

**BANGKO NG KABUHAYAN, (A RURAL BANK) INC.**  
Formerly RODRIGUEZ RURAL BANK, INC.

**Annual Report**

**31 December 2018**

**I. CORPORATE POLICY**

**a.1 VISION:**

- To be the most preferred micro-finance oriented Rural Bank across Luzon.

**a.2 MISSION:**

1. To be the catalyst in the microfinance and SME sectors by assisting our customers in their creation of wealth by providing efficient services & innovative financial products to our customers through a team of competent and highly motivated professionals.
  2. To maintain the highest ethical standards, sense of responsibility and fairness to our stakeholders and the community we serve.
- b. Introduction of the Bank's brand that differentiates it from other banks.**
- Relaunching of the Bank's new name: Bangko ng Kabuhayan (A Rural Bank), Inc. that differentiates it from other banks.
  - Flexibility in meeting our target clients' financing needs. Within the last 2 years, the bank has introduced new products, Micro-Plus and SME loans.
- c. Business model of the bank**
- For the Bank of its funding, the Bank will get deposits from high net-worth individuals and lend these funds to Micro and SME Borrowers. The benchmark for this model is Indonesia's highly successful BTPN Bank.

**II. Financial Summary / Financial Highlights**

Minimum Required Data	Consolidated		Parent Bank (SOLO)	
	Current Year	Previous Year	2018	2017
<b>Profitability</b>				
Total Net Interest Income			26,362,312.64	21,237,702.32
Total Non-Interest Income			18,102,304.82	10,917,034.17
Total Non-Interest Expenses			41,939,693.35	31,911,293.97
Pre-provision profit				
Allowance for credit losses			11,211,810.06	5,799,637.75
Net Income			3,069,816.09	383,165.52
<b>Selected Balance Sheet Data</b>				
Liquid Assets				
Gross Loans			98,149,115.25	69,488,575.56
Total Assets			123,071,817.52	116,960,529.33
Deposits			40,008,456.93	38,964,008.00
Total Equity			73,401,409.70	17,301,931.53
<b>Selected Ratios</b>				
Return on Equity			9.54%	1.86%
Return on Assets			2.65%	.33%

CET 1 capital ratio (for UBs/KBs)				
Tier 1 capital ratio (for UBs/KBs)				
Capital Adequacy Ratio			51.91	17.68
<b>Per common share data (For UBs, KBs and publicly listed Banks)</b>				
Net Income per share:				
Basic				
Diluted				
Book value				
<b>Others</b>				
Cash dividends declared				
Headcount			78	61
Officers			5	7
Staff			73	54

On April 05, 2018, the Monetary Board approved the transfer of 100% of the common shares of the Bank from Pineda Family, et al. To Amang Rodriguez Holdings, Inc., First Lucky Holdings Corp., Compania de Maria Clara Holdings and MMP Investments, Inc. and issuance of 270,000 shares of the Bank to First Lucky Holdings Corp. And Compania de Maria Clara Holdings.

The Bank submitted to BSP the Capital Build-up Plan approved by the Board. According to the Plan, starting 2018 the Bank will increase marketing efforts on the Microfinance and SME loan products to drive positive income. The Bank will also closely monitor past due accounts to improve collection and continuous disposal of foreclosed assets. In cases where the capital is not sufficient to meet the requirement, the Bank's shareholders have committed to contribute additional capital to cover any deficiencies.

### III. Financial Condition and Results of Operation

- a. Review of bank's operations and result of operations for the financial year including details and explanations for any significant change during the year.
  - a) Restructured Sales force to increase the bank's loan portfolio. The result: Higher Net Income and Non-Interest Income. b) Reorganized and boosted the credit and collection group as an independent unit from sales for greater collection efficiency and decreased allowance for Bad Debts.
  - The Loan portfolio of the bank has grown from ₱69,488,575.56 to ₱98,149,115.25 and the Time Deposit has grown from ₱950,000.00 to ₱4,815,134.14 for the years ended December 31, 2017 and 2018 respectively.
- b. Highlight of major activities during the year that impact operations, if any.
  - Restructured Sales Force
  - Reorganized and boosted credit and collection function
  - Concentrated on the sale of ROPOA
  - Invested idle cash in Government Securities
- c. Major strategic initiatives of the bank and the banking group, as applicable
  - Use of analytics to improve the Bank's loan portfolios.
  - Ongoing development and growth of Micro and SME portfolios.

