25,923,706	12,607,061
Other bond instruments	7,463,940	7,813,673
Other assets	1,931,228	2,058,601
Fair value of plan assets	₱173,984,605	₱150,262,939

All plan assets do not have quoted prices in an active market except for government bonds and mutual fund. Cash and cash equivalents are with reputable financial institutions and related parties and are deemed to be standard grade. Loans and other assets are unrated.

The plan assets have diverse investments and do not have any concentration risk other than those in government securities which are of low risk.

The overall investment policy and strategy of the Bank's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risks of the plans.

The cost of defined retirement plan as well as the present value of the defined benefit obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension for the defined benefit plans are shown below:

	2023	2022
Discount rate		
January 1	7.30%	5.15%
December 31	6.13%	7.30%
Future salary increases	5.00%	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming all other assumptions were held constant:

	2023		2022	
	Increase (decrease) in basis points	Increase (decrease) in present value of obligation	Increase (decrease) in basis points	Increase (decrease) in present value of obligation
Discount rates	+100 (100)	(₱14,022,087) 16,617,988	+100 (100)	(₱11,866,351) 14,105,087
Future salary increases	+100 (100)	16,640,188 (14,285,710)	+100 (100)	14,294,100 (12,211,203)

The Bank plans to contribute ₱5.00 million to the defined benefit retirement plan in 2024. As at December 31, 2023, the average duration of defined benefit obligations is 10.3 years.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2023	2022
Less than one year	₱19,540,854	₱9,498,288
More than one year to five years	50,123,799	49,550,707
More than five years to ten years	75,515,215	67,919,462
More than 10 years to 15 years	98,050,768	91,066,375
More than 15 years to 20 years	127,559,529	132,092,465
More than 20 years to 25 years	178,609,584	207,286,444
More than 25 years	268,121,513	375,024,908

16. Leases

The Bank has lease contracts for various items of office space for its branches and staff house, transportation, and IT equipment used in its operations. The lease contracts are for periods ranging from six months to 12 years and are renewable upon mutual agreement between the Bank and lessors. Various lease contracts include escalation clauses of 5.00%, starting on the year stated in the contract.

The Bank's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Bank is restricted from assigning and subleasing the leased assets and some contracts require the Bank to maintain certain financial ratios.

The carrying amounts of right-of-use assets recognized and the movements during the period are disclosed in Note 8.

The following are the amounts recognized in statements of income:

	2023	2022
Lease payments relating to short-term leases and leases with low value assets (included in 'Rent')	₱36,201,877	₱30,084,368
Depreciation expense of ROU assets included in property and equipment (Note 8)	59,222,842	64,358,676
Interest expense on lease liabilities	5,986,816	6,332,496
Total amount recognized in the statements of income	₱101,411,535	₱100,775,540

Rent expense in 2023 and 2022 pertains to expenses from short-term leases and leases of low-value assets. As of December 31, 2023 and 2022, the Bank has no contingent rent payable.

Set out below are the carrying amounts of lease liabilities (included under other liabilities) and the movements during the period:

	2023	2022
As at beginning of year	₱134,849,298	₱120,279,650
Additions	29,711,750	76,320,879
Accretion of interest	5,986,816	6,332,496
Payments	(63,661,381)	(68,083,727)
Lease modification	(1,411,043)	–
As at end of year	₱105,475,440	₱134,849,298

Shown below is the maturity analysis of the undiscounted lease payments:

	2023	2022
Within 1 year	₱48,572,267	₱58,661,941
More than 1 year to 5 years	64,080,570	60,692,523
More than 5 years	1,521,129	26,675,218

17. Miscellaneous Expenses

This account consists of:

	2023	2022
Payments to on-call security, drivers and messengerial	₱9,587,437	₱6,921,534
Repairs and maintenance	7,547,618	7,532,370
Meals during meetings and trainings	6,369,361	3,602,255
Donations and charitable contributions	5,393,000	—
Marketing, advertising and publicity	1,721,410	767,266
Periodicals and magazines	1,547,088	1,409,004
Review and advisory fee	1,532,160	618,000
Banking fee	1,498,085	1,188,479
Company events and celebrations	807,958	853,477
Data information sharing fee	806,586	723,958
Vaccination	751,027	496,778
Legal fees	637,768	2,993,998
Recruitment and training expenses	628,447	362,232
Hospitalization and other medical expense	525,349	8,148
Calamity and burial assistance	453,427	361,680
Scholarship allowance	339,000	309,555
Processing fee of approved branches	90,773	101,748
Membership fees and dues	73,387	93,759
COVID-19 preventive measures and quarantine expenses	—	151,629
Other expenses	669,605	697,115
	₱40,979,486	₱29,192,985

Donations and charitable contributions pertain to donation for scholarship program to educational institution.

Other expenses include various expenses such as replenishment of emergency fund, representation and entertainment expenses, awards to top performing branches and staffs, and other small value expenses that are non-recurring.

18. Income Taxes

Provision for income tax consists of:

	2023	2022
Current tax	₱115,645,687	₱144,979,444
Final tax	16,498,413	6,076,563
Deferred tax	45,318,871	(23,726,986)
	₱177,462,971	₱127,329,021

Under Philippine tax laws, the Bank is subject to percentage and other taxes presented as ‘Taxes and licenses’ in the statements of income as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax and documentary stamp taxes.

Income taxes include RCIT, as discussed below and final taxes paid at the rate of 20.00%, which is a final withholding tax on gross interest income from government securities and other deposit substitutes.

Republic Act No. 9337, *An Act Amending National Internal Revenue Code*, provides that the RCIT rate shall be 30.00%, and deductible interest expense shall be reduced by 33.00% of interest income subjected to final tax. Current tax regulations also provide for MCIT of 2.00% on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against the Bank’s income tax liability and taxable income, respectively, over a three-year period from the year of inception. Further, current tax regulations set a limit for entertainment, amusement and recreation (EAR) expenses that can be deducted for income tax purposes. EAR expenses are limited to 1.00% of net revenue for sellers of services. EAR expenses are presented under ‘Miscellaneous expenses’ in the statements of income. The Bank incurred no EAR expenses in 2023 and 2022.

As at December 31, 2023 and 2022, net deferred tax assets are as follows:

	2023	2022
Deferred tax assets		
Allowance for credit losses	₱42,936,781	₱87,367,862
Unamortized past service cost	4,858,301	2,175,118
Accumulated vacation leave	2,891,402	2,134,368
	50,686,484	91,677,348
Deferred tax liability		
Retirement asset	5,864,933	6,154,843
	₱44,821,551	₱85,522,505

Deferred tax recognized in OCI amounted ₱4.62 million (credit) and ₱6.24 million (debit) for the years ended December 31, 2023 and 2022, respectively.

