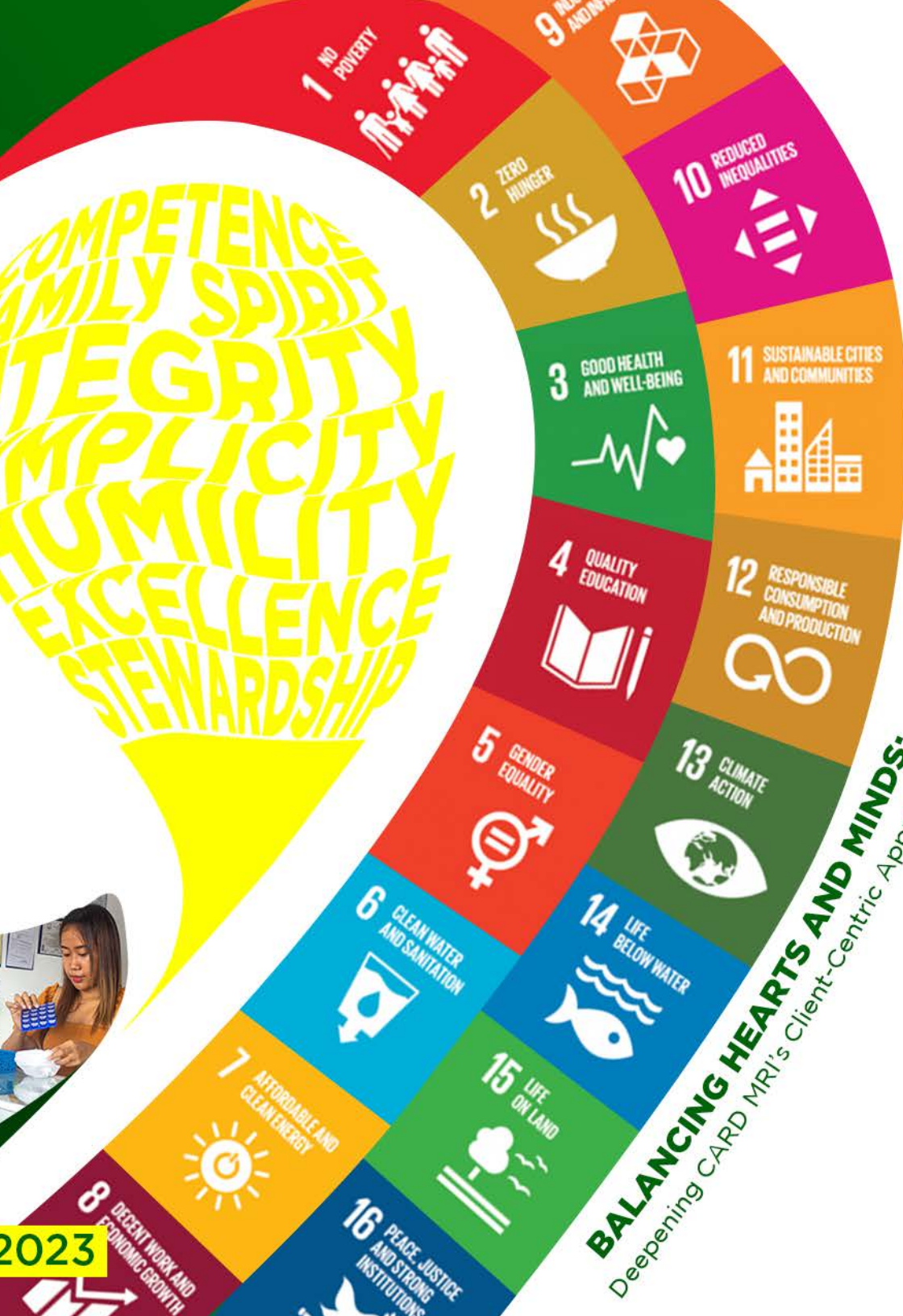


COMPETENCE
FAMILY SPIRIT
INTEGRITY
SIMPLICITY
HUMILITY
EXCELLENCE
STEWARDSHIP



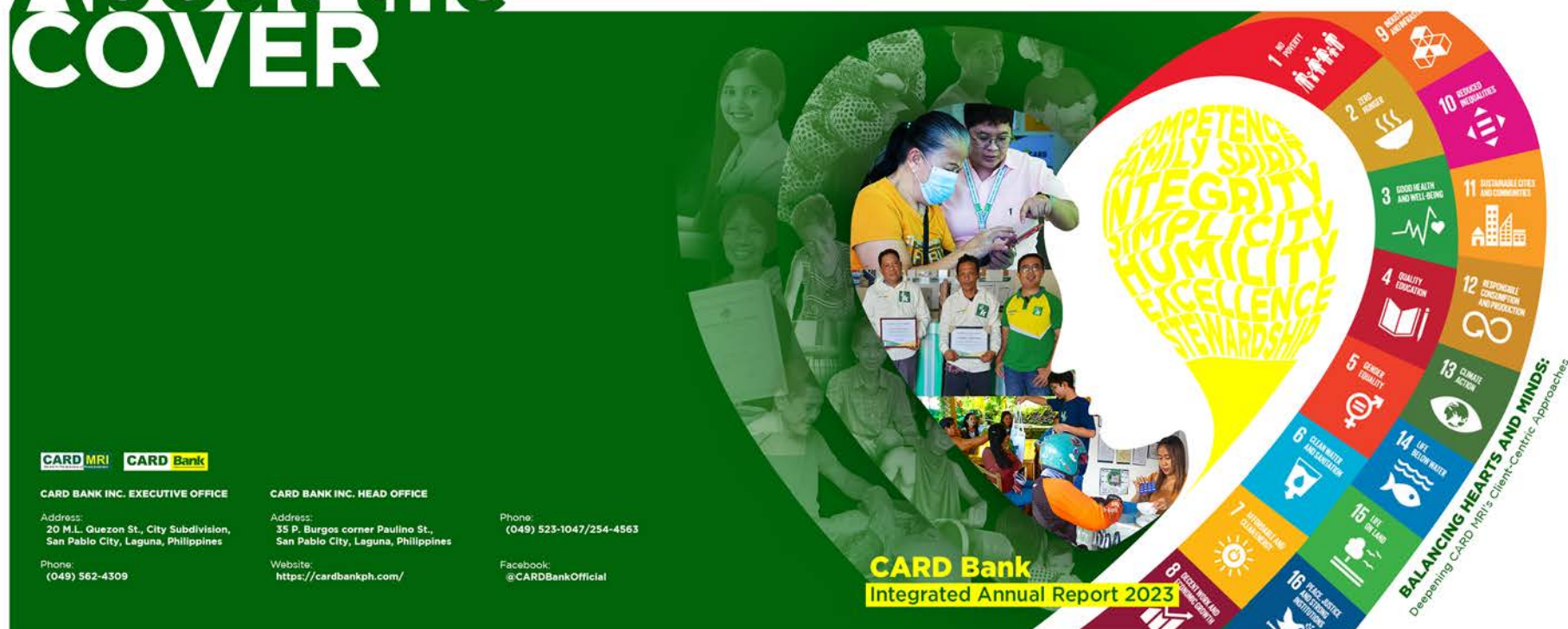
CARD Bank

Integrated Annual Report 2023



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

About the COVER



In its 26 years of existence, CARD Bank's commitment to empowering the socio-economically challenged and marginalized sectors in the Philippines never faltered.

As a member institution of CARD MRI, our theme, "Balancing 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 Bank 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 Bank positions its efforts with sustainable development goals.

CARD Bank 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

CARD Bank
A Microfinance-Oriented Rural Bank

Bukas, para sa lahat.

CARD Bank, Inc. is the first microfinance-oriented rural bank in the Philippines to have evolved from a microfinance NGO. Dedicated to advocating financial inclusion, CARD Bank hopes to uplift underprivileged, unbanked, and underbanked Filipino individuals across the country.

Since its establishment in September 1997, CARD Bank 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 Bank 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 Bank 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 Bank is committed to:

- Empower socially-and-economically challenged women and families through continuous access to financial, microinsurance, 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 agencies, private institutions, and people and community organizations to facilitate achievement of mutual goals.

OBJECTIVES

As a microfinance-oriented rural bank, CARD Bank ultimately supports CARD MRI, a group of mutually reinforcing institutions dedicated to empowering the poor by upholding the core values of competence, family spirit, integrity, simplicity, humility, excellence, and stewardship. As one of the institutions of CARD MRI, CARD Bank envisions building a sustainable financial institution owned, managed, and controlled by landless rural women. CARD Bank makes this possible by providing continued access to financial services to an expanding client base, organizing and empowering landless rural women, and instilling the values of discipline, hard work, and saving in an atmosphere of mutual respect.

- To provide banking services specially 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 eight million poorest Filipinos are provided with financial services by the year 2020 together with CARD MRI Group.

COMPETENCE

Believing that excellent products and services for its clients and members come out of competence, CARD Bank keeps raising the work knowledge, skills, and values of its staff through continuing formal and informal training and education. CARD Bank has truly become a learning organization that instills the values of integrity, honesty, transparency, discipline, hard work, and excellence in an atmosphere of mutual respect.

FAMILY SPIRIT

CARD Bank builds and nurtures family spirit for a lasting relationship with its employees, clients, and members. More than showing care and endearment and sharing learning experiences, the staff of CARD Bank commits personally to the social and economic development of its clients, members, and their families even if it entails making sacrifices, such as dedicating their time and being apart from their own families.

INTEGRITY

The strength and sustainability of our business in eradicating poverty rest on honest, trustworthy, ethical, and sincere operations and all of its undertakings. Hence, CARD Bank leaders continuously motivate their clients and members to be honest and fair in all their dealings by showing themselves as models of honesty and worthy of trust.

At CARD Bank, everyone is responsible and accountable for the performance of its institutions, officers, and individual staff.

SIMPLICITY

CARD Bank has chosen to serve the marginalized sector of society, which is characterized by deprivations in nearly all social and economic factors including food, shelter, clothing, jobs, and education. Excesses in words and deeds insult and isolate our clients and members. Hence, CARD Bank staff is expected to show simplicity to everyone, any time and anywhere.

Through simplicity, it enables CARD Bank staff to deeply and clearly understand our goals and strategies for empowering people.

OUR CORE VALUES

In fulfilling our mission of eradicating poverty in the Philippines, CARD Bank 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

An act of true humility is when a CARD Bank staff considers everyone as co-equal and ignores social and economic status in favor of the noble mission of improving the lives of those who have less in life. Humility is being one with clients and members in spirit and aware of their needs.

CARD Bank staff are also encouraged to celebrate the accomplishments and successes of the organization at heart and not boast them publicly.

EXCELLENCE

The success of CARD MRI is rooted in the ability of its leaders and staff to continuously create, innovate, and challenge the existing paradigm to ultimately assist the socially and economically challenged families improve their lives. Its continuing effort to be better than its best is captured in its motto "Up to the next level."

STEWARDSHIP

One important way to achieve sustainability is effective management and judicious use of resources. Resources fuel the organization and hence must be handled with utmost care. Moreover, most of these resources are entrusted to us by members, staff, and other stakeholders. CARD Bank should continue to uphold the highest standards of stewardship of financial, human, and institutional resources.

BUSINESS MODEL & VALUE CREATION

OUR CAPITALS

Our capital allows us to widen our business operations while contributing to the United Nations Sustainable Development Goals. These capitals strengthen our ability to serve our members, employees, government and regulators, and the general public in order to contribute to financial inclusion, sustainable development, and nation building.

FINANCIAL **F**

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

- PHP 25.04 Billion in total assets
- PHP 8.13 Billion in total capital

MANUFACTURED & INTELLECTUAL **MI**

CARD Bank operates a network of branches strategically located in rural and urban communities to ensure clients' accessibility. Our infrastructure and machines are situated in non-disaster and non-hazardous areas for the protection of employees and clients. The bank also uses IT systems, software, and hardware to provide convenient and accessible banking services. It also intensifies paperless transactions through the Core Banking System (CBS), Loan Origination Monitoring System (LOMS), and Members onboarding for recruitment of new clients.

- 100 Branches
- 54 Automated Teller Machine (ATM)
- 9,377 konek2CARD Agents
- 540 Branch/Lite/Unit (BLUs)
- 111 Digital Cash Machine (DCM)

HUMAN **H**

Our highly competent, skilled, and dedicated personnel with unparalleled commitment and passion for the bank's mission and values are exposed to training and workshops, including local and international study tours.

- 5,514 employees
- PHP 80,930,158.00 spent on local and international training for employees.
- **Partnerships:** Collaborations with stakeholders, including government agencies, NGOs, and other financial institutions, to support the bank's objectives.

SOCIAL & RELATIONSHIP **SR**

CARD Bank primarily serves low-income individuals and microentrepreneurs in rural and underserved areas of the Philippines. Our clients and partners trust us as the advocate of social development and nation-building. 26 years of providing value-added bank products and services to clients and non-clients.

- 4,275,367 accounts served.
- 19 Partners

NATURAL **N**

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

- 2.93% Percentage of Environmental and Social Risk-Related Loans versus Overall Loan Portfolio
- 1,000 trees planted
- 29.18 tons of reduced papers with the digital implementation

THE VALUE WE CREATE



EMPLOYEES **H SR**

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

PHP 1,925,055,435.00 total payments to employees

INVESTORS **F MI SR N**

We maintain our investor's trust by ensuring transparency and prudent risk management through monthly board meetings and the publishing of annual reports on the website.

GOVERNMENT AND REGULATORS **F SR MI**

To keep the institution's credibility and efficiency, we build linkages and partnerships with 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), Pag-IBIG, and Department of Environment and Natural Resources (DENR).

CLIENTS AND COMMUNITIES **F MI SR N**

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

20,572 No. of Clients who attended Training Programs
88,409 No. of Availment of Health Programs
7,991 No. of Scholars

HOW VALUE CREATED



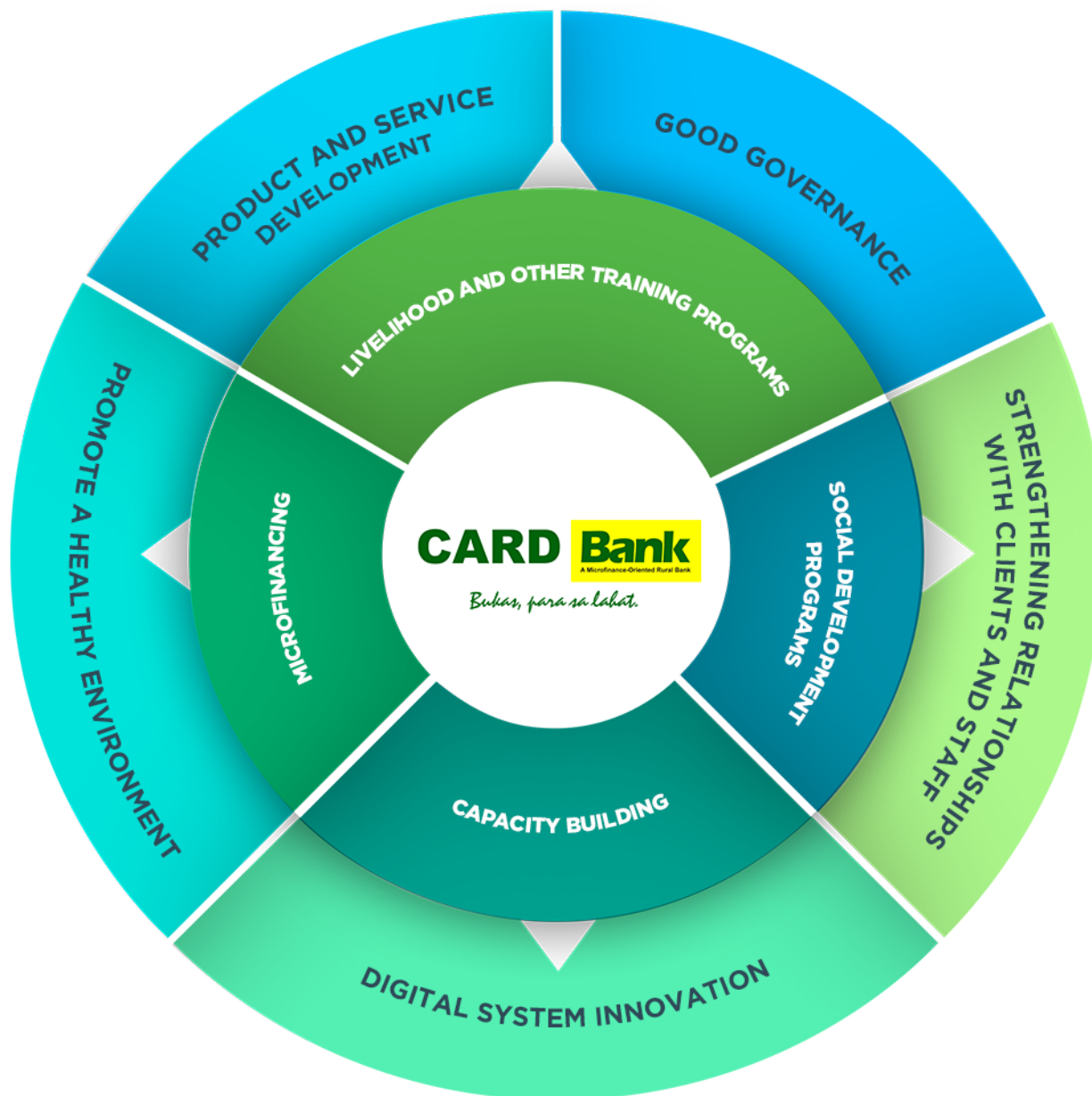
SUSTAINABILITY STRATEGY

RESPONSIBLE BANKING

- Consider the 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



A portrait of Jaime Aristotle B. Alip, an older man with grey hair and glasses, wearing a dark suit, white shirt, and a red and white striped tie. He is smiling slightly and has his arms crossed. The background is a dark, textured grey.

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 Bank 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 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 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 Bank 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 /
CARD Bank Chairperson

CARD MRI MANAGING DIRECTOR

Sustainable Future for Filipino Families

For 26 years, CARD Bank 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 Bank. 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

Message from the

PRESIDENT AND CEO

Driving Progress

Reflecting on 2023, we at CARD Bank stayed true to our core to putting our clients at the heart of everything we do. We continue to expand our reach across Filipino communities through tailored-fit products and services that meet their evolving needs.

One of our proudest accomplishments as an institution was obtaining a license to operate an Islamic Banking branch. It marks a significant milestone for us as the first bank in the country to receive this license under Sharia law. This bold move highlights our commitment and passion to providing equal opportunities for all communities and advancing financial inclusion in the country.

This milestone would not be possible without the invaluable support of the CARD MRI institutions – a reflection of how synergy within the organization can result in great things. Our collaboration teaches us important lessons and experiences and overcome challenges together.

Looking forward, we are excited to announce the opening of our first Islamic Banking branch in Cotabato City in the first quarter of 2024. This branch will join our network of 101 branches nationwide, serving over 4 million clients, with 159,266 new clients added in 2023 alone.

In 2023, CARD Bank remained focused on delivering client-centric approaches. We are constantly creating products and services founded on the evolving needs of our clients. We listen deliberately and cautiously to our community to address their changing needs.

From loans for household appliances to solar panels, we remain committed to supporting our clients'

growth, well-being, and sustainability. Home essential loans now have a pilot implementation in the Lucena and San Pablo branches.

Meanwhile, our Solar Loan Product, in partnership with Hybrid Social Solutions Inc., has been pilot-tested in Roxas and San Jose in Mindoro Island and Milagros in Masbate.

In the coming year, we will also be launching a new savings product for senior citizens to help them secure their financial well-being.


Moreover, we made great strides in digitalization to improve our services and advocate for financial inclusion through innovation. One of the notable achievements was the increased registrations on our mobile banking service, konek2CARD, with over 216,957 new users, which contributes to a total of 1,666,705 users as of December 2023.

In addition, the CARD Express Loan Assistant online application has been deployed to all of our bank branches. We streamlined the loan application process to provide a faster and more efficient client process.

The introduction of a credit line for our valued clients also began in 2023, with a total of PHP 1,000,351,959 already released to clients. The purpose of this new service is to grow our clients' businesses.

CARD Bank has also launched the MF Wholesaler and Retailer Loan for Ottokonek clients. The service allows sari-sari stores to transact directly with wholesalers through a mobile online app, thus eliminating middle-men transactions and fees. This


Marivic M. Austria
President and CEO
CARD Bank, Inc.



initiative has already seen significant success, with over PHP 5 million in loans released as of December 2023.

The team behind CARD Bank served as a key driving force to the purposeful and resolute accomplishments of the institution in 2023. Productivity increased and this is seen as an effect of eased restrictions from the pandemic, and more so the enthusiasm and passion of the employees to serve and improve the quality of lives of our clients.

At CARD Bank, our focus extends beyond profit; we operate with a genuine concern for the well-being of our clients. The challenges posed by the pandemic allowed us to be more innovative when dealing with our clients. However, we recognized the importance of maintaining the human touch in our client interactions, allowing us to strengthen our relationship with them.

As we fully implement our Back-to-Basics strategy, we also conducted capacity-building activities for our clients to provide them opportunities to engage their knowledge and skills alongside accessing financial products. We at CARD Bank firmly believe that empowering our clients goes beyond financial support; we also give them the tools they need to grow and thrive.

Personal engagement with our community allows us to gather valuable feedback to improve our

operations. Through this, we implemented more robust internal controls in response to concerns raised by our clients.

This basic, but timeless strategy also nurtures deeper connections between the bank and our clients. It extends beyond transactional motivations; it allows us to create more meaningful exchanges about personal milestones and achievements. Thus, we develop best-suited initiatives for their needs.

In essence, our dedication to listen to and understand our clients remains resolute, which drives us to improve our client service experience.

As we celebrate our 26th anniversary, we reaffirm our commitment to conquering new heights in more inclusive financial services. CARD Bank Chairperson Dr. Jaime Aristotle B. Alip encapsulated our vision perfectly: “CARD Bank has broken barriers since it started. We are gearing up to conquer new frontiers while staying committed to our mission of poverty eradication. We will continue doing what we do best: serving the most vulnerable and socioeconomically challenged communities through our innovative products and services”.

In 2024, we at CARD Bank remain optimistic about all the opportunities that lie ahead. We will remain committed to making a more meaningful impact in the lives of our clients and communities.

B O A R D O F



Mr. Arthur A. Bautista
Independent Director



Ms. Ma. Luisa P. Cadaing
Director



Ms. Marivic M. Austria
Director / President & CEO



Dr. Jaime Aristotle B. Alip
Chairperson

D I R E C T O R S



Dr. Dolores M. Torres
Vice Chairperson



Ms. Lorenza DT. Bañez
Director/Corporate Treasurer



Dr. Gilberto M. Llanto
Director



Ms. Malvarosa P. Perote
Independent Director



Ms. Ruby M. Coma
Independent Director

M A N A G E M E N T



COMMITTEE

Ms. Marivic M. Austria
President

Ms. May S. Dawat
Executive Vice President

Ms. Laarne D. Paje
Senior Vice President for Risk

Ms. Rowena F. Galarde
Senior Vice President for Accounting and Finance

Mr. Jeffrey M. Rondina
Executive Vice President for Compliance

Ms. Clarita G. Mercado
Vice President for Operation

Ms. Baby Analyn A. Malaborbor
Vice President for Operation

Ms. Glenda C. Magpantay
Vice President for Operation

Mr. Ronnie D. Fallega
Vice President for Operation

Ms. Rizaline A. Manalo
Assistant Vice President for Operation

Ms. Raquel B. Zaragoza
Assistant Vice President for Operation

Ms. Jenet R. Constantino
Assistant Vice President for Operation

Ms. Marissa D. Carandang
Assistant Vice President for Operation

Ms. Medy M. Valenzuela
Assistant Vice President for Operation

Mr. Juanito I. Dela Cueva
Assistant Vice President for Mobile Financial Services

Mr. Jonel A. Rapera
Assistant Vice President for Mobile Financial Services

Ms. Melody E. Escorsa
Assistant Vice President for Finance and Accounting

Mr. Paul Zedrick H. Dorado
Assistant Vice President for IT

Mr. Fidel P. Dumalog
Assistant Vice President for IT

Ms. Arlene M. Corbantes
Deputy Director for Ottokonek

Ms. Haide B. Bautista
Deputy Director DCC

Mr. Rex P. De Lumban
Deputy Director for Remittance

Mr. Aldrin B. Quimoyog
Deputy Director for CSR



M A N A G E M E N T



C O M M I T T E E

Ms. Jessica J. Dichoso
Regional Director

Ms. Ma. Luella S. Bulalacao
Regional Director

Ms. Marissa P. Escalona
Regional Director

Ms. Wilma D. Laurio
Regional Director

Mr. Fundard A. Buncaras
Regional Director

Ms. Zabeth M. Opis
Regional Director

Mr. Joseph I. Labastida
Regional Director

Ms. Geralyn C. Macasinag
Regional Director

Ms. Jocelyn L. Lampas
Regional Director

Ms. Maridel C. Mendoza
Regional Director

Ms. Leslie C. Marcaida
Regional Director

Ms. Maria Fe L. Yap
Regional Director

Ms. Genalyn L. Decillo
Regional Director

Ms. Lucy G. Benedicto
Regional Director

Ms. Maria Fe C. Busadre
Regional Director

Mr. Ace B. Montes
Regional Director

Ms. Eilen A. Reanzares
Regional Director

Ms. Shiela M. Nuñez
Regional Director

Ms. Venancia M. Salazar
Regional Director

Ms. Leonisa M. Manalo
Regional Director

Mr. Michael L. Dimaano
Regional Director

Mr. Venancio C. Elaurza
Regional Director





AT A GLANCE

4,275,367

Clients Served

1,430,932

Active Clients with Loans

4,217,198

Client including Savers



100

Branches and
Offices



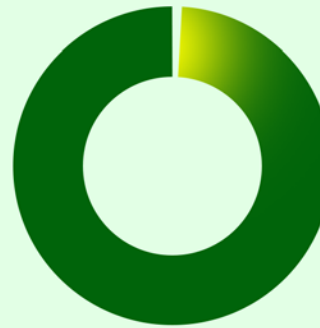
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Branch Lite
Units

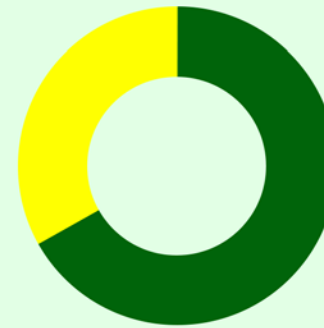


5,514

Staff



Repayment Rate
98.95%



Financial Self-Sufficiency
133.12%



Operational Self-Sufficiency
142.51%

PHP
38,266,797,056.00

Loans Disbursed

PHP
15,640,358,962.00

Loans Outstanding

PHP
15,699,644,972.00

Savings

FINANCIAL HIGHLIGHTS

| Minimum Required Data | Year Ended | |
|------------------------------------|----------------|----------------|
| | 2023 | 2022 |
| Profitability | | |
| Total Net Interest Income | 7,049,572,419 | 6,377,494,655 |
| Total Non-Interest Income | 232,337,921 | 187,156,546 |
| Total Non-Interest Expense | 4,300,424,935 | 4,099,114,691 |
| Pre-provision Profit | | |
| Allowance for Credit Loss | 509,081,951 | 905,056,569 |
| Net income | 2,456,544,424 | 2,000,011,576 |
| Selected Balance Sheet | | |
| Liquid Asset | 2,475,503,340 | 3,311,641,595 |
| Gross Loans | 15,640,358,962 | 13,737,477,923 |
| Total Asset | 25,046,979,912 | 22,610,851,875 |
| Total Deposit | 15,699,644,972 | 14,890,990,446 |
| Total Equity | 8,138,143,581 | 6,559,463,777 |
| Selected Ratios | | |
| Return on Average Equity | 33.60% | 34.60% |
| Return on Average Assets | 10.30% | 9.10% |
| Net Interest Margin | 31.10% | 31.80% |
| Selected Balance Sheet Data | | |
| Cash Dividend Declared | 906,838,548 | 770,603,326 |
| Head Count | | |
| Officers | 1,445 | 1,440 |
| Staff | 4,069 | 3,947 |

| Capital Structure and Capital Adequacy | | |
|---|----------------------|----------------------|
| Tier 1 Capital | | |
| Paid Up Common Stock | 2,991,573,300 | 2,700,738,000 |
| Retained Earnings | 1,309,023,894 | 462,887,366 |
| Undivided Profit | 2,456,544,424 | 2,000,011,576 |
| Deferred Tax Asset, net of deferred tax liability | -99,599,485 | -189,212,761 |
| Total Core Tier 1 Capital | 6,657,542,133 | 4,974,424,181 |
| Tier 2 Capital | | |
| Paid Up perpetual and cumulative preferred stock | 1,372,014,600 | 1,361,010,600 |
| General Loan Loss Provision | 177,940,545 | 129,657,941 |
| Total Core Tier 2 Capital | 1,549,955,145 | 1,490,668,541 |
| Gross Qualifying Capital | 8,316,084,127 | 6,465,092,722 |
| Deductions from Tier 1 and Tier 2 Capital | -850,376,691 | -679,572,915 |
| TOTAL QUALIFYING CAPITAL | 7,465,707,436 | 5,785,519,807 |
| Capital Requirements for Credit Risks | 17,896,530,357 | 16,366,344,686 |
| Capital Requirements for Market Risks | | |
| Capital Requirements for Operations Risks | 9,609,262,051 | 7,248,960,031 |
| Total and Tier 1 Capital Adequacy Ratio | 26.99% | 23.84% |

**E**

Economic

At CARD Bank, 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 Bank aims to create long-term value for its stakeholders while advancing socioeconomic development.

**E**

Environmental

CARD Bank 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 Bank 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 Bank 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 Bank 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

Empowering Filipinos through Financial Services

CARD Bank remains focused on Filipino empowerment by providing them with easy access to financial and banking products and services, which enable economic development for its numerous clients nationwide. Catering primarily to micro, small, and medium-sized enterprises, CARD Bank has disbursed loans totaling PHP 38,266,797,056.00 to 4,275,367 clients nationwide as of December 2023. Additionally, the Bank's total savings amounting to PHP 15,699,644,972.00. This commitment underscores the Bank's mission to uplift Filipino families from poverty.

4,275,367

Clients Served

4,217,198

Clients including Savers

1,430,932

Active Clients with Loans

In response to the lingering impacts of the COVID-19 pandemic, CARD Bank has intensified its operational strategies to provide clients with faster access to loans, which facilitates quicker recovery from economic challenges. These efforts have resulted in significant improvements in the Bank's Portfolio at Risk (PAR) status, with low-risk branches increasing from eight in December 2022 to 31 in December 2023, and high-risk branches decreasing from nine to two. Specific branches such as Boracay, Puerto Galera, Jordan, and Tarlac have shown marked improvements in their PAR status.

With the resumption of our Back-to-Basics strategy, we have reactivated 138,702 clients and visited 40,505, collecting PHP 79,617,622 in bad debts from 146,781 clients. CARD Bank is also proud to share the 98.95% repayment rate of its more than 4 million clients nationwide. This demonstrates the effectiveness of CARD Bank's strategies and operations in yielding positive results in 2023.

Looking forward, CARD Bank aims to enhance its products, such as introducing a savings account for senior citizens to assist aging clients in saving for their retirement.



PHP 38,266,797,056.00

Loans Disbursed

PHP 15,640,358,962.00

Loans Outstanding

PHP 15,699,644,972.00

Savings

Employment and Job Generation

For over two decades, CARD Bank has created employment opportunities for thousands of Filipinos dedicated to serving the underprivileged. As of December 2023, CARD Bank employs 5,514 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.

5,514
Staff

Geographical Positioning

CARD Bank has one of the largest areas of coverage within the CARD MRI network. It continues to advocate financial inclusion nationwide.

100
Branches

540
BLUs



In 2024, CARD Bank will open the country's first Islamic Bank Branch with a license from the Bangko Sentral ng Pilipinas (BSP) to serve Muslim communities. This is the Bank's commitment to inclusive financial services for all.

Digital Transformation and Optimization

CARD Bank 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 Bank's flagship online services, providing clients with convenient access to financial services in an increasingly fast-paced world. As of December 2023, CARD Bank has 1,697,731 konek2CARD users and generating additional income for 9,377 konek2CARD agents.

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

1,697,731
konek2CARD Users

9,377
konek2CARD Agents

ENVIRONMENTAL

The 17 Sustainable Development Goals (SDG) of the United Nations decrees member countries to create policies and implement strategies that would holistically address environmental, economic, social, and governance (EESG) challenges. In this regard, the Banko Central ng Pilipinas (BSP) has mandated commercial and rural banks in the Philippines to report their EESG initiatives.

While the concept of sustainability may be relatively new in the banking industry, CARD Bank has started several initiatives to raise awareness on how their employees can contribute to the cause. One of their first milestones in 2023 was to appoint a Sustainability Officer who will be responsible for ensuring that their sustainability guidelines are implemented and reported.

CARD Bank, along with other CARD MRI institutions, organized a mangrove tree planting event in Brgy. Baruyan, Calapan City, Oriental Mindoro on October 7, 2023. About 150 employees from the said CARD MRI institutions have collectively planted 1,000 mangrove trees with the hopes of reducing the carbon footprint and counteracting oil spills in the area. The initiative showcased CARD MRI's holistic approach to development wherein they assist the communities not only through financial services but through community development programs as well. 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 Bank 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 Bank has taken this opportunity to provide households, especially those situated in remote off-grid areas, access to renewable energy.

CARD Bank is also transitioning to paperless transactions with the help of its banking application konek2CARD. The number of active users has increased from 935,592 in December 2022 to 1,034,120 in December 2023. We aim to reach 1,440,529 active users by December 2024.

Additional environment-related initiatives implemented by CARD Bank include donating old laptops to local government units, conscious use of lights and aircon, and using glasses to replace plastic cups in organization events.

The bank employees recognized that they needed to sustain these initiatives. Further awareness is needed before a change in practice is achieved. There is still a long road to take with regards to integrating sustainability in CARD Bank operations, nonetheless, the journey has begun.

CARD Bank strives to fulfill its mission and vision while integrating the EESG aspects. Creating positive change and achieving sustainability in communities is possible in the future as CARD Bank is set to catalyze it.

SOCIAL

Client-centric program

The clients are CARD Bank'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 Bank'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.

As the clients would say after their children have finished school, they were "Katas ng CARD Bank" (a product of CARD Bank). Their education would have a significant impact on the family as the children would have better employment opportunities and likewise improve the family's economic condition. The clients also benefitted from CARD Bank's social development programs as they learned how to learn and grow their businesses. The sense of fulfillment has empowered them to take on new ventures, thus, break the cycle of poverty in their families.

CARD Bank's presence in barangays created a sense of familiarity and trust among the communities, inspiring clients' children to work for the organization. This initiative is both beneficial for the bank and the families, supporting young employees' education and future career opportunities.



Community Development Programs

Aside from microfinance products and services, CARD Bank also provides its clients and communities with various social development services to further support their growth and development. Microfinance is a key for CARD Bank to do its non-financial services. What CARD Bank 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 Bank 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.



7,991
SCHOLARS

2,297
Colleges

15
Senior High School

342
High School

CARD BALIK ESKWELA PROGRAM

28
Colleges

2
High School

4,411
Graduated

2,853
Active

GRADUATE SCHOLARS OF 2023

125
Colleges

24
High School

PHP
106,129,536.88
Utilized Fund

Health and Wellbeing

CARD Bank puts a premium on 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 Bank 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.

HEALTH AVAILMENT THROUGH

23,301
Medical and Dental

54,929
Health Education

9,166
E-Doctor

185
Community Health Days (CHDs)

828
Laboratory Enrolees



GOVERNANCE

CARD Bank'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 Bank'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 10 Board Committees to ensure that corporate governance responsibilities are met and potential risks are monitored.

CARD Bank 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 Bank 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 Bank 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 Bank 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, two members of the Board of Directors are clients of CARD Bank.