- Strengthening the system of graduating borrowers from Micro to SME loans.
- d. Challenges, opportunities, and responses during the year, if any.
- Competition remains the Bank's biggest challenge
  - Borrowers still highly susceptible to macro-economic variables such as but not limited to, inflation.

#### IV. Risk Management Framework Adopted

- a. Overall risk management culture and philosophy (discuss the general mission and goal of the bank's risk management practices and the corresponding risk management policy/principles adopted by the bank's board for the attainment of the said mission and goal)
- b. Risk appetite and strategy (describe the risk appetite of the Bank and the factors considered in defining the said risk appetite; and discuss the significant risk areas/exposures of the bank)
- **a and b**
    - The Bank's philosophy is to protect the funds of depositors and to profitably lend to the Filipino entrepreneurs.
    - 1) The Bank carefully monitors its overall liquidity by matching the maturity of its Assets and Liabilities;
    - 2) The Bank carefully monitors its exposure to interest rate fluctuations through its earnings at risk report;
    - 3) The Bank has increased its cash on hand in vault from 50k to 100k to ensure ample liquidity for client's transactional requirements;
    - 4) The bank has a policy to follow-up Time Deposit placements at least one (1) week before maturity.
    - To strengthen its Credit Scoring system, the Bank has engaged BDO Roxas Cruz Tagle (External Auditor) to thoroughly evaluate the methodology it uses in computing statistical credit model. The Bank recently upgraded its Core Banking System. Further the bank required its vendor to assist in formulating the bank overall risk management pertaining to its information system.
    - The Management meets regularly for ALCO to ensure the status of liquidity. During the bank looks at its liquidity position for one (1) to two (2) months ahead of time.
    - There are four (4) general reports identified in the interest rate and liquidity risk management:
      - 1) New Interest Rates and Fees to be collected. Going forward, Management will present to the Board the proposed interest rates and fees for Board policy setting.
      - 2) Tracking of Balance Sheet maturities and contractual obligations. The policy states that asset-liability maturity balances cannot be a negative amount within 6 months and the cumulative balance from 6 months to 2 years must always be positive.
      - 3) Earning-at-risk Periodic Report. This report incorporates rates given to clients and rates being charged to borrowers. Hence, impacts of interest rates changes are thus monitored. The policy states that earning at risk cannot be negative up to a 2% increase in interest rates. If there will be a negative impact, the BOD will be automatically notified and consulted

for appropriate action. The earning at risk limits will be discussed and included in the minutes per BOD meeting and will regularly be presented.

4) Tracking Report on Actual Cash Movements on a Bi-monthly basis. Management will bring present to the Chairman of the Board pertinent reports should the liquidity level fall below ₱10M.

- c. Bank-wide risk governance structure and risk management process (Define the roles and responsibilities and the reporting lines for the different business units that composed the risk management group/unit. For better appreciation, illustrate in a chart/table form the risk management structure and organization of the relevant risk management function. Discuss also the scope and nature of risk reporting and/or measurement systems)