The reconciliation between the statutory income tax and effective income tax follow:

	2023	2022
Statutory income tax	₱177,514,742	₱126,803,150
Income tax effects of:		
Interest income subject to final tax	(5,027,267)	(2,178,639)
Non-deductible expenses	4,975,496	2,705,510
Provision for income tax	₱177,462,971	₱127,329,021

19. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Entities are considered to be related if they are subjected under common control or significant influence. The Bank's related parties include:

- key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members, and
- post-employment benefit plans for the benefit of the Bank's employees.

The Bank has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business and on substantially same terms, including interest and collateral, as those prevailing at the time for comparable transactions with other parties. These transactions also did not involve more than the normal risk of collectability or present other unfavorable conditions.

Transactions with Retirement Plans

Under PFRS, certain post-employment benefit plans are considered as related parties. CARD MRI's MERP is a stand-alone entity assigned in facilitating the contributions to retirement starting 2015. The plan assets are mostly invested in time deposits and special savings accounts and government bonds (Note 15). As at December 31, 2023 and 2022, the retirement funds do not hold or trade the Bank's shares of stock.

Remunerations of Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly. The Bank considers the members of the senior management to constitute key management personnel for purposes of PAS 24, *Related Party Disclosures*.

The compensation of key management personnel included under 'Compensation and benefits' in the statement of income are as follows:

	2023	2022
Short-term employee benefits	₱14,505,752	₱14,746,185
Post-employment benefits	2,814,406	1,515,816
	₱17,320,158	₱16,262,001

The Bank also provides banking services to directors and other key management personnel and persons connected to them. These transactions are presented in the tables that follow.

Other Related Party Transactions

Transactions between the Bank and its key management personnel meet the definition of related party transactions. Transactions between the Bank and related parties within the CARD-MRI, also qualify as related party transactions.

Loans receivable

As of December 31, 2023 and 2022, the Bank has no outstanding loan that was granted to related parties.

Deposit liabilities, accounts receivable and accounts payable

Deposit liabilities, accounts receivable and accounts payable held by the Bank for key management personnel, shareholder and other related parties as at December 31, 2023 and 2022 follow:

December 31, 2023			
Category	Amount/Volume	Outstanding Balance	Nature, Terms and Conditions
Key management personnel			
Deposit liabilities		₱14,354,396	Consists of regular savings deposit account with annual interest rate of 0.50% and 5.00%, and special savings deposit account with annual interest rate ranging from 1.00% to 4.25%.
Deposits	₱65,154,742		
Withdrawals	62,579,455		
Interest expense/payable	25,053		
Shareholders			
Deposit liabilities		94,505,835	Consists of regular savings deposit account with annual interest rate of 0.50% and special savings deposit account with annual interest rate ranging from 1.60% to 4.00%.
Deposits	1,235,676,686		
Withdrawals	1,295,881,617		
Interest expense/payable	1,207,255		
December 31, 2022			
Category	Amount/Volume	Outstanding Balance	Nature, Terms and Conditions
Key management personnel			
Deposit liabilities		₱12,659,370	Consists of regular savings deposit account with annual interest rate of 0.50% and 5.00%, and special savings deposit account with annual interest rate ranging from 1.00% to 4.25%.
Deposits	₱25,760,457		
Withdrawals	25,359,961		
Interest expense/payable	422,004		
Shareholders			
Deposit liabilities		153,503,511	Consists of regular savings deposit account with annual interest rate of 0.50% and special savings deposit account with annual interest rate ranging from 1.60% to 4.00%.
Deposits	863,941,409		
Withdrawals	833,553,862		
Interest expense/payable	1,610,750		
Accounts receivable			
Billings	4,844,723		– Pertains to shareholders' non-trade payable (e.g. share of expenses) still due to the Bank
Collection	4,844,723		
Accounts payable			
Billings	707,782		– Pertains to share on various expenses.
Payment	707,782		

20. Supplementary Information for Cash Flow Analysis

Non-cash investing activities of the Bank consist of the following:

	2023	2021
Additions to property and equipment through lease contracts (Note 8)	₱31,009,955	₱79,732,833

The following table shows the reconciliation analysis of liabilities arising from financing activities for the years ended December 31, 2023 and 2022, respectively.

December 31, 2023						
	Bills payable (Note 11)	Deposit for future stock subscription (Notes 13)	Dividends payable (Note 11)	Lease liabilities (Note 16)	Capital stock (Note 13)	Total
Balances as at January 1, 2023	P-	P-	P159,547	P134,849,298	P1,206,419,700	P1,341,428,545
Cash flows	498,169,178	-	(359,464,325)	(63,661,381)	43,580,300	118,623,772
Non-cash items						
Dividend declaration	-	-	360,000,000	-	-	360,000,000
New lease contracts entered during the year	-	-	-	29,711,750	-	29,711,750
Amortization of discount of bills payable	255,058	-	-	-	-	255,058
Amortization of interest expenses of lease liability	-	-	-	5,986,816	-	5,986,816
Closing of lease liability on lease modification	-	-	-	(1,411,043)	-	(1,411,043)
Balances as of December 31, 2023	P498,424,236	P-	P695,222	P105,475,440	P1,250,000,000	P1,854,594,898

December 31, 2022						
	Bills payable (Note 11)	Deposit for future stock subscription (Note 13)	Dividends payable (Note 11)	Lease liabilities (Note 16)	Capital stock (Note 13)	Total
Balances as at January 1, 2022	P397,366,174	P69,174,000	P228,997	P120,279,650	P1,000,000,000	P1,587,048,821
Cash flows	(400,000,000)	-	(129,569,450)	(68,083,727)	137,245,700	(460,407,477)
Non-cash items						
Application of DFS to equity	-	(69,174,000)	-	-	69,174,000	-
Dividend declaration	-	-	129,500,000	-	-	129,500,000
New lease contracts entered during the year	-	-	-	76,320,879	-	76,320,879
Amortization of discount of bills payable	2,633,826	-	-	-	-	2,633,826
Amortization of interest expenses of lease liability	-	-	-	6,332,496	-	6,332,496
Balances as of December 31, 2022	P-	P-	P159,547	P134,849,298	P1,206,419,700	P1,341,428,545

21. Approval for the Release of Financial Statements

The BOD of the Bank has reviewed and approved the release of the accompanying financial statements on April 26, 2024.

22. Supplementary Information Required under Section 174 of the Manual of Regulations for Banks (MORB)

Presented below is the supplementary information required by BSP under Section 174 of the MORB to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRSs.