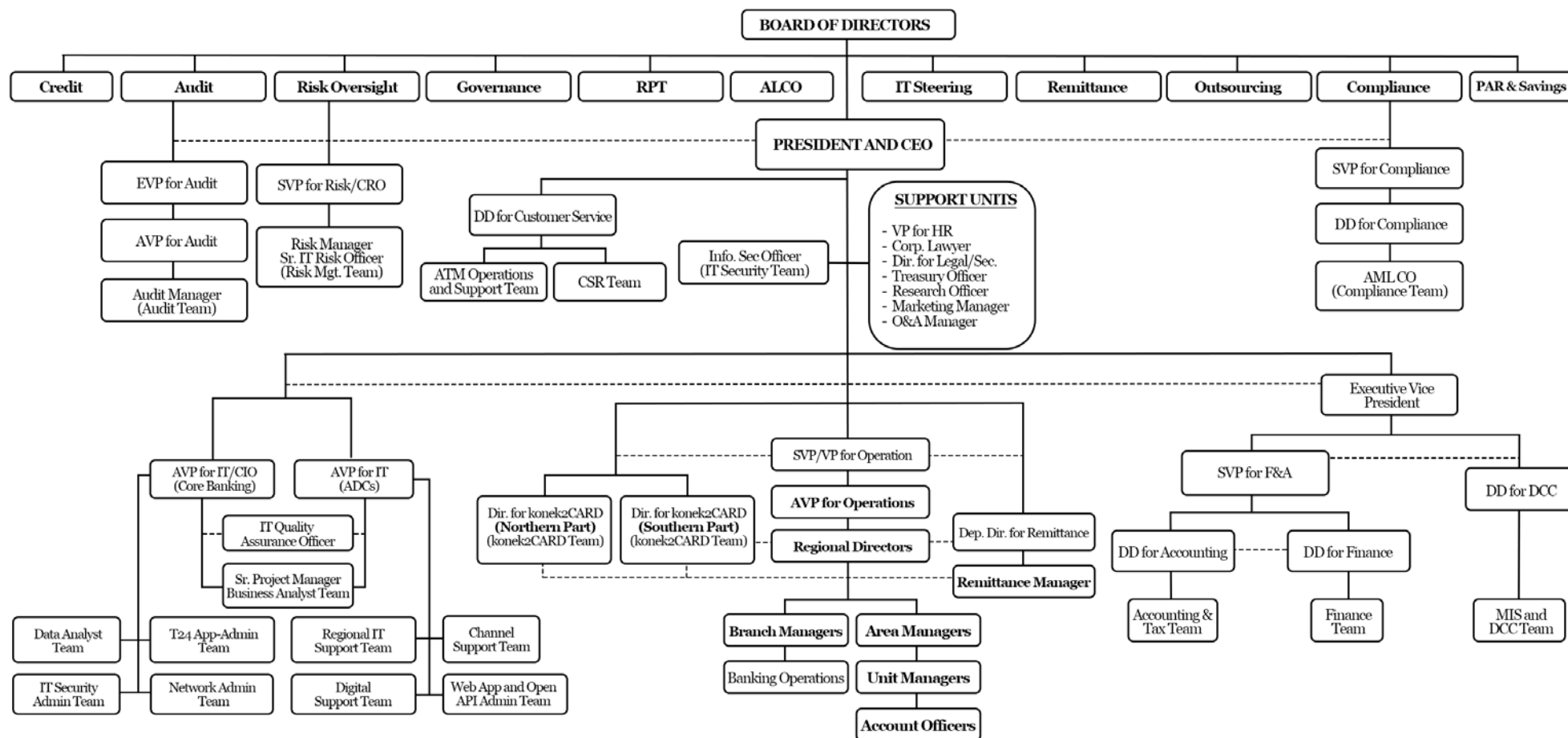
Client Feedback

CARD Bank 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 Bank is taking part and listening to our clients' comments and suggestions. Social media has played a significant part in making CARD Bank accessible to our clients anytime and anywhere through their mobile devices.



CORPORATE INFORMATION

Organizational Structure



LEGEND: EVP (Executive Vice President); SVP (Sr. Vice President); VP (Vice President); AVP (Assistant Vice President); DD (Deputy Director); IT (Information Technology); F&A (Finance and Accounting); MIS (Management Information System); Apps (Application); ADC (Alternative Delivery Channel); CO (Compliance Officer); DPO (Data Privacy Officer); CSO (Customer Service Officer); SO (Savings Officer); DCC (Data Control Center)



COLLECTING GEMS

In Calapan, Oriental Mindoro, Baby Lita Famarin remolds discarded scraps into gems, which lay the strong foundation for a better life for her family and the local community.

Formerly managing a modest sari-sari store, Baby Lita grabbed the opportunity when asked to collect bottles for a junk shop owned by her cousin-in-law. What started as a humble venture soon grew into a thriving business, which now includes steel and various scraps.

With her unwavering determination and support from her family, Baby Lita started managing her own junk shop, through the loan assistance facilitated by CARD Bank, a trusted microfinance-oriented rural bank. For over two decades as a client of the Bank, she recently completed repaying her PHP 1.5 million loan. Currently, she got a loan amount of PHP 800,000.00 which is helping her business to grow even more.

The junk shop provides a stable source of income for her family. More than the financial stability, her business provides opportunities for other small entrepreneurs to operate small junk shop businesses. She collects scraps from these small junk shops nearby.

Additionally, her business promotes recycling and waste management efforts of the community, helping to reduce waste and promote environmental sustainability. Baby Lita's commitment to her business has not only benefited her family but has also made a difference in the lives of others in their community.

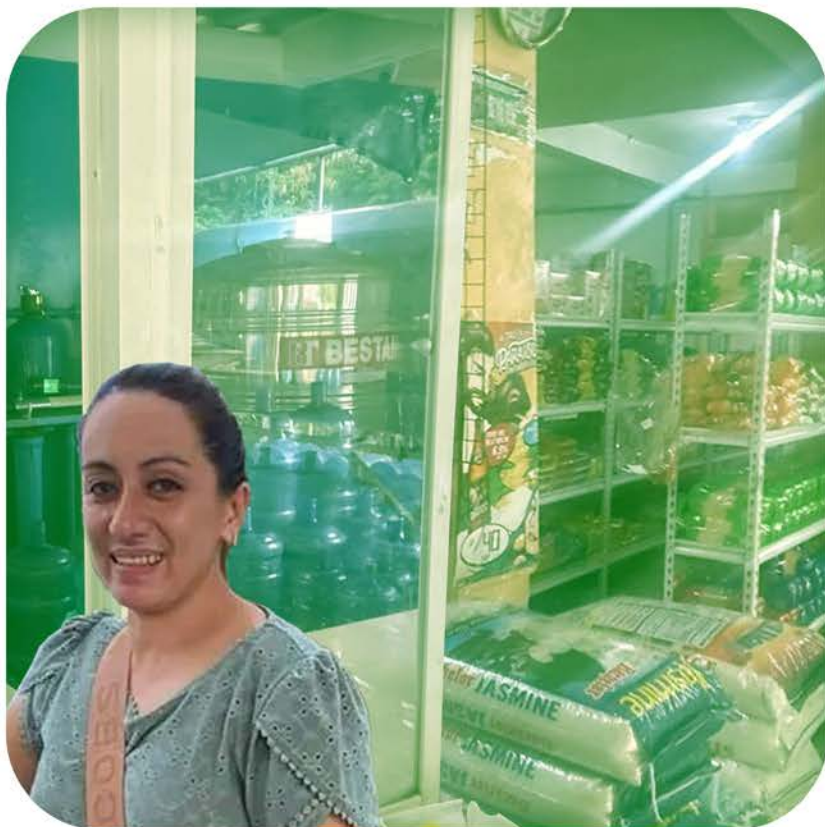
She is happy that now she feels that her youngest child has a heart for their business.

Baby Lita earns about PHP 200,000.00 every month. Her diligent record-keeping has contributed to the success of her business. Her business assets now reach PHP 2 million. For almost 12 years in the business, she has acquired multiple lands and vehicles for her business. She currently employs 16 people and has two warehouses, one of which she already owns while the other is rented.

"I will continue to expand and grow my business as long as my body permits in order to help my children's future," Famarin said.

Baby Lita's entrepreneurial spirit knows no bounds. In addition to her successful junk shop business, she is currently in the process of starting a small carinderia, with plans of expanding it in the near future.





SEIZING OPPORTUNITIES AT EVERY TURN

Alma Apolonio Luken, 42 from Itogon, Benguet, has never shied away from seizing every opportunity that crosses her path. After graduating from college, she worked in a municipality for a year before deciding to quit and get married. She became a stay-at-home mom for three years while her husband worked in the mines.

When her eldest child was already a toddler, Alma courageously ventured abroad as a domestic helper. Despite the allure of foreign lands, her heart remained rooted in her homeland. So, after years of enduring life far from her family, she decided it was best to return home in 2008.

With her hard-earned savings from abroad, Alma set her sights on entrepreneurship with a poultry business as her first venture in 2009.

She sources chicken from the provinces of Bulacan and Tarlac. This became her first business as chickens somehow became a necessity, particularly for the Igorot

communities in the area, who have a long practice of hanging smoked chicken in their homes.

But Alma did not stop there; that same year, she opened a hardware store after noticing the unmet demand for mining supplies, particularly in their community. She wanted to provide the people with convenience, so she turned her vision into reality and put up a store that serves as a one-stop shop for the miners in the area. As her businesses flourished, Alma learned about CARD Bank, a microfinance-oriented rural bank under CARD MRI that provides a wide range of loans, savings products, and other services to clients and their families.

She had been a client of CARD Bank for six years already. Her initial loan of PHP 3,000.00 was what she used as additional capital for her hardware store. The institution became her companion in her rising business.

In 2019, she established a grocery store. This is the result of her hard work in her poultry and hardware store. She uses the profits from her chicken and hardware businesses as seed money for her grocery store. In addition, she has a PHP 500,000.00 loan from CARD Bank, which she uses as additional capital for her grocery store.

Currently, she has PHP 600,000 business assets in her poultry business, PHP 1.2 million in her hardware store, and PHP 5 million in her grocery store.

In addition to her businesses, she also has a laundry shop and does small-scale mining. Alma also has three SUVs and four elf trucks that she also uses for her businesses.

"Fortunes are just there waiting for those bold enough to chase them," she advises those who want to start a business but are unsure where to begin.

Then she added, "Save wisely and focus on your business. The key to success is how you handle your assets."

From her poultry business to her hardware store, grocery store, and laundry shop, each venture reflects Alma's strong spirit and pursuit of success.



SUSTAINABILITY ACHIEVEMENTS



PHP 6.98 Million
value of electricity saved

649

Solar Loan Clients

836

Solar Units Installed

PHP 2.5 Million

Amount Disbursed



970 tons

CO₂ emission reduced



29.18 tons

paper reduced with the
used of digital platform



3

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

1.7 Million

konek2CARD users



1,000
trees planted

SUSTAINABILITY COMMITMENTS



"I will devote my work to advocating and strengthening financial inclusion in the country until everyone feels included in a community moving toward progress."

Ms. Marivic M. Austria, *President and CEO*



"I will constantly support the programs and initiatives of the organization until we create thriving, resilient, inclusive, and sustainable communities of employees, clients, and their families."

Ms. May Dawat, *Executive Vice President*



"We should start setting targets and be committed to reaching those to reduce resource consumption like energy, water, and other materials."

Ms. Laarne Paje, *Senior Vice President for Risk*



"Our team will be part of the constant review and updating of our sustainable strategies and initiatives to further advance our contributions to our sustainable development goals."

Mr. Jeffrey M. Rondina, *Executive Vice President for Compliance*



"As I embrace the culture and values of the organization, I am determined to deliver a great financial and non-financial service experience, especially to impoverished communities."

Ms. Glenda C. Magpantay, *Vice President for Operations Director*



"As our organization expands its reach to help millions of Filipino families, CARD MRI generates work for thousands of individuals who will become instruments of change. As they empower communities, I will ensure that they experience decent work."

Ms. Rosafe Matunan, *Vice President for Human Resources*



"To further evaluate our contribution to SDGs, we will conduct assessments of our social and environmental impacts across our operations."

Ms. Marissa De Mesa, *Executive Vice President for Audit*



"We will invest in sustainability education and training for our staff to strengthen our efforts in advancing Sustainable Development Goals."

Ms. Rowena F. Galarde, *Senior Vice President for Accounting and Finance*



NO POVERTY

CARD Bank'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 Bank 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 Bank 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 Bank 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 26 years, CARD Bank 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 Bank, 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 Bank'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 Bank provides financial products and services that bridge the urban-rural divide and promote inclusive development.



REDUCED INEQUALITIES

The inclusive financial services of CARD Bank 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 Bank'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

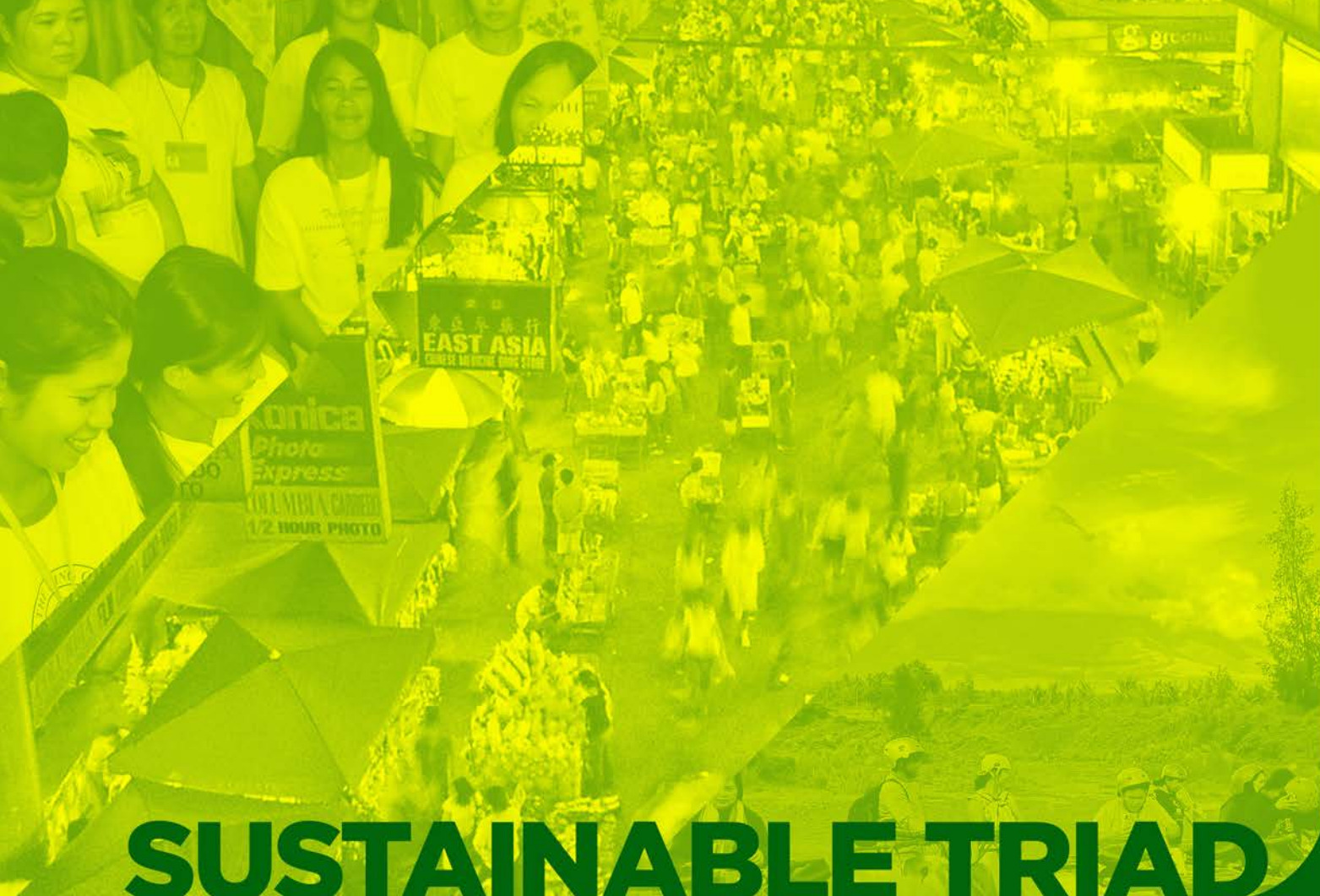
By promoting financial inclusion and empowerment, CARD Bank contributes to building strong and inclusive institutions that support peace, justice, and sustainable development at the community level.



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 Bank 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.





SUSTAINABLE TRIAD

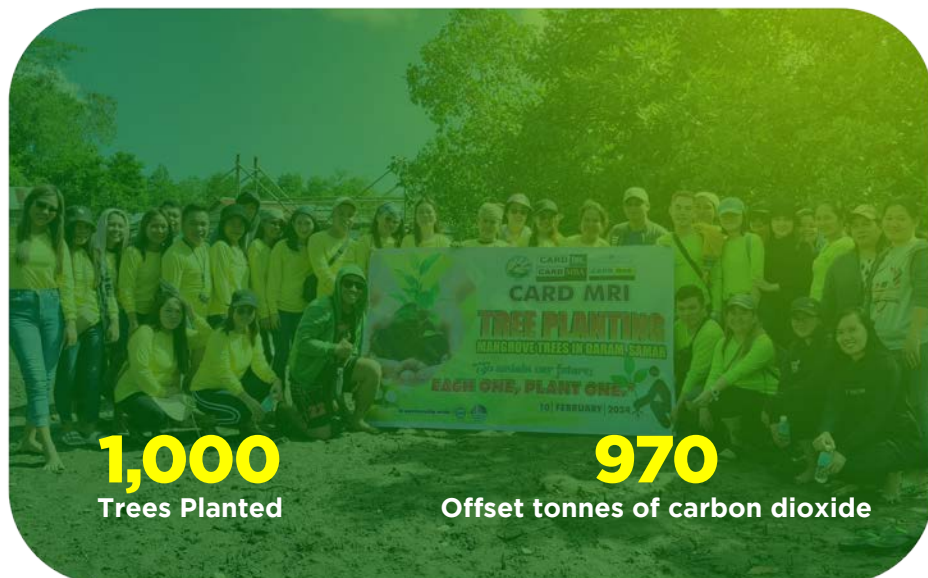
BALANCING PEOPLE, PLANET, & PROSPERITY

For 26 years, CARD Bank 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 Bank 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 Bank 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 Bank 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 branch-lite units (BLUs) 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 Bank 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 Bank remains committed to delivering sustainable financial performance and creating value for our shareholders and stakeholders. Throughout our 26 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 Bank 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.



98.95%

Repayment Rate

133.12%

Financial Self-Sufficiency

142.51%

Operation Self-Sufficiency



The integration of People, Planet, and Prosperity considerations has been part of our organization for decades. 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 Bank is driving positive change and innovation across our operations.

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 Bank will continue to navigate the opportunities and challenges of the future, but we will remain persistent in our promise to nurture People, Planet, and Prosperity in our organization. As we focus on the well-being of our clients and communities, preserve our environment, and serve sustainable financial performance, CARD Bank 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

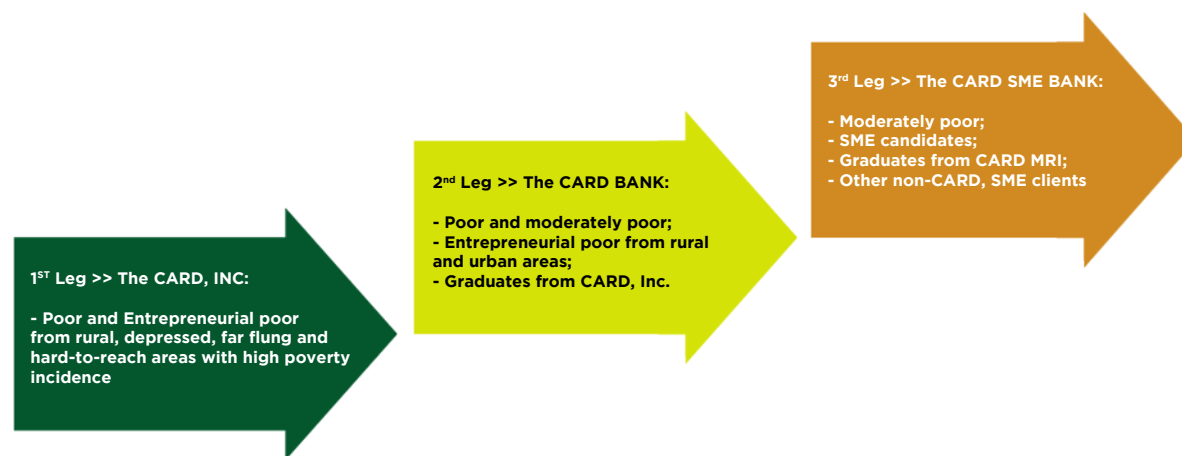
INSTITUTIONAL OBJECTIVES

As a microfinance-oriented rural bank, CARD Bank ultimately supports CARD MRI, a group of mutually reinforcing institutions dedicated to empowering the poor by upholding the core values of competence, family spirit, integrity, simplicity, humility, excellence, and stewardship. As one of the institutions of CARD MRI, **CARD Bank envisions building a sustainable financial institution owned, managed, and controlled by the landless rural women. CARD Bank makes this possible by providing continued access to financial services to an expanding client base, organizing and empowering landless rural women, and instilling the values of discipline, hard work, and saving in an atmosphere of mutual respect.**

- To provide banking services specially 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 eight million poorest Filipinos are provided with financial services by the year 2020 together with CARD MRI Group

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

The CARD Bank's target market remains closely intertwined with CARD, Inc. 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 the CARD MRI group and family, CARD Bank's target market is also synchronized and deeply thought about to ensure that all the member-institutions reinforce 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, the culture of excellence, and simplicity.

As a methodology, transitioning of matured CARD, Inc. clients or borrowers to CARD Bank will be its mainstream. Transitioning of clients means that the CARD, Inc. clients with good or prime credit standing may avail of the microfinance, small and medium enterprise (MSME) facilities or services from CARD Bank, resulting in more loans and deposit products to borrowers or clients. This business strategy encourages the borrowers or clients further to 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 Bank, leading to enriching and empowering through continuous access to the financial resource as well as through training and supervision by the CARD Bank staff. CARD SME 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 Bank's overall strategy involves developing the clients further to the next level. With this, CARD Bank does not only 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.



RISK MANAGEMENT AND CORPORATE GOVERNANCE

CARD Bank's corporate governance practice adheres to seven core values: competence, family spirit, integrity, simplicity, humility, excellence, and stewardship. The Bank's exemplary corporate governance is anchored to its strong corporate culture and values. It is guided by 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 to the interest of its shareholders. The Bank believes that corporate governance is a necessary component of what constitutes sound strategic business management and undertakes 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 for fostering the 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 for 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 members pursuant to the Bank's Articles of Incorporation and by-laws, where three of whom are independent directors. All are professionals from various fields of expertise such as banking, law, accounting and finance, bank regulation, information technology, microfinance, and social development.

QUALIFICATIONS OF THE BOARD OF DIRECTORS

Directors

The Board of Directors must be at least 25 years of age at the time of his election or appointment. They must be a college graduate or have at least five years of experience in related business. The Board should have at least attended a special seminar on corporate governance for the Board of Directors conducted or accredited by the Bangko Sentral ng Pilipinas (BSP). They must be fit and proper for the position of a director of the bank considering the following: integrity/probity, physical/mental fitness, relevant education/ financial literacy/training, possession of competencies relevant to job, such as knowledge and experience, skills, diligence, and independence of mind; sufficiency of time to fully carry out responsibilities. No member of the Board of Directors shall be appointed as Corporate Secretary nor Compliance Officer during their term.

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 years counted from the date of the Board's election. They are not a director or officer of the related companies of the institution's majority stockholders. They are not stockholders with shares of stock sufficient to elect one seat in the Board of Directors of the institution, or any of its related companies, or of its majority corporate stockholders. They should not have a relative within the fourth degree of consanguinity or affinity, legitimate or common-law of any director, officer, or a stockholder holding a share of stock sufficient to elect one seat in the Board of the Bank or any of its related companies. They are 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. They are not retained as professional advisers, consultants, agents, or counsels of the institution, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm. The independent director is also independent of management and free from any business or other relationship, and has not engaged and does not engage in any transaction with the institution or with any of its related companies or with other persons or through the firm of which, he is a partner or a company of which he is a director or substantial shareholder, other than transaction which is conducted at arm's length and could not materially interfere with or influence the exercise of his judgment. An independent director may only serve as such for a maximum cumulative term of nine years. After which, the independent director shall be perpetually barred from serving as an independent director of the Bank but may continue to serve as a 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. He shall ensure that a good relationship and trust within the members of the Board of Directors shall be maintained.

The Chairman of the Board of Directors shall be a non-executive director or an independent director and the position of the Chairman and the Chief Executive Officer (CEO) shall not be held by one person. The Chairman must not serve as CEO of the Bank within the past three years. However, it will be allowed in exceptional cases, provided that:

1. This is consistent with the provisions of its succession plan; and
2. There are no major supervisory concerns in the quality of the Bank's governance, risk management systems, and internal controls and compliance system, and the Bank is not subject to escalated enforcement action.

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 receive accurate, timely, and relevant information;
- ensure the conduct of proper orientation for first-time directors and provide training opportunities for all directors; and
- ensure the conduct of performance evaluation of the Board of Directors at least once a year.

There are nine Board of Directors elected dated March 13, 2023; three of whom are independent directors.

| Name of Director | Type of Directorship | No. of Years as Director | No. of Direct Common Shares Held | Percentage of Shares | Board Meeting's Attendance | |
|-----------------------------|----------------------|--------------------------|----------------------------------|----------------------|----------------------------|------|
| | | | | | Jan. - Dec. 2023 | |
| Dr. Jamie Aristotle B. Alip | Non-Executive | 20 Years | 3,819,712 | 12.77% | 13/13 | 100% |
| Dr. Dolores M. Torres | Non-Executive | 26 Years | 3,324,804 | 11.11% | 13/13 | 100% |
| Ms. Lorenza DT. Bañez | Non-Executive | 26 Years | 3,011,058 | 10.06% | 13/13 | 100% |
| Dr. Gilberto M. Llanto | Non-Executive | 20 Years | 241,586 | 0.81% | 12/13 | 92% |
| Ms. Ma. Luisa P. Cadaing | Non-Executive | 20 Years | 412,368 | 1.38% | 11/13 | 92% |
| Ms. Marivic M. Austria | Executive | 8 Years | 305,356 | 1.02% | 13/13 | 100% |
| Mr. Arthur A. Bautista | Independent | 2 Yrs. & 10 Mos. | 1 | 0.00% | 12/13 | 92% |
| Ms. Ruby M. Coma* | Independent | 10 Months | 1 | 0.00% | 11/11 | 100% |
| Ms. Malvarosa P. Perote | Independent | 6 Years | 44 | 0.00% | 12/13 | 92% |

Note: Director Ruby M. Coma was elected as new Independent Board of Director effective March 2023.

PROFILES OF THE BOARD OF DIRECTORS

| NAME | QUALIFICATIONS |
|---|---|
| <p>Dr. Jaime Aristotle B. Alip <i>Chairman of the Board</i> 66, Filipino (BOD since November 2003)</p> <p>Other Current Directorship and Officership: Chairman: • CARD SME Bank, CMDI, MIDAS, Rafael B. Buenaventura Foundation Director/Trustee: • ICMIF, CARAGA Renewable Energy Corp., Rizal College Laguna, The Hunger Project (Philippines), Matapat Holding Inc., Union College of Laguna, Strong Prosperity PTE. LTD., Makati Business Club, Council for Climate and Conflict Action Asia</p> | <p>With more than 30 years of experience and expertise in the field of microfinance, banking, microinsurance, and related fields.</p> <p>Educational Attainment: BS Agriculture Major in Agricultural Economics, MS in Professional Studies, Ph. D. in Organization Development, OPM Program in Harvard Business School.</p> <p>BSP and other Trainings Attended: Corporate Governance for Board of Directors, Risk Management Seminar, Briefing on Updated AML Rules and Regulations, Exposure in MABS Program, Exposure in SME in BRAC Bank, Grameen Bank, ASA, Seminar in SME Banking, IT Governance Seminar, Updates on Institutional Risk Assessment and Targeted Financial Sanctions, Training Program on Supervisory Assessment Framework (SAFr), Virtual Training Program on Sustainable Finance Framework, Islamic Banking Regulations Orientation, Webinar on Legal Liabilities and Proceedings Affecting Banks and their Directors and Officers (From A Regulator's Perspective)</p> |
| <p>Dr. Dolores M. Torres <i>Board of Director</i> 68, Filipino (BOD since September 1997)</p> <p>Other Current Directorship and Officership: Chairman: • CARD, Inc. Director/Trustee: • CMDI, MIDAS, CARD MRI Rizal Bank Inc., FDF Best Corporation, Strong Prosperity PTE. LTD.</p> | <p>With more than 30 years of experience and expertise in the field of microfinance, banking, microinsurance, and related fields.</p> <p>Educational Attainment: Bachelor of Science in Commerce Major in Accountancy, MS in Community Development, Global Excellence in Management, Microfinance Training at Boulder Colorado, Executive MBA at AIM, Key Executive management Course at Harvard Business School, Ph.D. in Organization Development.</p> <p>BSP and Other Trainings Attended: Corporate Governance for Board of Directors, Risk Management Seminar, Microfinance Training, Basic Rural Banking Course, Exposure Training in Savings Mobilization, Grameen and ASA Training, Basic and Advance Microfinance Training, Appreciative Inquiry at University of USA, ITIL Foundation Certificate in IT Service Management, ITIL Intermediate Certificate in Service Strategy, Succession Planning: Developing Leaders from Within, Risk Management Excellence in Microfinance, IT Governance Seminar, Anti-Money Laundering/Combating the Financing of Terrorism, Updates on Institutional Risk Assessment and Targeted Financial Sanctions, Training Program on Supervisory Assessment Framework (SAFr), Virtual Training Program on Sustainable Finance Framework, Islamic Banking Regulations Orientation, Webinar on Legal Liabilities and Proceedings Affecting Banks and their Directors and Officers (From A Regulator's Perspective)</p> |
| <p>Mr. Gilberto M. Llanto <i>Board of Director</i> 73, Filipino (BOD since March 2003)</p> <p>Other Current Directorship and Officership: Director/Trustee: • CARD SME Bank, Inc., CMDI, Philippine Institute for Development Studies</p> | <p>His areas of expertise are Money and Banking, Public Finance, and International Trade. A professional economist who has held various executive and technical (research) positions at the National Tax Research Center of the DOF, BSP, DAR and NEDA. He has been a consultant on financial markets, microfinance, public finance, and public economics to international organizations.</p> <p>Educational Attainment: A. B. Philosophy, M.S. Economic Program, M.A. Economics, and Ph.D. Economics</p> <p>BSP and other trainings attended: Governance for Board of Directors, Briefing on BSP Cir.706 Updated AML Rules and Regulations, and Agricultural Banking, Updates on Institutional Risk Assessment and Targeted Financial Sanctions, CTB Training Program on Supervisory Assessment Framework (SAFr), Virtual Training Program on Sustainable Finance Framework, Islamic Banking Regulations Orientation, Webinar on Legal Liabilities and Proceedings Affecting Banks and their Directors and Officers (From A Regulator's Perspective)</p> |

| NAME | QUALIFICATIONS |
|--|--|
| <p>Ms. Lorenza dT. Bañez <i>Board of Director</i> 64, Filipino <i>(BOD since September 1997)</i></p> <p>Other Current Directorship and Officership: <i>Chairman:</i></p> <ul style="list-style-type: none"> CARD Inc., CMDI, Business Development Services Foundation, Inc. <p><i>Director/Trustee:</i></p> <ul style="list-style-type: none"> CARD SME Bank (Corporate Treasurer) | <p>With more than 30 years of experience in microfinance, banking, and other related fields. A Certified Public Accountant.</p> <p>Educational Attainment: BS Commerce, MS in Development Mat., MA in CED, CFA Course Review Program for Development Manager, and CPA Review Course, PhD in Organization Development and Planning</p> <p>BSP and other trainings attended: Enterprise-Wide Risk Management, Financial Statement Compilation Engagements, FATCA Orientation, Succession Plan - CRAFTING THE PROTOTYPE, Briefing on BSP Cir.706 Updated AML Rules and Regulations, International Finance Seminar, Financial Risk Management Workshop, MFI's Financial Performance Analysis, Corporate Governance & Risk Management, Basic Rural Banking Course, IT Governance Seminar, Anti-Money Laundering/Combating the Financing of Terrorism, Updates on Institutional Risk Assessment and Targeted Financial Sanctions, Training Program on Supervisory Assessment Framework (SAFr), Virtual Training Program on Sustainable Finance Framework, Islamic Banking Regulations Orientation, Webinar on Legal Liabilities and Proceedings Affecting Banks and their Directors and Officers (From A Regulator's Perspective), 56th Annual Meeting of the Board of Governors of the Asian Development Bank, Making Finance Work for Women in Mumbai.</p> |
| <p>Ms. Ma. Luisa P. Cadaing <i>Board of Director</i> 62, Filipino <i>(BOD since March 2003)</i></p> <p>Other Current Directorship and Officership: <i>Director/Trustee:</i></p> <ul style="list-style-type: none"> CARD Inc., CMDI, Norwegian Mission Alliance <p><i>Officer:</i></p> <ul style="list-style-type: none"> Tearfund UK (<i>Manager</i>), World Vision International (<i>Manager</i>), Open Door International (<i>Manager</i>) | <p>With more than 25 years of experience in banking and finance.</p> <p>Educational Attainment: BS Human Ecology, MS Urban & Regional Planning, and Program for Women Managers</p> <p>BSP and other trainings attended: Corporate Governance and Risk Management, IT Governance Seminar, Anti-Money Laundering/Combating the Financing of Terrorism, Updates on Institutional Risk Assessment and Targeted Financial Sanctions, CTB Training Program on Supervisory Assessment Framework (SAFr)</p> |
| <p>Ms. Marivic M. Austria <i>Board of Director / President and CEO</i> 50, Filipino <i>(BOD since March 2015)</i></p> <p>Other Current Directorship and Officership: <i>Director/Trustee:</i></p> <ul style="list-style-type: none"> CARD MRI Information Technology, Inc. | <p>With more than 25 years of experience in microfinance operations, banking and finance.</p> <p>Educational Attainment: BS Commerce-Accounting, Executive Master's in Business Administration (AIM), and Advanced Management Program (HBS).</p> <p>BSP and other trainings attended: Governance and Risk Management Training, Boul'er Microfinance Training, High Potentials Leadership Program, Managing Portfolio-at-Risk, IVP Training on Micro Banking Internal Practices, Basic Internal Audit Course, Basic Rural Banking Course, and Exposure Study Visit on Banking Operations, IT Governance Seminar, Updates on Institutional Risk Assessment and Targeted Financial Sanctions, Training Program on Supervisory Assessment Framework (SAFr), Virtual Training Program on Sustainable Finance Framework, Study Tour on Digital Finance and Agent in Nairobi, Kenya, Anti-Money Laundering & Combating the Financing of Terrorism, Exposure visit on Islamic Financing operations in Indonesia, Islamic Banking Regulation Orientation, Webinar on Legal Liabilities and Proceedings Affecting Banks and their Directors and Officers (From A Regulator's Perspective), Training on Islamic Financing Principles, 7th IFSB Executive Programme on Effective Risk Management and Lessons Learn From Banking Failures.</p> |

| NAME | QUALIFICATIONS |
|--|--|
| Mr. Arthur A. Bautista <i>Independent Board</i> 73, Filipino <i>(BOD since March 2021)</i> | He is an experienced banker with expertise in the areas of risk management, internal control, and treasury and financial management. Educational Attainment: Master's in Business Administration, Bachelor of Science in Business Administration BSP and other trainings attended: Corporate Governance for Board of Directors, Briefing on BSP Cir.706 Updated AML Rules and Regulations, and Agricultural Banking, Updates on Institutional Risk Assessment and Targeted Financial Sanctions, CTB Training Program on Supervisory Assessment Framework (SAFr), Virtual Training Program on Sustainable Finance Framework, Islamic Banking Regulations Orientation, Webinar on Legal Liabilities and Proceedings Affecting Banks and their Directors and Officers (From A Regulator's Perspective). |
| Other Current Directorship and Officership: <i>Director/Trustee:</i> <ul style="list-style-type: none"> CARD MRI Information Technology, Inc. <i>Other Officership:</i> <ul style="list-style-type: none"> Kuya's Grill House, Kuya's Restaurant | |
| Ms. Malvarosa P. Perote <i>Independent Board</i> 67, Filipino <i>(BOD since March 2018)</i> | Educational Attainment: Bachelor in Elementary Education BSP and other Trainings Attended: Corporate Governance Seminar, Risk Management Seminar, IT Governance Seminar, Anti-Money Laundering/Combating the Financing of Terrorism, Updates on Institutional Risk Assessment and Targeted Financial Sanctions, CTB Training Program on Supervisory Assessment Framework (SAFr), Virtual Training Program on Sustainable Finance Framework, Webinar on Legal Liabilities and Proceedings Affecting Banks and their Directors and Officers (From A Regulator's Perspective). |
| Ms. Ruby M. Coma* <i>Independent Board</i> 48, Filipino <i>(BOD since March 2023)</i> | Educational Attainment: Bachelor of Science in Community Development BSP and other Trainings Attended: Corporate Governance Seminar for Rural Bank Directors and Officers, Basic Banking Regulations in AMLA, Islamic Banking Regulations Orientation, Webinar on Legal Liabilities and Proceedings Affecting Banks and their Directors and Officers (From A Regulator's Perspective). |

*Note: Director Ruby M. Coma was elected as new Independent Board of Director effective March 2023.