Business Units	Roles and Responsibilities	Scope & Nature of Risk Report / Measurement systems
Cash Management	<ul style="list-style-type: none"> <li>• Holds the key of cash safe.</li> <li>• Receives cash from other bank/Branch and acknowledge, where necessary. Opens the cash safe before commencement of business along with other personnel holding the key.</li> <li>• Supervises receipt and payment of cash.</li> <li>• Supervises the carrying of the cash to the cash Department.</li> <li>• Delivers cash to the paying cashier against receipt on a memo.</li> <li>• Arranges sending cash to other Branch.</li> </ul>	Interest Rate Risk Liquidity Risk
Accounting	<p>-recordings and reportings the cash flow transactions of a company.</p> <p>-take charge of accounts receivable, accounts payable, payroll, financial reporting, and maintaining financial controls.</p>	Financial Risk Technology Risk
Credit Support	<p>-prepares all loan documents, records and takes custody of all type of legal documents, arranges for disbursements of loan facility once <b>security</b></p>	Compliance Risk

	documents are complete, liaises with the Bank's lawyers, frequently reviewing portfolio / credit and <b>security</b> files, etc.	
Loans	<ul style="list-style-type: none"> <li>-markets the loan products of the bank</li> <li>-obtains information for loan applications and answers questions about the process.</li> <li>-Analyzes applicants' financial status, credit, and property evaluations to determine feasibility of granting loans.</li> <li>-Explains to customers the different types of loans and credit options that are available, as well as the terms of those services.</li> <li>- Obtains and compiles copies of loan applicants' credit histories, corporate financial statements, and other financial information.</li> <li>- Computes payment schedules.</li> </ul>	Credit Risk Market Risk

- d. AML governance and culture, and description of the overall Money Laundering (ML)/Terrorist Financing (TF) risk management framework to prevent the use of the bank for ML/TF activities
- Establishing the identity of new individual customers (Know your Client or KYC).
  - Identifying the true owners when opening new accounts for companies/corporations.
  - Producing and retaining identification and transaction records.
  - Reporting covered and suspicious transactions to the competent authorities (Anti-Money Laundering Council).
  - Enhancing relationships with the authorities.
  - Preventive procedures, training, pre-employment screening and internal controls.

## V. Corporate Governance

- a. Overall corporate governance structure and practices (describe the overall governance framework adopted by the bank)
- Reviewing and reporting to the Committee and Board on matters of corporate governance and developing and recommending to the Board corporate governance principles applicable to the Bank;
  - Monitoring compliance with regulations, directives, and other instructions of the regulatory bodies and the board in regards to Corporate Governance issues;
  - Overseeing the Board and its committees in their annual assessments of their performance, including their supervisory oversight functions.

- Reviewing and evaluating the qualifications of all persons nominated to the board as well as those nominated to other positions requiring appointment by the board of directors.
  - Periodically review and reassess the Bank's Corporate Governance guidelines and policies and recommend proposed changes to the Board for approval.
  - Periodically review and report to the Board on matters of corporate governance, including the review of and recommendations to, the Board regarding stockholder proposals.
  - The Committee shall oversee the Compliance Officer duties and responsibilities and shall carry out such other duties that may be delegated to it by the Board from time to time.
- b. Selection process for the board and senior management (describe the bank's process/procedure for identifying, assessing and selecting board and senior management candidates to ensure application of fit and proper standards)

**For Board**

- He shall be at least twenty-five (25) years of age at the time of his election appointment;
- He shall be at least a college graduate or have at least five (5) years experience in business;
- He must have attended a special seminar on corporate governance for board of directors conducted or accredited by the BSP.
- He must be fit and proper for the position of a director of the bank. In determining whether a person is fit and proper for the position of a director, the following matters must be considered: integrity/probity, competence, education, diligence and experience/training.

**For Officer**

- He shall be at least twenty-one (21) years of age;
- He shall be at least a college graduate, or have at least five (5) years experience in banking or trust operations or related activities or in a field related to his position and responsibilities or have undergone training in banking or trust operations acceptable to the appropriate department of the SES.
- He must be fit and proper for the position he is being proposed/appointed to. In determining whether a person is fit and proper for a particular position, the following matters must be considered: integrity, competence, education, diligence, and experience/training.

The Committee shall oversee the members of the Board's annual self evaluation and will assess the performance of the senior management officers. It will also assess the performance of Board Committees in relation to the strategic objectives of the bank.