Basic quantitative indicators of financial performance

The following basic ratios measure the financial performance of the Bank:

	2023	2022
Return on average equity	29.30%	25.68%
Return on average assets	8.13%	6.02%
Net interest margin	34.90%	34.10%

Description of capital instruments issued

As of December 31, 2023 and 2022, the Bank has two classes of capital stock, preferred and common stocks.

Significant credit exposures

The BSP considers that loan concentration exists when total loan exposure to a particular industry or economic sector exceeds 30.00% of total loan portfolio. Identified concentration of credit risks are managed and controlled.

As at December 31, 2023 and 2022, information on the concentration of receivables from customers as to industry follows (at gross amount):

	2023		2022	
	Amount	%	Amount	%
Wholesale and retail trade; repair of motor vehicles and motorcycles and personal and household goods	P2,514,433,712	51.54%	P2,351,791,233	52.13%
Agriculture, forestry and fishing	900,523,923	18.46%	851,115,037	18.87%
Administrative and support service activities	319,131,508	6.54%	288,998,830	6.41%
Real estate activities	194,171,532	3.98%	193,363,376	4.29%
Manufacturing	168,163,384	3.45%	171,119,136	3.79%
Arts, entertainment and recreation	158,179,093	3.24%	81,938,418	1.82%
Accommodation and food service activities	145,881,928	2.99%	130,578,250	2.89%
Human health and social work activities	139,396,031	2.86%	101,497,422	2.25%
Construction	126,768,801	2.60%	151,274,745	3.35%
Education	69,437,259	1.42%	46,912,744	1.04%
Transportation and storage	35,778,463	0.73%	34,683,610	0.77%
Professional, scientific and technical activities	17,983,598	0.37%	20,147,355	0.45%
Information and communication	15,381,529	0.32%	18,062,620	0.40%
Water supply, sewerage, waste management and remediation activities	5,487,301	0.11%	4,818,680	0.11%
Other services activities	67,738,869	1.39%	65,060,571	1.43%
	P4,878,456,931	100.00%	P4,511,362,027	100.00%

Loans per security

The following table shows the secured and unsecured portions of receivable from customers as at December 31, 2023 and 2022 (at gross amount):

	2023	2022
Secured portion		
Deposit hold-out	₱1,142,555,018	₱979,408,495
Unsecured portion	3,735,901,913	3,531,953,532
	₱4,878,456,931	₱4,511,362,027

Collateral of loans includes deposit hold-out at 15.00% of loan disbursed (Note 10).

Status of loans per product line

Information on the amounts of performing and NPL receivables (gross of allowance for credit losses) of the Bank, as reported to BSP, are as follows:

	2023			2022		
	Performing	Nonperforming	Total	Performing	Nonperforming	Total
Loans and receivables						
Microfinance loans	₱4,007,896,871	₱108,321,709	₱4,116,218,580	₱3,618,469,684	₱277,361,074	₱3,895,830,758
Other loans	751,586,423	10,651,928	762,238,351	593,277,640	22,253,629	615,531,269
Balance at end of year	₱4,759,483,294	₱118,973,637	₱4,878,456,931	₱4,211,747,324	₱299,614,703	₱4,511,362,027

Portfolio-at-risk (PAR)

In accordance with BSP regulations, the Bank considers a loan as part of portfolio-at-risk (PAR) when an installment payment is past due for one day. As at December 31, 2023 and 2022, the Bank's PAR amounted to ₱119.33 million and ₱299.78 million, respectively. The allowance for credit losses recognized for past due loans amounted to ₱56.87 million and ₱298.74 million as of December 31, 2023 and 2022, respectively.

As of December 31, 2023 and 2022, nonperforming loans (NPLs) based on Circular No. 941 and as reported to the BSP amounted to as follows:

	2023	2022
Performing loans	₱4,759,483,294	₱4,211,747,324
Nonperforming loans	118,973,637	299,614,703
Balance at end of year	₱4,878,456,931	₱4,511,362,027

Related party loans

As required by BSP, the Bank discloses loan transactions with investees and with certain directors, officers, stockholders and related interests (DOSRI). Existing banking regulations limit the amount of individual loans to DOSRI, 70.00% of which must be secured, to the total of their respective deposits and book value of their respective investments in the lending company within the Bank.

In the aggregate, loans to DOSRI generally should not exceed total equity or 15.00% of total loan portfolio, whichever is lower. As at December 31, 2023 and 2022, the Bank is in compliance with the regulatory requirements.

BSP Circular No. 423 dated March 15, 2004, as amended by BSP Circular No. 914 dated June 23, 2016, provide the rules and regulations governing credit exposures to DOSRI. The following table shows information relating to the loans, other credit accommodations and guarantees classified as DOSRI accounts under regulations existing prior to BSP Circular No. 423 and new DOSRI loans and other credit accommodations granted under said circular as of December 31, 2023 and 2022:

Particulars	DOSRI Loans	2023 Related Party Loans (inclusive of DOSRI Loans)	2022 Related Party Loans (inclusive of DOSRI Loans)
Outstanding loans	₱18,080	₱18,080	₱1,143
Percent of DOSRI accounts to total Loans	0.00037%	0.00037%	0.00003%
Percent of unsecured DOSRI/Related Party loans to total loan portfolio	0.00017%	0.00017%	—
Percent of past due DOSRI/Related Party loans to total loan portfolio	—	—	—
Percent of non-performing DOSRI/Related Party loans to total loan portfolio	—	—	—

There are no unsecured DOSRI accounts in total outstanding DOSRI loans.

Secured liability and assets pledged as security

As of December 31, 2023 and 2022, the Bank has no liability that is secured by pledged assets.

Commitments and contingencies

There are no commitments and contingencies as at December 31, 2023 and 2022.

23. Supplementary Information Required under RR 15-2010

On November 25, 2010, the BIR issued RR 15-2010 prescribing the manner of compliance in connection with the preparation and submission of financial statements accompanying the tax returns. It includes provisions for additional disclosure requirements in the notes to the financial statements, particularly on taxes and licenses paid or accrued during the year.

The components of 'Taxes and licenses' recognized in the statement of income for the year ended December 31, 2023, follow:

GRT	₱120,227,963
DST	43,631,646
Business permits and licenses	9,506,686
Real property tax	187,634
Others	4,034,655
	₱177,588,584

Withholding taxes in 2023 are categorized into:

	Amount remitted	Outstanding as of December 31, 2023
Final withholding tax on interest expense and dividends declared	₱17,733,561	₱3,427,412
Expanded withholding tax	8,524,177	901,508
Withholding taxes on compensation and benefits	2,683,577	525,729
	₱28,941,315	₱4,854,648

Tax Assessments and Cases

On August 25, 2023, the BIR served a letter of authority to examine the books of accounts and other accounting records for all internal revenue taxes including documentary stamp taxes and other taxes for the taxable period January 1, 2022 to December 31, 2022. As of December 31, 2023, the BIR has yet to issue any tax assessments.