BOARD COMMITTEES

The Board is supported by 10 different committees with their respective functions and directives as follows:

A. Corporate Governance Committee

| Committee Member | Attendance | | Position |
|--------------------------|-------------------------|------|-------------|
| | January - December 2023 | | |
| Ms. Malvarosa P. Perote | 12/12 | 100% | Chairperson |
| Ms. Ma. Luisa P. Cadaing | 11/12 | 92% | Member |
| Mr. Arthur A. Bautista | 12/12 | 100% | Member |

The Corporate Governance Committee assists the Board of Directors in fulfilling its corporate governance responsibilities. The Committee is composed of three (3) members of the Board of Directors who are all non-executive directors, and the majority are independent directors, including the chairperson. The committee regularly meets every 3rd Saturday 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
- e. Assists the Board carry out its due diligence duty in reviewing and revising the Board-level committees' job descriptions and/or structural changes to ensure that the Board is in compliance with its legal and fiduciary duties.
- f. Shall stay current on governance trends and changes around governance topics in promoting and monitoring effective board operations, board performance and governance policies.

B. Risk Oversight Committee

| Committee Member | Attendance | | Position |
|------------------------|-------------------------|------|-------------|
| | January - December 2023 | | |
| Mr. Arthur A. Bautista | 12/12 | 100% | Chairperson |
| Ms. Ruby M. Coma | 9/9 | 100% | Member |
| Ms. Marivic M. Austria | 12/12 | 100% | Member |

Note: Director Ruby M. Coma was appointed as member of the Risk Oversight Committee meeting effective March 2023.

The Risk Oversight Committee advises the Board of Directors on the Bank's overall current and future risk appetite, oversees the 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 a vital role as the Bank's success is largely dependent on the ability of its directors and officers in managing risks. The committee is composed of three (3) members of the Board of Directors, the majority of whom are independent directors including the Chairperson. The committee regularly meets every 3rd Saturday of the month or as the need arises.

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

- a. Responsible for the development and oversight of the risk management program of the bank and its trust unit.
- b. Oversee the system of limits to discretionary authority that the board delegates to management, ensure that the system remains effective, that the limits are observed and that immediate corrective actions are taken whenever limits are breached.
- c. The bank's risk management unit and the Chief Risk Officer shall communicate formally and informally to the risk oversight committee any material information relative to the discharge of its function.
- d. The risk oversight committee, shall, where appropriate, have access to external expert advice, particularly in relation to proposed strategic transactions, such as mergers and acquisitions.
- e. The core responsibility of the risk management committee are;
 1. Oversee the risk management framework.
 2. Oversee adherence to risk appetite.
 3. Oversee the risk management function.
 4. Identify and evaluate exposures.
 5. Develop risk management strategies
 6. Oversee the implementation of the risk management plan
 7. Review and revise the risk management plan as needed

C. Audit Committee

| Committee Member | Attendance | | Position |
|-------------------------|-------------------------|------|-------------|
| | January - December 2023 | | |
| Ms. Ruby M. Coma | 10/10 | 100% | Chairperson |
| Dr. Gilberto M. Llanto | 11/12 | 92% | Member |
| Ms. Malvarosa P. Perote | 13/13 | 92% | Member |

Note: Director Ruby M. Coma was appointed as member of the Audit Committee meeting effective March 2023.

The audit committee is responsible for overseeing the 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 is composed of three members of the Board, all are non-executive directors, and the majority are independent directors, who have knowledge of financial reporting and internal controls. The committee regularly meets every 3rd Saturday 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 a whistleblowing mechanism.

D. Related Party Transactions (RPT) Committee

| Committee Member | Attendance | | Position |
|-------------------------|-------------------------|------|---------------------|
| | January - December 2023 | | |
| Ms. Malvarosa P. Perote | 10/12 | 100% | Chairperson |
| Mr. Arthur A. Bautista | 12/12 | 100% | Member |
| Ms. Ruby M. Coma | 9/9 | 100% | Member |
| Mr. Jeffrey M. Rondina | 11/12 | 92% | Member (Non-voting) |
| Ms. Marissa M. De Mesa | 12/12 | 100% | Member (Non-voting) |

Note: Director Ruby M. Coma was appointed as member of the RPT Committee meeting effective March 2023.

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 three members of the Board of Directors, two of whom are independent directors, including the chairperson. Committee members are entirely composed of independent and non-executive directors, with independent directors comprising the majority. In case a member has a conflict of interest in a particular RPT, he/she refrains from evaluating such a particular transaction. Independent Units such as Compliance Officer or Internal Auditor shall sit as resource person of the committee. The committee regularly meets every 3rd Saturday of the month or as the need arises.

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

- Evaluate on an ongoing basis existing relation between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured.
- Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the bank are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions.
- Ensure 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.
- Report to the board of directors on a regular basis, the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties.
- Ensure that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process.
- Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.

Other committees that include the Board and Management level as follows:

E. Compliance Committee

| Committee Member | Attendance | | Position |
|---------------------------|-------------------------|------|-------------|
| | January - December 2023 | | |
| Ms. Ms. Lorenza DT. Bañez | 11/12 | 92% | Chairperson |
| Mr. Arthur A. Bautista | 12/12 | 100% | Member |
| Ms. Malvarosa P. Perote | 11/12 | 92% | Member |
| Mr. Jeffrey M. Rondina | 11/12 | 92% | Member |
| Ms. Marissa M. De Mesa | 12/12 | 100% | Member |

The Compliance Committee is composed of three 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 Head or the Chief Compliance Officer (CCO) regularly prepares and submits Compliance and AML Reports to the Compliance Committee containing the results of the Compliance and AML Testing and Monitoring conducted by the Compliance and AML units. The CCO updates the committee members on the new regulatory issuances. The committee, through its Committee Chairperson, reports to the Board during monthly regular Board of Directors meeting any updates, agreements, and policy recommendation discussed by the members of the committee during monthly compliance committee meeting.

The Compliance Committee shall have a regular once a month meeting. This shall be held every month a day before the Board meeting or as the need arises. This is to ensure that the committee is updated on the status of the implementation of the compliance program and the Board, through the compliance committee, is updated on the new relevant Philippine laws, rules and regulations and pertinent BSP Circulars governing the operations of the banks.

The Compliance Committee's tasks include the following:

- Ensure that the compliance system of the bank is defined, established and updated to facilitate an effective management of compliance with bank policies and regulatory requirements.
- Ensure that updated compliance program was approved by the Board, oversee and promote its effective implementation.
- Ensure that compliance issues encountered by the Bank were immediately resolved and acted upon.
- Ensure that duties and responsibilities of Board of Directors stated under Section 132 of the MORB: Powers/responsibilities and duties of Director were done.
- It shall provide oversight on AML policy development and execution such that AML Policies and Procedures established by the Sr. 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.
- Review and take action, as necessary, on AML related reports coming from the bank's compliance office.
- Shall oversee and ensure the effective performance of the AML/TF functions of the Bank's Compliance Office.

- h. Approve institutional risk assessment, AML/CTPF related policies, manuals and guidelines, including the design and implementation of the MTPP of the Bank.
- i. Promote a sound AML/CTPF compliance culture across the Bank, and oversee the efforts of all concerned personnel in the prevention of money laundering, counter terrorism and proliferation financing activities.
- j. Review the completeness of the processes in reporting compliance to identified ML/TF/PF breaches, including review of findings of the Bangko Sentral ng Pilipinas (BSP), and the Anti-Money Laundering Council (AMLC), as applicable.
- k. Deliberate and/or act on significant regulatory AML/CTPF matters, such as new initiatives, BSP/AMLC supervisory mandates, directives, inquiry and/or investigation, and ML/TF/PF observations raised by Compliance and Internal Audit functions.
- l. Deliberate and approve the filing of suspicious transaction reports to the AMLC.

F. Outsourcing Oversight Committee

| Committee Member | Attendance | | Position |
|----------------------------|-------------------------|------|-------------|
| | January - December 2023 | | |
| Ms. Marivic M. Austria | 5/5 | 100% | Chairperson |
| Ms. May S. Dawat | 4/5 | 80% | Member |
| Mr. Fidel Dumalaog | 4/5 | 80% | Member |
| Mr. Paul Zedrick Dorado | 5/5 | 100% | Member |
| Ms. Maria Herra Dela Sala | 5/5 | 100% | Member |
| Mr. Jeffrey M. Rondina | 4/5 | 80% | Member |
| Ms. Maria Analyn Maglalang | 5/5 | 100% | Member |

CARD Bank continuously expands over the years. With the continuous growth towards achieving its strategic technical and operational objectives along with the cost reduction measures, the Bank started to outsource some of its activities.

The Outsourcing Oversight Committee is comprised of the senior management of the Bank. The Outsourcing Oversight Committee shall have a regular quarterly meeting or as the need arises. This shall be held a day before the schedule of the Board of Directors' Meeting. The President and CEO regularly updates the Board of Directors on the status of outsourcing activities of the bank.

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

- a. Define operational, technical, and financial objectives, the service levels and the desired outcomes of the process to be outsourced;
- b. Establish the effect to the bank of such outsourcing transaction such as loss of skills;
- c. Monitor the service provider's expertise, size, financial health, operational capability and experience levels to ensure that the bank's service requirements are met;
- d. Establish tool and policies in evaluating the quality of service delivered to keep abreast of the changing business needs, regulations, policies, standards and priorities;
- e. Review and approve key aspects of the bank's security control program and process, such as the development and maintenance of security control policies and infrastructure that properly safeguard systems and data from both internal and external threats;
- f. Manage risks associated with increased complexity of and increasing reliance on outsourcing relationships and third-party dependencies to perform critical functions;
- g. Regularly manage, monitor and review performance of the service providers;
- h. Review and finalize vendor accreditation and dis-accreditation process.
- i. Secure regular monthly report of the activities.

G. IT Steering Committee

| Committee Member | Attendance | | Position |
|--------------------------|-------------------------|------|-------------|
| | January - December 2023 | | |
| Ms. Marivic M. Austria | 12/12 | 100% | Chairperson |
| Ms. May S. Dawat | 10/12 | 83% | Member |
| Mr. Jeffrey M. Rondina | 8/12 | 67% | Member |
| Ms. Laarne D. Paje | 12/12 | 100% | Member |
| Mr. Fidel Dumalaog | 11/10 | 92% | Member |
| Mr. Paul Zedrick Dorado | 9/12 | 75% | Member |
| Mr. Jose Romulo Karagdag | 12/12 | 100% | Member |

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 committee is also responsible for updating the Board on the current and future IT-related issues and initiatives and in submitting recommendations to the Board. Part of the IT Risk Management is integrating risk management into regular IT practices. By establishing a formalized committee, IT Risk Management becomes part of IT's agenda and priorities.

The IT Steering Committee oversees the Information Technology-related issues and initiatives. The committee meets every first Monday of the month. It is chaired by the Bank's President and CEO. The committee will be responsible for the following:

- a. Define project priorities.
- b. Assess strategic fit of project proposals.
- c. Perform portfolio reviews for continuing strategic relevance.
- d. Review, approve and fund initiatives, assessing how these would improve the business process.
- e. Ensure identification of all costs and fulfilment of cost/benefit analysis.
- f. Perform portfolio reviews for cost optimization.
- g. Balance investments between supporting and growing the enterprise.
- h. Ensure all projects have a project risk management component.
- i. Act as sponsor of the control, risk and governance framework.
- j. Make key IT governance decisions.
- k. Define project success measures.
- l. Follow progress on major IT projects.
- m. Monitor and direct key IT governance processes.
- n. Act as the Emergency Change Advisory Board
- o. Review IT operations accomplishments
- p. Review on the Information Security Officers Reports
- q. Review ATM operations
- r. Review on Disaster Recovery Test Result.

H. Asset and Liability Committee

| Committee Member | Attendance | | Position |
|-----------------------------|-------------------------|------|-------------|
| | January - December 2023 | | |
| Ms. May S. Dawat | 12/12 | 100% | Chairperson |
| Ms. Marivic M. Austria | 11/12 | 92% | Member |
| Ms. Laarne D. Paje | 12/12 | 100% | Member |
| Ms. Maria Rowena F. Galarde | 12/12 | 100% | Member |
| Ms. Jenelyn C. Melgar | 10/12 | 83% | Member |
| Ms. Jenelyn C. Melgar | 11/12 | 92% | Member |

The assets and liabilities of CARD 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 on Monday of the week of Board of Directors meeting or as the need arises. The ALCO Chairperson updates to the Risk Management Committee any risk identified, concerning financial management of the Bank.

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

- ALCO's primary responsibility is to protect the liquidity position of the Bank so that it can meet maturing obligations when they are due, to ensure that there is adequate liquidity for growth, and adequate liquidity for emergencies.
- Ensure that profitability and sustainability of the institution through proactive balance sheet management;
- 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); and
- 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.
- Oversees collection and analysis of deposit data.
- Reviews and approve definitions for core deposits and withdrawable reserves by product; Present and recommend these definitions to the Board for approval.
- Reviews pricing of all products at least annually, or when a new product is introduced, for impact on interest rate risk and net interest margin
- Establishes stress assumptions for liquidity scenarios and FX and interest rate risk movements.
- Reviews liquidity stress test results; establish action plans to address potential gaps.
- Establishes targets for liquidity ratios. Review ratios against their targets on a monthly basis. Approve a course of action for rectifying any breach of the targets.
- Establishes funding concentration threshold and liability diversification parameters; review exposure reports and approve action to stay within thresholds.
- Assists in the quality control process by reviewing the reports for reasonableness, consistency and completeness.
- Works with the EVP for Finance in determining whether a contingency funding plan should be invoked. Establish a contingency funding plan.
- Meets monthly and all discussions and approvals should be documented in minutes that are circulated to senior management
- Makes recommendations on negotiations with funders to achieve best liability structure
- Works with operations on asset products to achieve best asset structure
- Constructs and maintains an independent FRM reporting framework.
- Reviews Debt Repayment Schedule, Savings Product Analysis and ALM risk reports for reasonableness, consistency and completeness when they are first created and as needed thereafter, but at least annually.
- Provides support to finance team as needed when they are preparing monthly reports or making inputs to debt repayment schedule.
- Collects data on applicable interest or foreign exchange rates and do historical analysis monthly
- Collects, store and analyze deposit data monthly.
- Provides data analysis to Head of Finance Unit and Risk Manager to be discussed in monthly ALCO Meeting.

I. Remittance Committee

| Committee Member | Attendance | | Position |
|------------------------|-------------------------|------|-------------|
| | January - December 2023 | | |
| Dr. Dolores M. Torres | 4/4 | 100% | Chairperson |
| Ms. Marivic M. Austria | 4/4 | 100% | Member |
| Ms. Lorenza dT. Bañez | 3/4 | 75% | Member |
| Ms. May S. Dawat | 4/4 | 100% | Member |
| Mr. Rex P. De Lumban | 4/4 | 100% | Member |

The Remittance Committee was established to provide oversight functions and guidance to the senior management of the Bank in its implementation of remittance services. The committee, thru its Committee Chairperson, reports to the Board during monthly regular Board of Directors meeting the performance of remittance activities of the bank, any agreements and policy recommendation discussed by the members of the committee during quarterly remittance committee meeting.

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

- Provide strategic direction to the management to achieve the objectives of the Bank's remittance services;
- Recommend strategies to improve the accessibility of the Bank's remittance services;
- Developing processes and strategies to monitor and mitigate risk areas identified in the implementation of remittance services;
- Review and assess the performance of the remittance operations of the Bank;
- Review and evaluate possible third-party remittance partnership;
- Assess and recommends marketing strategies to improve remittance operations and promotional activities; and
- Perform the other functions and duties as the Board may delegate.

J. Joint Member-Board / Observer and PAR and Savings

| Committee Member | Attendance | | Position |
|-------------------------|-----------------------|------|-------------|
| | March - December 2023 | | |
| Ms. Malvarosa P. Perote | 4/4 | 100% | Chairperson |
| Ms. Ruby M. Coma | 4/4 | 100% | Member |
| Ms. Demetria Salmorin | 3/3 | 100% | Member |
| Ms. Ma. Belen Llamas | 3/3 | 100% | Member |

The purpose of the Committee is to assist the Board of Directors to have direct access to the issues and concerns of the members and to develop an appropriate policies and guidelines that helps improved the bank's services to the members. The Committee likewise ensure that the Portfolio-at-Risk (PAR) of the bank will be closely monitored, efficiently managed and will be recovered. The committee shall also be responsible in providing oversight function on the savings mobilization program of the bank.

The Committee shall be composed of Member-Board of Directors and Observers representing island of Luzon, Visayas and Mindanao. Also invited in the meetings are other members representing different regions who as previously elected as member-board of directors or board of trustees. The committee was guided by the Senior Management Advisers and invited representatives from Senior Management of the bank.

The Joint Member-Board / Observer and PAR and Savings Committee's tasks include, but are not limited to, the following:

- a. Shall discuss results of committee members field monitoring activities conducted for the quarter.
- b. The Committee shall discuss issues and concerns solicited from their co-members during their field monitoring and recommend appropriate solutions.
- c. The committee shall assist the Board of Directors and Sr. Management in formulating suitable products and services coming from the suggestions/recommendations of the members.
- d. The committee shall assist the Board of Directors in formulating strategies on how to encourage members experiencing repayment problems to recover from their poor performance.
- e. The committee shall assist the Board of Directors and Sr. Management in developing new topics for Credit with Education (CwE) to discuss during center meetings that help improve the lifestyle of members and their family.
- f. The committee shall assist the Board of Directors and Sr. Management in formulating strategies to promote products and services to other members including awareness on digital initiatives of the bank.
- g. The committee monitors the loan portfolio quality and recommends operational strategy to recover portfolio at risk of respective branches.
- h. The committee recommends a monitoring plan on how to assist past due members in recovering from their unpaid loan outstanding.
- i. The committee recommends strategies on how to encourage members instilling the habit of making regular savings deposit.
- j. The committee assists the management in the center-level implementation of the digital initiative of the bank.
- k. The committee performs other duties and responsibilities as authorized by the board of directors.

SENIOR MANAGEMENT PROFILE

| NAME | PROFILE |
|--|---|
| MS. MARIVIC M. AUSTRIA President and Chief Executive Officer Age: 50 Nationality: Filipino | Ms. Austria serves as President and CEO since December 2015. She also serves as Director of CARD MRI Information Technology, Inc., a related institution of the Bank. She has been with CARD Bank for 26 years, having joined the Bank as Cashier during its establishment in September 1997. She has established the internal audit and compliance unit of the CARD MRI and spearhead its operations for 13-years, before being promoted as Senior Vice President for Risk in 2012. Ms. Austria has more than 29 years of experience in microfinance and banking operations joining the CARD MRI group in 1994. She took her Executive Master's in Business Administration in Asian Institute of Management and Advance Management Program in Harvard Business School. She finished her Bachelor of Science in Commerce-Accounting at the Laguna College. |
| MS. MAY S. DAWAT Executive Vice President Age: 46 Nationality: Filipino | Ms. Dawat serves as Executive Vice President for Finance and Accounting since July 2021 and Corporate Secretary since March 2022. She also serves as Director of CARD MRI Insurance Agency, a related institution of the Bank. She has more than 25 years of experience in microfinance, micro-insurance and banking operations, joining CARD MRI group in 1998. Before joining CARD Bank, she served as Internal Audit Assistant in Center for Agriculture in Rural Development, Inc. (CARD Inc.), Finance Officer and Manager Administration and Finance in CARD Mutual Benefit Association, Inc. (CARD MBA, Inc.), before being promoted as General Manager and eventually Chief Executive Officer of CARD MBA, Inc. She also served as Director of CARD Pioneer Microinsurance, Inc., CARD MRI Holdings, Inc., CARD MRI Information Technology, Inc., CARD MRI Hijos Tours, BOTICARD, Inc., CARD MRI Astro Laboratories, Inc., MEADA Rabrong (Microinsurance In Cambodia), UNIHEALTH Quezon Hospital And Medical Center, Inc., and CARD Leasing and Finance Corporation (CLFC). She took her Master's in Community Economic Development in Southern New Hampshire University, New Hampshire, USA, Executive Program in General Management in Massachusetts Institute of Technology, Cambridge, Massachusetts, USA and Certified Management Accountant Program in Institute of Certified Management Accountants, Philippines and Australia. She is currently completing her Senior Executive Leadership Program in Harvard Business School. She finished her Bachelor of Science in Accountancy at the Laguna College. |
| MS. MARISSA M. DE MESA Executive Vice President for Audit Age: 52 Nationality: Filipino | Ms. De Mesa serves as Executive Vice President for Audit since April 2019. She also serves as Senior Vice President for Risk Management from 2015-2019. She has more than 26 years of experience in microfinance and banking operations, internal control and risk management practices, joining CARD MRI group in 1997. Ms. De Mesa have rosed from the rank as she also serves as Loan Officer during her early years in the institution. She then become Branch Manager, Head of Organization and Administration unit, Assistant Vice President, Assistant Vice President and First Vice President for Operation. She also serves as Branch Manager, Regional Director and Operation Director of Center for Agriculture in Rural Development, Inc. (CARD Inc.). She took her Master's in Business Administration in University of Asia (previously known as Trinity College of Quezon City), Executive Master's in Business Administration in Asian Institute of Management and Senior Executive Leadership Program in Harvard Business School (India and US Campus). She completed her Bachelor of Science in Social Work at the Sacred Heart College in Lucena City, Quezon. |
| MR. JEFFREY M. RONDINA Executive Vice President for Compliance Age: 41 Nationality: Filipino | Ms. Rondina serves as Chief Compliance Officer and supervising the Compliance unit since 2017. He has been servicing the Bank for 8 years, previously supervising the internal audit unit operation prior to his stint into compliance function. Mr. Rondina has joined CARD MRI in 2003 and developed his expertise in internal control practices and compliance program serving the group for more than 20 years. He rose from the rank serving as internal audit assistant during his early years of service before he got promoted in the positions of Internal Audit Manager and Chief Compliance Officer in CARD SME Bank. He took his Executive Master's in Business Administration in Asian Institute of Management and Senior Executive Leadership Program in Harvard Business School (India and US Campus). He finished his Bachelor of Science in Accountancy at the Laguna College. |
| MS. MA. ROWENA F. GALARDE Senior Vice President for Finance and Accounting Age: 49 Nationality: Filipino | Ms. Galarde serves as Senior Vice President for Finance and Accounting since March 2019. She has been with CARD Bank for 26 years, having joined the Bank as Teller during its establishment in September 1997. She then gained her deep expertise in banking finance with her exposures to different field of finance, accounting and banking administration. Ms. Galarde has rosed from the rank serving as teller, bookkeeper and cashier during her early years of service before she got promoted in the positions of Accounting Manager, General Accountant and Assistance Vice President for Finance and Accounting. She took her Master of Arts in Organizational Development Specializing in Microfinance Management in SAIDI School of Organization and Development and Certified Management Accountant Program in Institute of Certified Management Accountant (Philippines and Australia Campus). She finished her Bachelor of Science in Accountancy at the San Pablo Colleges, Laguna. |

| NAME | PROFILE |
|---|--|
| MS. LAARNE D. PAJE Senior Vice President for Risk Management Age: 46 Nationality: Filipino | Ms. Paje serves as Senior Vice President for Risk Management since March 2021 and supervising the risk management unit since 2019. She also serves as Assistant Corporate Secretary. She has been with CARD Bank for 12 years, spearheading the internal audit unit prior to her stint into risk management. Ms. Paje has joined CARD MRI in 2001 and developed her expertise in internal control and risk management practices serving the group for more than 22 years. She rose from the rank serving as internal audit assistant during her early years of service before she got promoted in the positions of Internal Audit Manager, General Internal Audit Manager and Assistance Vice President for Audit. She took her Master of Science in International Community Economic Development in Southern New Hampshire University (Philippines and US Campus) and Senior Executive Leadership Program in Harvard Business School (India and US Campus). She finished her Bachelor of Science in Accountancy at the Aquinas University of Legazpi. |
| MS. ROSAFE M. MATUNAN Vice President for Human Resource Age: 44 Nationality: Filipino | Ms. Matunan serves as Vice President for Human Resource since 2021 and supervising the HR unit since 2013. She has joined CARD MRI in 2001 and serving the group for more than 22 years. She rose from the rank serving as Administrative Assistant and Executive Assistant during her early years of service before she got promoted in the positions of Liaison Office Manager/Country Representative in CARD operation in Cambodia and Sr. HR Manager of CARD Inc. She took her Master of Science in International Community Economic Development in Southern New Hampshire University and SAIDI School of Organization and Development. She finished her Bachelor of Science in Business Administration major in Marketing at the New Era University |
| MS. GLENDA C. MAGPANTAY Vice President for Operation Age: 47 Nationality: Filipino | Ms. Magpantay serves as Vice President for Operation since 2019. She also serves as Chairman of the CARD Employees Multi-Purpose Cooperative. She has joined the bank in 1997 and serving the institution for more than 26 years where she acquired her expertise in microfinance and banking operations. She rose from the rank serving as Account Officer and Unit Manager during her early years of service before she got promoted in the positions of Branch/Area Manager, Regional Director and Assistant Vice President for Operation. She took her Master's in Business Administration in University of Asia (previously known as Trinity College of Quezon City), Master of Science in International Community Economic Development in Southern New Hampshire University and SAIDI School of Organization and Development and took Management Development Program in Asian Institute of Management. She also completed her Senior Executive Leadership Program in Harvard Business School (India and US Campus). She finished her Bachelor of Science in Business Administration at the San Pablo Colleges. |
| MS. BABY ANALYN A. MALABORBOR Senior Assistant Vice President for Operation Age: 47 Nationality: Filipino | Ms. Malaborbor serves as Senior Assistant Vice President for Operation since 2022. She has joined the CARD MRI in 1997 and serving the institution for more than 26 years where she acquired her expertise in microfinance and banking operations. She rose from the rank serving as Account Officer and Unit Manager during her early years of service before she got promoted in the positions of Branch/Area Manager, Regional Director and Assistant Vice President for Operation. Ms. Malaborbor was also appointed as General Manager of Rural Bank of Sto. Tomas (Batangas), Inc. when CARD MRI acquired its operations. She took her Master of Arts in Organizational Development Specializing in Microfinance Management in SAIDI School of Organization and Development and took Management Development Program in Asian Institute of Management. She finished her Bachelor of Science in Commerce Major in Management at the Laguna College. |
| MS. CLARITA G. MERCADO Vice President for Operation Age: 47 Nationality: Filipino | Ms. Mercado serves as Vice President for Operation since 2021. She has joined the bank in 1998 and serving the institution for more than 25 years where she acquired her expertise in microfinance and banking operations. She rose from the rank serving as Account Officer and Unit Manager during her early years of service before she got promoted in the positions of Branch/Area Manager, Regional Director and Assistant Vice President for Operation. She took her Master of Arts in Organizational Development Specializing in Microfinance Management in SAIDI School of Organization and Development. She finished her Bachelor of Arts in Psychology at the Manuel S Enverga University in Quezon. |
| MR. RONNIE D. FALLEGA Vice President for Operation Age: 46 Nationality: Filipino | Mr. Fallega serves as Vice President for Operations starting year 2022 supervising North Luzon operation and overseeing the implementation of alternative digital channel in the operation level. He serves as Vice President for IT and Vice President for Business Continuity prior to his return to operations. Mr. Fallega has joined CARD MRI in 1998 and serving for more than 25-years where he developed his expertise in microfinance and banking operations. He rose from the rank serving as Account Officer and Unit Manager during his early years of service before he got promoted in the positions of Branch/Area Manager, Regional Director and Assistant Vice President for Operation. He took his Master of Arts in Organizational Development Specializing in Microfinance Management in SAIDI School of Organization and Development and took Management Development Program in Asian Institute of Management. He finished his Bachelor of Science in Accountancy at the Masbate Colleges. |

| NAME | PROFILE |
|--|---|
| MS. RIZALINE A. MANALO Assistant Vice President for Operation Age: 49 Nationality: Filipino | Ms. Manalo serves as Assistant Vice President for Operation since 2017. She has joined the CARD MRI in 1997 and serving the institution for more than 26 years where she acquired her expertise in microfinance and banking operations. She rosed from the rank serving as Account Officer, Unit Manager and Bookkeeper during her early years of service before she got promoted in the positions of Branch/Area Manager and Regional Director. She took her Master of Arts in Organizational Development Specializing in Microfinance Management in SAIDI School of Organization and Development. She finished her Bachelor of Science in Industrial Engineering at the Enverga University. |
| MS. RAQUEL B. SARAGOZA Assistant Vice President for Operation Age: 50 Nationality: Filipino | Ms. Saragoza serves as Assistant Vice President for Operation since 2019. She has joined the CARD MRI in 1995 and serving the group for more than 28 years where she acquired her expertise in microfinance and banking operations. She rosed from the rank serving as Account Officer and Unit Manager during her early years of service before she got promoted in the positions of Branch/Area Manager and Regional Director. She took her Master of Arts in Organizational Development Specializing in Microfinance Management in SAIDI School of Organization and Development. She finished her Bachelor of Science in Accountancy at the Masbate Colleges. |
| MS. MA. CHARISSA M. ADORNA Assistant President for Audit Age: 37 Nationality: Filipino | Ms. Adorna serves as Assistant Vice President for Audit since March 2021. She has joined CARD MRI in 2008 and developed her expertise in internal control practices serving the group for more than 14 years. She rosed from the rank serving as internal audit assistant during her early years of service before she got promoted in the positions of Internal Audit Manager and Deputy Director for Audit. She also served as Internal Audit & Risk Manager in CARD office at SAMIC Plc., Cambodia. She took her Master's in Productivity & Quality Management Major in Microfinance in Development Academy of the Philippines. She finished her Bachelor of Science in Accountancy at the University of Nueva Caceres. |
| MR. FIDEL P. DUMALAOG Assistant Vice President for Information Technology Age: 35 Nationality: Filipino | Ms. Dumalaog serves as Assistant Vice President for Information Technology starting year 2023. He was an experienced internal auditor where he gained his knowledge in banking operations. He has been with CARD Bank since 2009 and serving the institution for more than 14 years. His role as application administrator during the period of Bank's migration from the legacy system to the new centralized core-banking system gave him expertise in the management of core-banking administration. His exposures in different financial institutions in Indonesia that utilizing advance technology in banking operations further strengthen his knowledge in information technology. He finished his Bachelor of Science in Accountancy at the Devine Word College in Occidental Mindoro. |
| MR. PAUL ZEDRICK H. DORADO Assistant Vice President for Information Technology Age: 35 Nationality: Filipino | Ms. Dorado serves as Assistant Vice President for Information Technology starting year 2023. He was an experienced internal auditor where he gained his knowledge in banking operations. He has been with CARD Bank since 2008 and serving the institution for more than 15 years. His role as web application administrator during the period of Bank's migration from the legacy system to the new centralized core-banking system gave him expertise in the management of core-banking administration. His exposures in different financial institutions in Indonesia that utilizing advance technology in banking operations further strengthen his knowledge in information technology. He finished his Bachelor of Science in Accountancy at the San Pablo Colleges. |
| MR. JUANITO I. DELA CUEVA Assistant Vice President for Mobile Financial Services Age: 50 Nationality: Filipino | Mr. Dela Cueva serves as Assistant Vice President for Mobile Financial Services since 2019. He has joined CARD Bank in 2003 and serving the institution for more than 21-years where he developed his expertise in microfinance and banking operations. He rose from the rank serving as Account Officer and Unit Manager during his early years of service before he got promoted in the positions of Branch/Area Manager and Regional Director. He took his Master's in Productivity & Quality Management Major in Microfinance in Development Academy of the Philippines. He finished his Bachelor of Science in Marine Transportation Major in Nautical Science (Associate in Marine Transportation) at the Philippine Maritime Institute, Manila. |
| MR. JONEL A. RAPER Assistant Vice President for Mobile Financial Services Age: 51 Nationality: Filipino | Mr. Rapera serves as Assistant Vice President for Mobile Financial Services since 2021. He has joined CARD Bank in 1997 and serving the institution for more than 26-years where he developed his expertise in microfinance and banking operations. He rose from the rank serving as Account Officer and Unit Manager during his early years of service before he got promoted in the positions of Branch/Area Manager and Regional Director. He took his Master of Arts in Organizational Development Specializing in Microfinance Management in SAIDI School of Organization and Development. He finished his Bachelor of Arts in Mathematics at the Masbate Colleges, where he also took Bachelor of Science in Education and Bachelor of Science in Accountancy. |

ORIENTATION, SEMINARS, AND EDUCATION FOR BOARD AND SENIOR MANAGEMENT

CARD Bank is composed of a dynamic Board of Directors that help build a strong and positive board culture within the Bank. Like a well-oiled machine, the Board of Directors work together to leverage the diverse skills set of the people behind the Bank and always drive the institution to excellent advantage. With this, the Board, as the governing body of the Bank that provides leadership and accountability, recognizes the importance of training and development of each director to determine the success of the institution. For CARD Bank, training is one of the most important investments the institution can make to ensure the effectiveness of its operations.

With this, all directors of the Bank made sure to attend the Corporate Governance Seminar conducted by accredited private institutions prior to, or at least immediately after, assumption of office. Aside from this, all newly elected Board of Directors have undergone orientation on their duties and responsibilities as Board of Directors including the general operating procedures of the Bank. Orientation also includes basic banking regulations, anti-money laundering guidelines and data privacy policy. Prior to election as member of the Board of Directors, candidates were also invited to seat as observers in the meeting of the Bank's committee and Board of Directors to get familiar with the banking operations.

For the year 2023, following are the trainings and seminars attended by the Board of Directors and Senior Management.

| Date | Title | Conducted By |
|------------------|--|--|
| 03.02.2023 | BSP Circular No. 1153: Regulatory Sandbox Framework | BAIPHIL |
| 07.31-08.04.2023 | Islamic Financing Operations Exposure in Indonesia | Tamzis and Dumpet Duafa |
| 08.10.2023 | Islamic Banking Regulations Orientation | IBSG-BSP |
| 09.14.23 | Strengthening BSP Reportorial Procedures: API-XML Report | RBRDFI |
| 10.10-11.2023 | Webinar on Legal Liabilities and Proceedings Affecting Banks and Their Directors and Officers (From a Regulator's Perspective) | BAIPHIL |
| 12.01-02.2023 | Training on Islamic Financing Principles | Dr. Anwar M. Radiamoda, Oh.D., SH.L, MSU |
| 12.18-19.2023 | 7TH IFSB Executive Programme on Effective Risk Management IV: Future of Risk Management and Lessons Learnt from Banking Failures | Islamic Financial Services Board, Kuala Lumpur, Malaysia |

Other Bank employees have regularly attended orientations and trainings conducted internally by Compliance Unit, CARD-MRI Development Institute, Inc. (CMDI) and others by external organizations to strengthen their areas of expertise, and to update them on regulatory matters, and to 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 also sent to master's degree and short degree programs, both locally and internationally.

The Bank's initiatives are only proof that it gives importance to its greatest asset, its people.

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) on the Board are allotted for the Member-Board of directors. To ensure, however, that the Board passed the required qualifications, a 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 Head to Unit Manager). It must be clear that nominations will come directly from the members and not as endorsed or selected by the Account Officer.

3. The nomination will be forwarded to the HR personnel who will then forward this to the Selection Committee.
4. Personal interviews will be conducted by the Selection Committee at the place where the nominees are residing. Selection committee shall consist of two Board of Directors and an HR.
5. The Selection Committee prepares reports and conducts 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);
 - 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, in family, and in the community;
 - d. Personal attributes: self-confidence, communication skills, values and principle in life, and good grooming; and
 - e. Reputation in the community, family background and how the family is regarded in the community.
6. The 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 consecutive months, one at a time (while 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 for 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 regular observers.
 10. While her status remains as a regular member observer of the Board, she is also invited to join the board committee (Member-Board and Observers, PAR and Savings Committee).
 11. While attending as regular member observer of the Board, she is also given the opportunity to share, and report based on the center visit she conducted during the month.
 12. When an 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/biodata 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 for 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 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 for 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). The 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 for 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.

The Board has the responsibility to establish the means to ensure that governance policies are followed and periodically reviewed for ingoing improvement. The Governance Committee have overseen the periodic performance evaluation of Board and Committee. The Governance Committee has adopted an appraisal system for assessing the board and committee's effectiveness.

Senior Management

Aligned with the performance assessment guidelines of the Bank, Senior Management are subjected to Annual Performance evaluation covering the twelve months target and actual performance of previous year. Performance Evaluation takes into consideration both quantitative and qualitative performance indicators. In the conduct of the Senior Management performance evaluation, standardized Personnel Performance Appraisal Form (PPA) is being used. Accomplished PPA forms by the Senior Management should be submitted to the President and CEO on or before the end of the succeeding month after appraisal period (January 31). Except for independent positions whose PPA should be submitted to the respective independent committee Chairperson. Approved performance evaluation should be submitted to the HRD by the end of February of each year.