- c. Board's overall responsibility (describe the general responsibility of the board in the approval and oversight of management's implementation of bank's strategic objectives, risk strategy, corporate governance and corporate values, among others)
- Shall act in a manner characterized by transparency, accountability, and fairness.
  - Determine the Corporation's purpose, its vision and mission and strategies to carry out its objectives.
  - Ensure that the Corporation complies with all relevant laws, regulations, and codes of best business practices.
  - Establish strategic objectives and a set of corporate values that will be communicated throughout the organization and its member banks.
  - Ensure transparency and receipt on timely basis of sufficient information for effective governance.
- d. Description of the major role and contribution of the chairman of the board
- The major role and contribution of the Chairman of the Board is to manage and to provide leadership to the Board of Directors of the Bank. The Chairman is accountable to the Board and acts as a direct contact between the Board and the management of the Bank through the Chief Executive Officer (CEO). The Chairman acts as the communicator for Board decisions where appropriate.
- e. Board composition (include the names of the members of the board. For each member, include the following:

<b>Names of the members of the Board</b>	<b>Type of Directorship</b>	<b>Principal Stockholder represented if nominee</b>	<b>Number of years served as Director</b>	<b>Number of Direct and Indirect shares held</b>	<b>Percentage of shares held to total outstanding shares of the Bank</b>
Camacho, Jose Isidro N.	Executive	Compania De Maria Clara Holdings, Inc.	2	1	0.0001%
Amatong, Juanita D.	Independent Director	Independent	2	1	0.0001%
Benitez, Luis Y.	Independent Director	Independent	2	1	0.0001%
De Castro Fernandez, Javier	Non-Executive	Amang Rodriguez Holdings, Inc.	1	1	0.0001%
De Ocampo, Leonard R.	Executive	Amang Rodriguez Holdings, Inc.	1	1	0.0001%
Panajon, Antonio I.	Non-Executive	Amang Rodriguez Holdings, Inc.	5	1	0.0001%
Pineda, Jesus M.	Non-Executive	MMP Investments	10	60,050	6.46%

- f. Board qualification (provide details of the relevant qualifications and experiences of each member of the board of directors, including current directorship and officership in other companies, their age and nationality).

<b>Board Member</b>	<b>Company</b>	<b>Current Directorship &amp; Officership</b>	<b>Age</b>	<b>Nationality</b>
Jose Isidro N. Camacho	-Diniwid Beach Hotel Corporation (Philippines) -Credit Suisse (Singapore) Limited -Transnational Diversified Group Holdings, Inc. (Philippines) -A Mining Corporation of Filsystem (Philippines)	Chairman Director Director Director	63	Filipino
Juanita D. Amatong	-Siliman University Medical Center -Tulay sa Pag-Unlad, Inc.	Chairman of the Board Director	84	Filipino
Luis Y. Benitez, Jr.	-Insular Life Assurance Corp -ISM Communications Corp.	Independent Trustee Independent Director	72	Filipino
Javier Fernandez de Castro	-Aspace, Inc. -R1000 Condominium Corp. -GMA Loubel Cond. Corp. -Luisita Land Corporation -Cuervo Appraisers, Inc. -First Lucky Properties, Inc.	Director / CFO Director President / Director Adviser Adviser General Manager	58	Spanish
Leonard R. De Ocampo	-Dasmarinas Village Homeowners Association -Far Eastern University -Wildflour	Board of Director MBA Professor Director	52	Filipino
Antonio I. Panajon	-Asia Wide Refreshment Corporation -Pharma-Rex Pharmaceuticals, Inc. -QX Pharmaceuticals Corporation -Tao Corporation -New Marketlink Pharma Corp. -Asiawide-Kalbe Corporation -Export and Industry Bank -Pepsi Cola Bottling Company -Cosmos Bottling Corp -Summit Leasing and Financing Company -Macay Holdings Inc.	Board of Director Director President & Board of Director Director Director Director Director EVP/COO President and COO Chairman President	70	Filipino
Jesus M. Pineda, Jr.	-Philippine Lighting Industry Association -Ugong Trade and Holdings -Filipina Climate Solution,	President Chairman / President Chairman	81	Filipino



	Inc.			
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g. List of board-level committees including membership and function.