APPENDICES

PRODUCTS AND SERVICES

Loan Product	Product Description
MF-Sikap 1	This loan is intended for the business or enterprise of the microfinance members such as for working capital, purchase of equipment and assets for use in the business, buying of raw materials, etc.
MF-Sikap 1 GLIP	This product is intended as assistance to the bank's loyal members who are older than the mandatory exit age of 70 years old but are still engage in and who need support for their business.
MF-Microfinance Plus	Pursuant to BSP Circular 744 as an amendment to Cash Flow Annex A of BSP Circular 694, Microfinance Plus was included in the bank's long list of microfinance loans. The Bank, in recognition of the success of its microfinance members, offers the MF-Microfinance Plus to support the growing microenterprises and small businesses of qualified members based on the bank's policy and in accordance with BSP rules and regulations.
MF-Kabuhayan Loan	This product is intended for micro-entrepreneurs with small business/es operating for at least 1 year.
MF-Micro Agri Loan	This product is intended as support to members who want to avail of microfinance loans that they can use in implementing agricultural and agriculture-related businesses. This can be used for rice, corn, tobacco, onion, garlic, banana, rubber, vegetable, and livestock production (hog raising/fattening, cattle, goat, poultry, fish, and seafood).
MF-Micro Agri Loan GLIP	This product is intended as assistance to the bank's loyal members who are older than the mandatory exit age of 70 years old but are still engage in and who need support for their agricultural-related business.
MF-Special Agri Loan	This program is open to all new and existing members, who will be eligible to join based on the specific criteria set by the bank. It aims to grant agricultural loans to satisfy the higher financing needs for working capital or fixed assets of the farm or family needs.
MF-Micro Housing Loan	The bank understands that its members, during the course of running their businesses, would still need additional funds to support their other equally pressing needs. Thus, the Bank developed MF-Micro Housing Loan to ensure that the members are taken-cared of all the time and that they do not go back to borrowing from usurious money lenders. This product is intended for the members' house repairs, maintenance or renovations.
MF-Special Liquidity Fund	This loan product is exclusive to konek2CARD Agents in order to support their liquidity and is intended as their revolving fund.
SME-Working Capital Loan	This product is for microfinance members who have gradually developed their businesses into small and medium enterprises (SME), thus, will need higher loans. It is offered to members whose loan requirement exceeds the maximum microfinance loans of Php300,000.00. This loan is intended to finance the daily operations of a company or business and is expected to be repaid from the operating funds in the course of doing business.

Loan Product	Product Description
SME-Investment Loan	This product is for microfinance members who have gradually developed their businesses to become an SME, thus, will need higher loans. It is offered to members whose loan requirement exceeds the maximum microfinance loans of PhP300,000.00. This loan is for medium-term financing for a maximum term of three (3) years and is intended to finance the acquisition of fixed assets either as replacement or for business expansion.
OL-Educational Loan (Elementary)	This loan is exclusive to members with children or dependents who are in Pre- and Elementary level (Daycare/Kinder, Prep, and Grades 1 to 6).
OL-Educational Loan (High School)	This loan shall be used in all educational loans granted to members for the purpose of supporting their children in High School.
OL-Educational Loan (Senior High School or College)	This loan shall be used in all educational loans granted to members for the purpose of supporting member's children in Senior High School or College.
OL-Health Loan (PhilHealth)	This loan amounts to a maximum of three (3) months to one (1) year of PhilHealth premium payment of qualified members. Once the loan is disbursed, the loan proceeds are paid directly by the bank to PhilHealth. In return, the borrowing member will get a Member's Data Record, which is required by hospitals when one avails of hospitalization benefits.
OL-Health Loan (Insurance Premium)	This loan is for qualified members who want to avail of insurance products for their protection against unexpected circumstances such as sickness, loss of life and property, among others.
OL-Health Loan (Laboratory Test)	This product is for members, particularly the microfinance members, and their dependents, for them to have access and enjoy the benefits of the program. It is based on the low-cost packages of laboratory services offered by a preferred clinic which will help our members and their dependents, in promoting awareness, monitor and prevent any aggravating health conditions without the excessive financial burden.
OL-Cellphone Loan	In the continuous effort of the bank towards assisting our members and to support future plans of the bank in the implementation of Mobile Financial Services (MFS) project, mobile phone/cellphone loan shall be offered to all qualified members. The loan shall be used in acquiring mobile phone/cellphone unit.
OL-SSS Premium Loan	This loan is for members and savers who want to avail of SSS services for their retirement. The bank will provide this loan to qualified members for their SSS Contribution Premium payments. Processing fee is PhP50 which will be paid by the member during the loan release/disbursement only.
OL-Personal Loan	This loan is intended to provide flexible financial assistance to members that can be utilized for their own personal consumption. It is packaged and offered to qualified microfinance members based on their capacity to pay without going under incremental cycle loan to increase loanable amount.

Loan Product	Product Description
OL-Padala Now, Pay Later	This loan allows pre-qualified members to send money through CARD Sulit Padala which they can pay later based on their chosen term.
OL-Home Essentials	This loan enables the bank to provide the financial needs of the clients in order to acquire home appliances, furniture, gadgets, solar products, among others.
Deposit Products	Product Description
Pangkong-Ipon	The Pangkong-Ipon is the member's capital build-up and serves as loan guarantee given that loans are non-collateralized. It consists of the P50 weekly Pangkong-Ipon. The primary purpose of the Pangkong-Ipon is to have a capital build-up fund that members can use for buying shares of stocks from the bank as well as to serve as guarantee for their loans. The minimum initial deposit is PhP50.00 and the maintaining balance is PhP100.00. The minimum balance to earn interest is PhP2,000.00 with 2.50% interest rate per annum.
Kusang-Ipon	The Kusang-Ipon account represents regular savings account evidenced by passbook. The minimum initial deposit is PhP200.00 and a minimum balance to earn interest is PhP2,000.00 with 1.00% interest rate per annum.
Tagumpay	Tagumpay is a term savings that seeks to encourage savers to deposit regularly to achieve or fulfill a dream such as building a house for their family, completing higher education for themselves or for their children, etc. This account is a recurring deposit savings account with fixed deposit amount every week/month until it reaches the maximum term of 5 years. This shall be supported by a signed agreement/contract. The minimum initial deposit is PhP200.00 (for staffs) and PhP100.00 (for members) and the minimum balance to earn interest is PhP3,000.00 with 5.00% interest rate per annum.
Bantay-Ipon	This account represents special savings account (time deposit) which helps the member secure savings for a better future. The interest rate depends on the amount of deposit and term. The minimum initial deposit is PhP10,000.00 and the maintaining balance is PhP10,000.00 with 3.60% to 4.10% interest rate.
Agap-Ipon	This account is specially designed for children to enable them to develop the habit of saving at an early age, and eventually become members of the Kiddie Savers Club. The minimum initial deposit is PhP100.00 and a minimum balance to earn interest is PhP2,000.00 with 1.00% interest rate per annum.
Katuparan	This product is for the bank members and is aimed to further promote the bank's savings mobilization program. It is a recurring deposit account with a fixed deposit amount every week with a pre-determined target total savings amount after a definite period. Interest rate depends on the desired target savings and term. The minimum balance to earn interest is PhP1,000.00 and is supported by a signed agreement/contract.
Matatag	The Matatag account represents savings account that provides option for regular savings with easy access to withdraw 24x7 through the automated teller machine (ATM). The minimum initial deposit is PhP100.00 and a minimum balance to earn interest is PhP2,000.00 with 0.5% interest rate per annum.