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 the preceding year. Further, only expenses deemed necessary for them to attend the meetings and discharge their official duties shall be allowed for reimbursement.

Senior Management

CARD 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 Bank, Inc. continues to grow and expand, it is fundamental to ensure the 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 supported 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 positions.
- Master's Degree Program and short-term leadership management course for middle management officers.
- The mandatory retirement age for all Bank officers and staff including senior officers is 60 years old.

Policy Statement

1. CARD Bank, Inc. must ensure continuity of a strong leadership through operationalizing an effective and sound succession planning and development program.
2. CARD Bank, Inc. must ensure that a strong and sound succession planning program identifies and fosters the next generation of leaders.
3. CARD Bank, Inc. must 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.
4. The Succession Planning and Development Program must link talent development with the strategic goals of the Board, the institution, and the staff.
5. 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 BangkoSentral ng Pilipinas.

Scope

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

Policy Guidelines

1. The Succession Planning and Development Program particularly for the Senior Management is reviewed at the Board level through the Governance Committee at least annually.
2. 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.

Roles and Responsibilities

1. Succession Planning and Development for Key Officers is centralized to the President with the assistance of the HRD. Meanwhile, for the Management Committee and Middle Managers are the responsibility of the HRD with the support from the Supervisors and guidance from the President.
2. The HRD is responsible in finding people who embody the culture of the Bank and will be able to help them develop skills to make CARD Bank, Inc. stay viable in the future.
3. Supervisors and Managers, in line with the staff development program, must look for opportunities for their staff for them to gain experience and must provide them with necessary support and coaching to be more successful.

Development Program

Board and Key management officers shall undergo Development Program to ensure their continuing growth and readiness before actual appointment. This development plan is linked to the gap analysis as a result of talent assessment. For key management officers, each should have listed activity in his/her performance program and timeline which may be geared toward improving an area needing improvement from a previous evaluation or related to an employee's new responsibilities or future career goals. For Board, appropriate trainings and/or exposure shall be provided to continuously meet qualifications as set forth in the Manual of Regulations for Banks.

1. Continuing Education - enrollment in formal degree programs, courses, or workshops.
2. Pursuing certificates, accreditations or other credentials through educational programs.
3. Membership/participation in professional organizations.
4. Attending local and international meetings, conferences and workshops sponsored by professional organizations.
5. Improve job performance and skills.

As part of the professional development program, following approaches will be applied;

1. Skill Based Training – allowing employee to learn conceptual information or necessary behavior, practice the new information and behavior and receive feedback on how employee perform.
2. Job Assignments - learning by doing, working on real problems and dilemmas. The key element is challenge, something that stretches candidate, pushes them out of their comfort zones, and requires them to think and act differently. For the Board, identified potential can sit in Board and committee meeting as observer.
3. Making the most of a training program - having discussion with supervisor regarding the objective of attending, what to get out of it; what have learned at the training session and how this might immediately be applied at work. Practicing skills learned.

List of Major Stockholders of CARD Bank (with more than 10% Equity Shares)

| NAME OF STOCKHOLDER | Nationality | Type of Shares | Percentage of Stockholdings | Voting Status |
|--|-------------|----------------|-----------------------------|---------------|
| Dr. Jaime Aristotle B. Alip | Filipino | Common | 13%* | Voting |
| Dr. Dolores M. Torres | Filipino | Common | 11%* | Voting |
| Ms. Lorenza dT. Bañez | Filipino | Common | 10%* | Voting |
| Center for Agriculture and Rural Development (CARD) Inc. (A Microfinance NGO) | Filipino | Common | 31%* | Voting |
| CARD Mutual Benefit Association, Inc. | Filipino | Preferred | 59%** | Non-Voting |
| Center for Agriculture and Rural Development (CARD) Inc. (A Microfinance NGO) | Filipino | Preferred | 11%** | Non-Voting |

NOTE: *based on total common shares **based on total preferred shares

INDEPENDENT CHECKS AND BALANCES

To ensure robust and exemplary banking operations, CARD Bank 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 Bank management and a foundation for 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 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 were monitored on an ongoing basis. Monitoring of key risks was 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 for the preparation of the financial statements.

Under the direct supervision of the 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 Executive Vice President for Audit reports directly to the Audit Committee on its regular monthly meeting, composed of at least three members of the Board, all are non-executive directors, and majority are 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) is the authorized External Auditor of the Bank. It presents an audit plan to the Audit Committee and performs audit risk assessment. It also reviews 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 the 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 officers have the right to obtain access to information necessary to carry out their responsibilities and conduct investigations of possible breaches of the compliance policy. Compliance is directly reporting to and has direct access to the Board of Directors or Compliance Committee.

The Compliance unit/department is responsible for ensuring that the Bank complies with the requirements, policies, circulars, and guidelines issued by BSP, BRI, LGUs, and other government agencies. Compliance unit thru the Executive Vice President for Compliance reports directly to the Compliance Committee on its monthly regular meetings composed of three 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 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 the Bank may suffer from because 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 (MTPP)

The Bank adopted the Updated Anti-Money Laundering Rules and Regulations of BSP - a comprehensive and risk-based Money Laundering and Terrorist Financing Prevention Program (MTPP) 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 the Bank has conformed with high ethical standards in protecting the safety, soundness, and integrity of the national banking and financial system;
- Ensure that the identity of customer is always established 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 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 BSP for the effective implementation and enforcement of these regulations.

The bank has adopted appropriate guidelines to maintain digital records of customers for swift retrieval of documents and take measures to ensure that customer records are submitted in the manner, quality and period as would assist the AMLC in its prompt financial investigations and institution of legal actions.

The bank takes measures to ensure that its officers and employees are aware of their respective responsibilities in maintaining the confidentiality of financial investigations, and that no officer or employee communicates to any person any information in relation to any request for details and documents by the AMLC during its investigation.

With the increase in digital financial transaction, the Bank also strengthened its monitoring activities on transaction passing through 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.

MTPP 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

Bank's Board of Directors have 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. To ensure consistent and full compliance with money laundering and terrorist financing prevention program, Regional Head is also designated as the liaison officer of the compliance office in their respective branches. The Regional Head is responsible in ensuring that all ALM polices, laws and regulations are being implemented in the branch and all matters needing assistance are reported to the ALM Compliance Officer in Head Office.

b. Compliance Office

The Compliance office through the AML compliance group is primary responsible in the management of the implementation of the Money Laundering and Terrorist Financing Prevention Program (MTPP) of the Bank. This includes achieving the Bank's goals through planning, organizing, leading, and controlling. The Compliance office is independent and has a 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. The AML Compliance Officer is designated to handle the implementation of the MTPP program. He will be the liaison between Bank, the BSP and the AMLC in matters relating to Bank's AML/CFT compliance. He is assisted by three (3) Assistant AML Compliance Officer in monitoring the implementation of this MTPP 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 meetings 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.

The 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, understand, and assess 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.

f. Sharing of Information

The bank has valued most and respected the secrecy and confidentiality of customers' information. Sharing client information to other parties were strictly prohibited except proper consent were executed by the customer or is legally mandated by the competent government authority. Depending on the risk assessment, the bank may require a potential and/or existing customer to sign a waiver on the disclosure of information within the group when it is relevant and appropriate for risk management.

Institutional Risk Assessment

The AML unit of the bank has conducted institutional risk assessment at least once every two (2) years, or as often as the Board or senior management may direct, depending on the level of risks identified in the previous risk assessment, or other relevant AML/CFT developments that may have impact on the Bank's operations. The following are the areas reviews to determine the vulnerability, strength, and weaknesses of the Bank.

- a. Customer Profile
- b. Product and Services
- c. Geographic Location
- d. Delivery Channel
- e. Sanction risk

A risk point value was assigned for each risk level (low, moderate, Above Average, High) identified in the different areas of banking operations reviewed.

RISK MANAGEMENT

Since the bank was established in 1997, risk management is always a priority in all areas of operation. Part of it is the regular monitoring of branches being conducted by the Executive and Management Committee other than the regular audit for all bank branches and head office departments like IT, Compliance, Finance, Security, Marketing, and others.

The Board of Directors delegate authority to Risk Oversight Committee to balance performance and compliance by ensuring that management's actions are consistent with CARD Bank's strategy and in line with the organization's risk tolerance. The Risk Oversight Committee delegates authority for identifying, analyzing, managing, and reporting risks to an independent risk management department.

Risk Management plays a crucial role in the ultimate success of the bank to safeguard critical assets from potential losses, cyber-attacks, and other various risk exposures and ensure that the risk assumed by the bank not only mitigated but appropriately managed to achieve the objective of the bank.

Despite the pandemic that threatens clients' small businesses, the Bank helped or assisted the clients to bounce back from the effects of the pandemic and be resilient this trying time. The Bank continuously expands its bank operations to better serve its ever-growing number of clients and the changing consumer behavior/environment through mobile banking and other digital initiatives.

For effective and efficient credit risk management, a Loan Remedial Officer is vital to assist and reinforce the operation by promoting collections, reducing Portfolio-At-Risk (especially matured loans) as well as reactivation of inactive members

RISK GOVERNANCE

The 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 Management is independent from executive functions and business unit responsibilities, operations, and revenue-generating functions. Although the Chief Risk Officer (CRO) may report to the President, CRO has direct access to the Board of Directors and Risk Oversight Committee without any impediment. CRO has sufficient stature, authority, and seniority within the Bank. CRO has ability to influence decisions that affect the Bank's exposure to risk. CRO engaged in discussions with BOD, ROC, and Senior Management on key risk issues and have access to the information deemed necessary to form sound judgment.

RISK CULTURE

CARD 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 in compliance with circular 900-Guidelines on Operational Risk Management.

The main components shall include:

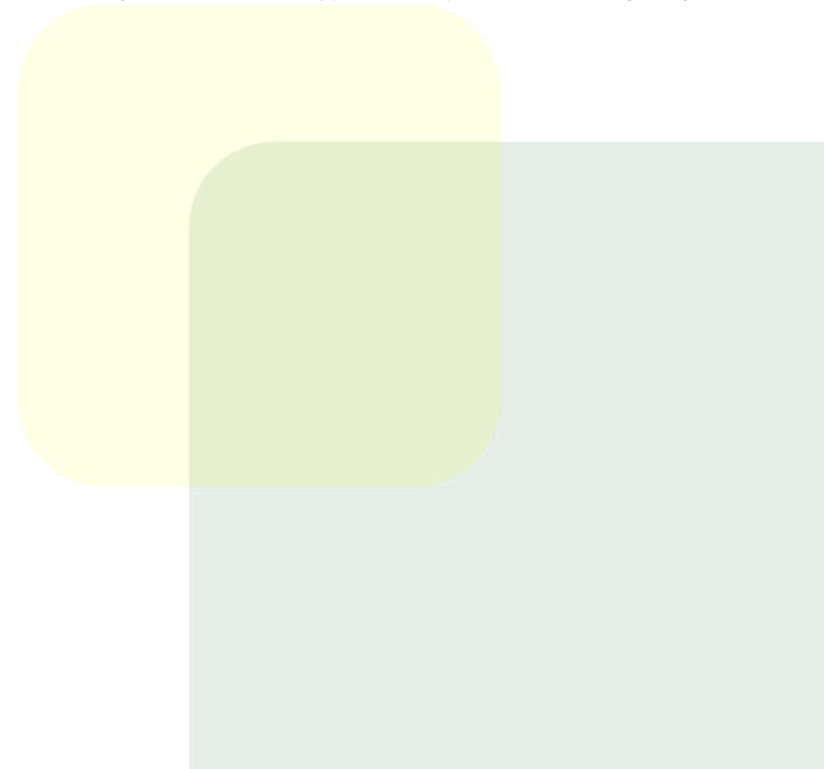
1. Staff at all levels shall clearly understand their responsibilities with respect to risk management.
2. Adoption of procedures with clearly drawn lines of authority, segregated duties and responsibilities, and appropriate checks and balances across the institution.

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 risk management department for ensuring that risk assumed by CARD 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.

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:



| # | TYPE OF RISK | RISK PROFILE | MITIGATING STRATEGIES |
|---|--|--|--|
| 1 | Credit Risk – denotes danger that borrower is not able or willing to pay the principal and/ or interest at maturity date. | <ul style="list-style-type: none"> Highly volatile due to non-collateralized loans High loan loss provisioning eroding profitability and equity Breakdown of discipline by some members that impact some good borrowers | <p>First Line of Defense:</p> <ul style="list-style-type: none"> Intensive follow-up for defaulters Daily monitoring of default members Rehabilitation program for branches with high portfolio at risk Sample legal cases for default members Encourage members attendance in weekly center meetings Intensifying and rebuilding of credit discipline of members thru awareness of advantages and benefits as members/stockholders and Lakbay Aral program. Codified signing and approving authority. <p>Second Line of Defense:</p> <ul style="list-style-type: none"> Mitigate the risk of incurring losses 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 Risk Oversight Committee and board of directors. Check and monitor if credit risk policy is properly implemented Monitor the loan portfolio with higher risk Maintain the level of non-performing loans below 3%. Take specific actions in case part of non-performing loans exceeds 3% to recover the loans such as: <ul style="list-style-type: none"> Develop a policy to recover the uncollected amount of past due loans Up-to-date reporting of the status of the loan portfolio to the Risk Oversight Committee and Board of Directors Check the credit concentration to ensure if within defined limits <p>Third Line of Defense</p> <ul style="list-style-type: none"> Ensure that Internal Audit is an independent function and has the responsibility of reviewing and verifying the internal control systems and procedures to confirm that they are operating smoothly. |
| 2 | Interest Rate Risk - Risks to earnings or capital arising from mismatches of the timing within which interest rates on assets and liabilities can be changed. | <ul style="list-style-type: none"> ALCO regularly monitor this risk | <ul style="list-style-type: none"> Interest rate risk sensitivity decisions is done by the Asset and Liability Committee (ALCO) represented with the Head of Finance and Accounting as Chairperson 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. |

| # | TYPE OF RISK | RISK PROFILE | MITIGATING STRATEGIES |
|---|---|---|---|
| 3 | Liquidity Risk – Risk of a temporary cash flow problem, because assets can be liquidated by large discounts. | Savings composition with an average of 60% of fund had come from savings there are available credit lines. | <p>First Line of Defense</p> <ul style="list-style-type: none"> • Creation of Assets and Liability Committee <ul style="list-style-type: none"> ◦ Management Committee (ALCO) that reviews liquidity position of the bank monthly. • Early repayment and settlement of loan balances when there are excess funds • Continuous savings mobilization activities and program <p>Second Line of Defense</p> <ul style="list-style-type: none"> • To Check if the obligations can pay on time where this is present and future debts considering the nature of performed activities and requirements due to changes in market environment by checking the financial position and contingent liabilities and commitments. • Up-to-date monitoring and reporting to the Risk Oversight Committee if compliant based on the set standard ratio or limit. |
| 4 | Operational Risks - Risk to earnings or capital that may arise because of weakness in organizational structure, poor oversight function of board of directors and senior management, defective personnel recruitment policy, weak internal control system, inadequate internal and external coverage, and deficient management information system. | <ul style="list-style-type: none"> • People Risk: internal fraud, External fraud, incompetency, work force interruption, wrongful employment 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. <p>External Risk: legal risk, regulatory risk, political risk,</p> | <p>First Line of Defense</p> <ul style="list-style-type: none"> • Strengthen internal control through enhancement of monitoring and supervision at all levels • 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, Southern New Hampshire University in USA, South-East Asia Interdisciplinary Development Institute (SAIDI). • Regular monthly monitoring by the Executive and Management Committee each with individual target • Regular management committee meeting once in a month. <p>Second Line of Defense</p> <ul style="list-style-type: none"> • 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. • Up-to-date reporting of the status of the operations related to risk to the Risk Oversight Committee and Board of Directors |
| 5 | Compliance Risk – is the risk of legal or regulatory sanctions, financial loss, or loss to reputation a bank may suffer because of its failure to comply with all applicable laws, regulations, code of conduct and standards of good practice. | Very strong Compliance Unit | <p>First Line of Defense</p> <ul style="list-style-type: none"> • With compliance committee conducting regular monthly meeting. • Regular reporting of compliance risk issues to the Risk Oversight Committee. • Compliance staff is also conducting regular monitoring and testing of branch compliance. <p>Second Line of Defense</p> <ul style="list-style-type: none"> • Check and monitor the status of reporting to BSP if compliant • Reporting of compliance risk issues to the Risk Oversight Committee |

| # | TYPE OF RISK | RISK PROFILE | MITIGATING STRATEGIES |
|---|---|--|--|
| 6 | Information Technology Risk – any risk related to information technology | Procedures are yet in checking parameters. Security feature of the current system is currently establishing. | <p>First Line of Defense</p> <ul style="list-style-type: none"> • Core team to monitor IT related problems was established with regular monthly meeting. • With Board and management oversight. • Regular IT Audit. • Each branch will log all the IT related issues and concerns in ITmate (concern tool) which serve as reference for all the encountered problems and actions taken. • For security of data and source code of the system, IT staff has Confidentiality and Non-Disclosure Agreement (CNDA) <p>Second Line of Defense: Ensure that the risk under Information technology risk is monitored and report to the Risk Oversight Committee as follows:</p> <p>d. Process Risk Areas Check the processes, procedures, and guidelines for managing risks if established and fully documented and reviewed for relevance and usefulness.</p> <p>e. Human Resources Management Risk Areas</p> <ul style="list-style-type: none"> • Check if the assigned personnel possess the required skills to handle the systems, equipment, services, and facilities in placed and planned. • Check if there is Succession planning for key positions. • Check if procedures is put in place that all concerned personnel are briefed on the information security roles and responsibilities. <p>f. Platform / Application Risk Areas</p> <ul style="list-style-type: none"> • 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 software assets, management have considered the availability and adequacy of support to all platforms within the bank and outsourced IT infrastructure. <p>g. Network Security Risk Areas</p> <ul style="list-style-type: none"> • 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 are 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. |

| # | TYPE OF RISK | RISK PROFILE | MITIGATING STRATEGIES |
|---|--------------|--------------|--|
| | | | <p>h. Physical / Environmental Risk Areas</p> <ul style="list-style-type: none"> • Check and report if the physical installation and site of the data center, disaster recovery site(s) and other offices were in a place free from environmental risks like flood, fire etc. Mitigating steps were taken in cases that any site has been identified susceptible to risk. <p>i. Information Assets Risk Areas</p> <ul style="list-style-type: none"> • All identified information and information assets were securely stored with its full documentation for the continuous operations of the systems and infrastructure. Documentations were maintained and kept updated. There are proper process and procedures in place for verification of all the documentations. <p>j. Outsourcing/External Vendor Risk Areas</p> <ul style="list-style-type: none"> • Check if Service level agreement put in place in outsourcing of work to vendors. • Requirements and responsibilities are clear. • 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. • Check if the regular review on the vendor's service performance is also conducted by the IT Governance Department. <p>k. Bank's Responsibility Risk Areas</p> <ul style="list-style-type: none"> • 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. • 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. |

| # | TYPE OF RISK | RISK PROFILE | MITIGATING STRATEGIES |
|---|---|---|---|
| 7 | Legal Risks - Risks to earnings and capital that may arise because of unenforceable contracts, lawsuits, or adverse judgments. | Increasing risk due to increasing transaction. | <ul style="list-style-type: none"> • Well documented and set up detailed guidelines for legal 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. Executives and Legal Counsel are given authority to decide whether to pursue staff cases or execute compromise agreement: • Designation of approving authorities on legal recommendations. • To prevent lawsuit, more importantly, the following are being observed by the bank: <ul style="list-style-type: none"> - 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 CARD Bank. • Review of insurance premium being paid to Philippine Deposit Insurance Corporation. • Periodic review and updating of legal documentation used by CARD Bank. |
| 8 | Market Risks - Risk to earnings or capital arising from the possible decline in value of trading accounts and investment in equities and debt instruments. | <ul style="list-style-type: none"> • Low risk because the bank is not yet involved with trading. • Investment and bills payable are being monitored by ALCO | <ul style="list-style-type: none"> • Ensures to identify, measure, control and monitor market risks that may always arise from the conduct of its business transactions and at its portfolio level. • Active and Appropriate Board and Senior Management Oversight • Proposals and the subsequent new product/activity review are formally presented and written. • An accurate, informative, and timely management information system was regularly prepared and reviewed to inform management and to support compliance with board policy. • 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. |

| # | TYPE OF RISK | RISK PROFILE | MITIGATING STRATEGIES |
|---|---|---|--|
| 9 | Business Continuity Program Management (BCP) Risk - Risk to swiftly resume business operation in the event of business disruptions/disasters | Increasing risk since the bank was in the stage of digital transformation wherein reliant to technology that may impact the operation. However, there were action taken and existing controls to relevant risks and ability of the bank to swiftly resume business operation in any disruptions/disasters | <ul style="list-style-type: none"> • In the event of a disaster which interferes with 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 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), 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. • Coverage of the Business Continuity Management Program (Business Continuity Plan) as follows: <ol style="list-style-type: none"> 1. Alternate and Business Recovery Sites 2. Business Continuity 3. Business Continuity Management (BCM) 4. Business Continuity Plan (BCP)/Plan 5. Business Impact Analysis (BIA) 6. Crisis 7. Crisis Management Plan (CMP) 8. Critical Process 9. Cyber Resilience 10. Events 11. Pandemic 12. Recovery Point Objective (RPO) 13. Recovery Time Objective (RTO) 14. Resilience • Risk Assessment Technology Recovery Plan (TRP)/Disaster Recovery Plan (DRP) |

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 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:

- a. Risk identification wherein the Unit can list down major risk that the Unit is facing.
- b. Major strategies and objectives of the Unit in resolving the identified.
- c. 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:

| RATING | MEANING | 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 to occur |
| 5 | Almost Certain | Greater than 80% of the risk to occur |

Impact to the Organizations

| Rating | Meaning | Financial | Operational | Regulatory | Reputational |
|--------|---------------|--|---|--|--|
| 1 | Insignificant | Impact of risk to the organization might involve either negligible, minimal, high and significant financial loss | Minimal disruption in the delivery of one of the institution's services, products and/or operations | May receive queries or request report to be submitted to regulatory body or may have legal or regulatory sanction and/or penalty | Effect of risk might either be localized, controllable, significant or long lasting on the reputation of the Bank. |
| 2 | Mild | | | | |
| 3 | Moderate | | | | |
| 4 | Significant | | | | |
| 5 | Catastrophic | | | | |

RISK ORGANIZATIONAL STRUCTURE

The Board of Directors

The Board of Directors delegate authority to Risk Oversight Committee to balance performance and compliance by ensuring that management's actions are consistent with CARD Bank's strategy and in line with the organization's risk tolerance. The Risk Oversight Committee delegates authority for identifying, analyzing, managing, and reporting risks to an independent risk management department.

The Risk Oversight Committee

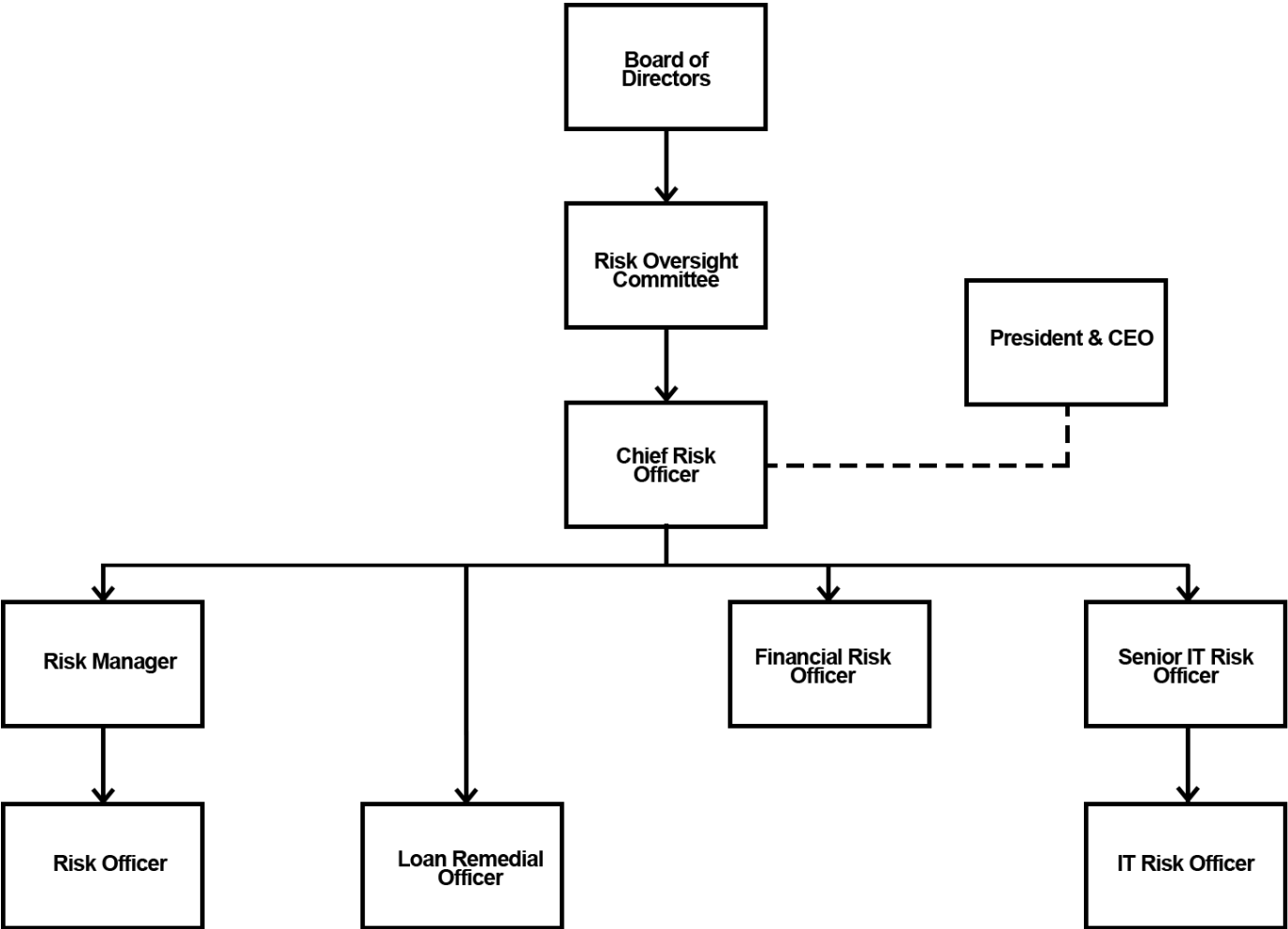
CARD Bank had a founding vision being a bank that would be owned by the poor, especially by the landless rural women. This vision was kept intact by its Board Members, the management, and more importantly, by its members.

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 Bank's 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 Bank has a functioning independent risk management unit that effectively covers all risks (including financial and operational 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.

The unit is headed by a Chief Risk Officer with a level of Vice President who is reporting to Risk Management Committee and regularly coordinating to the President for all the matters related to risk. The unit is composed of Risk Manager, Risk Officer, IT Risk Officer, Loan Remedial Officer and Financial Risk Officer.



CODE OF CONDUCT AND BUSINESS ETHICS

CARD Bank 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.

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. Transaction with related party 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. Policies and procedures 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.

The board shall be the ultimate and overall responsible in ensuring that transactions with related parties are handled in a sound and prudent manner with integrity and in accordance with all applicable laws, rules and regulations to protect all stakeholders. The RPT committee has review and evaluate each transaction with related party to assess its fairness. The RPT committee is composed of three (3) members of the board of directors, all of whom are independent directors.

STAKEHOLDERS INTEREST

CARD Bank recognizes the inherent rights of shareholders in accordance with the law and align the principles and policies with the interest of its shareholders.

CARD 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 Pledge Savings. Dividends are given as one of the benefits of being a stockholder. The stockholders are also given the right to take part in the decision-making of the Bank. The annual Stockholders meeting is organized to inform clients of 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 LGU Fire Department and PNP, fire and earthquake drills, first aid, and robbery/theft training were conducted each year. Such training aims to orient and teach the staff of the Bank on how to properly response and be prepared in times of disaster or unfortunate events. The branch offices were advised to consistently participate in the LGU activities on disaster preparedness initiatives as part of LGU's awareness drive. Regular orientations and reminders were also conducted by the security group during their branch monitoring.

Supplier/Contractor Selection Criteria

CARD Bank conducted an annual review of the accredited suppliers to ensure that the Bank selected the most effective and efficient third-party product and service providers. 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

As the Bank continues to give importance to its employees, the Bank conducted an Annual Physical Exam, commonly known to its staff as APE. The APE provided free health care benefits and free access to health facilities such as fitness center and medical clinics manned by occupational health practitioners. As a member institution of CARD MRI, CARD Bank continuously pursues competence and high regard on our human resources.

SUSTAINABLE FINANCIAL FRAMEWORK

The Bank has given importance to the issues of climate change and other environmental and social risks that could pose financial stability concerns considering its possible impact on the operations of the Bank. As a social-oriented organization, the Bank has incorporated in its operations some initiatives that are aligned with the environmental and social risk management program. Among them are the assessment of client's loan applications to ensure that no client will be given financial assistance if the business or project is related or associated to social and environmental hazardous activities. The Bank has also offered loan products to support environmental and social programs such as Other Loans to help our clients install Solar Power equipment for their electric supply and educational loans for their children and grandchildren. Likewise, the Bank's corporate social responsibility programs were designed to improve the economic status of our clients and their families and contribute to the development of their community.

The sustainability landscape structure implementation of the bank is categorized into four sectors, each containing several fields of action. The first three sectors, namely Strategy and Management, Business Operations and Core Business, form the substance of implementation. The fourth sector, Communications and Corporate Citizenship, makes this substance visible both by communication and by the translation into the practice of donations and contributions.

The Bank has also supported 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 used solar panels in some of our offices to ensure continuous operations despite certain calamities, especially storms and typhoons. This endeavor is also in line with the renewable energy initiative of CARD MRI.

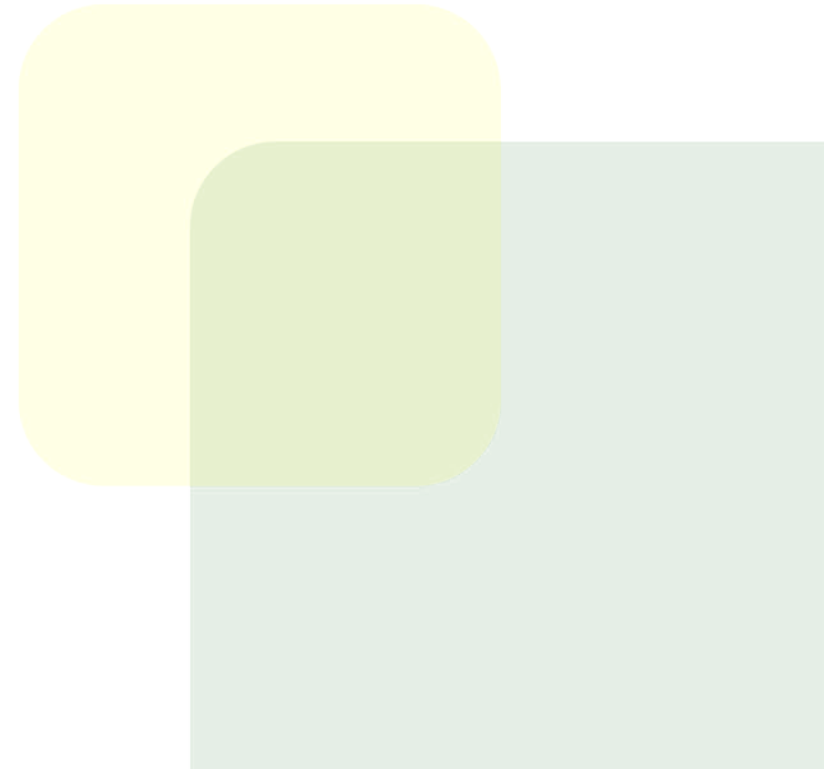
Overview

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

CARD Bank, Inc. accepts that it must work to contribute 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 Bank, Inc. aspires to minimize its impact on our environment and maximize the effective use of resources. We strive 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 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.



SUSTAINABLE DEVELOPMENT POLICY

The Sustainability Policy aims to integrate a philosophy of sustainable development into all the organization's activities and to establish and promote sound environmental and social practice in the operations.

CARD Bank Inc. commits itself to minimizing its adverse impact to our environment and society through;

- Becoming 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.

Commitment to Sustainable Development

CARD Bank, Inc. is committed to support and uphold the principles and development strategy of the United Nations in achieving the 17 Sustainable Goals. Strategies of CARD Bank, Inc. to its journey towards sustainability:

Existing Initiatives and Projects

| NO | SUSTAINABLE DEVELOPMENT GOALS (SDG) ALIGNMENT | RATIONALE | EXISTING INITIATIVES AND PROPOSALS |
|----|---|--|--|
| 1 | No Poverty | <ul style="list-style-type: none"> • End poverty in all its forms everywhere. | <ul style="list-style-type: none"> • Objective and Goals of CARD Bank, Inc. to empower socially and economically challenged women and families with financial services. • Microfinance Products and Services offers loans related to combating poverty. • Progress Poverty Index (PII) |
| 2 | Zero Hunger | <ul style="list-style-type: none"> • End hunger, achieve food security and improved nutrition, and promote sustainable agriculture | <ul style="list-style-type: none"> • Possibility to provide feeding initiatives to the communities. • Sponsorship with LGUs |
| 3 | Good Health and Well Being | <ul style="list-style-type: none"> • Ensure healthy lives and promote well-being for all at all ages | <ul style="list-style-type: none"> • Providing employees with health benefits such as PhilHealth card, EMPC benefits, and health insurances. • Providing clients with insurance and health loans in the form of Sagip and Kabuklod Loan Product. • Free check-up and community health day. |
| 4 | Quality Education | <ul style="list-style-type: none"> • Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all | <ul style="list-style-type: none"> • Provide clients and employees with schooling programs to obtain a bachelor's degree in CMDI. • Provide scholarships to children of clients and employees. • Established the Zero Dropout Educational Scheme (ZeDrES). • Credit with Education (CWE) |

| NO | SUSTAINABLE DEVELOPMENT GOALS (SDG) ALIGNMENT | RATIONALE | EXISTING INITIATIVES AND PROPOSALS |
|----|---|---|--|
| 5 | Gender Equality | <ul style="list-style-type: none"> Achieve gender equality and empower all women and girls. | <ul style="list-style-type: none"> Compliance with Philippines' Republic Act 9262 or Violence Against Women (VAW). Equal gender equality with the clients The same career development, equal treatment, and opportunity for both male and female employees |
| 6 | Clean Water and Sanitation | <ul style="list-style-type: none"> Ensure availability and sustainable management of water and sanitation for all. | <ul style="list-style-type: none"> MD-087-2022: CARD MRI's Commitment to Nation Building Environment Protection HR Advisory: Paalalang Pangkaayusan at Pangkalinisan sa Lugar na Pinagtatrabahuhan at Himpilan Policy memo related to MMA Memo 34: Polisiya at Patakaran Patungkol sa Kalikasan at Panlipunan Sponsorship of cleaning rivers, lakes, and oceans Tree planting |
| 7 | Affordable and Clean Energy | <ul style="list-style-type: none"> Ensure access to affordable, reliable, sustainable, and modern energy for all. | <ul style="list-style-type: none"> Provide solar panels to clients through an affordable loan. Implementation of solar equipment to provide renewable electric source to branches located in far-flung rural areas. |
| 8 | Decent Work and Economic Growth | <ul style="list-style-type: none"> Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. | <ul style="list-style-type: none"> Public Service Awardee of Ramon Magsaysay in 2008. To be included in the Top Employers List |
| 9 | Industry, Innovation, and Infrastructure | <ul style="list-style-type: none"> Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation | <ul style="list-style-type: none"> Development and implementation of technology-based service delivery initiatives e.g. MOB, LOS, Chatbot, DCM, ATM, konek2CARD. Less documents are needed, and less physical storage is required. Use of cloud (e.g. google) checklists compared to paper-based checklist. Continuous digital innovation |
| 10 | Reduced Inequalities | <ul style="list-style-type: none"> Reduce income inequality within and among countries. | <ul style="list-style-type: none"> Equal financial services opportunities for men and women. Acceptance of employees and clients with disability and equal treatment. |
| 11 | Sustainable Cities and Communities | <ul style="list-style-type: none"> Make cities and human settlements inclusive, safe, resilient, and sustainable | <ul style="list-style-type: none"> All employees should have tumblers to prevent using plastic mineral waters. Avoid using plastic utensils. Proper segregation of garbage into Plastic, Paper and "Nabubulok". Possible to have a project initiative of tree planting and community cleaning sponsored by CARD Bank, Inc. Project initiative on how we can give back to the community. CWE consideration regarding Sustainable Cities and Communities. Possible review of housing loan criteria. |
| 12 | Responsible Consumption and Production | <ul style="list-style-type: none"> Ensure sustainable consumption and production patterns | <ul style="list-style-type: none"> Upgrading of Desktop PC/Laptop compared to purchasing new system units. <ol style="list-style-type: none"> For upgrade of storage and memory for basic workstations (e.g. tellers and operations). For advance workstations for Cashier and Bookkeeper, new system unit or an 8th gen processor CPUs or higher, SSD storage and minimum of 8GB memory are required. Use of aircon should be within office hours |

| NO | SUSTAINABLE DEVELOPMENT GOALS (SDG) ALIGNMENT | RATIONALE | EXISTING INITIATIVES AND PROPOSALS |
|----|---|--|---|
| 13 | Climate Action | <ul style="list-style-type: none"> Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy. | <ul style="list-style-type: none"> Develop training modules (Credit with Education or CWE) to give awareness and to educate and engage clients into traditional fishing and farming and conventions method of fishpond management and hydroponic system of planting. |
| 14 | Life Below Water | <ul style="list-style-type: none"> Conserve and sustainably use the oceans, seas, and marine resources for sustainable development. | <ul style="list-style-type: none"> Conserve and sustainably use the oceans, seas, and marine resources for sustainable development. |
| 15 | Life on Land | <ul style="list-style-type: none"> Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss. | <ul style="list-style-type: none"> Avoid and control loans related to the possible degradation of the forest and nature reserves. Tree planting. Clean the lakes (e.g. Sampaloc lake) Monitoring E&S regarding forestry |
| 16 | Peace, Justice, and Strong Institutions | <ul style="list-style-type: none"> Promote peaceful and inclusive society for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels. | <ul style="list-style-type: none"> The institution do not support rebels, bribery, and other wrongdoings. AML compliance consistently monitor possible use of banking facilities for crimes (e.g. money laundering). AML and Compliance awareness |
| 17 | Partnership for the Goals | <ul style="list-style-type: none"> Strengthen the means of implementation and revitalize the global partnership for sustainable development. | <ul style="list-style-type: none"> Partnership with companies with sustainable development goals and ethical practices. |

Social Aspect. Financial inclusion purposes include getting the population out of the financial system (unbanked population) into the formal financial system that will give them the opportunity to access a wider broad financial service that could help them transform their lives and lift their standard of living. Financial institutions such as microfinance are instruments for financial inclusion specifically in providing financial services to the poor who cannot be reached by many formal financial intermediaries. Microfinance is also a development strategy with significant potential for poverty alleviation and economic development.