➤ **AUDIT COMMITTEE**

Mr. Luis Y. Benitez, Jr. – Chairman  
 Ms. Juanita D. Amatong – Member  
 Mr. Javier Fernandez de Castro – Member

Function: To assist the Board of Directors in fulfilling its oversight responsibilities with respect to internal controls, including financial reporting control and information technology, security, accounting policies and auditing for the financial reporting process and compliance with related legal and regulatory requirements. Assist the Board in its oversight of:

- i. Integrity of the financial reporting;
- ii. Compliance with legal and regulatory requirements;
- iii. The effectiveness of internal controls and procedures;
- iv. The qualifications and independence of the independent auditors; and
- v. The performance of the Company's independent auditors, and of the internal audit program.

➤ **CORPORATE GOVERNANCE COMMITTEE**

Ms. Juanita D. Amatong – Chairman  
 Mr. Luis Y. Benitez, Jr. – Member  
 Mr. Antonio I. Panajon – Member

Function: To assist the Board of Directors in fulfilling its corporate governance responsibilities. The Committee is responsible for exercising oversight with respect to the governance of the Board of Directors of the Bank, including:

- i. Reviewing and reporting to the Board on matters of corporate governance and developing and recommending to the Board corporate governance principles applicable to the Bank;
- ii. To monitor compliance of regulations, directives and other instructions of the regulatory bodies and the board in regards to Corporate Governance issues; and
- iii. Oversee the Board and its committees in their annual assessments of their performance, including their supervisory oversight functions.
- iv. Review and evaluate the qualifications of all persons nominated to the board as well as those nominated to other positions requiring appointment by the board of directors.

➤ **RISK MANAGEMENT COMMITTEE**

Mr. Jose Isidro N. Camacho – Chairman  
 Mr. Leonard R. De Ocampo – Member  
 Mr. Luis Y. Benitez, Jr. – Member  
 Ms. Ma. Luisa P. Joson – Member

Function: Responsible for the development and oversight of the Bank's Risk Management Program. To assist the Board in discharging its oversight of:

- i. The Bank's risk governance structure;
- ii. The Bank's risk management and risk assessment guidelines and policies regarding market, credit, operational, liquidity, funding, reputational and other risks as necessary to fulfil the Committee's duties and responsibilities;
- iii. The Bank's risk tolerance; and
- iv. The Bank's capital, liquidity and funding.

➤ **EXECUTIVE COMMITTEE**

Mr. Jose Isidro N. Camacho – Chairman

Mr. Jesus M. Pineda, Jr. – Member

Mr. Leonard R. De Ocampo – Member

Function: Shall provide advice to and aid the officers of the Bank in all matters concerning its interests and the management of its business and shall exercise all the administrative powers of the Board of Directors with reference to the usual and ordinary business of the Bank when said Board of Directors is not in session.

- h. Directors' attendance at board and committee meetings (include the total number of board and committee meetings for the election year and the number of board and committee meetings attended by each director). A sample template is provided below.

Number of Directors	Board Number of Meetings		Audit Committee Number of Meetings		Corporate Governance Committee Number of Meetings		Risk Management Committee Number of Meetings	
	Attended	%	Attended	%	Attended	%	Attended	%
1. Camacho, Jose Isidro N.	3	75%					4	100%
2. Amatong, Juanita D.	4	100%	4	100%	4	100%		
3. Benitez, Luis Y.	3	75%	4	100%	4	100%	4	100%
4. De Castro Fernandez, Javier	3	75%	3	75%				
5. De Ocampo, Leonard R.	4	100%					4	100%
6. Panajon, Antonio I.	3	75%			3	75%		
7. Pineda, Jesus M.	3	75%						
<b>Total Number of Meetings held during the year</b>	<b>4</b>	<b>100%</b>	<b>4</b>	<b>100%</b>	<b>4</b>	<b>100%</b>	<b>4</b>	<b>100%</b>

- i. Changes in the board of directors (for complex banks only) (indicate the changes in the composition of the board of directors that happened during the period including the reason for said change, i.e., resignation, death, removal)

➤ **Not Applicable**

- j. List of executive officers/senior management (disclose the name, position, relevant qualifications/experience, age and nationality of the officer. Senior management refers to the president/CEO or officer of equivalent rank and other persons having authority and responsibility for planning, directing and controlling the activities of the bank).