Deposit Products	Product Description
Checking Account	It is a deposit account with check book facility. It is also known as current or demand account. Typically, this is used for making business payments (currently available only in Sta Cruz- Head Office). Minimum initial deposit and maintaining balance of Php5,000 (non-interest bearing) or Php50,000 (interest bearing) with 1.00% interest rate per annum and is evidenced by check booklet.
Remittance Services	Product Description
Remittance (CARD Sulit Padala)	The Bank offers fast and cheap domestic remittance service to its clients and staff. With the extensive banking network of CARD MRI Rizal Bank, Inc. and availability of in-house remittance system, the remittance services of the bank can be availed at a cheaper cost. This product is available in all CARD MRI Rizal Bank, Inc. branches nationwide including branches of CARD SME Bank and CARD Bank, Inc. as payout centers. The amount that can be remitted is from PhP1.00 to PhP100,000.00 with fees from PhP1.00 to 1% of principal amount of remittances.
Digital Services	Service Description
konek2CARD	This is a mobile application that allows the clients of the bank enjoy a hassle-free banking transaction anytime, anywhere using their smart phones. Through this app, clients can monitor their savings and loan accounts with the bank and facilitate various transactions at the comfort of their home or through several authorized bank agents. It can be downloaded through the Google Playstore by smart phones using android software.
Digital Cash Machine	This is a device or terminal that enables bank clients to perform various financial transactions, particularly cash withdrawal, without the need for a human cashier, clerk or teller intervention. It requires the konek2CARD application in smart phones to facilitate transactions. A Quick Response (QR) code generated from the konek2CARD application will be used to identify the customer and is required to proceed with the cash withdrawal transaction. It is available to all our branches.
Automated Teller Machine	The Automated Teller Machine (ATM), enabled with EMV technology, is aimed to provide convenience and accessibility in facilitating financial transactions of the bank's ever-growing number of clients, particularly the microfinance clients, even after the regular banking hour, and during holidays and weekends.
CARMELA Chatbot	This is a system which accepts, process and approves loan applications of bank clients through Facebook Messenger. Proceeds of the loans will be credited to the client's savings account and can be cashed-out through the bank's network, either via DCM, konek2CARD Agents, or over-the-counter (OTC).

PARTNERSHIP

PARTNERS / COLLABORATIONS

- Land Bank of the Philippines (LBP)
- Bank of the Philippine Islands (BPI)
- East West Bank (EWB)
- Banco De Oro (BDO)
- United Coconut Planters Bank (UCPB)
- Metro Bank and Trust Company (MBTC)
- Rizal Commercial Banking Corporation (RCBC)
- Philippine National Bank (PNB)
- Cebuana Lhuillier Services Corporation
- Hybrid Social Solutions, Inc.
-

REGULATORY BODIES

- Anti-Money Laundering Council (AMLC)
- Bangko Sentral ng Pilipinas (BSP)
- Bureau of Internal Revenue (BIR)
- Department of Labor and Employment (DOLE)
- National Privacy Commission (NPC)
- Philippine Deposit Insurance Corporation (PDIC)
- Securities and Exchange Commission (SEC)
- Social Security System (SSS)
- Philippine Health Insurance Corporation (PhilHealth)
- Home Development Mutual Fund (Pag-IBIG Fund)
- Department of Environment and Natural Resources (DENR)

AFFILIATIONS

- Association of Bank Compliance Officers, Inc.
- Bankers Institute of the Philippines, Inc. (BAIPHIL)
- BancNet
- Rural Bankers Association of the Philippines
- Microfinance Information Data Sharing, Inc. (MiDAS)

OFFICE DIRECTORY

CARD MRI Rizal Bank Inc., Head Office P. Guevarra St., Corner Aguire St., Brgy. Poblacion II, Sta. Cruz, Laguna, Philippines

LUZON

Sta Cruz - Head Office

Magdalena BLU
Cavinti BLU
Luisiana BLU
Lumban BLU
Majayjay BLU
Pagsanjan BLU
Kalayaan BLU

P. Guevarra St. Corner Aguire St. Brgy Poblacion II, Sta. Cruz, Laguna
Arellano St. Poblacion Magdalena, Laguna
MH Del Pilar St. Poblacion Cavinti, Laguna
Roasa St. Brgy. San Antonio, Luisiana, Laguna
10 Tabia St. Bagong Silang Lumban, Laguna
P. Zamora St., Brgy. San Miguel, Majayjay, Laguna
Mae-Ann Village, Sampaloc, Pagsanjan, Laguna
39 T. Montes St., Longos, Kalayaan Laguna

Siniloan Branch

Sta Maria BLU
Mabitac BLU
Famy BLU
Paete BLU
Sta Maria 2 BLU

L. De Leon St., Brgy. Wawa, Siniloan, Laguna
Brgy. Bagong Pook Sta Maria, Laguna
#30 E.W. De Villa St. Brgy. Pag asa, Mabitac Laguna
Brgy. Damayan, Famy, Laguna
V AC AC St., Brgy. Bangkusay (POB), Paete, Laguna
Bagong Pook, Sta Maria, Laguna

Tanay Branch

Morong BLU
Jala Jala BLU
Tanay 3 BLU
Pililla 2 BLU
Tanay 5 BLU
Jalajala 2 BLU
Baras BLU