Microfinance is a tool to enable the poor to start their own business to survive in society, lift out themselves from poverty, and save something to fulfill their basic needs. The provision of microfinance products enables poor people to set up income generating activities that ultimately provide them with income for their domestic consumption.

Environmental Aspect. MFIs involved in environmental management. More particularly, it aims to help donors and technical assistance providers in identifying where to orient their technical and financial support for the promotion of a triple bottom line approach. Larger MFIs tend to perform better in environmental policy and environmental risk assessment.

More mature MFIs tend to have a better environmental performance, in the provision of green microcredit and environmental non-financial services. Financial performance is not significantly related to environmental performance, suggesting that 'green' MFIs are not more or less profitable than other MFIs. MFIs registered as banks are more likely to have a better environmental performance.

The operations of a financial institution do not generate significant environmental and social impacts, but the way their clients/investees manage impacts of their operations may pose risks to a financial institution.

Environmental Aspect. The Banking sector where CARD Bank, Inc. is a part of, has a pivotal role in the development of an economy. It is one of the key drivers of economic growth of the country and has a dynamic role to play in converting the idle capital resources for their optimum utilization to attain maximum productivity (Sharma, 2003). In fact, the foundation of a sound economy depends on how sound the Banking sector is and vice versa.

These microfinance services holders contribute to economic growth and poverty reduction. Microfinance services may aid in reducing eruption of social and moral evils like prostitution, crimes, and the likes. The potential impact of microfinance, to understand how microcredit has a positive impact on the lives of very poor people in the area they are in. It is important to note that the poor in rural areas and small farmers in developing countries are severely affected by extreme poverty threats.

Existing and Emerging E&S Risk

The primary objective of a risk assessment is to identify the potential negative environmental and social impacts so that appropriate strategies to address it will be developed. Listed below are the environmental and social key issues identified in an organization engaged into Micro and Small Medium Enterprises (MSMEs) operations.

- a. Social Issues - These are issues related to sanitation and living conditions, child labor, safety in the workplace, education, illegal activities – for instance illegal CD/DVD copying, illegal sales of alcohol, infrastructure.
- b. Environmental issues - These are issues faced in relation to pollution (e.g., waste, water, air), use of chemicals and pesticides, use of energy, destruction of forest (brick-burning, charcoal production, and wood logging).
- c. Climate issues - While climate change may not be directly caused by the bank's customers and business partners, it is a risk they are facing as well. For example, natural disaster events due to climate change can impact businesses and individuals which can potentially jeopardize their ability to pay back their loans. Equally, transitional risk arise from substantial changes in industries that were accepted and valued over a long period of time - which can also lead to massive economic effects for those affected.

Environmental and Social Policy

CARD Bank, Inc.'s exposure to environmental and social risks are relatively low since the majority of the bank's clientele were individuals and micro or small businesses which engages people living below the poverty line. Although the size of each financed business is small, the collective E&S impacts are considerable given the large number of such clients the Bank supports.

As such, the Bank is committed to adopt appropriate and effective Environmental & Social Risk Management System (ESRMS) to manage its financing activities, products, and services through implementing the following E&S practices:

- Ensure all business activities financed by CARD Bank, Inc. comply with the applicable national E&S laws and local regulations.
- Do not finance any activities on the Exclusion List (Annex A)
- Incorporate E&S risk assessment into the financing activities.
- Carry out E&S monitoring to ensure the client's continual compliances with the bank's E&S requirements.
- Identifying, mitigating, and monitoring the continuous compliance to effective Environmental and Social management shall be implemented.
- Communicate the E&S requirements to the bank's clients and provide E&S training for relevant staff.
- Address the risks of climate change in accordance with Bangko Sentral ng Pilipinas Circular No. 1085 on Sustainable Finance Framework.

Credit Risk Management System (CRMS)

Credit risk management related to Environmental and Social risks is a regular component report of the risk management unit. Composition of loan portfolio is reviewed by Risk Management and reported during Risk Oversight Committee (ROC) meeting. Stress testing and scenario analysis will be developed in the credit strategy and risk appetite.

1. Integration to Banking Operations

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 engaged 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 up 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 of the policy commitment set for environmental and social matters.

The Bank has come up with prohibited lists of activities/business which are considered harmful to the environment and encourage other sources of livelihood programs. Any clients engage in any of the following identified activities, programs, projects, and purpose of businesses do not qualify for financial assistance:

- production or activities involving harmful or exploitative forms of forced labor or child labor;
- production of or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phaseouts or bans, such as (a) pharmaceuticals, pesticides, and herbicides, (b) ozone-depleting substances, (c) polychlorinated biphenyls and other hazardous chemicals, (d) wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora, and (e) transboundary trade in waste or waste products;
- production of or trade in weapons and munitions, including paramilitary materials;
- production of or trade in alcoholic beverages, excluding beer and wine;
- production of or trade in tobacco;¹⁰
- gambling, casinos, and equivalent enterprises;¹⁰
- production of or trade in radioactive materials, including nuclear reactors and components thereof;
- production of, trade in, or use of unbonded asbestos fibers;
- commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests; and
- marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats.

Environmental and Social Risk-Related Loans

| No. | Industrial Sector | Outstanding (Peso) | % of Portfolio |
|--------------|--|-----------------------|----------------|
| 1 | Fabricated Metal Product Manufacturing | 9,706,697.34 | 0.06% |
| 2 | Fishing | 372,983,915.09 | 2.38% |
| 3 | Forestry | 236,685.14 | 0.00% |
| 4 | Furniture and Related Products | 36,226,719.60 | 0.23% |
| 5 | Leather and Allied Products | 973,430.45 | 0.01% |
| 6 | Oil, Gas and Mining | 31,550,822.75 | 0.20% |
| 7 | Plastics and Rubber | 6,131,043.40 | 0.04% |
| TOTAL | | 457,809,313.77 | 2.93% |

| TOTAL E & S LOAN PORTFOLIO VERSUS TOTAL LOAN PORTFOLIO | Total Loan Portfolio | E & S Total Portfolio |
|--|--------------------------|-----------------------|
| | 15,640,358,962.21 | 457,809,313.77 |

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.

- OL-Health Loan-SSS Premium
- OL-Health Loan-PhilHealth Premium
- OL-Health Loan-Insurance Premium

The Bank also offer OL-Health Loan-Laboratory aiming to help and assist our clients and their family members to protect and monitor their health conditions. Laboratory test including regular health check-up is an additional service offered to client to detect and prevent aggravation of their health conditions.

b. Educational Loan Products

This loan product is intended to assist those members with children or dependents in Pre-school and Elementary level (Daycare/Kinder, Prep, and Grades 1 to 6), High School and College level children but needs financial assistance to send them to school.

CARD Bank believes that education has been a powerful tool to reduce poverty incidence in the country. This loan program is aligned with CARD initiative to achieve one (1) family one (1) graduate.

Zero Drop-out Loan Program. The objective of this Zero Dropout Loan Program is to help poor families send, and eventually graduate their children to elementary education. Th Bank recognizes that education is the primary step in poverty alleviation. The poor will get poorer unless he/she is able to read, write, and count, to compete.

c. Solar Loan Products

In reference to the Updated Loan Product Matrix and Additional Guidelines for Solar and SME Loans dated January 19, 2023. The Bank reactivated the offer of Solar Loan to our clients with the following guidelines:

- Solar loans can be availed by the client/member through cash loan release intended to purchase solar power equipment. Proof of purchase/official receipt will be checked and validated by Account Officer and Unit Manager upon Loan Utilization Check (LUC).
- To promote and increase client awareness on Solar Loan Product Features, this will be part of the Center Meeting Agenda to be discussed by the Account Officer.

Credit Risk Management System (CRMS)

The Operational Risk Management System is to effectively identify, assess, monitor, report, and manage E&S risks related to operations. The bank has integrated in its day-to-day operations some 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

Climate change is one of the most complex issues facing us today. It involves many dimensions – science, economics, society, politics and moral and ethical questions – and is a global problem, felt on local scales, that will be around for decades and centuries to come. Carbon dioxide, the heat-trapping greenhouse gas that has driven recent global warming, lingers in the atmosphere for hundreds of years, and the planet (especially the oceans) takes a while to respond to warming. (<https://climate.nasa.gov/solutions/adaptation-mitigation/>)

As part of the Banks 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.

- Unplug all laptops, computers, electric fan, aircon, printers, and others when not in use.
- All Unit Offices except for Bank branches with regular transactions are encouraged to turn off their lights and air condition units during lunch time (12:00nn to 1:00PM).
- Exempted from turning off their lights/air condition units are offices requiring cool temperatures for servers, equipment, and others.
- Replace busted lights with a more energy-efficient LED lights.
- Maintenance personnel should ensure that all water lines are without leaks causing continuous flow of water.

b. Reduce carbon footprints and avoid negative impact on the environment.

- Most emails, including spam ones, unread ones, and those you simply forgot you never deleted are generally stored on the cloud. Cloud storage requires quite a lot of electricity, which in most parts of the world is still generated by fossil fuels. (<https://www.greenmatters.com/p/do-emails-leave-carbon-footprint>)
- To reduce the carbon footprint, if information can be done without using emails, use the alternative to convey the information – calls or text. Do not store bulk data in computers. To prevent too much cloud storage, always delete unnecessary emails, if emails are highly important for future legal or regulatory matters, save a copy of the email thread into your offline files (copy in the word file or save a copy in the off-site back up/desktop).
- Strict implementation of no single use plastic bottles during face-to-face meetings, gatherings or events. All are encouraged to bring their own water bottle/tumbler. No mineral water will be served in plastic bottles effective immediately.
- For affiliate institutions into sale of products (Mga Likha ni Inay, BotiCARD, CARD MRI Astro Laboratories, Inc.) they are advised to refrain from using plastic and make use of recycled materials or eco bags/katsa bags (can be outsourced from CARD clients who are into weaving/tailoring business).
- All vehicle engines should be turned off while waiting for passengers (in center meetings, waiting at the airport/office/events or official transactions. If possible, aircon to

be used during extreme temperatures only, passengers are advised to roll off their windows.

- Practice car-sharing. Instead of using several vehicles on official business/travel, maximize the schedules for efficient travel arrangements through car-sharing. If possible, ride a bike going to office.

c. Proper Management of Hazardous waste

- The bank implemented segregation of waste in all branches and offices. Separate trashcan is installed for plastics waste and for biodegradable and non-biodegradable waste. Recyclable plastics bottles are collected separately and was coordinated with LGU for their recycling program.
- Separate container was maintained for busted fluorescent bulb and other electronic related waste and for changed oils of generators.
- All offices have installed septic tank for proper discharge of wastewater and accredit third party for septic tank siphoning, de-clogging and cleaning.
- The Bank ensure that all its branches and offices has complied with the sanitary and environmental permits.

d. Activities to help fight climate change.

- To schedule regular tree planting activities at the CARD's open spaces.
- Encouraged each office/employee to come up with products/programs aimed at helping improve the environment and alleviate climate change.
- Develop Credit with Education (CWE) Modules related to Climate Change – it's effects, and how can employees and clients can contribute to prevent global warming.
- Coordination with CMDI for the seminar series about climate change and how to combat it.

e. Environment-Friendly Disposals Process of Office Documents

- The Bank ensure the compliance with the Implementing Rules and Regulations of Republic Act 9003 otherwise known as the "Philippine Ecological Solid Waste Management Act of 2000". Disposal of paper should adhere to the Disposal policy considering following:
 1. All written or printed data are subject to the Document Management Policy.
 2. Corporate paper waste classified as internal, restricted or confidential should be shredded locally (within the department) and then recycled along with other non-restricted wastepaper.
 3. Third party suppliers who may handle disposal services must provide the subscribing department with a certificate of data destruction which records all restricted paper waste destroyed.

f. Other activities and initiatives.

- 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 service of the Bank is not just limited to loans and savings. The Bank believe that client education is an important piece 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. Our CARD MRI Development Institute, Inc. prepared a series of educational modules which are being run into program by our Account Officers during weekly center meeting.

3. Consumer Protection Practices

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 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.

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 their associated risks.

CARD BANK 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.

GENERAL STATEMENT

CARD Bank, Inc. ("CARD Bank"), including its affiliates and subsidiaries and all members of the CARD Mutually Reinforcing Institutions ("CARD MRI"), values the confidentiality of personal data and is committed to maintain the privacy of its customers. This Data Privacy Statement ("**Statement**"), details how CARD Bank 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 Bank 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 Bank's banking/financial products and services and/or to implement client-requested transactions, CARD Bank 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
- Mugshots or Identification photos (contains full name, customer information file (CIF), birthdate, mobile number, source of fund, educational attainment and signature)

HOW WE USE YOUR INFORMATION

CARD Bank uses your personal information to provide the services and products that you have availed or intend to avail from CARD Bank, 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 Bank'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 YOUR PERSONAL INFORMATION

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

- Face-to-face and/or telephone conversation with CARD Bank 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 Bank 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 Bank'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 YOUR 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 Bank, 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 Bank for a period no longer than five years from the date of the termination of your account or of the specific transaction with CARD Bank unless CARD Bank is required by law to retain the information for a longer period.

YOUR RIGHTS AS DATA SUBJECT

CARD Bank 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 Bank;
4. Require immediate correction of inaccurate or erroneous personal data under the custody of CARD Bank;
5. Suspend, withdraw, or order the blocking, removal, or destruction of your personal data from CARD Bank'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 Bank 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 Bank.

You may also visit the Customer Service Desk at any of CARD Bank's branches or call the Customer Service Hotlines at the following numbers: cardbankcsr@cardmri.com:

Tel No. : (049)-503-4156
SMART : 0909-233-6852
GLOBE : 0917-707-9819

You may also e-mail us at cardbankcsr@cardmri.com or visit our website www.cardbankph.com.

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

Email: dpo@cardmri.com
Telephone Number: (049) 562-4309
Address: 20 ML Quezon St., City Subdivision, San Pablo City Laguna

CHANGES TO OUR PRIVACY STATEMENT

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

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 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 are 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 the Bank's internally set limits on Capital Adequacy Ratio Liquidity Ratio before and after dividends declaration.

RIGHT TO DIVIDENDS

1. Stockholders have the right to declare dividends subject to the discretion of the Board.
2. The Bank shall be compelled to declare dividends when its retained earnings is in excess of 100% of its paid-up capital, except:
 - a. When justified by definite corporate expansion projects or program approved by the Board; or
 - b. When the Bank is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such has not been secured; or
 - c. When it can be clearly shown that such retention is necessary under circumstances obtaining in the Bank, such as when there is a need for a special reserve for probable contingencies.
 - d. When the Bank's Capital Adequacy Ratio falls below the set internal limit of 15%
 - e. When the Bank's Liquidity Ratio is at 20% and below.

3. The Bank is compliant to BSP issued regulations on dividend declaration.
4. Dividend declaration may be in the form of stock or in cash or both stock and cash.

Requirements on the declaration of dividends

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 BSP, as follows:

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

Specific Guidelines

1. The **net amount available for dividends** shall be the amount of unrestricted or free retained earnings and undivided profits reported in the Financial Reporting Package (FRP) as of the calendar/fiscal year-end immediately preceding the date of dividend declaration. The amount of dividends from the unrestricted/free retained earnings shall be based on a sound accounting system and loss provisioning processes under existing regulations which takes into account relevant capital adjustments including losses, bad debts and unearned profits or income
2. The proposed rate of dividend per share for common stock shall be determined by considering the average CAR after declaring the dividend, which must not be lower than the previous year. The proposed rate of dividends per share for preferred stock shall be at least 8% per year.
3. The proposed rate of dividends per share for preferred stock shall be at least 8% per year.
4. Included in the bank's cash flows.
5. The following ratio must be maintained at its acceptable level:
 - Return on Assets
 - Return on Equity
 - Net Interest Margin
 - Cost to Income
 - Operational Self Sufficiency
 - Liquidity Ratio
 - MLR

Recording of dividends

The liability for dividends declared shall be taken up in the bank's books upon its declaration. For full disclosure purposes, the dividends declared shall be disclosed in the financial statements either as a footnote in the statement of changes in equity or in the notes to the financial statements.

Issuance of fractional shares

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

1. The amount corresponding to the fraction should be given in the form of cash dividend; and
2. The certificate of stock issued should be in whole numbers. In no case shall the certificate of stock be issued including such fractional share.

CONSUMER PROTECTION PRACTICES

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 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. The Board and Senior Management ensure that the 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, the Internal Audit unit likewise ensures that bank's consumer protection practices have been implemented and reviewed.

Bank 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 their associated risks. This shall be applicable even to products and services offered electronically as well as to products catering to different market segments with consideration for segments that may have limited financial literacy.

1. The Bank disclosed key information related to products and services being offered.
2. The bank recognizes the contribution of advertisements and promotional materials as a way in communicating its products and services including its benefits.
3. Members of the board, management, officers, and employees are committed to adhering to ethical business conduct and shall not enter business transactions where conflict of interest may arise. As such, the bank ensures that the following are consistently complied with for the protection of the bank and its customer.
 - a. Full disclosure to the customer prior to any transaction that the bank or its staff has an interest in a direct/cross transaction with consumer.
 - b. Should products be marketed is issued by a related company, the bank informs the customer of the limited availability of the products being marketed.
 - c. Basis of the remuneration (e.g. commission, incentives, etc.) of the bank at pre-contractual stage is disclosed.
 - d. Regular monitoring to promptly identify issues and matters that may be detrimental to the customer is conducted.

b. Protection of customer Information

It is always the bank's primary responsibility to ensure the protection of client information. As such, the bank ensures that policies and procedures to protect customer information and records are in place. This covers protection against any threat to security or integrity of customer's records and information and unauthorized access or use. Among the established policies and guidelines covers the following:

- Confidentiality and security of client information
- Sharing of Customer Information

c. Fair Treatment

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

d. Unauthorized Transactions

The Bank has designated a service helpdesk accountable to 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 has employed.

e. Effective Recourse

Concerns or disputes about fund transfers or alleged unauthorized transactions shall be filed by the clients with the Originating Financial Institution (OFI). The OFI is primarily responsible for providing assistance and redress to the clients. Upon receipt of fund transfer disputes or alleged unauthorized transactions, the OFI shall immediately inform and provide relevant details to the Receiving Financial Institution (RFI).

f. Financial Education and Awareness

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 tools/information materials shall be developed and disseminated to customers.
- Regular monitoring and assessment on campaign materials for possible improvement.

Design and Delivery of Financial Products and Services

The Bank ensure that product and services are adequately aligned with the client needs, goals, and they understand the financial products and aligned with their financial capabilities. The bank gathers consumer insights and/or analytics on consumer behavior, characteristic and constraints to properly identify a target market, design and deliver financial products accordingly, with the attention to the needs of vulnerable segments.

The Bank shall implement the following measures in the design and delivery of financial products and services:

1. Affordability and suitability assessment
2. Product Bundling
3. Cooling-Off Period
4. Prepayment of loans and other credit accommodations

Consumer Assistance Management System (CAMS)

To ensure that clients have an accessible way of reaching the management for their queries, clarifications and complaints on the bank's products and services, the bank has implemented the consumer assistance management system. The consumer assistance management system was posted within the bank's premises and website (www.cardbankph.com) to achieve a good communication system.

- 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 the 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 Officer (CSO) in the branch for walk-in clients;
 - a. Customer Service Desk (Available Monday-Sundays, Holidays, 24/7)
 - √ Customer Service hotline numbers accepting calls:

| | |
|-----------------|-----------------|
| +63909-233-6852 | (Talk and Text) |
| +63998-530-8689 | (Smart) |
| +63943-705-2510 | (Sun) |
| +63917-707-9819 | (Globe) |
 - √ Customer Service hotline numbers for Text and Viber messages:

| | |
|-----------------|---------|
| +63961-021-4271 | (Smart) |
|-----------------|---------|
 - √ Bank's CSR email address: cardbankcsr@cardmri.com
 - √ Facebook Messenger (Chat messages): CSR CARD Bank
 - √ Official website www.cardbankph.com
 - √ Installation of suggestion box and incidents complaint logbooks to all branches and branch-lite unit offices

CORPORATE SOCIAL RESPONSIBILITY

Policy Objective

To promote social empowerment through the Corporate Social Responsibility (CSR) programs of CARD Bank, and to create more opportunities for raising savings mobilization, reducing default rates, and measuring positive community impact among its members.

Policy Statement

CARD Bank shall ensure that the CSR investment will be proactively considered as a business opportunity and strategy to support Social Performance Management as a whole.

For almost three decades, CARD Bank assures its beneficiaries that the programs will address its impact on their lives, such as its relevance in addressing current society concerns, long-term commitment in continuing said programs and services, and effectiveness in inspiring other institutions to commit to similar initiatives.

CARD Bank aims to provide its holistic social development services to its marginalized clients, regardless of background and ethnicity, by giving them access to health care services, affordable education assistance, and immediate distribution of relief goods, stress debriefing, health missions, and immediate claims payment in times of need.

CARD Bank believes that financial support must be complemented with suitable and effective community development services to achieve poverty eradication. CARD Bank has been aggressive in delivering various programs which will assist its clients with their growing business, as well as other needs such as health in education.

A. HEALTH PROTECTION PROGRAM

CARD Bank ensures that the health of its clients is protected. Finding out that most members and their families suffer from common, treatable, and/ or preventable illnesses, CARD Bank established the Microfinance and Health Protection Program (MaHP) unit. With the establishment of the unit, clients then have a greater access to affordable and quality consultation services, prescription drugs, and information on how to seek the correct treatment for a situation. This enables CARD Bank to tend to the clients' and their family's healthcare needs.

With the bank's desire to provide medical assistance to its members and the public, the following are health services were continuously provided:

1. E-Doctor Consultation

The Microfinance and Health Protection (MaHP) program unit provides a free online health consultation using its own Facebook page where our medical health practitioners continue to provide medical support to the communities nationwide.

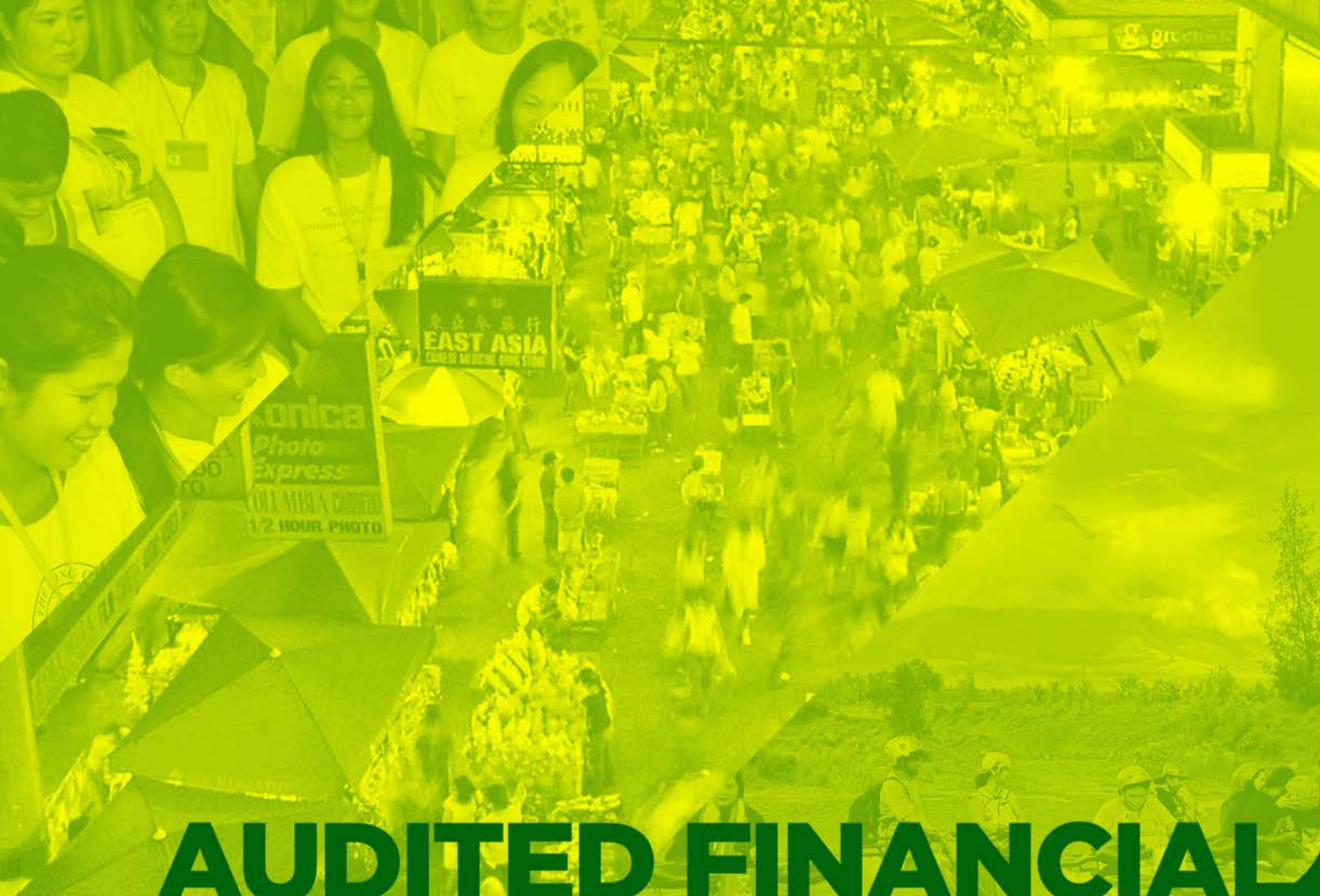
2. E-Doctor Webinar

The CARD e-Doctor also became a venue for CARD Bank to inform and educate the public about health concerns and issues. Despite the viral threat, CARD Bank continues its advocacy in raising awareness on health and wellness.

We continue to provide said primary healthcare needs and business support which we extended across the country.

B. SCHOLARSHIP PROGRAM

Believing that education brings about change in the community, CARD Bank, together with the members of CARD MRI, offers educational assistance and scholarship through the CARD Scholarship Program (CSP), under the Resource Mobilization Unit (RMU) of CARD MRI. Launched in the year 2000, the program has been actively and successfully providing a platform for qualified students to have well-deserved opportunities for education.



AUDITED FINANCIAL STATEMENTS

CARD 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 Bank, Inc. (A Microfinance-Oriented Rural Bank)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CARD Bank, Inc. (A Microfinance-Oriented Rural Bank) (the Bank), which comprise the statements of financial position as of 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 of 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.



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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 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 25 and Revenue Regulations 15-2010 in Note 26 to the financial statements is presented for purposes of filing with the Bangko Sentral ng Pilipinas and 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 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

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 BANK, INC.
(A MICROFINANCE-ORIENTED RURAL BANK)
STATEMENTS OF FINANCIAL POSITION

| | December 31 | |
|--|------------------------|-----------------|
| | 2023 | 2022 |
| ASSETS | | |
| Cash and other cash items (Note 6) | ₱238,493,157 | ₱226,680,834 |
| Due from Bangko Sentral ng Pilipinas (Notes 6 and 13) | 170,614,095 | 311,026,910 |
| Due from other banks (Note 6) | 2,066,396,088 | 2,773,933,851 |
| Financial assets at fair value through other comprehensive income (FVOCI) (Note 7) | 2,011,037,966 | 1,864,237,792 |
| Financial assets at amortized cost (Note 8) | 2,891,303,867 | 2,243,617,576 |
| Loans and receivables, net (Note 9) | 15,674,590,177 | 13,277,809,970 |
| Investments in associates (Note 10) | 750,686,675 | 679,572,915 |
| Property and equipment, net (Note 11) | 821,122,814 | 689,160,494 |
| Retirement asset (Note 19) | 162,048,192 | 214,170,335 |
| Deferred tax assets (Note 21) | 99,599,485 | 189,212,761 |
| Other assets (Note 12) | 161,087,396 | 141,428,437 |
| | ₱25,046,979,912 | ₱22,610,851,875 |
| LIABILITIES AND EQUITY | | |
| Liabilities | | |
| Deposit liabilities (Notes 13 and 22) | | |
| Demand | ₱310,098,598 | ₱292,168,616 |
| Savings | 15,389,546,374 | 14,598,821,830 |
| | 15,699,644,972 | 14,890,990,446 |
| Bills payable (Note 14) | 49,833,749 | 199,381,422 |
| Income tax payable (Note 21) | 351,889,390 | 228,556,580 |
| Other liabilities (Note 15) | 807,468,220 | 732,459,650 |
| | 16,908,836,331 | 16,051,388,098 |
| Equity | | |
| Capital stock (Note 17) | | |
| Preferred stock | 1,372,014,600 | 1,361,010,600 |
| Common stock | 2,991,573,300 | 2,700,738,000 |
| | 4,363,587,900 | 4,061,748,600 |
| Surplus | 3,765,568,318 | 2,462,898,942 |
| Remeasurement gains on retirement liabilities (Note 19) | 23,804,637 | 69,008,447 |
| Share in other comprehensive income of an associate (Note 10) | (1,723,365) | 3,818,135 |
| Net unrealized losses on financial assets at FVOCI (Note 7) | (13,093,909) | (38,010,347) |
| | 8,138,143,581 | 6,559,463,777 |
| | ₱25,046,979,912 | ₱22,610,851,875 |

See accompanying Notes to Financial Statements.

CARD BANK, INC.
(A MICROFINANCE-ORIENTED RURAL BANK)
STATEMENTS OF INCOME

| | Years Ended December 31 | |
|---|--------------------------------|----------------|
| | 2023 | 2022 |
| INTEREST INCOME ON | | |
| Loans and receivables (Note 9) | ₱6,933,053,995 | ₱6,433,577,244 |
| Due from other banks (Note 6) | 147,571,930 | 61,682,474 |
| Investment securities (Notes 7 and 8) | 265,819,666 | 171,853,528 |
| | 7,346,445,591 | 6,667,113,246 |
| INTEREST EXPENSE ON | | |
| Deposit liabilities (Notes 13 and 22) | 282,086,797 | 266,824,639 |
| Bills payable (Note 14) | 2,794,218 | 11,108,237 |
| Lease liabilities (Note 20) | 11,992,157 | 11,685,715 |
| | 296,873,172 | 289,618,591 |
| NET INTEREST INCOME | 7,049,572,419 | 6,377,494,655 |
| Miscellaneous (Note 18) | 232,337,921 | 187,156,546 |
| TOTAL OPERATING INCOME | 7,281,910,340 | 6,564,651,201 |
| OPERATING EXPENSES | | |
| Compensation and benefits (Notes 19 and 22) | 1,925,055,435 | 1,642,230,388 |
| Taxes and licenses | 597,842,746 | 454,277,481 |
| Transportation and travel | 348,646,882 | 322,820,440 |
| Information and technology | 296,952,323 | 242,566,973 |
| Stationery and office supplies | 228,105,291 | 212,492,492 |
| Depreciation and amortization (Note 11) | 212,612,740 | 206,456,012 |
| Postage, telephone, and cable | 114,986,151 | 116,322,094 |
| Employee trainings (Note 22) | 80,930,158 | 50,516,085 |
| Rent (Notes 20 and 22) | 78,005,473 | 73,036,550 |
| Security, messengerial and janitorial | 68,691,122 | 65,165,672 |
| Power, light, and water | 51,574,729 | 53,869,812 |
| Members training and development | 43,890,922 | 18,077,553 |
| Repairs and maintenance | 42,913,052 | 38,258,637 |
| Insurance | 41,741,087 | 42,641,521 |
| Donations and charitable contributions | 30,000,000 | 45,000,000 |
| Provision for expected credit losses (Note 9) | 24,338,613 | 438,261,950 |
| Seminars and meetings (Note 22) | 21,588,643 | 15,183,738 |
| Management and other professional fees | 17,039,368 | 13,975,226 |
| Program monitoring and evaluation | 4,356,405 | 6,370,543 |
| Directors' fee | 3,941,667 | 3,871,814 |
| Miscellaneous (Note 18) | 67,212,128 | 37,719,710 |
| | 4,300,424,935 | 4,099,114,691 |
| INCOME BEFORE SHARE IN NET INCOME OF AN ASSOCIATES | 2,981,485,405 | 2,465,536,510 |
| SHARE IN NET INCOME OF ASSOCIATES (Note 10) | 213,455,228 | 152,025,943 |
| INCOME BEFORE TAX | 3,194,940,633 | 2,617,562,453 |
| PROVISION FOR INCOME TAX (Note 21) | 738,396,209 | 617,550,877 |
| NET INCOME | ₱2,456,544,424 | ₱2,000,011,576 |

See accompanying Notes to Financial Statements.

CARD BANK, INC.
(A MICROFINANCE-ORIENTED RURAL BANK)
STATEMENTS OF COMPREHENSIVE INCOME

| | Years Ended December 31 | |
|--|--------------------------------|-----------------------|
| | 2023 | 2022 |
| NET INCOME | ₱2,456,544,424 | ₱2,000,011,576 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | |
| <i>Items that may not be reclassified to profit or loss:</i> | | |
| Remeasurement gain (loss) on retirement liabilities (Note 19) | (60,271,747) | 69,951,592 |
| Financial assets through other comprehensive income (Note 7) | (2,594,561) | (11,463,135) |
| Income tax effects (Note 21) | 15,716,577 | (14,622,114) |
| | (47,149,731) | 43,866,343 |
| <i>Items that may be reclassified to profit or loss:</i> | | |
| Changes in net unrealized gains (losses) on: | | |
| Financial assets through other comprehensive income (Note 7) | 35,816,478 | (53,481,427) |
| Income tax effects (Note 21) | (8,954,119) | 13,370,356 |
| | 26,862,359 | (40,111,071) |
| Share in other comprehensive income (loss) of associates (Note 10) | (5,541,500) | 7,489,439 |
| | (25,828,873) | 11,244,711 |
| TOTAL COMPREHENSIVE INCOME | ₱2,430,715,552 | ₱2,011,256,287 |

See accompanying Notes to Financial Statements.