NAME	POSITION	QUALIFICATIONS / EXPERIENCE	AGE	NATIONALITY
Leonard R. De Ocampo	President	-5 years in Banking institutions as Trader/Economic forecaster, Financial Analyst -a graduate professor -23 years as Director of financial company.	51	Filipino
Manuel I. Inserto	VP-Business Operations	-24 years in Landbank as AVP. -19 years in various Banking Institutions. - a part time professor	67	Filipino
Theresa S. Datinguino	VP – Human Resources Management and Administration	-25 years in Human Resources Management including organization development in the financial services industry	51	Filipino
Rene Roque C. Neri	VP/Head – Loans and Business Development	-5 years in Insurance company as Senior Field Auditor -10 years in Banking institutions as Area Lending Head -5 years in leasing company as VP-Finance.	53	Filipino
Jennifer E. Valcarcel	Chief Compliance Officer	-9 years in multinational company as personal and accounting assistant -10 years in Rural Bank as Cashier, Accounting Officer and Compliance Officer.	47	Filipino

- k. Performance Assessment Program (describe the process adopted by the Bank in assessing the performance of the board and senior management based on established performance standards that are consistent with the bank's strategic objectives).

➤ Primary objectives:

1. Upon the lifting of Prompt Corrective Action (PCA), the bank plans to open more branches
  2. Achieve loan release of at least ₱20M per month to increase by at least 25% per year.
- l. Orientation and Education Program (disclose the in-house and external training program of the bank for its directors and senior management to ensure that they continuously possess the qualifications for the position).
- Corporate Governance
  - RBAP training Programs / seminars
  - Taxation
- m. Retirement and Succession Policy (describe the retirement and succession policy of the bank including the retirement age for the board and senior management; and the term limit for the members of the board).

#### **RETIREMENT POLICY**

- The Bank's Retirement Plan, through a Retirement Trust Fund, shall provide payment of a definite amount to its employee's retirement from service, subject to the regulations stated in this policy.

The Banks has the prerogative to retire an employee who has reached the age of sixty (60) and has rendered at least five (5) years of continuous service in the Bank.

#### **SUCCESSION PLANNING POLICY**

- The Company shall establish a succession planning system which will provide the foundation for the continuing business operations of the company by making provisions for the development, replacement, and strategic application of key people over time.

The Company's succession planning program is a part of a broader talent management endeavour that aims to attract the best talent, engage those individuals, and develop them through well-planned development efforts. Succession planning enables the organization to build its bench strength to guarantee its long-term health, growth, and stability.

- n. Remuneration policy
- i. Remuneration Policy and Structure for executive and non-executive directors (disclose the bank's remuneration policy and the structure of its remuneration package for the Board).
    - All Board members (Present) are given a per diem for every Board of Directors meeting.
  - ii. Remuneration Policy for senior management (disclose the process used for determining the remuneration of the president/CEO or officer of equivalent rank, and the four (4) most highly compensated management officers of the bank).

- For the CEO, the package is decided upon by the Board of Directors. For the Officers of the Bank, the President and CEO approves the package after the formal Board approval of the appointment
- o. Policies and procedures on related party transactions
  - It has been agreed upon that the Bank will not give out any DOSRI loans.
- p. Self-Assessment Function
  - Self-assessment is done by its Board members.
  - The Committee shall over see the members of the Board's annual self evaluation and will assess the performance of the senior management officers. It will also assess the performance of Board Committees in relation to the strategic objectives of the bank.
- q. Dividend policy (discuss the bank's policies and procedures for declaring dividends and the amount of total dividends declared during the year, if any)
  - Given the state of financials, the bank aims to declare dividends in the next 5-year horizon.
- r. Corporate Social Responsibility Initiatives (discuss any initiative undertaken or proposed to be undertaken by the bank during the year)
  - It is the Bank's belief that serving the Micro and SME segments of society is in itself a fulfilment of corporate social responsibility.
- s. Consumer Protection Practices
  - To ensure the bank's proper monitoring of accounts and to avoid payment delinquencies, the Accounting Unit, in coordination with Internal Audit, shall generate quarterly loan and savings account balances to be issued to each client.
- **Consumer Protection Oversight Function**