Corners M.H. Del Pilar and M.L. Quezon St. Plaza Aldea, Tanay, Rizal
385 E. Dela Paz St., Maybancal, Morong, Rizal
209 M. Bellin St. Special District, Jala Jala, Rizal
Near Kampupot corner J.P. Rizal Ave., Brgy. Sampaloc, Tanay, Rizal
A. Luna St. Quisao, Pililla, Rizal
Bongainvilla St. Marilaque Road, Brgy. Sampaloc, Tanay, Rizal
Umandap St., Sitio Naglabas, Brgy. Pagkalinawan, Jalajala, Rizal
169 M. Velgado St., Sitio Soro-Soro, Brgy. Santiago, Baras, Rizal

Taytay Branch

Angono BLU
Binangonan 1 BLU
Cainta BLU
Taytay 2 BLU
Taytay 3 BLU
Cainta 3 BLU
Pasig 2 BLU
Pasig 3 BLU
Pasig 1 BLU
Angono 2 BLU
Pateros BLU

Erika's Prosperity Building, Talisay Street, Ilog Pugad, Taytay Rizal
339 Chesapeake St., Richmond Subd. San Isidro, Angono, Rizal
Brgy. Tayuman, Binangonan, Rizal
35B Tennis St New St Francis Village Brgy. San Juan Cainta, Rizal
B1 Exodus, Sta Ana, Taytay, Rizal
L-36 Saudi St. Purok 8, Bagong Pag-asa, Sta Ana, Taytay, Rizal
B1 L2 Ascuna St, Village East Exec Subd, Sto Domingo, Cainta, Rizal
B7 L2 Chico Cor Kaimito St., Villa Cuana Pinagbuhatan, Pasig City
Lot 1 Katiyakan St., Karangalan Village, Manggahan, Pasig City
437 N Cruz St., Villa Raymundo, Palatiw, Pasig City
#6 Bloomingdale Ave, Bloomingdale Homes Subd, San Pedro, Angono, Rizal
8 Block 1 E. Hermosa St. Grem Village Subd. Brgy. San Roque, Pateros, Metro Manila

Antipolo City Branch

Antipolo 2 BLU
Antipolo 3 BLU
Teresa BLU
Binangonan 2 BLU

Provincial Road, Dona Naty, Brgy. Dalig, Antipolo City
22 St Agnes Street Phase 1 Maries Village II Mayamot, Antipolo City
Blk1 Lot 2 Sambaville, Brgy San Luis Antipolo City, Rizal
164 Sgt. Santiago St., May-Iba, Teresa, Rizal
P. Burgos St., Brgy. Lunsad, Binangonan, Rizal



Cardona BLU Binangonan 3 BLU	0515 Purok 2, Looc, Cardona, Rizal Kaypita St., Kinaboogan, Binangonan, Rizal
Taguig Branch Muntinlupa 1 BLU Muntinlupa 2 BLU Muntinlupa 3 BLU Muntinlupa 4 BLU Taguig 5 BLU Taguig 2 BLU	Lot 12 Block 3 General Santos Ave Purok 6 Lower Bicutan Taguig City Blk 12 Lot 17 Soldiers Hills Subd. Putatan Muntinlupa City 539 Cupang Muntinlupa City Lot 2 Country Drive, Country Homes Subd. Brgy. Putatan Muntinlupa City 12 Bunye Compound, Ilaya St., Alabang, City of Muntinlupa #36 ML Quezon St. Adia Bagumbayan, Taguig City #10 Katipunan St., Bambang, Taguig City
Marikina Branch Commonwealth 1 BLU Commonwealth 2 BLU San Mateo BLU Montalban BLU	14 Gen Ordonez St., Marikina Heights, City of Marikina No. 141, Don Fabian Extension, Manggahan Commonwealth, Quezon City Blk 2 Lot 7, Kamagong Ext., Commonwealth, Quezon City, Metro Manila M.H. Del Pilar St. Guitnang Bayan II, San Mateo, Rizal 89 JP Rizal St. Brgy. Manggahan, Rodriguez Rizal
Baliuag Branch San Ildefonso BLU Bustos BLU San Rafael BLU San Miguel BLU Pulilan BLU Plaridel BLU San Ildefonso 2 BLU	1733 Ano St., Poblacion, Baliwag, Bulacan #29-D Cuevas St., Lapnit, San Ildefonso, Bulacan Sto Nino St., Poblacion, Bustos, Bulacan 05 Mabalas-Balas, San Rafael, Bulacan 130 Mavio St, Tigpalas, San Miguel, Bulacan San Francisco Poblacion Pulilan Bulacan 712 Cagayan Valley Road, Banga 1st, Plaridel, Bulacan Malipangpang, San Ildefonso, Bulacan
Malolos Branch Calumpit BLU Hagonoy 1 BLU Bocaue BLU Guiguinto BLU Paombong BLU	Ground Floor Jhem Building, Crossing Malolos, Guinhawa, Malolos, Bulacan Brgy Pio Cruzcosa, Calumpit, Bulacan Apartment 3, Purok 6 San Agustin Hagonoy Bulacan B24 L15 Villa Zaragosa, Turo, Bocaue, Bulacan 79 Sampaguita St., Voleta Village, Sta Cruz, Guiguinto, Bulacan San Isidro II, Paombong, Bulacan
San Fernando Branch Lubao BLU Sta Ana BLU Guagua BLU Macabebe BLU San Simon BLU Florida Blanca BLU Apalit 2 BLU Minalin BLU Mexico 2 BLU	Mc Arthur Hi-way Brgy. Dolores, San Fernando City, Pampanga Sta Cruz Lubao, Pampanga Sta. Lucia, Sta Ana, Pampanga Lot 3-1 PSD 35701 Plaza Burgos Guagua, Pampanga San Roque, Macabebe, Pampana Mac Arthur Hi-way San Agustin San Simon, Pampanga Purok 4, Solib, Florida Blanca, Pampanga Vincent Ville, Brgy San Vicente Apalit Pampanga San Pedro, Minalin, Pampanga Old Street Purok 2, San Pablo, Mexico, Pampanga
Angeles Branch Mabalacat BLU Magalang BLU Arayat BLU Mabalacat 2 BLU	346 and 347 Miranda St. Sto Rosario, Angeles City, Pampanga 104-A Roxas St. Lakandula, Mabalacat City Mabuko, Sta. Cruz, Magalang, Pampanga Camba, Arayat, Pampanga Lot 13 Blk 11 Goldenland Subd. Mabiga, Mabalacat, Pampanga

Iba Branch

Masinloc BLU
Sta Cruz BLU
Cabangan BLU
Palauig BLU

Poblacion Zone 1, Iba Zambales
Purok 6 Brgy. Collat, Masinloc, Zambales
Eliazo Poblacion South Sta Cruz, Zambales
Purok 2 Brgy Longos Cabangan Zambales
Drahcir Motorist Center, East Poblacion Palauig, Zambales

Solano Branch

Dupax Del Norte BLU
Aritao BLU
Kasibu BLU
Bambang BLU
Bagabag BLU
Villaverde BLU
Lamut BLU