CARD BANK, INC.
(A MICROFINANCE-ORIENTED RURAL BANK)
STATEMENTS OF CHANGES IN EQUITY

| | Preferred Stock (Note 17) | Common Stock (Note 17) | Surplus | Surplus Reserve (Note 9) | Remeasurement Gains on Retirement Liabilities (Note 19) | Share in Other Comprehensive Income (Loss) of an Associate (Note 10) | Net Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income (Note 7) | Total |
|-------------------------------------|------------------------------|---------------------------|-----------------------|-----------------------------|--|---|--|-----------------------|
| Balance at January 1, 2023 | ₱1,361,010,600 | ₱2,700,738,000 | ₱2,462,898,942 | ₱– | ₱69,008,447 | ₱3,818,135 | (₱38,010,347) | ₱6,559,463,777 |
| Total comprehensive income | – | – | 2,456,544,424 | – | (45,203,810) | (5,541,500) | 24,916,438 | 2,430,715,552 |
| Issuance of stocks (Note 17) | 11,004,000 | 43,798,800 | – | – | – | – | – | 54,802,800 |
| Release of appropriation | – | – | – | – | – | – | – | – |
| Stock dividends (Note 17) | – | 247,036,500 | (247,036,500) | – | – | – | – | – |
| Cash dividends (Note 17) | – | – | (906,838,548) | – | – | – | – | (906,838,548) |
| Balance at December 31, 2023 | ₱1,372,014,600 | ₱2,991,573,300 | ₱3,765,568,318 | ₱– | ₱23,804,637 | (₱1,723,365) | (₱13,093,909) | ₱8,138,143,581 |
| Balance at January 1, 2022 | ₱1,259,069,800 | ₱1,999,896,500 | ₱1,548,863,125 | ₱179,604,796 | ₱16,544,753 | (₱3,671,304) | ₱10,698,075 | ₱5,011,005,745 |
| Total comprehensive income | – | – | 2,000,011,576 | – | 52,463,694 | 7,489,439 | (48,708,422) | 2,011,256,287 |
| Issuance of stocks | 101,940,800 | 205,866,300 | – | – | – | – | – | 307,807,100 |
| Release of appropriation | – | – | 179,604,796 | (179,604,796) | – | – | – | – |
| Stock dividends (Note 17) | – | 494,975,200 | (494,975,200) | – | – | – | – | – |
| Cash dividends (Note 17) | – | – | (770,605,355) | – | – | – | – | (770,605,355) |
| Balance at December 31, 2022 | ₱1,361,010,600 | ₱2,700,738,000 | ₱2,462,898,942 | ₱– | ₱69,008,447 | ₱3,818,135 | (₱38,010,347) | ₱6,559,463,777 |

See accompanying Notes to Financial Statements.

CARD 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 | ₱3,194,940,633 | ₱2,617,562,453 |
| Adjustments for: | | |
| Share in net income of an associate (Note 10) | (213,455,228) | (152,025,943) |
| Depreciation and amortization (Note 11) | 212,612,740 | 206,456,012 |
| Amortization of net discount on financial assets at FVOCI (Note 7) | (30,838,365) | (5,594,521) |
| Provision for expected credit losses (Note 9) | 24,338,613 | 438,261,950 |
| Retirement expense (Note 19) | 23,563,013 | 41,932,428 |
| Amortization of net discount on financial assets at amortized cost (Note 8) | (10,512,760) | (14,690,747) |
| Amortization of discount on bills payable (Note 14) | 618,578 | 1,863,757 |
| Operating income before changes in operating assets and liabilities | 3,201,267,224 | 3,133,765,389 |
| Net Decrease (Increase) in the amounts of: | | |
| Loans and receivables | (2,421,118,820) | (807,656,244) |
| Other assets | (21,959,079) | 44,127,148 |
| Increase in the amounts of: | | |
| Deposit liabilities | 808,654,525 | 43,654,999 |
| Other liabilities | 92,411,501 | 128,535,806 |
| Net cash generated from operations | 1,659,255,351 | 2,542,427,098 |
| Income taxes paid | (518,687,666) | (499,361,141) |
| Contribution to retirement fund (Note 19) | (31,712,617) | (27,293,272) |
| Net cash provided by operating activities | 1,108,855,068 | 2,015,772,685 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisitions of: | | |
| Financial assets at amortized cost (Note 8) | (831,057,915) | (1,510,539,346) |
| Financial assets at FVOCI | (1,283,334,891) | (1,551,199,679) |
| Property and equipment (Note 11) | (214,267,850) | (79,413,093) |
| Additional investment in associates (Notes 10 and 22) | - | (95,196,063) |
| Proceeds from: | | |
| Maturity of financial assets at amortized cost (Note 8) | 193,884,384 | 1,241,643,520 |
| Redemption of FVOCI investments (Note 7) | 1,200,595,000 | 848,143,000 |
| Dividends from an associate (Note 10) | 136,799,968 | 32,521,050 |
| Disposal of property and equipment (Note 11) | 76,223 | - |
| Net cash used in investing activities | (797,305,081) | (1,247,296,160) |

(Forward)

| | Years Ended December 31 | |
|---|--------------------------------|----------------|
| | 2023 | 2022 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends paid (Notes 17 and 23) | (₱911,578,100) | (₱768,214,492) |
| Settlements of bills payable (Note 14) | (200,000,000) | (582,620,000) |
| Availments of bills payable (Note 14) | 49,833,749 | 199,230,117 |
| Payment of principal portion of lease liability (Notes 20 and 23) | (140,746,691) | (141,429,050) |
| Proceeds from (Note 17): | | |
| Issuance of common stock | 43,798,800 | 205,866,300 |
| Issuance of preferred stock | 11,004,000 | 101,940,800 |
| Net cash used in financing activities | (1,147,688,242) | (985,226,325) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (836,138,255) | (216,749,801) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | | |
| Cash and other cash items | 226,680,834 | 222,663,426 |
| Due from Bangko Sentral ng Pilipinas | 311,026,910 | 302,677,796 |
| Due from other banks | 2,773,933,851 | 3,003,050,174 |
| | 3,311,641,595 | 3,528,391,396 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | |
| Cash and other cash items | 238,493,157 | 226,680,834 |
| Due from Bangko Sentral ng Pilipinas | 170,614,095 | 311,026,910 |
| Due from other banks | 2,066,396,088 | 2,773,933,851 |
| | ₱2,475,503,340 | ₱3,311,641,595 |
| OPERATIONAL CASH FLOWS FROM INTEREST | | |
| Interest received | ₱7,265,147,290 | ₱6,576,216,834 |
| Interest paid | 276,507,808 | 279,072,434 |

See accompanying Notes to Financial Statements.

CARD BANK, INC.
(A MICROFINANCE-ORIENTED RURAL BANK)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

CARD Bank, Inc. (A Microfinance-Oriented Rural Bank) (the Bank) was incorporated in the Philippines on July 1, 1997. The Bank was granted the authority to operate by the Bangko Sentral ng Pilipinas (BSP) on August 25, 1997 and formally opened for business on September 1, 1997.

It is currently engaged in extending microcredit and rural credit to small farmers and tenants and to deserving rural industries or enterprises. The Bank offers a wide range of products and services such as deposit products, loans, and treasury that serve mainly to the consumer market.

On April 16, 2011, the Bank's Board of Directors (BOD) and stockholders approved the amendment to the Articles of Incorporation, adding to the Bank's purpose the function to act as a micro-insurance agent for the presentation, marketing, sale, and servicing of micro-insurance products. This was subsequently approved by the BSP and the Insurance Commission on February 10, 2012 and January 17, 2012, respectively. The Philippine Securities and Exchange Commission (SEC) approved and issued the certificate of filing of amended Articles of Incorporation on June 29, 2012.

The Bank is a member of Center for Agriculture and Rural Development (CARD) - Mutually Reinforcing Institutions (MRI).

As of December 31, 2023 and 2022, the Bank is 31.09% owned by CARD, Inc.

The Bank's executive office is located at 20 M. L. Quezon Street, City Subdivision, San Pablo City, Laguna. The head office is located at No. 35 P. Burgos Street, corner M. Paulino Street, San Pablo City, Laguna. As of December 31, 2023, and 2022, the Bank has 100 branches.

2. Material Accounting Policy Information

Basis of Presentation

The accompanying financial statements have been prepared on a historical cost basis except for financial assets at fair value through other comprehensive income (FVOCI) that have been measured at fair value. The financial statements are presented in Philippine peso (₱), which is the Bank's presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

The financial statements of the Bank include the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The functional currency of the RBU and the FCDU is the Philippine peso and United States dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated accounts in the RBU are translated into their equivalents in Philippine peso (see accounting policy on Foreign Currency Transactions and Translation). The financial statements of these units are combined after eliminating inter-unit accounts and transactions.

Statement of Compliance

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

Presentation of Financial Statements

The statements of financial position of the Bank are presented 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 (non-current) is presented in Note 16.

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if and only 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 the counterparties.

The Bank has no offsetting arrangements with its counterparties.

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 and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Bank has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Adoption of these amendments did not have an impact on the financial statements 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 Policies

Foreign Currency Transactions and Translation *Transactions and balances*

The books of accounts of the RBU are maintained in Philippine peso, the RBU’s functional currency, while those of the FCDU are maintained in USD, the FCDU’s functional currency. For financial reporting purposes, the foreign currency-denominated monetary assets, and monetary liabilities in the RBU are translated in Philippine peso based on the Bankers Association of the Philippines (BAP) closing rates prevailing at end of the year and foreign currency-denominated income and expenses based on the exchange rates at transaction dates. Foreign exchange differences arising from restatements of foreign currency-denominated assets and liabilities in the RBU are credited to or charged against the operations in the period which the rates change. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

FCDU

As at reporting date, the assets, and liabilities of the FCDU are translated into the Bank’s presentation currency, the Philippine peso, using BAP closing exchange rates and its income and expenses are translated at BAP weighted average rate (WAR) for the year.

Exchange differences arising on translation are taken directly to the statement of comprehensive income under ‘Translation adjustment’. Upon actual remittance of FCDU income to RBU, the related exchange differences arising from translation lodged under ‘Miscellaneous income or expense’ is reclassified to the statement of income in the RBU books.

Fair Value Measurement

For measurement and disclosure purposes, the Bank determines the fair value of an asset or liability at initial measurement or at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a 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 a 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 market participants would use when pricing the asset or liability, assuming that 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 non-financial 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 are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Bank determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy (see Note 4).

Cash and Cash Equivalents

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

Due from BSP includes statutory reserves required by the Bank which the Bank considers as cash and cash equivalents as withdrawals can be made to meet the Bank's cash requirements as allowed by the BSP.

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

Regular way purchases or sales of financial assets that require delivery of the assets within the time frame established by regulation or convention in the market are recognized on settlement date. 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 such asset is delivered by the Bank. Deposits and receivables from borrowers are recognized when cash is received or advanced to the borrowers.

Initial recognition of financial instruments

All financial instruments are initially recognized at fair value. Except for financial instruments at fair value through profit or loss (FVTPL), the initial measurement of financial instruments includes transaction costs.

'Day 1' difference

Where the transaction price in a non-active market is different from the fair value 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 under 'Miscellaneous' unless it qualifies for recognition as some other type of asset or liability. In cases where the transaction price used is made of data which is 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 of Financial Assets

Classification and measurement

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 financial assets at FVTPL.

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

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 SPPI on the principal amount outstanding.

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, financial assets at amortized cost, loans and receivables, security deposits (included under "other assets") as financial assets at amortized cost.

Financial assets at FVTPL

Debt financial assets that do not meet the amortized cost criteria, or that meet the criteria but the Bank has chosen to designate as at FVTPL at initial recognition, are measured at fair value through profit or loss. Equity investments are classified as at FVTPL, unless the Bank designates an investment that is not held for trading as at financial asset at FVOCI at initial recognition.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Bank manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

As of December 31, 2023 and 2022, the Bank has not designated any debt instrument that meets the amortized cost criteria as FVTPL. The Bank does not have financial assets at FVTPL as of reporting date.

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the BAP closing rate at the statements of reporting date. The foreign exchange component forms part of its fair value gain or loss.

Financial assets at FVOCI

The Bank applies the new category under PFRS 9 of debt and equity instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

Financial assets at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

Reclassification of financial assets

The Bank can reclassify financial assets if the objective of its business model for managing those financial assets changes. The Bank is required to reclassify the following financial assets:

- from amortized cost to FVTPL if the objective of the business model changes so that the amortized cost criteria are no longer met; and
- from FVTPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the instrument's contractual cash flows meet the amortized cost criteria; and
- from FVOCI to amortized cost if the objective of the business model changes so that the fair value criteria are no longer met but the amortized cost
- criteria is still met and the instrument's contractual cash flows meet the amortized cost criteria.

Reclassification of financial assets designated as at FVTPL or equity financial assets at FVOCI at initial recognition is not permitted.

A change in the objective of the Bank's business model must be effected before the reclassification date. The reclassification date is the beginning of the next reporting period following the change in the business model.

Financial Liabilities at Amortized Cost

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 EIR.

This accounting policy relates to the balance sheet captions 'Deposit liabilities', 'Bills payable' and financial liabilities presented under 'Other liabilities'.

Restructured loans

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered as past due.

Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur. The loan continues to be subject to an individual impairment calculated using the original EIR or collective impairment.

Impairment of Financial Assets

The Bank records expected credit losses (ECL) for all loans and other debt financial assets not classified as FVTPL.

ECL represents 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 (General Approach). 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.

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all non-impaired financial assets which have not experienced a SICR since initial recognition or is considered of low credit risk as of the reporting date. The Bank recognizes a 12-month ECL for Stage 1 financial instruments.

- Stage 2 is comprised of all non-impaired financial assets which have experienced a SICR since initial recognition. The Bank recognizes a lifetime ECL for Stage 2 financial instruments.

For credit-impaired financial instruments:

- Stage 3 is comprised of all financial assets that have 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 Bank recognizes a lifetime ECL for impaired financial instruments.

The Bank records the allowance for expected credit losses for all loans and receivables and other debt financial assets not held at FVTPL. Equity investment are not subject to impairment under PFRS 9. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime ECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12-month ECL, as outlined in Note 5 *Financial Risk Management Objectives and Policies*. The Bank's policies for determining if there has been a significant increase in credit risk are set out in Note 5.

Both lifetime ECL and 12-month ECL are calculated on an individual and collective basis.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 5.

Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets are measured at amortized cost is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon derecognition of the assets.

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:

- the rights to receive cash flows from the asset have expired; or
- 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
- 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. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of 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.

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 statement 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 (POCI).

Write-offs

Financial assets are written off either partially or in their entirety when the Bank no longer expects collections or recoveries within a foreseeable future. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When 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.

Investments in Associates

An associate is an entity over which the Bank has a significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Bank's investment in an associate is accounted for using the equity method.

Under the equity method, investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Bank's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of income reflects the Bank's share of the results of operations of the associate. Any change in OCI of the associate is presented as part of the Bank's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Bank recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Bank and associate are eliminated to the extent of the interest in the associate.

The financial statements of the associates are prepared for the same reporting period as the Bank. The associates' accounting policies conform to those used by the Bank for like transactions and events in similar circumstances.

Upon loss of significant influence over the associate, the Bank measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in statement of income.

Property and Equipment

The Bank's property and equipment consist of land, building, furniture, fixtures and equipment, land and leasehold improvements that do not qualify as investment properties and right-of-use assets.

Land is stated at cost less any impairment in value while depreciable property and equipment such as furniture, fixtures and equipment, building, transportation equipment, leasehold improvements, and land improvements are stated at cost less accumulated depreciation and amortization and any impairment in value.

Construction in progress is stated at cost less any impairment in value. The initial cost is comprised of construction costs and any other directly-attributable costs of bringing asset to its working condition and location for its intended use, including borrowing costs. Construction in progress is not depreciated until such time that the relevant assets are completed and are ready for use.

Depreciation and amortization commences once the property and equipment are available for use and is computed using the straight-line method over the estimated useful lives (EUL) of the respective assets, except for leasehold improvements which are amortized over the shorter of the EUL of the improvements or the terms of the related leases. The EUL of the depreciable assets are as follows:

| | |
|------------------------------------|--|
| Building | 7 to 15 years |
| Furniture, fixtures and equipment | 3 to 7 years |
| Leasehold improvements | 3 years or the terms of the related leases, whichever is shorter |
| Land improvements | 5 years |
| Transportation equipment | 5 to 7 years |
| Right-of-use assets – office space | 1.5 to 10 years |
| Right-of-use assets – vehicles | 1.5 to 2 years |

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

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is credited against profit or loss.

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

Intangible Assets

Intangible assets consist of software costs that are recognized under 'Other assets' in the statement of financial position. 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.

Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in the statement of income in the expense category that is consistent with the function of the intangible assets.

If the entity acquires intangible assets by subcontracting other parties (e.g., development-and-supply contracts or research and development contracts), the entity 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 entity 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.

Software costs recognized as assets are amortized on a straight-line basis over the EUL of three (3) to ten (10) years. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Software costs under development are not amortized until available for use.

Impairment of Non-financial Assets

At each reporting date, the Bank assesses whether there is any indication that its non-financial assets (e.g., investment in an associate, property and equipment, and intangible 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 or CGU exceeds its recoverable amount, the asset (or CGU) 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 (or CGU).

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. 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.

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.

a. 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 adjusted by lease payments made at or before the commencement date and 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 depreciable assets. The depreciation expense is presented under 'Depreciation and amortization' in the statement of income.

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. Refer to the accounting policies on 'Impairment of Non-financial Assets'. Right-of-use assets are presented under 'Property and equipment' in the statement of financial position.

b. 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 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.

Lease liabilities are presented under 'Other liabilities' in the statement of financial position.

c. Short-term leases and leases of low-value assets

The Bank applies the short-term lease recognition exemption to its short-term leases of branch sites (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of branch sites that are considered to be low value (i.e., below ₱250,000). 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.

Bank as a lessor

Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from leased properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Equity

Capital stock

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. The subscribed capital stock is reported in equity less the related subscription receivable.

Surplus

Surplus represents cumulative balance of periodic net income or loss, dividend distributions, if any, to the shareholders, effect of changes in accounting policy, and all other capital adjustments.

Dividends

Dividends on preferred and common shares are recognized as a liability and deducted from retained earnings when approved by the BOD of the Bank. Dividends declared during the year that are approved after the reporting date are dealt with as an event after the reporting date.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Bank assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal. The Bank has concluded that it is acting as a principal in all of its revenue arrangements.

Under PFRS 15, revenue from contracts with customers is recognized when control of the services is transferred to the customer at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for those services.

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. These are recognized as incurred.

The following specific recognition criteria must also be met before revenue is recognized:

Interest income

For all financial instruments measured at amortized cost and AFS investments, income is recorded at EIR, which is the rate that exactly discounts estimated future cash flows through the expected useful 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 (for example, prepayment options), includes 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. The adjusted carrying amount is calculated based on the original EIR. The change in carrying amount is recorded as 'Interest income' in the statement of income.

Once the recorded value of a financial asset or group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the original EIR applied to the new carrying amount.

Under PFRS 9, when a financial asset becomes credit-impaired and is, therefore, regarded as Stage 3 (as discussed in 'Impairment of Financial Assets' above), 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

Commission income, deposit-related fees, penalties and bank charges

Commissions are accrued when earned. Using an output method, revenue is recognized if the Bank has a right to invoice the customer for services directly corresponding to performance completed to date. These includes deposit-related fees, penalties and bank charges are recognized only upon collection or where there is a reasonable degree of certainty as to their collectability. These items are reported under 'Miscellaneous' in the statement of income.

Rental income

Rental income arising on leased properties is accounted for on a straight-line basis over the lease terms on ongoing leases and is recorded in the statement of income under 'Miscellaneous'.

Expense Recognition

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

Interest expense

Interest expense for all interest-bearing financial liabilities is recognized in 'Interest expense' in the statement 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.

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.

Defined contribution plan

The Bank also operates defined contribution plan referred to as "Hybrid Plan" which provides a retirement benefit equal to 100.0% of the member's employer accumulated value, if any, provided that in no case shall 100.0% of the employee accumulated value in Fund A be less than 100.0% of plan salary for every year of credited service.

Employee leave entitlement

Employee leave entitlements pertain to the vacation leave credits that can be carried over and monetized by the employees. The valuation of the Bank's accrual for other long-term employee benefits are dependent on certain assumptions used by its internal actuary in calculating such amounts. Those assumptions include, among others, discount and salary rates, future salary increase and average remaining working lives of employees.

Provisions and Contingencies

Provisions are recognized when the Bank has a present obligation (legal or constructive), as a result of a past event and 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.

Where the Bank expects some or all of a provision to be reimbursed, for example, under an insurance contract, 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 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 the passage of time is recognized under 'Interest expense' in the statement of income.

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

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior year periods 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 as 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. Deferred tax assets are recognized for all deductible temporary differences, carryforward 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 carryforward of unused excess MCIT over RCIT and unused NOLCO can be utilized. Deferred tax assets, 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 transaction, affects neither the accounting income nor taxable income.

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 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.

Current tax and deferred tax relating to items recognized directly in equity is recognized in OCI, and not in the statement of income.

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.

Events After the Reporting Period

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

Standards Issued but not yet Effective

Standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. The listing consists of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards when they become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards and interpretations to have a significant impact on the consolidated financial statements.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted, and that fact must be disclosed.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

- Amendments to PAS 21, *Lack of Exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

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*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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 at reporting date. 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

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position or disclosed in the notes cannot be derived from active markets, they are determined using discounted cash flow model, incorporating inputs such as current market rates of comparable instruments. The carrying values and corresponding fair values of financial instruments, as well as the manner in which fair values were determined, are discussed in more detail in Note 4.

b. Business model test

The Bank manages its financial assets based on business models that maintain adequate level of financial assets to match expected cash outflows and maintain adequate level of high-quality liquid assets while maintaining a strategic portfolio of financial assets for trading activities consistent with its risk appetite.

The Bank's business model can be to hold financial assets to collect contractual cash flows even when sales of certain financial assets occur. PFRS 9, however, emphasizes that if more than an infrequent number of sales are made out of a portfolio of financial assets carried at amortized cost and those sales are more than insignificant in value (either individually or in aggregate), the entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows.

In making this judgment, the Bank considers the circumstances surrounding the disposal as well as the requirements of BSP Circular No. 1011, *Guidelines on the adoption of PFRS 9*.

c. Cash flow characteristics test

In determining the classification of financial assets under PFRS 9, the Bank assesses whether the contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows

d. Determination of significant influence over another entity

The determination of significant influence over another entity, other than the rebuttable presumption of ownership over twenty percent (20.0%), requires significant judgment. In making judgment, the Bank evaluates existence of the following:

- representation on the Board of Directors (BOD) or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the entity and its investee;
- interchange of managerial personnel; or
- provision of essential technical information.

As of December 31, 2023 and 2022, entities in which the Bank has significant influence are disclosed in Note 10.

e. Leases

Bank as lessor

The Bank has entered into commercial property leases on its office space and building and over various transportation equipment. The Bank has determined, based on an evaluation of the terms and conditions of the arrangements (i.e., the lease does not transfer ownership of the asset to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable and the lease term is not for the major part of the asset's economic life), that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Bank as lessee

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.

f. Extension and termination options

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 such as leasehold improvements and location 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 and affects its ability to exercise or not to exercise the option to renew or to terminate.

Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts in the statement of financial position within the next financial year are described below:

a. Impairment of financial assets (PFRS 9)

The measurement of impairment losses under PFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Bank reviews its financial assets and commitments at each reporting date to determine the amount of expected credit losses to be recognized in the statement of financial position and any changes thereto in the statement of income. Additional considerations were made in estimating the ECL in response to the changing credit environment brought about by the coronavirus (COVID-19) pandemic.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- Internal credit grading model, which assigns Probability of Default (PDs) to the individual grades
- 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 CL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, exposure-at-default (EADs) and loss-given-default (LGDs)
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

The ECL models and all ECL-related policies are approved by the ECL Committee and the Risk Oversight Committee. The Risk Management Unit in collaboration with the Data Collection Center calculates the ECL for all credit risk exposures. The total ECL that will be booked by the Finance and Accounting Division is approved by both the Director for Finance and Accounting and the Director of Risk Management Unit.

The related allowance for credit losses on financial assets is disclosed in Note 9.

b. Net plan assets and retirement expense

Net plan assets and retirement expense are dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions are described in Note 19 and include, among others, discount rates, future salary increases and mortality rates, and average remaining working lives of employees. While management believes that the assumptions are reasonable and appropriate, significant differences in the Bank's actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligation.

Since there is no deep market in high-quality corporate bonds in the Philippines, the Bank's discount rate for the defined benefit obligation was determined by considering the yields on long-term government securities. A lower discount rate would increase the present value of benefit obligations. The expected rate of salary increase was determined by considering the inflation, seniority, promotion and other market factors. The Bank evaluates these assumptions on a periodic basis taking into consideration current market conditions and historical market data.

Mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements, while future salary increases is based on the budgeted salary rate increase approved by the BOD. While the Bank believes that the assumptions are reasonable and appropriate, significant differences between actual experience and assumptions may materially affect the cost of employee benefits related to obligations.

Employee turnover was assumed based on the multiple turnover experience rates with margins for fluctuations.

As of December 31, 2023 and 2022, the present value of retirement obligation and fair value of plan assets of the Bank are disclosed in Note 19.

c. Recognition of deferred income taxes

Deferred tax assets are recognized for all unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The estimates of future taxable income indicate that certain temporary differences will be realized in the future. The recognized net deferred tax assets and unrecognized deferred tax assets are disclosed in Note 21.

As of December 31, 2023 and 2022, the Bank expects to realize its recognized deferred tax assets in future taxable periods. The Bank attributed the probability of attaining the forecast of taxable income, and its sufficiency, through planned expansions through establishment of new branches and the general recovery of the economy.

d. Incremental borrowing rate used for lease liabilities

If the Bank cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate in measuring its lease liabilities. The incremental borrowing rate is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value in a similar economic environment. The Bank estimates the incremental borrowing rate using observable inputs (prevailing risk-free market rates) adjusted by the credit risk of the Bank (i.e., credit spread).

The balances of the lease liabilities of the Bank as of December 31, 2023 and 2022 are disclosed in Note 20.

4. Fair Value Measurement

The carrying values of cash and cash equivalents, current loans and receivables, security deposits, current portion of deposit liabilities, current portion of bills payable and financial liabilities under 'Other liabilities' approximate their fair values in view of the relatively short-term maturities of these instruments. Significant amount of loans and receivables are due within 1 year from the reporting date.

Cash and other cash items, due from BSP, due from other banks, current portion of loans and receivables, current portion of security deposits, current portion of deposit liabilities, bills payable, accrued expenses, accrued interest payable, accounts payable and dividends payable. The fair values of these financial instruments approximate their carrying values in view of the short-term maturities of these instruments.

Financial assets at FVOCI

Fair values of quoted government securities are generally based on quoted market prices, which is within the bid-ask price. Financial assets at FVOCI of the Bank are categorized as Level 2 in the absence of bid-offer as at reporting date and due to low volume of trading activity in the market.

Unquoted equity investments classified as financial asset at FVOCI are carried under Level 3 of the fair value hierarchy. This is determined using capital asset pricing model (CAPM). This is a model that describes the relationship between risks and expected return.

Financial assets at amortized cost

Fair values of quoted government securities are generally based on quoted market prices, which is within the bid-ask price. These investments are categorized as Level 2.

Fair values of unquoted debt securities were based on interpolation of Philippine zero rate of 5.2% and 4.8% in 2023 and 2022, respectively. These investments are categorized as Level 3.

Loans and receivables

Fair values are estimated using the discounted cash flow methodology, using the Bank's current incremental lending rates for similar types of receivables or securities. The discount rates used in estimating the fair value of loans and receivables are the incremental lending rates ranging from 5.82% to 5.92% and 3.3% to 7.3% in 2023 and 2022 respectively.

Non-current portion of deposit liabilities and bills payable

Fair values of non-current deposit liabilities are estimated using the discounted cash flow methodology, using the Bank's current incremental borrowing rates for similar borrowings, ranging from 5.82% to 5.90% and 3.7% to 6.8% in 2023 and 2022 respectively, with maturities consistent with those remaining for the liability being valued, if any. Fair values of long-term bills payable were based on interpolation of Philippine zero rate of 5.8% and 4.8% in 2023 and 2022, respectively.

Fair Value Hierarchy

The following table summarizes the carrying amounts and the fair values by level of the fair value hierarchy of the Bank's financial assets and liabilities that are carried at fair value or for which fair value is disclosed as of December 31, 2023 and 2022 (amounts in thousands):

| | 2023 | | | | |
|---|----------------|----------|------------|---------|------------|
| | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
| Recurring fair value measurements | | | | | |
| Financial assets at FVOCI | | | | | |
| Government debt securities | ₱1,979,688 | ₱356,344 | ₱1,623,344 | ₱— | ₱1,979,688 |
| Unquoted equity securities | 31,350 | — | — | 31,350 | 31,350 |
| Assets and liabilities for which fair values are disclosed*: | | | | | |
| Financial assets | | | | | |
| Financial assets at amortized cost | | | | | |
| Government and other debt securities | 2,884,579 | 141,758 | 2,652,442 | 53,426 | 2,847,626 |
| Loans and receivables | | | | | |
| Receivables from borrowers | 16,791 | — | — | 14,737 | 14,737 |
| Financial liabilities carried at amortized cost* | | | | | |
| Deposit liabilities | | | | | |
| Special savings | 1,223,857 | — | — | 942,654 | 942,654 |

*pertain to non-current portion of assets and liabilities presented

| | 2022 | | | | |
|---|----------------|------------|---------|-----------|------------|
| | Carrying Value | Level 1 | Level 2 | Level 3 | Total |
| Recurring fair value measurements | | | | | |
| Financial assets at FVOCI | | | | | |
| Government debt securities | ₱1,831,503 | ₱1,831,503 | ₱— | ₱— | ₱1,831,503 |
| Unquoted equity securities | 32,735 | — | — | 32,735 | 32,735 |
| Assets and liabilities for which fair values are disclosed*: | | | | | |
| Financial assets | | | | | |
| Financial assets at amortized cost | | | | | |
| Government and other debt securities | 2,064,972 | 2,064,972 | — | — | 2,064,972 |
| Loans and receivables | | | | | |
| Receivables from borrowers | 19,038 | — | — | 12,716 | 12,716 |
| Financial liabilities carried at amortized cost* | | | | | |
| Deposit liabilities | | | | | |
| Special savings | 1,113,340 | — | — | 1,058,208 | 1,058,208 |

* pertain to non-current portion of assets and liabilities presented

As of December 31, 2023 and 2022, there were no transfers of financial instruments between Levels 1, 2, and 3.

Inputs used in estimating fair values of financial instruments carried at amortized cost and categorized under Level 3 include risk-free rates and applicable risk premium.

Impact of changes to key assumptions on fair value of level 3 financial instruments measured at fair value

The Bank determined the fair value of its unquoted equity securities classified as financial assets at FVOCI using the dividend yield model. This method is based on inputs other than quoted prices that are observable for the asset such as weighted cost of capital. While loans and special savings fair values are determined using present value of cashflows using BVAL rates based on maturity of the loan.

The assumptions above were used in the "Base Case" projections. These assumptions were individually changed (while holding other assumptions steady as in the Base Case) and the resulting valuations are derived to show sensitivity of the valuation to various changes in assumptions.

| | |
|---|-------------|
| Fair value of financial assets at FVOCI | ₱31,349,911 |
| Alternative scenarios: | |
| Increase/decrease in cost of equity: | |
| +100 basis points | 2,741,112 |
| -100 basis points | (3,323,598) |

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 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 Risk Oversight Committee (ROC), 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 ROC regularly reports to the BOD the results of reviews of actual implementation of risk management policies. The risk management of the Bank is strengthened in conjunction with Audit Committee (AC) and Internal Audit (IA) functions. IA undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the AC.

In addition, an Asset Liability Committee (ALCO) with members from Executive Committee and Management Committee of the Bank, together with the Senior Finance and Accounting officers regularly performs analysis of the operating and financial status of the Bank. In addition, ALCO handles the financial risk management of the Bank.

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 industry concentrations, and by monitoring exposures in relation to such limits.

Management of credit risk

Credit risk is being managed by instilling credit discipline both among the staff and the borrowers. Staff performs close-monitoring and assessment of account throughout the borrowing period, hence, on-time service delivery motivate the borrowers to fulfill their financial obligation to the highest standards. Borrowers are well-oriented and committed on the credit repayment design they undertake. In general, borrowers are also perpetual savers. Consequently, their pledge savings balances serve as guarantee to their loans, which increase their borrowing capacity.

Each business unit has a Unit Manager who reports on all credit related matters to the local management consisting of the Branch Manager and the Regional Director. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolio. Regular audits of business units and credit processes are undertaken by IA. Field operations per unit are frequently monitored by the Executive Committee and Management Committee by actual visitations at the center level and unit office covered area.

In line with the Bank's mission of "providing continued access to integrated microfinance and social development services to an expanding membership base by organizing and empowering women and their families", microfinance services are part of the major programs of the Bank. Accordingly, the microfinance loans portfolio represents the bulk of the Bank's assets. In microfinance lending operations, the field operations personnel are provided with thorough skills training for effective and efficient service delivery. The operations manual is a reference for every operations personnel.

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.

Credit worthiness of microfinance clients is deepened through ownership of the Bank's preferred stock, opportunity for their children to avail scholarship program, and chance to become a regular staff of CARD-MRI. Maximum loan amount per account holder is below 2.0% of the Bank's equity and does not fall under directors, officers, stockholders and related interests (DOSRI) classification.

Consistent monitoring for all past due or impaired accounts are established by competent and diligent staff to maximize recovery. Incentives for bad debts collection have been established and subjected to review and assessment periodically. These were given to staff to recover from the accounts and to fully install credit discipline to clients. Writing off bad accounts are approved by the BOD and reported to the BSP in compliance with the rules and regulations for banks.

An independent research unit continuously conducts market research as a tool for updating and developing loan products responsive to the needs and demands of existing and potential clients. Hence, individual loans for advance microfinance clients have been developed and are being tested as a complement to their micro-entrepreneurial capacities. Loans under this system are fully backed-up by their savings balances and/or collateral required as appropriate.

The ROC closely monitors the overall credit operations. Identified existing and potential risks are acted upon appropriately and are reported during monthly BOD meeting.

Maximum exposure to credit risk

The carrying values of the financial assets and liabilities best represent the maximum exposure to credit risk. The table below shows the analysis of the maximum exposure to risk, net of allowance for credit losses, for financial assets as of December 31, 2023 and 2022:

| 2023 | | | | |
|----------------------------|-------------------|--------------------------|--------------------------------|-----------------|
| | Maximum Exposure* | Fair Value of Collateral | Financial Effect of Collateral | Net Exposure |
| Receivables from borrowers | ₱15,624,470,435 | ₱3,118,383,860 | ₱3,118,383,860 | ₱12,506,086,575 |

*Includes accrued interest receivable, net of allowance for credit losses on receivables from borrowers

| 2022 | | | | |
|----------------------------|-------------------|--------------------------|--------------------------------|-----------------|
| | Maximum Exposure* | Fair Value of Collateral | Financial Effect of Collateral | Net Exposure |
| Receivables from borrowers | ₱13,204,351,929 | ₱3,107,292,827 | ₱3,107,292,827 | ₱10,097,059,102 |

*Includes accrued interest receivable, net of allowance for credit losses on receivables from borrowers

Credit enhancement on receivable from borrowers pertains to deposit hold-out from pledge savings equivalent to 15.0% of the original amount of the loan to the member, deed of assignment, and real estate mortgage as of December 31, 2023 and 2022 (Note 13).

As of December 31, 2023 and 2022, the Bank has no financial assets with rights to offset in accordance with PAS 32. There are also no financial assets that are subject to an enforceable master netting arrangements or similar agreements which require disclosure in the financial statements in accordance with the offsetting disclosure requirements of PFRS 7.

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

| | 2023 | | | | |
|--|------------------------|---------------------------|------------------------------------|---------------------|-------------|
| | Loans and Receivables* | Financial assets at FVOCI | Financial assets at amortized cost | Security Deposits** | Total |
| Wholesale and retail trade; repair of motor vehicles and motorcycles | ₱5,588,463 | ₱– | ₱– | ₱– | ₱5,588,463 |
| Real estate activities | 1,408,011 | – | – | – | 1,408,011 |
| Financial and insurance activities | 2,333,486 | 2,011,038 | 2,891,304 | – | 7,235,828 |
| Public administration and defense; compulsory social security | – | – | – | – | – |
| Agriculture, forestry and fishing | 4,989,955 | – | – | – | 4,989,955 |
| Education | 124,284 | – | – | – | 124,284 |
| Other service activities | 3,559,280 | – | – | 32,059 | 3,591,339 |
| Manufacturing | 417,202 | – | – | – | 417,202 |
| | 18,420,681 | 2,011,038 | 2,891,304 | 32,059 | 23,355,082 |
| Less: Allowance for credit losses | 509,082 | – | – | – | 509,082 |
| Total | ₱17,911,599 | ₱2,011,038 | ₱2,891,304 | ₱32,059 | ₱22,846,000 |

*Consist of due from BSP and other banks, receivable from borrowers and other receivables

**Reported under 'Other assets'

| | 2022 | | | | |
|--|------------------------|---------------------------|------------------------------------|---------------------|-------------|
| | Loans and Receivables* | Financial assets at FVOCI | Financial assets at amortized cost | Security Deposits** | Total |
| Wholesale and retail trade; repair of motor vehicles and motorcycles | ₱7,759,050 | ₱– | ₱– | ₱– | ₱7,759,050 |
| Real estate activities | 304,194 | – | – | – | 304,194 |
| Financial and insurance activities | 3,530,349 | 1,831,503 | 2,243,618 | – | 7,605,470 |
| Public administration and defense; compulsory social security | – | – | – | – | – |
| Agriculture, forestry and fishing | 3,954,797 | – | – | – | 3,954,797 |
| Education | 71,014 | – | – | – | 71,014 |
| Other service activities | 1,431,185 | – | – | 32,152 | 1,463,337 |
| Manufacturing | 216,549 | – | – | – | 216,549 |
| | 17,267,138 | 1,831,503 | 2,243,618 | 32,152 | 21,374,411 |
| Less: Allowance for credit losses | 905,057 | – | – | – | 905,057 |
| Total | ₱16,362,081 | ₱1,831,503 | ₱2,243,618 | ₱32,152 | ₱20,469,354 |

*Consist of due from BSP and other banks, receivable from borrowers and other receivables

**Reported under 'Other assets'

Credit quality per class of financial assets

The credit quality of financial assets is monitored and managed based on the credit standing and history.