#### **1. Roles and Responsibilities of the Board and Senior Management**

The Board of Directors are responsible for approving and overseeing the implementation of policies inclined with the Bank's Financial Consumer Protection Framework and develop strategies establishing an effective oversight of Bank's consumer protection programs and as described herein:

1. Approve of Financial Consumer Protection Framework policies
2. Review of mechanism to ensure compliance with the policies periodically.

The Senior Management are responsible to develop strategies for the Bank's consumer protection framework.

#### **2. Consumer Protection Risk Management System (CPRMS)**

Consumer Protection Risk Management System of BangkoNg Kabuhayan (BNK) adheres to address and prevent risks of the bank and of financial harm or loss to consumers.

##### **a. Board and Senior Management Oversight**

The Board and the Senior Management are responsible to periodically assess the effectiveness of the CPRMS.

##### **b. Compliance Program**

The Compliance Office are responsible for the over-all compliance system that should prevent or reduce regulatory violations and protect the Bank's consumers.

**c. Policies and Procedures**

The BNK's policies and procedures are in accordance with the following:

- a) be consistent with Consumer Protection Policies approved by the Board;
- b) ensure that consumer protection practices are inclined in the business operations;
- c) address compliance with consumer protection laws, rules and regulations; and
- d) periodically reviewed as it serves as reference for Bank's employees.

**d. Internal Audit Function**

The BNK's Internal Audit Team is responsible for the assessment on the effectiveness of implementation of the internal policies and procedures of Consumer Protection Framework.

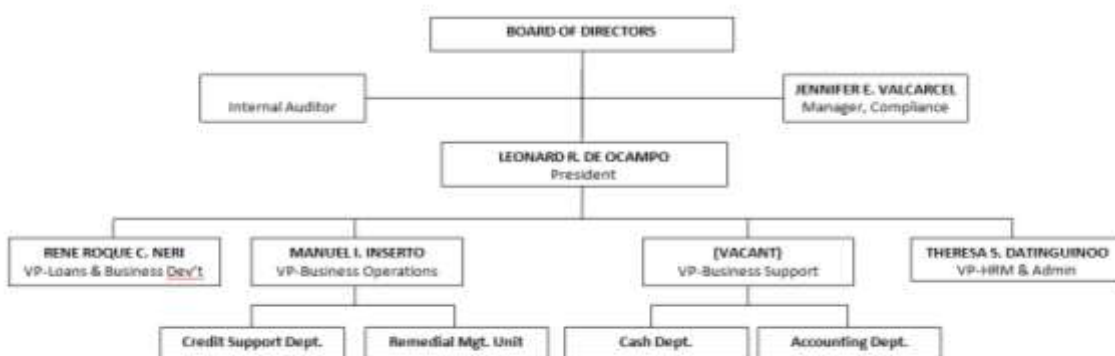
**e. Training**

- The BNK shall provide trainings to its personnel in line with the Consumer Protection Framework rules and regulations.
- Capital Adequacy Ratio – The Bank has exceeded the minimum risk-based capital adequacy ratio, expressed as a percentage of qualifying capital to risk-weighted assets, of not less than 10% as required by the BSP; its CAR being 50.10% as of December 31, 2018.