JP Rizal Avenue, National Road, Roxas, Solano, Nueva Vizcaya
Brgy. Malasin, Dupax Del Norte, Nueva Vizcaya
Tucay Street, Poblacion, Aritao, Nueva Vizcaya
Purok 2, Poblacion, Kasibu, Nueva Vizcaya
Buag, Bambang, Nueva Vizcaya
P1 San Pedro, Bagabag, Nueva Vizcaya
Ibung, Villaverde, Nueva Vizcaya
Poblacion West, Lamut, Ifugao

Santiago Branch

Echague BLU
Jones BLU
Alfonso Lista BLU
Diadi BLU
Ramon BLU
Cordon BLU
Echague 2 BLU

City Road Calao West, Santiago City, Isabela
Soyung, Echague, Isabela
Barangay 1, Jones, Isabela
Sta. Maria, Alfonso Lista, Ifugao
Poblacion, Diadi, Nueva Vizcaya
Bugallon Proper, Ramon, Isabela
Quirino, Cordon, Isabela
Purok 4, Pangal Norte, Echague, Isabela

Cabarroguis Branch

Diffun BLU
Aglipay BLU
Nagtipunan BLU
Maddela BLU

P3 Gundaway, Cabarroguis, Quirino
Purok 1, Aurora West, Diffun, Quirino
Purok 2, San Leonardo, Aglipay, Quirino
Purok 2, Ponggo, Nagtipunan, Quirino
Galapon St., Villa Hermosa Sur, Maddela, Quirino

Cauayan Branch

Alicia BLU
San Mateo BLU
Naguilian BLU

SH Bldg. Canciller, District 1, Cauayan City, Isabela
Brgy. Antonino, Alicia, Isabela
Barangay II, San Mateo, Isabela
Magsaysay, Naguilian, Isabela

Ilagan Branch

Tumauini BLU
Gamu BLU
Gamu 2 BLU
Tumauini 2 BLU

Baligatan, Ilagan City, Isabela
District 1, Tumauini, Isabela
District 2, Gamu, Isabela
District 3, Gamu, Isabela
Carpintero, Tumauini, Isabela

Roxas Branch

Burgos BLU
Aurora BLU
Cabatuan BLU
Quezon BLU

Osmena St. Brgy. Vira, Roxas, Isabela
San Antonino, Burgos, Isabela
Sta Rita, Aurora, Isabela
San Andres, Cabatuan, Isabela
Alunan, Quezon, Isabela

Tuguegarao Branch

Peñablanca BLU

Provincial Road, Balzain, Tuguegarao City, Cagayan
Camasi, Peñablanca, Cagayan



Iguig BLU
Cabagan BLU
San Pablo BLU

Ajat, Iguig, Cagayan
Centro, Cabagan, Isabela
Poblacion, San Pablo, Isabela

Solana Branch

Tabuk BLU
Piat BLU
Tuao BLU
Enrile BLU

Maddarulug, Solana, Cagayan
Ancheta St. Bulanao, Tabuk City, Kalinga
Zone 5, Baung, Piat, Cagayan
Alabug, Tuao, Cagayan
Bliss Site, Barangay II, Enrile, Cagayan

Alcala Branch

Gattaran BLU
Gattaran 2 BLU
Baggao BLU
Baggao 2 BLU

Centro Norte, Alcala, Cagayan
L. Adviento, Gattaran, Cagayan
Nabaccayan, Gattaran, Cagayan
San Jose, Baggao, Cagayan
Tallang, Baggao, Cagayan

Aparri Branch

Lal-lo 2 BLU
Lasam BLU
Sta Teresita BLU
Gonzaga BLU
Lal-lo 1 BLU

Centro 8, Aparri, Cagayan
Sta. Maria, Lal-lo, Cagayan
Centro 2, Lasam, Cagayan
Centro West, Sta. Teresita, Cagayan
Paradise, Gonzaga, Cagayan
Centro, Lal-lo, Cagayan

VISAYAS

Carigara Branch

Jaro BLU
Leyte BLU
Tunga BLU
San Miguel BLU

Brgy. Ponong, Carigara, Leyte
544 San Jose Barangay 3, Jaro, Leyte
Poblacion, Leyte, Leyte
Sto. Nino, Tunga, Leyte
Real St., Brgy. Cayare San Miguel, Leyte

Ormoc Branch

Ormoc 3 BLU
Kananga BLU
Albuerra BLU
Matag-ob BLU
Merida BLU

Corner Bonifacio and L. Jaena Streets District 8, Ormoc City
Bgy. San Pablo, Ormoc City
F.A Larrazabal St. Poblacion, Kananga, Leyte
Bgy Poblacion, Albuera, Leyte
Brgy. Riverside, Matag-ob, Leyte
Poblacion, Merida, Leyte

Palompon Branch

Isabel BLU
Tabango BLU
Villaba BLU

Guiwan II, Palompon, Leyte
Brgy. Sto. Nino, Isabel, Leyte
Barangay Poblacion, Tabango, Leyte
Poblacion Del Sur, Villaba, Leyte

Carcar Branch

Barili BLU
Minglanilla 1 BLU
Minglanilla 2 BLU

Awayan, Poblacion 3, Carcar, Cebu
SWT, Poblacion, Barili, Cebu
Upper Tulay, Minglanilla, Cebu
Upper Tulay, Minglanilla, Cebu

Dumanjug BLU
Moalboal BLU
San Fernando BLU
Naga 1 BLU
Naga 2 BLU
Barili 2 BLU
Naga 3 BLU

Sima, Dumanjug, Cebu
Poblacion West, Moalboal, Cebu
South Poblacion, San Fernando, Cebu
Tabtuy, Tuyan, City of Naga, Cebu
South Poblacion, City of Naga, Cebu
Mantalongon, Barili, Cebu
South Poblacion, City of Naga, Cebu

Argao Branch

Oslob BLU
Dalaguete BLU
Sibonga BLU
Ginatilan BLU
Alcoy 2 BLU
Sibonga 2 BLU

National Highway, Poblacion, Argao, Cebu
Poblacion, Oslob, Cebu
Poblacion, Dalaguete, Cebu
Poblacion, Sibonga, Cebu
Poblacion, Ginatilan, Cebu
Poblacion, Alcoy, Cebu
Poblacion, Sibonga, Cebu

San Carlos City Branch

Canlaon BLU
Vallehermoso BLU
Jimalalud BLU
Guihulngan BLU

Cor. V. Gustilo – Dos Hermanos St., Barangay III, San Carlos City, Negros Occidental
National Highway, Mabigo, Canlaon City, Negros Oriental
Don Diego Dela Viña St., Poblacion, Vallehermoso, Negros Oriental
North Poblacion, Jimalalud, Negros Oriental
Carmenville, Bateria, Guihulngan City, Negros Oriental