Further, the financial assets are also 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, Educ 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.

SME loans and Fringe loans

Those that are considered current and up to 29 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2

Microfinance loans

Those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered 30 up to 89 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 - Agri loans, Educ loans and Other 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.

SME loans and Fringe loans

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

The following tables illustrate the Bank's credit exposures as at December 31, 2023 and 2022:

| | 2023 | | | |
|-------------------------------|--------------|--------------|--------------|--------------|
| | ECL Staging | | | |
| | Stage 1 | Stage 2 | Stage 3 | |
| Due from BSP | 12-month ECL | Lifetime ECL | Lifetime ECL | Total |
| Neither past due nor impaired | | | | |
| High grade | ₱170,614,095 | ₱– | ₱– | ₱170,614,095 |
| Standard grade | – | – | – | – |
| Past due but not impaired | – | – | – | – |
| Past due and impaired | – | – | – | – |
| Gross carrying amount | ₱170,614,095 | ₱– | ₱– | ₱170,614,095 |

| | 2022 | | | |
|-------------------------------|--------------|--------------|--------------|--------------|
| | ECL Staging | | | |
| | Stage 1 | Stage 2 | Stage 3 | |
| Due from BSP | 12-month ECL | Lifetime ECL | Lifetime ECL | Total |
| Neither past due nor impaired | | | | |
| High grade | ₱311,026,910 | ₱– | ₱– | ₱311,026,910 |
| Standard grade | – | – | – | – |
| Past due but not impaired | – | – | – | – |
| Past due and impaired | – | – | – | – |
| Gross carrying amount | ₱311,026,910 | ₱– | ₱– | ₱311,026,910 |

| | 2023 | | | |
|-------------------------------|----------------|--------------|--------------|----------------|
| | ECL Staging | | | |
| | Stage 1 | Stage 2 | Stage 3 | |
| Due from other banks | 12-month ECL | Lifetime ECL | Lifetime ECL | Total |
| Neither past due nor impaired | | | | |
| High grade | ₱2,058,321,331 | ₱– | ₱– | ₱2,058,321,331 |
| Standard grade | 8,074,757 | – | – | 8,074,757 |
| Past due but not impaired | – | – | – | – |
| Past due and impaired | – | – | – | – |
| Gross carrying amount | ₱2,066,396,088 | ₱– | ₱– | ₱2,066,396,088 |

| | 2022 | | | |
|-------------------------------|-------------------------|-------------------------|-------------------------|----------------|
| | ECL Staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Due from other banks | | | | |
| Neither past due nor impaired | | | | |
| High grade | P2,765,735,129 | P– | P– | P2,765,735,129 |
| Standard grade | 8,198,722 | – | – | 8,198,722 |
| Past due but not impaired | – | – | – | – |
| Past due and impaired | – | – | – | – |
| Gross carrying amount | P2,773,933,851 | P– | P– | P2,773,933,851 |

| | 2023 | | | |
|-------------------------------|-------------------------|-------------------------|-------------------------|----------------|
| | ECL Staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Financial assets at FVOCI | | | | |
| Neither past due nor impaired | | | | |
| High grade | P1,979,688,055 | P– | P– | P1,979,688,055 |
| Standard grade | – | – | – | – |
| Past due but not impaired | – | – | – | – |
| Past due and impaired | – | – | – | – |
| Gross carrying amount | P1,979,688,055 | P– | P– | P1,979,688,055 |

| | 2022 | | | |
|-------------------------------|-------------------------|-------------------------|-------------------------|----------------|
| | ECL Staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Financial assets at FVOCI | | | | |
| Neither past due nor impaired | | | | |
| High grade | P1,831,502,920 | P– | P– | P1,831,502,920 |
| Standard grade | – | – | – | – |
| Past due but not impaired | – | – | – | – |
| Past due and impaired | – | – | – | – |
| Gross carrying amount | P1,831,502,920 | P– | P– | P1,831,502,920 |

| | 2023 | | | |
|------------------------------------|-------------------------|-------------------------|-------------------------|----------------|
| | ECL Staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Financial assets at amortized cost | | | | |
| Neither past due nor impaired | | | | |
| High grade | P2,891,303,867 | P– | P– | P2,891,303,867 |
| Standard grade | – | – | – | – |
| Past due but not impaired | – | – | – | – |
| Past due and impaired | – | – | – | – |
| Gross carrying amount | P2,891,303,867 | P– | P– | P2,891,303,867 |

| | 2022 | | | |
|------------------------------------|-------------------------|-------------------------|-------------------------|----------------|
| | ECL Staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Financial assets at amortized cost | | | | |
| Neither past due nor impaired | | | | |
| High grade | P2,243,617,576 | P– | P– | P2,243,617,576 |
| Standard grade | – | – | – | – |
| Past due but not impaired | – | – | – | – |
| Past due and impaired | – | – | – | – |
| Gross carrying amount | P2,243,617,576 | P– | P– | P2,243,617,576 |

Receivable from borrowers

| | 2023 | | | |
|-------------------------------|-------------------------|-------------------------|-------------------------|-----------------|
| | ECL Staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Microfinance loans | | | | |
| Neither past due nor impaired | | | | |
| High grade | P– | P– | P– | P– |
| Standard grade | 9,891,048,753 | – | – | 9,891,048,753 |
| Past due but not impaired | – | – | 96,779,853 | 96,779,853 |
| Past due and impaired | – | – | 235,086,388 | 235,086,388 |
| Gross carrying amount | P9,891,048,753 | P– | P331,866,241 | P10,222,914,994 |

| | 2022 | | | |
|-------------------------------|-------------------------|-------------------------|-------------------------|----------------|
| | ECL Staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Microfinance loans | | | | |
| Neither past due nor impaired | | | | |
| High grade | P– | P– | P– | P– |
| Standard grade | 8,859,598,529 | – | – | 8,859,598,529 |
| Past due but not impaired | – | – | 176,367,570 | 176,367,570 |
| Past due and impaired | – | – | 446,148,103 | 446,148,103 |
| Gross carrying amount | P8,859,598,529 | P– | P622,515,673 | P9,482,114,202 |

| | 2023 | | | |
|-------------------------------|-------------------------|-------------------------|-------------------------|-----------------|
| | ECL Staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Other loans | | | | |
| Neither past due nor impaired | | | | |
| High grade | P– | P– | P– | P– |
| Standard grade | 5,308,528,908 | – | – | P 5,308,528,908 |
| Past due but not impaired | – | 35,279,744 | – | 35,279,744 |
| Past due and impaired | – | – | 73,635,316 | 73,635,316 |
| Gross carrying amount | P5,308,528,908 | P35,279,744 | P73,635,316 | P5,417,443,968 |

| | 2022 | | | |
|-------------------------------|-------------------------|-------------------------|-------------------------|-----------------|
| | ECL Staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Other loans | | | | |
| Neither past due nor impaired | | | | |
| High grade | P– | P– | P– | P– |
| Standard grade | 4,109,623,274 | – | – | P 4,109,623,274 |
| Past due but not impaired | – | 3,079,605 | – | 3,079,605 |
| Past due and impaired | – | – | 142,660,843 | 142,660,843 |
| Gross carrying amount | P4,109,623,274 | P3,079,605 | P142,660,843 | P4,255,363,722 |

Other receivables

| | 2023 | | | |
|-------------------------------|-------------------------|-------------------------|-------------------------|--------------|
| | ECL Staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Accrued interest receivables | | | | |
| Neither past due nor impaired | | | | |
| High grade | P37,815,871 | P– | P– | P37,815,871 |
| Standard grade | 446,837,164 | – | – | 446,837,164 |
| Past due but not impaired | – | – | – | – |
| Past due and impaired | – | – | – | – |
| Gross carrying amount | P484,653,035 | P– | P– | P484,653,035 |

| | 2022 | | | |
|-------------------------------|-------------------------|-------------------------|-------------------------|--------------|
| | ECL Staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Accrued interest receivables | | | | |
| Neither past due nor impaired | | | | |
| High grade | P35,139,004 | P– | P– | P35,139,004 |
| Standard grade | 368,215,730 | – | – | 368,215,730 |
| Past due but not impaired | – | – | – | – |
| Past due and impaired | – | – | – | – |
| Gross carrying amount | P403,354,734 | P– | P– | P403,354,734 |

| | 2023 | | | |
|-------------------------------|-------------------------|-------------------------|-------------------------|-------------|
| | ECL Staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Accounts receivables | | | | |
| Neither past due nor impaired | | | | |
| High grade | P– | P– | P– | P– |
| Standard grade | 51,486,841 | – | – | 51,486,841 |
| Past due but not impaired | – | 196,479 | – | 196,479 |
| Past due and impaired | – | – | 6,976,811 | 6,976,811 |
| Gross carrying amount | P51,486,841 | P196,479 | P6,976,811 | P58,660,131 |

| | 2022 | | | |
|-------------------------------|-------------------------|-------------------------|-------------------------|-------------|
| | ECL Staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Accounts receivables | | | | |
| Neither past due nor impaired | | | | |
| High grade | P= | P= | P= | P= |
| Standard grade | 35,344,260 | — | — | 35,344,260 |
| Past due but not impaired | — | 3,146,218 | — | 3,146,218 |
| Past due and impaired | — | — | 3,543,404 | 3,543,404 |
| Gross carrying amount | P35,344,260 | P3,146,218 | P3,543,404 | P42,033,882 |

| | 2023 | | | |
|-------------------------------|-------------------------|-------------------------|-------------------------|-------------|
| | ECL Staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Security deposits | | | | |
| Neither past due nor impaired | | | | |
| High grade | P32,059,374 | P= | P= | P32,059,374 |
| Standard grade | — | — | — | — |
| Past due but not impaired | — | — | — | — |
| Past due and impaired | — | — | — | — |
| Gross carrying amount | P32,059,374 | P= | P= | P32,059,374 |

| | 2022 | | | |
|-------------------------------|-------------------------|-------------------------|-------------------------|-------------|
| | ECL Staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Security deposits | | | | |
| Neither past due nor impaired | | | | |
| High grade | P32,152,495 | P= | P= | P32,152,495 |
| Standard grade | — | — | — | — |
| Past due but not impaired | — | — | — | — |
| Past due and impaired | — | — | — | — |
| Gross carrying amount | P32,152,495 | P= | P= | P32,152,495 |

The description of the financial assets grading used by the Bank is as follows:

- *High grade* - These are receivables and investments which have a high probability of collection. The counterparty has the apparent ability to satisfy its obligation and the securities on the receivables are readily enforceable. These also include deposits with reputable institutions from which the deposits may be withdrawn and recovered with certainty.
- *Standard grade* - These are deposits, receivables and investments where collections are probable due to the reputation and the financial ability of the counterparty to pay but with experience of default.

As of December 31, 2023 and 2022, the Bank's receivables 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.

As of December 31, 2023 and 2022, the Bank's outstanding restructured receivables tagged as impaired account amounted to P6.8 million and P328.9 million, respectively.

Individually assessed impairment

The Bank determines the allowances appropriate for each significant loan or advances on an individual basis. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance once a financial difficulty has arisen, projected receipts and the expected dividend payout should bankruptcy ensue, the availability of other financial support and the realizable value of collateral, and the timing of the expected cash flows. The impairment losses are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

Collectively assessed impairment

Allowances are assessed collectively for losses on loans and advances that are not individually significant (including residential mortgages and unsecured consumer lending) and for individually significant loans and advances that have no objective evidence as a result of individual impairment assessment. Allowances are evaluated on each reporting date with each portfolio receiving a separate review.

The collective assessment takes account of impairment that is likely to be present in the portfolio even though there is no objective evidence of impairment yet in an individual assessment. Impairment losses are estimated by taking the following information into consideration: historical losses on the portfolio, current economic conditions, the approximate delay between the time a loss is likely to have been incurred and the time it will be identified as requiring an individually assessed impairment allowance, and expected receipts and recoveries once impaired.

Management is responsible for deciding the length of this period which can extend for as long as one year. The impairment allowance is then reviewed by credit management to ensure alignment with the Bank's overall policy.

Impairment assessment (PFRS 9)

The Bank recognizes a credit loss allowance on a financial asset based on whether it has had a significant increase in credit risk since initial recognition. Accordingly, the Bank categorizes its financial assets into three categories:

- Stage 1 - financial asset that has not had a significant increase in credit risk;
- Stage 2 - financial asset that has had a significant increase in credit risk; and
- Stage 3 - financial asset in default.

Generally, the Bank applies a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due.

Further, the Bank considers a financial asset as in default when (a) as a result of one or more loss events, there is objective evidence that its recoverable value is less than its carrying amount; (b) it is classified as doubtful or loss under prudential reporting; (c) it is in litigation; and/or (d) full repayment of principal and interest is unlikely without foreclosure of collateral, if any. When applicable, the Bank also applies a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless the Bank has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Bank then measures the credit loss allowance on a financial instrument at an amount equal to 12-month expected credit losses for items categorized as stage 1 and lifetime credit losses to items categorized as stage 3.

Two modeling approaches were employed to build a consistent framework for the development of all ECL models of the Bank. Both modeling approaches consider past events, current conditions and forecast of economic conditions in assessing impairment.

The complex model approach is used for portfolios with a significant number of historical defaults. This approach was applied to the consumer loan portfolios. These quantitative models are built by applying statistical, economic, financial or mathematical theories, techniques and assumptions to calculate provisions. Where historical data are insufficient to develop statistical models, the simplified ECL approach was employed.

Default and cure

As a part of a qualitative assessment of whether a customer is in default, the Bank considers a variety of instances that may indicate unlikelihood to pay. The Bank's definition of default is aligned with the non-performing loan criteria as prescribed in BSP Circular No. 941. Defaults refer to loans, investments, receivables, or any financial asset, even without missed contractual payments, that satisfy any of the following conditions (1) impaired under existing accounting standards, (2) classified as doubtful or loss, (3) in litigation, (4) and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are (5) unpaid for more than ninety (90) days from contractual due date, or accrued interests for more than ninety (90) days have been capitalized, refinanced, or delayed by agreement. (6) Microfinance and other small loans with similar credit characteristics shall be considered non-performing after contractual due date or after it has become past due. (7) Restructured loans shall be considered nonperforming. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained. Defaults are characterized by financial assets that have objective evidence of impairment at the reporting date and as such classified under Stage 3 ECL treatment.

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 above and there is sufficient evidence to support full collection through payments received for at least 6 months. Cured accounts are classified under Stage 1 ECL treatment.

Exposure at default (EAD)

The Bank defines EAD as the principal and interests that would not be collected assuming the borrower's defaults during a future point in time. The Bank computes for a financial asset's EAD using the expected contractual cash flows during the contractual life of the financial instrument less the savings retention required for the loan. The bank believes that the savings retention decreases the exposure from non-collection since the bank has the contractual right to deduct the savings retention from any unpaid amount in the event of customer default. A financial asset's EAD is defined as the sum of EAD from principal and EAD from interest less the savings retention.

Probability of default (PD)

The Bank uses forward-looking PD estimates that are unbiased and probability-weighted using a range of possible outcomes. The PD for each individual instrument is modelled based on historical data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. As at December 31, 2023, the Bank used sophisticated PD methodology using Binary Logistic Regression Model per Loan Product, while as at December 31, 2022, the Bank used simplified PD methodology using Transition Matrix per Loan Product. For December 31, 2023, the PD methodology for each relevant portfolio is based on the underlying nature or characteristic of the portfolio, behavior of the accounts and materiality of the segment as compared to the total portfolio segmenting each loan portfolio to PD score bands grouping with 1 as the highest grade and 5 as the lowest grade. The Bank's PDs are mainly categorized into the following: (a)

microfinance loans (b) small and medium-size enterprise financing; and (c) personal and consumption loans.

Loss given default (LGD)

The Bank's LGD model considers certain factors such as the historical cash flow recovery, reasonable and supportable information about future economic conditions, where appropriate and the recovery period of the loan during the time it matured. Generally, the model utilizes the Bank's existing loan exposure rating system which is designed to capture these factors as well as the period where recovery of interest and principal is already finished. In cases wherein this does not apply, the Bank looks into the standard characteristics of collaterals (e.g., auto and housing loans) in order to estimate an LGD factor.

Economic overlays

The Bank's incorporates economic overlays into the measurement of ECL to add a forward-looking risk measure parallel to the expected future macroeconomic atmosphere. 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. The Bank's loans and receivables consist of different portfolios, such as corporate and commercial loans and consumer loans, as well as other receivables (e.g., sales contract receivables). In compliance with PFRS 9, the Bank developed ECL parameters and methodologies for each portfolio, using historical data as well as forward-looking inputs and assumptions. In addition, to further reflect the effect of COVID-19 pandemic, additional overlay related to number of cases was added in the model to have a multiplier effect on the PD rate.

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.

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.

Through CARD-MRI's Treasury Group 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 Bank expects that majority of the depositors will not request payment on the earliest date that the Bank could be required to pay.

The ALCO is responsible in 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 microfinance savings.

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

| | 2023 | | | | | Total |
|-------------------------------------|----------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| | On Demand | Less than 30 days | 30 to 90 days | 91 to 360 days | More than 360 days | |
| Financial Assets | | | | | | |
| Cash and other cash items | ₱238,493 | ₱– | ₱– | ₱– | ₱– | ₱238,493 |
| Due from BSP | 170,614 | – | – | – | – | 170,614 |
| Due from other banks* | 659,584 | – | 1,391,186 | 75,664 | – | 2,126,434 |
| Financial assets at FVOCI* | – | – | 54,588 | 215,409 | 1,822,707 | 2,092,704 |
| Financial assets at amortized cost* | 233 | 40 | 82 | 48,239 | 2,958,362 | 3,006,956 |
| Loans and receivables* | | | | | | |
| Microfinance | 267,429 | 762,857 | 2,674,925 | 12,970,489 | 2,322 | 16,678,022 |
| Others | 125,208 | 682,373 | 936,228 | 4,927,868 | 14,469 | 6,686,146 |
| Total Financial Assets | 1,461,561 | 1,445,270 | 5,057,009 | 18,237,669 | 4,797,860 | 30,999,369 |
| Financial Liabilities | | | | | | |
| Deposit liabilities | | | | | | |
| Demand | 310,099 | – | – | – | – | 310,099 |
| Savings* | 12,752,949 | 1,189,301 | 170,337 | 272,660 | 1,260,573 | 15,645,820 |
| Bills payable* | – | – | – | 51,827 | – | 51,827 |
| Other liabilities | 254,307 | 15,663 | 31,394 | 72,294 | 269,287 | 642,945 |
| Total Financial Liabilities | 13,317,355 | 1,204,964 | 201,731 | 396,781 | 1,529,860 | 16,650,691 |
| Net | (₱11,855,794) | ₱240,306 | ₱4,855,278 | ₱17,840,888 | ₱3,268,000 | ₱14,348,678 |

*includes future interest

| | 2022 | | | | | Total |
|-------------------------------------|---------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| | On Demand | Less than 30 days | 30 to 90 days | 91 to 360 days | More than 360 days | |
| Financial Assets | | | | | | |
| Cash and other cash items | ₱226,681 | ₱– | ₱– | ₱– | ₱– | ₱226,681 |
| Due from BSP | 311,027 | – | – | – | – | 311,027 |
| Due from other banks* | 823,661 | 1,553,674 | 483,091 | – | – | 2,860,426 |
| Financial assets at FVOCI* | – | – | – | 51,123 | 1,893,278 | 1,944,401 |
| Financial assets at amortized cost* | 2,090 | – | – | 183,700 | 2,147,572 | 2,333,362 |
| Loans and receivables* | | | | | | |
| Microfinance | 507,251 | 771,039 | 2,527,947 | 12,043,148 | – | 15,849,385 |
| Others | 479,192 | 225,936 | 813,827 | 3,975,985 | 19,038 | 5,513,978 |
| Total Financial Assets | 2,349,902 | 2,550,649 | 3,824,865 | 16,253,956 | 4,059,888 | 29,039,260 |
| Financial Liabilities | | | | | | |
| Deposit liabilities | | | | | | |
| Demand | 292,169 | – | – | – | – | 292,169 |
| Savings* | 11,516,219 | 1,510,370 | 116,843 | 555,372 | 1,146,740 | 14,845,544 |
| Bills payable* | – | – | – | 207,381 | – | 207,381 |
| Other liabilities | 219,718 | 5,542 | – | 131,328 | 238,893 | 595,481 |
| Total Financial Liabilities | 12,028,106 | 1,515,912 | 116,843 | 894,081 | 1,385,633 | 15,940,575 |
| Net | (₱9,678,204) | ₱1,034,737 | ₱3,708,022 | ₱15,359,875 | ₱2,674,255 | ₱13,098,685 |

*includes future interest

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 therefore are not subject to any interest rate risk.

Interest rate risk

The Bank's receivables earn fixed interest rates ranging from 12.0% to 28.0% per annum with equivalent EIR ranging from 16.0% to 52.0% in 2023 and 2022. The shortest term of loan is one (1) month while the longest term is twelve (12) years.

The Bank's savings deposit liabilities include compulsory and voluntary savings that earn 0.3% to 6.0% per annum in 2023 and 2022. Special savings deposits have interest rates of 2.0% to 4.3% in 2023 and 2022.

The Bank pays fixed interest rates on its bills payables, with interest rates ranging from 4.2% to 6.5% per annum in 2023 and 2022, and payable within 6 months to 7 years in 2023 and 2022.

In order to manage its net interest margin, the Bank places its excess funds in high-yield investments and other short-term time deposits.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in interest rates. The Bank's exposure to fair value interest rate risk relates primarily to investments in FVOCI debt securities.

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Bank's OCI to the impact of interest on FVOCI debt securities:

| | Changes in interest rates (in basis points) | | | |
|-----------------------|---|------------|--------------|------------|
| | 2023 | | 2022 | |
| | +10.0 | -10.0 | +10.0 | -10.0 |
| Sensitivity of equity | (21,908,564) | 22,308,009 | (30,819,513) | 31,566,434 |

Cash flow interest rate risk

The exposure to cash flow interest rate risk results primarily from financial instruments which carry floating interest rates that are reset as market rates changes. As at December 31, 2023 and 2022, the Bank has no financial assets at FVOCI, financial assets at amortized cost, and financial liabilities that have floating interest rates, therefore no exposure to cash flow interest risk.

Foreign currency risk

The Bank's exposure to foreign exchange risk is minimal as it arises mainly from foreign currency-denominated liabilities (foreign currency liabilities).

Foreign currency liabilities generally consist of foreign currency deposits in the Bank's FCDU account made in the Philippines or which are generated from remittances to the Philippines by Filipino expatriates and overseas Filipino workers who retain for their own benefit or for the benefit of a third party, foreign currency deposit accounts with the Bank and foreign currency-denominated borrowings appearing in the regular books of the Bank.

Foreign currency deposits are generally used for those depositors accepting and will accept remittance from abroad. Banks are required by the BSP to match the foreign currency assets with the foreign currency liabilities held through FCDUs.

The Bank's policy is to maintain foreign currency exposure within existing regulations and within acceptable risk limits. The Bank believes in ensuring its foreign currency exposure is, at all times, within limits presented for a financial institution engaged in the type of business in which the Bank is engaged in. As at December 31, 2023 and 2022, the Bank has no significant foreign currency exposure since its transactions and balances in FCDU are only minimal.

Operational Risk Management Policies and Procedures

Operational risk is the probability of risk to capital or earnings, or potential loss arising from fraud, unauthorized activities, errors, omissions, system failures or from external events. This is the broadest risk type encompassing product development and delivery, operational processing, systems development, computing systems, complexity of products and services, and the internal control environment.

Operational risk management is considered a critical element in the Bank's commitment to sound management and corporate governance. Under the Bank's operational risk management framework and operational risk manual, a risk-based approach is used in mapping operational risks along critical/key business processes, addressing any deficiencies/weaknesses through the proactive process of identifying, assessing and limiting impact of risk in every business/operational area.

Bank policies on internal control, information security, and other operational risk aspects have been established. Key risk indicators and risk assessment guidelines have been implemented and disseminated to different sectors of the Bank to provide alerts for operational risk vulnerabilities. The Bank has instituted a risk and control assessment process, as well as an issue escalation procedure to ensure that issues or incidents where lapses in controls occur are captured, evaluated and elevated for correction. The bank has an established a business continuity plan to ensure continued bank operations in the face of potential disruptions to operations as well as fraud management framework for the prevention, detection, investigation and recovery strategies to manage fraud, both internal and external.

6. Cash and Cash Equivalents

The composition of this account follows:

| | 2023 | 2022 |
|---------------------------|-----------------------|----------------|
| Cash and other cash items | ₱238,493,157 | ₱226,680,834 |
| Due from BSP | 170,614,095 | 311,026,910 |
| Due from other banks | 2,066,396,088 | 2,773,933,851 |
| | ₱2,475,503,340 | ₱3,311,641,595 |

Cash includes cash in vault and in automated teller machines.

Due from BSP account represents the aggregate balance of noninterest-bearing peso deposit account with the BSP which the Bank maintains primarily to meet reserve requirements and to serve as a clearing account for interbank claims (Note 13).

Due from other banks represent funds deposited with domestic banks which are used as part of the Bank's operating funds.

Due from other banks consists of:

| | 2023 | 2022 |
|-----------------|-----------------------|----------------|
| Demand deposit | ₱522,881,976 | ₱684,489,673 |
| Savings deposit | 130,171,086 | 131,016,183 |
| Time deposit | 1,413,343,026 | 1,958,427,995 |
| | ₱2,066,396,088 | ₱2,773,933,851 |

As at December 31, 2023 and 2022, due from other banks include dollar-denominated deposits amounting to \$0.5 million (₱27.1 million) and \$0.1 million (₱6.95 million), respectively.

Peso-denominated deposits pertain to demand, savings, and time deposit accounts that earn interest at annual rates ranging from nil to 6.4% and nil to 5.8% in 2023 and 2022, respectively. Dollar-denominated deposits earn interest at annual rates ranging from 0.1% to 4.9% and 0.1% to 0.3% in 2023 and 2022 respectively.

Total interest income earned on deposits from other banks amounted to ₱147.6 million and ₱61.7 million in 2023 and 2022, respectively. Of these amounts, ₱96,295 and ₱3,594 pertain to interest income from dollar deposits in 2023 and 2022, respectively. Foreign exchange gain recognized under miscellaneous income amounted to ₱483,502 and ₱678,577 in 2023 and 2022, respectively (Note 18).

7. Financial Assets at Fair Value through Other Comprehensive Income

This account consists of:

| | 2023 | 2022 |
|--------------------------------------|-----------------------|----------------|
| Quoted government debt securities | ₱1,979,688,055 | ₱1,831,502,920 |
| Unquoted equity securities (Note 22) | 31,349,911 | 32,734,872 |
| | ₱2,011,037,966 | ₱1,864,237,792 |

Quoted Government Debt Securities

Debt securities at FVOCI consist of quoted government debt securities that earn nominal interest rates ranging from 0.0% to 6.5% and 1.5% to 6.5% in 2023 and 2022, respectively. Effective interest rates range from 2.7% to 6.5% and 2.7% to 6.5% in 2023 and 2022, respectively.

Unquoted Equity Securities

In 2022, the Bank acquired 149,697 preferred shares of CARD MRI Rizal Bank, Inc. (RBI), at ₱200 par value representing 15.0% ownership with a total amount of ₱29.9 million. In 2023, the Bank's ownership interest to CARD RBI increased to 15.6% by acquiring additional preferred shares of 6,048.

Interest income on financial assets at FVOCI amounted to ₱122.9 million and ₱79.7 million in 2023 and 2022, respectively. Amortization of premium on financial assets at FVOCI amounted to ₱30.8 million and ₱5.6 million in 2023 and 2022, respectively.

The movements in the net unrealized losses on financial assets at FVOCI of the Bank follow:

| | 2023 | 2022 |
|------------------------------------|---------------|---------------|
| Balance at January 1 | (P38,010,347) | P10,698,075 |
| Fair value changes during the year | 33,221,917 | (64,944,562) |
| Income tax effects | (8,305,479) | 16,236,140 |
| | 24,916,438 | (48,708,422) |
| Balance at December 31 | (P13,093,909) | (P38,010,347) |

8. Financial Assets at Amortized Cost

This account consists of:

| | 2023 | 2022 |
|--------------------------|----------------|----------------|
| Quoted debt securities | P2,845,501,893 | P2,179,284,217 |
| Unquoted debt securities | 45,801,974 | 64,333,359 |
| | P2,891,303,867 | P2,243,617,576 |

Quoted Debt Securities

Government debt securities have fixed annual interest rates ranging from 2.6% to 6.5% and 2.6% to 3.8% in 2023 and 2022, respectively. Effective interest rates range from 3.4% to 6.17% and 3.4% to 5.4% in 2023 and 2022, respectively.

The terms of these investments range from 3 to 10 years in 2023 and 2022.

Unquoted Debt Securities

Unquoted debt securities consist of long-term certificates of Agrarian Reform (AR) bonds issued by the National Government.

The AR bonds, which were acquired in 2017, bear annual interest rates based on the 91-day Treasury bills and is subject to repricing. Interest income on investments in AR bonds amounted to P3.1 million in 2023 and P1.0 million in 2022, and amortization discount amounted to nil in 2023 and 2022.

These instruments are acquired in compliance with the requirements set by RA No. 9501 and Agri-Agra Reform Credit Act of 2000 (RA No. 10000) that lending institutions or any party otherwise required to make a mandatory allocation of credit resources to MSMEs and Agri-Agra, shall be deemed as compliance with the mandated loan portfolio allocation percentage.

Interest income on investment securities at amortized cost follows:

| | 2023 | 2022 |
|--------------------------|--------------|-------------|
| Quoted debt securities | P139,794,840 | P90,442,754 |
| Unquoted debt securities | 3,103,079 | 912,789 |
| | P142,897,919 | P91,355,543 |

9. Loans and Receivables

This account consists of:

| | 2023 | 2022 |
|-----------------------------------|-----------------|-----------------|
| Receivables from borrowers | | |
| Microfinance loans* (Note 14) | P10,222,914,994 | P9,482,114,203 |
| Regular loans | 4,347,709,487 | 3,347,070,841 |
| Agricultural-agrarian loans | 1,069,734,481 | 908,292,879 |
| | 15,640,358,962 | 13,737,477,923 |
| Other receivables: | | |
| Accrued interest receivables | | |
| Receivable from borrowers | 446,837,164 | 368,215,730 |
| Financial asset at FVOCI | 13,683,035 | 14,017,699 |
| Financial asset at amortized cost | 21,662,334 | 17,715,569 |
| Cash and cash equivalents | 2,470,502 | 3,405,736 |
| Accounts receivable (Note 22) | 58,660,131 | 42,033,882 |
| | 16,183,672,128 | 14,182,866,539 |
| Less: Allowance for credit losses | 509,081,951 | 905,056,569 |
| | P15,674,590,177 | P13,277,809,970 |

*Include microfinance loans used to secure bills payable amounting to P0.1 billion and P0.3 billion as of December 31, 2023 and 2022, respectively.

Regular loans include salary loans granted to the Bank's employees and officers, and government and schools employees amounting to P14.8 million and P19.2 million as at December 31, 2023 and 2022, respectively, and earning fixed annual interest rates ranging from 6.0% to 28.0% in 2023 and 2022 (see Note 22).

Interest income on receivables from borrowers amounted to P6.9 billion and P6.4 billion in 2023 and 2022, respectively. Receivables from borrowers earn interest with effective interest rates ranging from 33.5% to 57.9% in 2023 and 2022. Nominal interest rates of these receivables range from 12.0% to 28.0% in 2023 and 2022.