**VI. Corporate Information**

- a. Present the organizational structure, including the name and position of key officers

**BANGKO ng KABUHAYAN, (A RURAL BANK) INC.**  
Organizational Chart



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

Stockholders	Nationality	Percentage	of	Voting Status
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		<b>Stockholdings</b>	
Amang Rodriguez Holdings, Inc.	Filipino	54.74%	Voting
First Lucky Holdings Corp	Filipino	13.84%	Voting
Compania de Maria Clara	Filipino	13.84%	Voting
MMP Investments, Inc.	Filipino	13.84%	Voting
Landbank of the Philippines	Filipino	3.74%	Voting

c. List and description of products and services offered:

➤ REGULAR SAVINGS ACCOUNT

- Minimum and maintaining balance of Php500.00
- Interest bearing balance of Php500.00
- 0.50% interest per annum

➤ TIME DEPOSIT ACCOUNT

- Minimum and maintaining balance of Php500,000.00
- 30 days – 4.50%
- 60 days – 4.625%
- 90 days – 4.75%

➤ AMANG MICRO LOAN

- is an individual loan product for micro entrepreneurs who wish to improve their businesses.

**Microfinance Loan Regular – Php30,000.00 – Php50,000.00**

**Microfinance Loan Plus – Php150,001.00 – Php300,000.00**

➤ MICROPLUS SMEB (SMALL ENTREPRENEUR BUSINESS) LOAN

- Capital expenditures (acquisition of equipment/renovation/construction).
- Working capital (specific purchase of inventory/stocks)
- Php300,000.00 – Php500,000.00

➤ SMALL MEDIUM ENTERPRISE

- Short Term Loan Line
  - ✓ To finance additional working capital requirement of the business
  - ✓ Php500,001.00 – Php2,000,000.00
  - ✓ Via maximum of 180-day Promissory Note
- Term Loan Line
  - ✓ To finance business expansion, acquisition of equipment/fixed assets and or permanent working capital
  - ✓ Php500,001.00 – Php2,000,000.00

d. **Bank website**

- BANGKO NG KABUHAYAN WEBSITE ([www.bangkongkabuhayan.com](http://www.bangkongkabuhayan.com)) was launched in May 2019 in time for the formal launch of our new corporate name: Bangko Ng Kabuhayan. It serves as the window of the public about relevant information concerning the Bank, with the following sections:

- HOME PAGE – snapshot of the basic information about the bank such as company history, products and services, and contact information. It also provides links to the Bank Website’s Terms of Use and Privacy Policy
  - ABOUT US – tells the visitors about the Bank’s milestones and what the business is all about
  - PRODUCTS AND SERVICES – details the bank’s loan products and deposits
  - HAPPENINGS – important events and developments about the Bank, its employees, programs, and relevant events and feature articles concerning the industry and those that may benefit our clients
  - CLIENT TESTIMONIALS – monthly feature on loyal clients
  - CONTACT US – contact information about the Bank’s offices as well as job opportunities. It also provides the venue for visitors to send us a message
  - WIDGETS – Link to our Facebook page
  - PRIVACY POLICY
- e. List of banking units (such as branches, extension offices, other banking offices, and representative offices) domestic and abroad including address and contact details (optional for banks that disclose these information in their websites)

BRANCH	ADDRESS	CONTACT NO.
Head Office	G/F, Rayle Bldg., #52 Dr. Sixto Antonio Avenue, Kapasigan, Pasig City	643-4381 / 83
Antipolo Branch	83 Circumferential Road, Antipolo City	571-1284
San Mateo Branch	Unit 2 RNC Gen. Luna St., Ampid I, San Mateo, Rizal	0917-505-5298

VII. Audited Financial Statements (AFS) with Auditor’s Opinion

- **BDO Roxas Cruz Tagle, External Auditor** have audited the financial statements of Bangko ng Kabuhayan, (A Rural Bank) Inc. formerly Rodriguez Rural Bank, Inc., which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of comprehensive income (loss), statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

***Basis of Opinion***

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). 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 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 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 PFRS, 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, or has no realistic alternative but to do so.

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

***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 PSA 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 PSA, we exercise professional judgment and maintain professional scepticism 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.