Bais Branch

Manjuyod BLU
Bindoy BLU
Ayungon 1 BLU
Mabinay 2 BLU
Ayungon 2 BLU

Juan Luna St. Barangay 1, Bais City, Negros Oriental
Sundo-an, Manjuyod, Negros Oriental
Poblacion, Bindoy, Negros Oriental
Poblacion, Ayungon, Negros Oriental
Poblacion, Mabinay, Negros Oriental
Awa-an, Ayungon, Negros Oriental

Dumaguete Branch

Sibulan BLU
Amlan BLU
Zamboanguita BLU
Bacong BLU
Valencia BLU
Dauin BLU
Tanjay BLU
Pamplona BLU

Manhattan Grand Valley Estate Inc. Bldg., Locsin Extension, Brgy. Taclobo, Dumaguete City, Negros Oriental
Purok 1, Ablir St., Poblacion, Sibulan, Negros Oriental
Tandayag, Amlan, Negros Oriental
Luna Street, Poblacion, Zamboanguita, Negros Oriental
North Poblacion, Bacong, Negros Oriental
North Poblacion, Valencia, Negros Oriental
Masaplod Norte, Dauin, Negros Oriental
Rizal St. Brgy. 6 Tanjay City, Negros Oriental
Habitat Poblacion Pamplona, Negros Oriental

Bayawan Branch

Basay BLU
Siaton BLU
Sta Catalina BLU
Siaton 2 BLU

Purok San Vicente, National Hiway, Villareal, Bayawan City, Negros Oriental
Poblacion, Basay, Negros Oriental
Purok 3, Brgy 3, Siaton, Negros Oriental
Medina Street, Poblacion, Sta. Catalina, Negros Oriental
Purok 5, Bonawon, Siaton, Negros Oriental

Siquijor Branch

Larena BLU
Lazi BLU
Maria BLU

South Poblacion, Siquijor, Siquijor
Bontod, Larena, Siquijor
Tigbawan, Lazi, Siquijor
Poblacion Norte, Maria, Siquijor



MINDANAO

Dipolog City Branch

Polanco BLU	Mabini Street corner Magsaysay Street, Barra, Dipolog City, Zamboanga Del Norte
Manukan 1 BLU	Poblacion North, Polanco, Zamboanga Del Norte
Piñan BLU	Poblacion, Manukan, Zamboanga Del Norte
Manuel Roxas BLU	Poblacion North, Piñan, Zamboanga Del Norte
Jose Dalman BLU	Langatian, President Manuel A. Roxas, Zamboanga Del Norte
Sergio Osmeña BLU	Poblacion, Jose Dalman, Zamboanga Del Norte
Dapitan BLU	Poblacion Alto, Sergio Osmeña Sr., Zamboanga Del Norte
Katipunan BLU	Lawa-an, Dawo, Dapitan City, Zamboanga Del Norte
Sindangan 1 BLU	Barangay Dos, Katipunan, Zamboanga Del Norte
Mutia BLU	Poblacion, Sindangan, Zamboanga Del Norte
Rizal BLU	Poblacion, Mutia, Zamboanga Del Norte
Leon Postigo BLU	West Poblacion, Rizal, Zamboanga Del Norte
	Poblacion, Leon Postigo, Zamboanga del Norte

Oroquieta City Branch

Aloran BLU	Purok 1, Layawan, Oroquieta City, Misamis Occidental
Plaridel BLU	Labo, Aloran, Misamis Occidental
Jimenez BLU	Southern Poblacion, Plaridel, Misamis Occidental
Calamba BLU	Naga, Jimenez, Misamis Occidental
Lopez Jaena BLU	Southwestern Poblacion, Calamba, Misamis Occidental
Ozamis BLU	Western Poblacion, Lopez Jaena, Misamis Occidental
Tudela BLU	Ledesma St., Carmen Annex, Ozamiz City, Misamis Occidental
Clarin BLU	Upper Centro, Tudela, Misamis Occidental
	P-4, Mialen, Clarin, Misamis Occidental

Buenavista Branch

Butuan BLU	National Highway, Manapa, Buenavista, Agusan Del Norte
Butuan 2 BLU	Jose Rizal, Butuan City, Agusan del Norte
Butuan 3 BLU	Phase 4, Block 16 Purok 13, Eastwood Subdivision, Baan KM3 Butuan City, Agusan Del Norte
Butuan 4 BLU	New Paradise Subdivision, Libertad, Butuan City, Agusan del Norte
Las Nieves BLU	P-8 Limaha, Butuan City, Agusan del Norte
Kitcharao BLU	Poblacion, Las Nieves, Agusan del Norte
Cabadbaran BLU	Crossing, Kitcharao, Agusan del Norte
Remedios Romualdez BLU	Purok 3, Poblacion 9, Cabadbaran City, Agusan Del Norte
Santiago BLU	Purok 4, Poblacion II, Remedios T. Romualdez, Agusan Del Norte
Tubay BLU	Purok 4, Poblacion II, Santiago, Agusan Del Norte
Magallanes BLU	Purok 1, Dona Rosario, Tubay, Agusan Del Norte
	Purok 8 Buhang, Magallanes, Agusan Del Norte

San Francisco Branch

Rosario BLU	National Highway, Barangay 5, San Francisco, Agusan del Sur
Rosario 2 BLU	P-1, Brgy. Poblacion, Rosario, Agusan Del Sur
Prosperidad BLU	P-Ocite, Brgy. Sta. Cruz, Rosario, Agusan Del Sur
Bayugan BLU	Purok 8, Poblacion, Prosperidad, Agusan del Sur
	Poblacion, City of Bayugan, Agusan del Sur

Trento Branch

Bunawan BLU	Purok 7, Brgy. Poblacion, Trento, Agusan Del Sur
Bunawan 2 BLU	P-5, Brgy. San Teodoro, Bunawan, Agusan Del Sur
	P-7, Brgy. San Teodoro, Bunawan, Agusan Del Sur

Santa Josefa BLU	Brgy. Poblacion, Santa Josefa, Agusan Del Sur
Veruela BLU	P-2, Brgy. Poblacion, Veruela, Agusan Del Sur
Monkayo BLU	Lot 5, Blk. 4, Purok 9, Poblacion, Monkayo, Davao de Oro
Surigao City Branch	KM3, National Highway, Luna, Surigao City, Surigao del Norte
Placer BLU	Bad-As, Placer, Surigao del Norte
Sison BLU	Poblacion (San Pedro), Sison, Surigao del Norte





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