The movements in allowance for credit losses on loans and receivables from borrowers follow:

| | 2023 | 2022 |
|------------------------------|---------------|-----------------|
| Balance at beginning of year | P901,341,724 | P1,468,538,747 |
| Provision for credit losses | 19,513,069 | 436,601,236 |
| Written-off loans | (420,313,231) | (1,003,798,259) |
| Balance at end of year | P500,541,562 | P901,341,724 |

The movements in allowance for credit losses on other receivables follow:

| | 2023 | 2022 |
|------------------------------|------------|------------|
| Balance at beginning of year | P3,714,845 | P2,093,450 |
| Provision for credit losses | 4,825,544 | 1,660,714 |
| Written-off loans | — | (39,319) |
| Balance at end of year | P8,540,389 | P3,714,845 |

Transfers of allowance for ECLs between stages

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

| | 2023 | | | | Total |
|---|--------------|--------------|---------------|---------------|-------|
| | ECL Staging | | | | |
| | Stage 1 | Stage 2 | Stage 3 | | |
| | 12-month ECL | Lifetime ECL | Lifetime ECL | | |
| Loss allowance at January 1, 2023 | ₱88,595,985 | ₱- | ₱622,515,674 | ₱711,111,659 | |
| Movements with P&L impact | | | | | |
| Transfers: | | | | | |
| Transfer from Stage 1 to Stage 2 | - | - | - | - | |
| Transfer from Stage 1 to Stage 3 | (60,068,966) | - | 60,068,966 | - | |
| Transfer from Stage 2 to Stage 1 | - | - | - | - | |
| Transfer from Stage 2 to Stage 3 | - | - | - | - | |
| Transfer from Stage 3 to Stage 1 | 1,449,828 | - | (1,449,828) | - | |
| Transfer from Stage 3 to Stage 2 | - | - | - | - | |
| New financial assets originated or purchased | 174,022,719 | - | - | 174,022,719 | |
| Changes in PDs/LGDs/EADs | (1,859,196) | - | 395,826,054 | 393,966,858 | |
| Financial assets derecognized during the period | (86,683,865) | - | (475,313,192) | (561,997,057) | |
| Total net P&L charge during the period | 26,860,520 | - | (20,868,000) | 5,992,520 | |
| Other movements without P&L impact | | | | | |
| Write-offs and other movements | - | - | (356,379,579) | (356,379,579) | |
| Total movements without P&L impact | - | - | (356,379,579) | (356,379,579) | |
| Loss allowance at December 31, 2023 | ₱115,456,505 | ₱- | ₱245,268,095 | ₱360,724,600 | |

| | 2022 | | | | Total |
|---|---------------|--------------|----------------|----------------|-------|
| | ECL Staging | | | | |
| | Stage 1 | Stage 2 | Stage 3 | | |
| | 12-month ECL | Lifetime ECL | Lifetime ECL | | |
| Loss allowance at January 1, 2022 | ₱43,824,196 | ₱- | ₱1,009,704,633 | ₱1,053,528,829 | |
| Movements with P&L impact | | | | | |
| Transfers: | | | | | |
| Transfer from Stage 1 to Stage 2 | - | - | - | - | |
| Transfer from Stage 1 to Stage 3 | (411,978,217) | - | 411,978,217 | - | |
| Transfer from Stage 2 to Stage 1 | - | - | - | - | |
| Transfer from Stage 2 to Stage 3 | - | - | - | - | |
| Transfer from Stage 3 to Stage 1 | - | - | - | - | |
| Transfer from Stage 3 to Stage 2 | - | - | - | - | |
| New financial assets originated or purchased | 711,109,761 | - | - | 711,109,761 | |
| Changes in PDs/LGDs/EADs | (211,897,522) | - | 933,671,477 | 721,773,955 | |
| Financial assets derecognized during the period | (42,462,233) | - | (769,718,819) | (812,181,052) | |
| Total net P&L charge during the period | 44,771,789 | - | 575,930,875 | 620,702,664 | |
| (Forward) | | | | | |
| Other movements without P&L impact | | | | | |
| Write-offs and other movements | - | - | (963,119,834) | (963,119,834) | |
| Total movements without P&L impact | - | - | (963,119,834) | (963,119,834) | |
| Loss allowance at December 31, 2022 | ₱88,595,985 | ₱- | ₱622,515,674 | ₱711,111,659 | |

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

| | 2023 | | | |
|---|--------------|--------------|--------------|---------------|
| | ECL Staging | | | Total |
| | Stage 1 | Stage 2 | Stage 3 | |
| | 12-month ECL | Lifetime ECL | Lifetime ECL | |
| Loss allowance at January 1, 2023 | ₱35,776,555 | ₱3,079,605 | ₱105,674,280 | ₱144,530,440 |
| Movements with P&L impact | | | | |
| Transfers: | | | | |
| Transfer from Stage 1 to Stage 2 | (117,649) | 117,649 | - | - |
| Transfer from Stage 1 to Stage 3 | (18,028,401) | - | 18,028,401 | - |
| Transfer from Stage 2 to Stage 1 | 56,744 | (56,744) | - | - |
| Transfer from Stage 2 to Stage 3 | - | (2,193,105) | 2,193,105 | - |
| Transfer from Stage 3 to Stage 1 | 506,675 | - | (506,675) | - |
| Transfer from Stage 3 to Stage 2 | - | - | - | - |
| New financial assets originated or purchased | 14,756,881 | - | - | 14,756,881 |
| Changes in PDs/LGDs/EADs | 55,937,228 | 220,513 | 51,664,326 | 107,822,067 |
| Financial assets derecognized during the period | (32,523,818) | (772,754) | (71,138,246) | (104,434,818) |
| Total net P&L charge during the period | 20,587,660 | (2,684,441) | 240,911 | 18,144,130 |
| Other movements without P&L impact | | | | |
| Write-offs and other movements | - | - | (43,918,658) | (43,918,658) |
| Total movements without P&L impact | - | - | (43,918,658) | (43,918,658) |
| Loss allowance at December 31, 2023 | ₱56,364,215 | ₱395,164 | ₱61,996,533 | ₱118,755,912 |

| | 2022 | | | |
|---|--------------|---------------|---------------|---------------|
| | ECL Staging | | | Total |
| | Stage 1 | Stage 2 | Stage 3 | |
| | 12-month ECL | Lifetime ECL | Lifetime ECL | |
| Loss allowance at January 1, 2022 | ₱153,663,711 | ₱104,746,099 | ₱111,342,732 | ₱369,752,542 |
| Movements with P&L impact | | | | |
| Transfers: | | | | |
| Transfer from Stage 1 to Stage 2 | (23,754) | 23,754 | - | - |
| Transfer from Stage 1 to Stage 3 | (79,895,819) | - | 79,895,819 | - |
| Transfer from Stage 2 to Stage 1 | 130,685 | (130,685) | - | - |
| Transfer from Stage 2 to Stage 3 | - | (624,190) | 624,190 | - |
| Transfer from Stage 3 to Stage 1 | 370,668 | - | (370,668) | - |
| Transfer from Stage 3 to Stage 2 | - | - | - | - |
| New financial assets originated or purchased | 12,827,020 | - | - | 12,827,020 |
| Changes in PDs/LGDs/EADs | (26,019,048) | (100,764,909) | 35,312,956 | (91,471,001) |
| Financial assets derecognized during the period | (25,276,908) | (170,464) | (108,329,627) | (133,776,999) |
| Total net P&L charge during the period | 35,776,555 | 3,079,605 | 118,475,402 | 157,331,562 |
| Other movements without P&L impact | | | | |
| Write-offs and other movements | - | - | (12,801,122) | (12,801,122) |
| Total movements without P&L impact | - | - | (12,801,122) | (12,801,122) |
| Loss allowance at December 31, 2022 | ₱35,776,555 | ₱3,079,605 | ₱105,674,280 | ₱144,530,440 |

The tables below illustrate the movements of the allowance for impairment and credit losses during the year (effect of movements in ECL due to transfers between stages are shown in the total column) for the Bank's agricultural-agrarian loans:

| | 2023 | | | |
|---|-------------------------|-------------------------|-------------------------|--------------|
| | ECL Staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Loss allowance at January 1, 2023 | ₱8,713,063 | ₱– | ₱36,986,562 | ₱45,699,625 |
| Movements with P&L impact | | | | |
| Transfers: | | | | |
| Transfer from Stage 1 to Stage 2 | – | – | – | – |
| Transfer from Stage 1 to Stage 3 | (5,059,777) | – | 5,059,777 | – |
| Transfer from Stage 2 to Stage 1 | – | – | – | – |
| Transfer from Stage 2 to Stage 3 | – | – | – | – |
| Transfer from Stage 3 to Stage 1 | 153,922 | – | (153,922) | – |
| Transfer from Stage 3 to Stage 2 | – | – | – | – |
| New financial assets originated or purchased | 4,504,015 | – | – | 4,504,015 |
| Changes in PDs/LGDs/EADs | 6,439,455 | – | 21,267,184 | 27,706,639 |
| Financial assets derecognized during the period | (8,615,288) | – | (28,218,947) | (36,834,235) |
| Total net P&L charge during the period | (2,577,673) | – | (2,045,908) | (4,623,581) |
| Other movements without P&L impact | | | | |
| Write-offs and other movements | – | – | (20,014,995) | (20,014,995) |
| Total movements without P&L impact | – | – | (20,014,995) | (20,014,995) |
| Loss allowance at December 31, 2023 | ₱6,135,390 | ₱– | ₱14,925,659 | ₱21,061,049 |

| | 2022 | | | |
|---|-------------------------|-------------------------|-------------------------|--------------|
| | ECL Staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Loss allowance at January 1, 2022 | ₱2,115,801 | ₱– | ₱43,141,574 | ₱45,257,375 |
| Movements with P&L impact | | | | |
| Transfers: | | | | |
| Transfer from Stage 1 to Stage 2 | – | – | – | – |
| Transfer from Stage 1 to Stage 3 | (78,509) | – | 78,509 | – |
| Transfer from Stage 2 to Stage 1 | – | – | – | – |
| Transfer from Stage 2 to Stage 3 | – | – | – | – |
| Transfer from Stage 3 to Stage 1 | 70,224 | – | (70,224) | – |
| Transfer from Stage 3 to Stage 2 | – | – | – | – |
| New financial assets originated or purchased | 29,955,465 | – | – | 29,955,465 |
| Changes in PDs/LGDs/EADs | (21,315,452) | – | 57,436,045 | 36,120,593 |
| Financial assets derecognized during the period | (2,034,466) | – | (35,722,039) | (37,756,505) |
| Total net P&L charge during the period | 6,597,262 | – | 21,722,291 | 28,319,553 |
| Other movements without P&L impact | | | | |
| Write-offs and other movements | – | – | (27,877,303) | (27,877,303) |
| Total movements without P&L impact | – | – | (27,877,303) | (27,877,303) |
| Loss allowance at December 31, 2022 | ₱8,713,063 | ₱– | ₱36,986,562 | ₱45,699,625 |

Transfers of gross outstanding loans between stages

The movements in gross carrying amount of microfinance loans (including accrued interest receivable) between stages follow:

| | 2023 | | | |
|---|-------------------------|-------------------------|-------------------------|------------------|
| | ECL Staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Gross carrying amount as at January 1, 2023 | ₱9,096,843,040 | ₱– | ₱622,515,673 | ₱9,719,358,713 |
| Transfers: | | | | |
| Transfer from Stage 1 to Stage 2 | – | – | – | – |
| Transfer from Stage 1 to Stage 3 | (311,248,048) | – | 311,248,048 | – |
| Transfer from Stage 2 to Stage 1 | – | – | – | – |
| Transfer from Stage 2 to Stage 3 | – | – | – | – |
| Transfer from Stage 3 to Stage 1 | 1,449,828 | – | (1,449,828) | – |
| Transfer from Stage 3 to Stage 2 | – | – | – | – |
| New financial assets originated or purchased | 24,718,290,420 | – | – | 24,718,290,420 |
| Collections of principal and interest | (14,437,672,363) | – | (125,134,460) | (14,562,806,823) |
| Financial assets derecognized during the period | (8,900,837,512) | – | (118,933,613) | (9,019,771,125) |
| Write-offs and other movements | – | – | (356,379,579) | (356,379,579) |
| Gross carrying amount as at December 31, 2023 | ₱10,166,825,365 | ₱– | ₱331,866,241 | ₱10,498,691,606 |

| | 2022 | | | |
|---|-------------------------|-------------------------|-------------------------|------------------|
| | ECL Staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Gross carrying amount as at January 1, 2022 | ₱8,366,221,243 | ₱– | ₱1,838,901,008 | ₱10,205,122,251 |
| Transfers: | | | | |
| Transfer from Stage 1 to Stage 2 | – | – | – | – |
| Transfer from Stage 1 to Stage 3 | (622,523,610) | – | 622,523,610 | – |
| Transfer from Stage 2 to Stage 1 | – | – | – | – |
| Transfer from Stage 2 to Stage 3 | – | – | – | – |
| Transfer from Stage 3 to Stage 1 | – | – | – | – |
| Transfer from Stage 3 to Stage 2 | – | – | – | – |
| New financial assets originated or purchased | 22,750,488,049 | – | – | 22,750,488,049 |
| Collections of principal and interest | (13,194,650,935) | – | (473,457,517) | (13,668,108,452) |
| Financial assets derecognized during the period | (8,202,691,707) | – | (402,331,593) | (8,605,023,300) |
| Write-offs and other movements | – | – | (963,119,834) | (963,119,834) |
| Gross carrying amount as at December 31, 2022 | ₱9,096,843,040 | ₱– | ₱622,515,673 | ₱9,719,358,713 |

The movements in gross carrying amount of regular loans (including accrued receivable) between stages follow:

| | 2023 | | | |
|---|-------------------------|-------------------------|-------------------------|-----------------|
| | ECL Staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Gross carrying amount as at January 1, 2023 | ₱3,324,070,628 | ₱3,079,605 | ₱105,674,281 | ₱3,432,824,513 |
| Transfers: | | | | |
| Transfer from Stage 1 to Stage 2 | (1,722,219) | 1,722,219 | – | – |
| Transfer from Stage 1 to Stage 3 | (71,676,486) | – | 71,676,486 | – |
| Transfer from Stage 2 to Stage 1 | 56,744 | (56,744) | – | – |
| Transfer from Stage 2 to Stage 3 | – | (2,193,105) | 2,193,105 | – |
| Transfer from Stage 3 to Stage 1 | 506,675 | – | (506,675) | – |
| Transfer from Stage 3 to Stage 2 | – | – | – | – |
| New financial assets originated or purchased | 10,736,308,226 | – | – | 10,736,308,226 |
| Collections of principal and interest | (6,344,394,289) | – | (23,311,374) | (6,367,545,850) |
| Financial assets derecognized during the period | (3,265,594,650) | – | (27,992,341) | (3,293,586,992) |
| Write-offs and other movements | – | – | (43,918,658) | (43,918,658) |
| Gross carrying amount as at December 31, 2023 | ₱4,377,714,442 | ₱2,551,974 | ₱83,814,823 | ₱4,464,081,239 |

| | 2022 | | | |
|---|-------------------------|-------------------------|-------------------------|-----------------|
| | ECL Staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Gross carrying amount as at January 1, 2022 | ₱2,879,384,536 | ₱120,783,084 | ₱165,837,336 | ₱3,166,004,956 |
| Transfers: | | | | |
| Transfer from Stage 1 to Stage 2 | (434,249) | 434,249 | — | — |
| Transfer from Stage 1 to Stage 3 | (82,594,868) | — | 82,594,868 | — |
| Transfer from Stage 2 to Stage 1 | 2,851,726 | (2,851,726) | — | — |
| Transfer from Stage 2 to Stage 3 | — | (3,270,621) | 3,270,621 | — |
| Transfer from Stage 3 to Stage 1 | 690,217 | — | (690,217) | — |
| Transfer from Stage 3 to Stage 2 | — | — | — | — |
| New financial assets originated or purchased | 8,696,800,488 | — | — | 8,696,800,488 |
| Collections of principal and interest | (7,996,665,312) | (108,690,951) | (101,219,292) | (8,206,575,555) |
| Financial assets derecognized during the period | (175,961,910) | (3,324,430) | (31,317,913) | (210,604,254) |
| Write-offs and other movements | — | — | (12,801,122) | (12,801,122) |
| Gross carrying amount as at December 31, 2022 | ₱3,324,070,628 | ₱3,079,605 | ₱105,674,281 | ₱3,432,824,513 |

The movements in gross carrying amount of agricultural-agrarian loans (including accrued receivable) between stages follow:

| | 2023 | | | |
|---|-------------------------|-------------------------|-------------------------|-----------------|
| | ECL Staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Gross carrying amount as at January 1, 2023 | ₱916,523,864 | ₱— | ₱36,986,562 | ₱953,510,426 |
| Transfers: | | | | |
| Transfer from Stage 1 to Stage 2 | — | — | — | — |
| Transfer from Stage 1 to Stage 3 | (20,527,418) | — | 20,527,418 | — |
| Transfer from Stage 2 to Stage 1 | — | — | — | — |
| Transfer from Stage 2 to Stage 3 | — | — | — | — |
| Transfer from Stage 3 to Stage 1 | 153,922 | — | (153,922) | — |
| Transfer from Stage 3 to Stage 2 | — | — | — | — |
| New financial assets originated or purchased | 2,812,198,410 | — | — | 2,812,198,410 |
| Collections of principal and interest | (1,699,830,486) | — | (6,866,199) | (1,706,696,685) |
| Financial assets derecognized during the period | (906,369,923) | — | (8,203,954) | (914,573,877) |
| Write-offs and other movements | — | — | (20,014,994) | (20,014,994) |
| Gross carrying amount as at December 31, 2023 | ₱1,102,148,369 | ₱— | ₱22,274,911 | ₱1,124,423,280 |

| | 2022 | | | |
|---|-------------------------|-------------------------|-------------------------|-----------------|
| | ECL Staging | | | Total |
| | Stage 1 12-month ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | |
| Gross carrying amount as at January 1, 2022 | ₱891,521,430 | ₱— | ₱75,968,620 | ₱967,490,050 |
| Transfers: | | | | |
| Transfer from Stage 1 to Stage 2 | — | — | — | — |
| Transfer from Stage 1 to Stage 3 | (32,845,995) | — | 32,845,995 | — |
| Transfer from Stage 2 to Stage 1 | — | — | — | — |
| Transfer from Stage 2 to Stage 3 | — | — | — | — |
| Transfer from Stage 3 to Stage 1 | 162,203 | — | (162,203) | — |
| Transfer from Stage 3 to Stage 2 | — | — | — | — |
| New financial assets originated or purchased | 2,538,584,140 | — | — | 2,538,584,140 |
| Collections of principal and interest | (1,601,601,442) | — | (10,265,384) | (1,611,866,826) |
| Financial assets derecognized during the period | (879,296,472) | — | (33,523,163) | (912,819,635) |
| Write-offs and other movements | — | — | (27,877,303) | (27,877,303) |
| Gross carrying amount as at December 31, 2022 | ₱916,523,864 | ₱— | ₱36,986,561 | ₱953,510,425 |

While the Bank recognizes through the statements of income the movements in the expected credit losses computed using the models, the Bank also complies with BSP's regulatory requirement to appropriate a portion of its surplus at an amount necessary to bring at least the allowance for credit losses to 1.0% of all outstanding Stage 1 loan accounts. No surplus reserve for this purpose in 2023 and 2022. Allowance for credit losses for stage 1 loan accounts is equal to 1.0% in 2023 and 2022, respectively.

10. Investments in Associates

This account consists of:

| | 2023 | 2022 |
|---|--------------|--------------|
| Investment in CARD MRI Rizal Bank, Inc. | ₱748,435,016 | ₱677,738,085 |
| Investment in MIDAS | 2,251,659 | 1,834,830 |
| | ₱750,686,675 | ₱679,572,915 |

Presented below is the rollforward of investments in associates:

| | 2023 | 2022 |
|--|---------------|---------------|
| Acquisition cost | | |
| Balance at beginning of year, as previously reported | ₱302,229,138 | ₱207,033,075 |
| Additional investments during the year (Note 22) | — | 95,196,063 |
| | 302,229,138 | 302,229,138 |
| Accumulated equity in net earnings | | |
| Balance at beginning of year | 715,032,156 | 563,006,213 |
| Share in net income of associates | 213,455,228 | 152,025,943 |
| | 928,487,384 | 715,032,156 |
| Accumulated equity in other comprehensive income (loss) | | |
| Balance at beginning of year | 3,818,135 | (3,671,304) |
| Share in other comprehensive income of associates | (5,541,500) | 7,489,439 |
| | (1,723,365) | 3,818,135 |
| Dividends received | | |
| Balance at beginning of year | (341,506,515) | (308,985,465) |
| Dividends | (136,799,967) | (32,521,050) |
| | (478,306,482) | (341,506,515) |
| | ₱750,686,675 | ₱679,572,915 |

Investment in CMRBI

The Bank's investments in associates include the carrying value of its 40.0% interest in CARD MRI Rizal Bank, Inc. (CMRBI), formerly Rizal Bank, Inc. CMRBI is involved in the business of rural banking as defined in and authorized under RA No. 3779, as amended. CMRBI's primary activities include granting loans to small farmers and to deserving rural enterprises, as well as receiving deposits in accordance with the law. The primary place of business of CMRBI is at P. Guevarra St., Cor. Aguirre St., Brgy. Poblacion 2, Sta. Cruz, Laguna.

The following table illustrates the summarized financial information in the statements of financial position, statements of income and statements of comprehensive income and a net asset reconciliation of investment in CMRBI (amounts in millions):

| | 2023 | 2022 |
|---|----------|----------|
| <i>Statements of Comprehensive Income</i> | | |
| Revenues | ₱2,358.5 | ₱2,143.9 |
| Expenses | 1,825.9 | 1,763.9 |
| Net income | 532.6 | 380.0 |
| Other comprehensive income (loss) | (13.9) | 18.7 |
| Total comprehensive income | 518.7 | 398.7 |

| | 2023 | 2022 |
|---|------------------|-----------|
| <i>Statements of Financial Position</i> | | |
| Current assets | ₱6,703.5 | ₱5,746.8 |
| Non-current assets | 197.0 | 455.2 |
| Current liabilities | (3,561.0) | (4,404.8) |
| Non-current liabilities | (1,420.3) | (80.2) |
| Net assets | 1,919.1 | 1,717.0 |
| Bank's share in net assets in CMRBI | 767.6 | 677.7 |

In 2023 and 2022, the Bank made additional investments to CMRBI amounting to nil and ₱94.7 million respectively.

Investment in Microfinance Information Data Sharing, Inc. (MIDAS, Inc.)

Investment in MIDAS represents the Bank's 15.5% ownership for interest in the Corporation.

The primary purposes of MIDAS are: (1) to engage in the business of collating, developing and analyzing credit information individuals, institutions and all types of business concerns; (2) develop and undertake the continuing exchange of credit information among its members and subscribers; (3) provide an impartial source of credit information for debtors, creditors and the public; (4) provide its members and subscribers credit reports and references covering, among others, company profiles, financial performance and conditions, management, debt record and operating data; (5) undertake industry and market studies and surveys in support of credit analysis, credit information generation and securities rating; and, (6) publish, print and distribute newsletters, journals, books, periodicals and other printed materials containing surveys, research, evaluation, data and other information useful to the business community. The primary place of business of MIDAS is at TSKI Corporate Office, National Highway, Brgy. Mali-ao, Pavia, Iloilo.

The following table illustrates the summarized financial information in the statements of financial position, statements of income and statements of comprehensive income and a net asset reconciliation of investment in MIDAS (amounts in millions):

| Amounts in million | 2023 | 2022 |
|---|---------------|--------|
| <i>Statements of Comprehensive Income</i> | | |
| Revenues | ₱9.27 | ₱8.96 |
| Expenses | 6.58 | 5.78 |
| Net income | 2.69 | 3.18 |
| Other comprehensive income (loss) | — | — |
| Total comprehensive income | 2.69 | 3.18 |
| <i>Statements of Financial Position</i> | | |
| Current assets | 24.4 | 19.85 |
| Non-current assets | 0.38 | 0.61 |
| Current liabilities | (0.69) | (0.21) |
| Non-current liabilities | — | — |
| Net assets | 24.03 | 20.25 |
| Bank's share in net assets in MIDAS | 3.73 | 3.14 |

As at December 31, 2023 and 2022, there were no agreements entered into by the Bank and any of the associates that may restrict dividends and other capital distributions to be paid and the Bank has no share on commitments and contingencies of both associates. Both MIDAS and CMRBI are not listed on any public exchange and there are no quoted market prices available for their shares.

11. Property and Equipment

The composition of and movements in this account follow:

| | Land | Building | Furniture, Fixtures and Equipment | Leasehold Improvements | Land Improvements | Transportation Equipment | Construction in Progress | Right-of-use Assets (Note 20) | Total |
|--|---------------------|---------------------|---|---------------------------|----------------------|-----------------------------|-----------------------------|----------------------------------|---------------------|
| December 31, 2023 | | | | | | | | | |
| Cost | | | | | | | | | |
| Balance at beginning of year | ₱197,973,918 | ₱370,974,480 | ₱524,512,361 | ₱165,185,512 | ₱6,736,245 | ₱51,240,412 | ₱26,463,463 | ₱669,590,056 | ₱2,012,676,447 |
| Additions | 69,211,504 | 1,996,056 | 60,622,212 | 9,103,408 | — | 12,171,768 | 61,162,911 | 128,083,312 | 342,351,162 |
| Disposals | — | — | (23,703,190) | — | — | (1,296,277) | — | — | (24,999,467) |
| Reclassification | — | 35,678,125 | (38,552) | 31,558,404 | — | — | (67,197,977) | — | — |
| Balance at end of year | 267,185,422 | 408,648,662 | 561,392,831 | 205,847,321 | 6,736,245 | 62,115,904 | 20,428,397 | 797,673,368 | 2,330,028,150 |
| Accumulated depreciation and amortization | | | | | | | | | |
| Balance at beginning of year | — | 270,288,878 | 443,599,853 | 139,761,567 | 6,620,127 | 27,492,561 | — | 435,752,967 | 1,323,515,953 |
| Depreciation and amortization | — | 20,496,505 | 40,049,889 | 10,484,944 | 55,102 | 8,484,256 | — | 130,738,933 | 210,312,629 |
| Disposals | — | — | (23,626,969) | — | — | (1,296,277) | — | — | (24,923,245) |
| Balance at end of year | — | 290,785,382 | 460,022,774 | 150,246,510 | 6,675,229 | 34,683,539 | — | 566,491,900 | 1,508,905,335 |
| Net book value | ₱267,185,422 | ₱117,863,280 | ₱101,370,057 | ₱55,600,810 | ₱61,017 | ₱27,432,364 | ₱20,428,397 | ₱231,181,468 | ₱821,122,814 |

| | Land | Building | Furniture, Fixtures and Equipment | Leasehold Improvements | Land Improvements | Transportation Equipment | Construction in Progress | Right-of-use Assets | Total |
|--|---------------------|---------------------|---|---------------------------|----------------------|-----------------------------|-----------------------------|------------------------|---------------------|
| December 31, 2022 | | | | | | | | | |
| Cost | | | | | | | | | |
| Balance at beginning of year | ₱197,662,431 | ₱360,570,462 | ₱489,727,616 | ₱156,607,531 | ₱6,591,245 | ₱42,669,458 | ₱15,594,298 | ₱536,334,510 | ₱1,805,757,551 |
| Additions | 311,487 | 198,367 | 38,540,173 | 1,974,754 | 70,064 | 10,565,272 | 27,752,979 | 133,255,546 | 212,668,642 |
| Disposals | — | — | (3,755,428) | — | — | (1,994,318) | — | — | (5,749,746) |
| Reclassification | — | 10,205,651 | — | 6,603,227 | 74,936 | — | (16,883,814) | — | — |
| Balance at end of year | 197,973,918 | 370,974,480 | 524,512,361 | 165,185,512 | 6,736,245 | 51,240,412 | 26,463,463 | 669,590,056 | 2,012,676,447 |
| Accumulated depreciation and amortization | | | | | | | | | |
| Balance at beginning of year | — | 248,910,752 | 406,714,726 | 130,484,338 | 6,217,554 | 23,032,869 | — | 309,749,659 | 1,125,109,898 |
| Depreciation and amortization | — | 21,378,126 | 40,640,555 | 9,277,229 | 402,573 | 6,454,010 | — | 126,003,308 | 204,155,801 |
| Disposals | — | — | (3,755,428) | — | — | (1,994,318) | — | — | (5,749,746) |
| Balance at end of year | — | 270,288,878 | 443,599,853 | 139,761,567 | 6,620,127 | 27,492,561 | — | 435,752,967 | 1,323,515,953 |
| Net book value | ₱197,973,918 | ₱100,685,602 | ₱80,912,508 | ₱25,423,945 | ₱116,118 | ₱23,747,851 | ₱26,463,463 | ₱233,837,089 | ₱689,160,494 |

Depreciation and amortization presented in the statements of income follow:

| | 2023 | 2022 |
|-----------------------------|---------------------|--------------|
| Property and equipment | ₱210,312,629 | ₱204,155,801 |
| Intangible assets (Note 12) | 2,300,111 | 2,300,211 |
| | ₱212,612,740 | ₱206,456,012 |

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 of December 31, 2023, the leasehold improvements under construction pertain to the establishment of a branch and are estimated to be completed in February 2024. As of December 31, 2022, the leasehold improvements under construction pertain to the establishment of branches and were completed on February 28, 2023, May 31, 2023, June 23, 2023, and December 23, 2023.

There are no restrictions on the titles of the Bank's property and equipment and the Bank does not have any contractual commitments for the acquisition of property and equipment as of December 31, 2023 and 2022. Cost of fully depreciated still in use amounted to ₱787.6 million and ₱644.8 million in December 31, 2023 and 2022, respectively.

12. Other Assets

This account consists of:

| | 2023 | 2022 |
|-----------------------------|---------------------|--------------|
| Financial assets | | |
| Security deposits | ₱32,059,374 | ₱32,152,495 |
| Non-financial assets | | |
| Stationeries and supplies | 66,545,157 | 61,452,459 |
| Prepaid expenses | 56,685,784 | 39,763,200 |
| Intangible assets | 90,531 | 2,390,642 |
| Others | 5,706,550 | 5,669,641 |
| | 129,028,022 | 109,275,942 |
| | ₱161,087,396 | ₱141,428,437 |

Security deposits pertain to refundable deposits on the Bank's leased office spaces, and staff house premises and leased IT equipment with CLFC. Interest income from security deposits recorded under 'Miscellaneous income' in 2023 and 2022 amounted to ₱0.8 million (Note 18).

Others pertain to artworks and paintings owned by the Bank.

Intangible assets include purchased licenses and software.

The movements of intangible assets follow:

| | 2023 | 2022 |
|---------------------------------|--------------------|-------------|
| Cost | | |
| Balance at beginning of year | ₱51,276,843 | ₱53,948,043 |
| Reclassifications | — | (2,671,200) |
| Balance at end of year | 51,276,843 | 51,276,843 |
| Accumulated amortization | | |
| Balance at beginning of year | 48,886,201 | 46,585,990 |
| Amortization (Note 11) | 2,300,111 | 2,300,211 |
| Balance at end of year | 51,186,312 | 48,886,201 |
| Net book value | ₱90,531 | ₱2,390,642 |

13. Deposit Liabilities

The Bank's savings deposit liabilities include pledge savings amounting to ₱11.1 billion and ₱10.3 billion as at December 31, 2023 and 2022, respectively. These represent the aggregate compulsory savings of ₱50.0 per week collected from each member and earn an annual interest rate of 2.0% in 2023 and 2022. Under an assignment agreement, the pledge savings balances serve as security for loans granted by the Bank to its members. Pledge savings equivalent to 15.0% of the loan proceeds serves as guarantee fund of the outstanding loan receivable from members.

Savings deposits include regular and special savings deposit. Regular savings deposits include "Kayang-kaya", "Tagumpay", "Maagap", "Matapat" and "Dollar" savings. These savings accounts bear annual fixed interest rates ranging from 0.1% to 4.5% and from 0.3% to 6.0% in 2023 and 2022. Special savings deposits include "Tiwala" savings with annual interest rates ranging from 1.8% to 4.5% and from 1.8% to 2.7% in 2023 and 2022 respectively. Interest expense on deposit liabilities amounted to ₱282.1 million and ₱266.8 million in 2023 and 2022, respectively.

BSP Circular No. 830 requires reserves against deposit liabilities. As at December 31, 2023 and 2022, due from BSP amounting to ₱170.6 million and ₱311.0 million, respectively, were set aside as reserves for deposit liabilities per latest report submitted by the Bank to the BSP. As at December 31, 2023 and 2022, the Bank is in compliance with such regulation.

14. Bills Payable

The movements in the account follow:

| | 2023 | 2022 |
|------------------------------|----------------------|---------------|
| Face value | | |
| Balance at beginning of year | ₱200,000,000 | ₱582,620,000 |
| Availments | 50,000,000 | 200,000,000 |
| Principal payments | (200,000,000) | (582,620,000) |
| Balance at end of year | 50,000,000 | 200,000,000 |

(Forward)

| | 2023 | 2022 |
|--------------------------------------|--------------------|---------------------|
| Unamortized transaction costs | | |
| Balance at beginning of year | (P618,578) | (P1,712,452) |
| Availments | (166,251) | (769,883) |
| Amortization | 618,578 | 1,863,757 |
| Balance at end of year | (166,251) | (618,578) |
| Carrying value | P49,833,749 | P199,381,422 |

Bills payable of P49.8 million and P199.4 million as at December 31, 2023 and 2022, respectively, pertain to promissory notes obtained from various local banks for working capital requirements with a tenor of six (6) months in 2023 and 2022 and annual interest rates ranging from 4.5% to 6.5% and 4.0% to 4.5% in 2023 and 2022, respectively.

Receivable from borrowers, particularly microfinance loans amounting to P0.1 billion and P0.3 billion secure the above borrowings as at December 31, 2023 and 2022, respectively. (Note 9).

The Bank has undrawn credit line amounting to P1.9 billion and P1.8 billion in 2023 and 2022, respectively.

Interest expense recognized in the statements of income amounted to P2.8 million and P11.1 million in 2023 and 2022, respectively. Unpaid interest as at December 31, 2023 and 2022 amounted to P0.1 million and P0.6 million, respectively, is presented under 'Accrued interest on bills payable' (Note 15).

15. Other Liabilities

This account consists of:

| | 2023 | 2022 |
|---|---------------------|---------------------|
| Financial liabilities | | |
| Lease liabilities (Note 20) | P229,096,397 | P223,142,892 |
| Accrued interest on deposit liabilities (Note 22) | 151,346,126 | 142,465,281 |
| Accounts payable (Note 22) | 95,914,936 | 79,145,868 |
| Accrued expenses | 102,600,186 | 80,040,568 |
| Dividends payable (Notes 17 and 22) | 55,791,661 | 60,531,213 |
| Refundable deposits | 604,235 | 604,235 |
| Accrued interest on bills payable (Note 14) | 117,361 | 625,000 |
| | 635,470,902 | 586,555,057 |
| Nonfinancial liabilities | | |
| Accrued taxes | 120,653,576 | 93,715,897 |
| Accrued vacation leaves | 36,592,724 | 21,857,925 |
| Withholding taxes payable | 14,751,018 | 30,330,771 |
| | 171,997,319 | 145,904,593 |
| | P807,468,220 | P732,459,650 |

Accounts payable include due to suppliers and contractors, due to staff, due to Social Security System for collection remittances, Automated Teller Machine overages, statutory payables on employee compensation, and due to related parties (Note 22).

Accrued expenses include accrued rent, unpaid Philippine Deposit Insurance Corporation premium and other operating expenses.

Accrued taxes pertain to gross receipts taxes payable as of December 31, 2023 and 2022.

16. Maturity Analysis of Assets and Liabilities

The following table presents the Bank's assets and liabilities as at December 31, 2023 and 2022 analyzed according to when they are expected to be recovered or settled within one year and beyond one year from respective reporting date (in thousands):

| | 2023 | | | 2022 | | |
|--|--------------------|-------------------|--------------------|--------------------|-------------------|--------------------|
| | Within one year | Beyond one year | Total | Within one year | Beyond one year | Total |
| Financial Assets | | | | | | |
| Cash and other cash items | P238,493 | P- | P238,493 | P226,681 | P- | P226,681 |
| Due from BSP | 170,614 | - | 170,614 | 311,027 | - | 311,027 |
| Due from other banks | 2,066,396 | - | 2,066,396 | 2,773,934 | - | 2,773,934 |
| Financial assets at FVOCI | 261,116 | 1,749,922 | 2,011,038 | 49,015 | 1,815,223 | 1,864,238 |
| Loans and receivables, net | 15,657,799 | 16,791 | 15,674,590 | 13,258,772 | 19,038 | 13,277,810 |
| Investment securities at amortized costs | 46,725 | 2,844,579 | 2,891,304 | 178,645 | 2,064,972 | 2,243,617 |
| Security deposits | - | 32,059 | 32,059 | - | 30,834 | 30,834 |
| Nonfinancial Assets | | | | | | |
| Investments in associates | - | 750,687 | 750,687 | - | 679,573 | 679,573 |
| Property and equipment, net | - | 821,123 | 821,123 | - | 689,160 | 689,160 |
| Retirement asset | - | 162,048 | 162,048 | - | 214,170 | 214,170 |
| Deferred tax assets | - | 99,599 | 99,599 | - | 189,213 | 189,213 |
| Other assets | - | 129,028 | 129,028 | - | 110,595 | 110,595 |
| Total Assets | P18,441,143 | P6,605,836 | P25,046,979 | P16,798,074 | P5,812,778 | P22,610,852 |

| | 2023 | | | 2022 | | |
|----------------------------------|--------------------|-------------------|--------------------|--------------------|-------------------|--------------------|
| | Within one year | Beyond one year | Total | Within one year | Beyond one year | Total |
| Financial liabilities | | | | | | |
| Deposit liabilities | P14,475,788 | P1,223,857 | P15,699,645 | P13,777,650 | P1,113,340 | P14,890,990 |
| Bills payable | 49,834 | - | 49,834 | 199,381 | - | 199,381 |
| Other liabilities: | | | | | | |
| Accrued expenses | 102,600 | - | 102,600 | 80,041 | - | 80,041 |
| Accrued interest | 4,800 | 146,664 | 151,463 | 5,542 | 137,548 | 143,090 |
| Dividends payable | 55,792 | - | 55,792 | 60,531 | - | 60,531 |
| Accounts payable | 95,915 | - | 95,915 | 79,146 | - | 79,146 |
| Lease liabilities | 111,771 | 117,326 | 229,096 | 126,277 | 96,866 | 223,143 |
| Refundable deposits | - | 604 | 604 | - | 604 | 604 |
| Non-financial liabilities | | | | | | |
| Income tax payable | 351,889 | - | 351,889 | 228,557 | - | 228,557 |
| Other liabilities: | | | | | | |
| Accrued vacation leaves | - | 36,593 | 36,593 | - | 21,858 | 21,858 |
| Accrued taxes | 120,654 | - | 120,654 | 93,716 | - | 93,716 |
| Withholding taxes payable | 14,751 | - | 14,751 | 30,331 | - | 30,331 |
| Total Liabilities | P15,383,793 | P1,525,044 | P16,908,836 | P14,681,172 | P1,370,216 | P16,051,388 |

17. Equity

Capital Stock

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

| | 2023 | | 2022 | |
|--|------------|----------------|------------|----------------|
| | Shares | Amount | Shares | Amount |
| Preferred stock - ₱200 par value, 7,500,000 authorized shares | | | | |
| Issued and outstanding | | | | |
| Beginning of year | 6,805,053 | ₱1,361,010,600 | 6,295,349 | ₱1,259,069,800 |
| Issuance of shares of stocks | 55,020 | 11,004,000 | 509,704 | 101,940,800 |
| Preferred stock at the end of the year | 6,860,073 | 1,372,014,600 | 6,805,053 | 1,361,010,600 |
| Subscribed | 6,900,073 | 1,380,014,600 | 6,905,053 | 1,381,010,600 |
| Subscription receivable | 40,000 | (8,000,000) | 100,000 | (20,000,000) |
| | 6,860,073 | ₱1,372,014,600 | 6,805,053 | ₱1,361,010,600 |
| Common stock - ₱100 par value, 20,000,000 authorized shares | | | | |
| Issued and outstanding | | | | |
| Beginning of year | 27,007,380 | ₱2,700,738,000 | 19,998,965 | ₱1,999,896,500 |
| Issuance of shares of stocks | 437,988 | 43,798,800 | 2,058,663 | 205,866,300 |
| Stock dividends | 2,470,365 | 247,036,500 | 4,949,752 | 494,975,200 |
| Common stock at the end of the year | 29,915,733 | 2,991,573,300 | 27,007,380 | 2,700,738,000 |
| Subscribed | 29,919,081 | 2,991,908,100 | 27,448,716 | 2,744,871,600 |
| Subscription receivable | (3,348) | (334,800) | (441,336) | (44,133,600) |
| | 29,915,733 | ₱2,991,573,300 | 27,007,380 | ₱2,700,738,000 |

Preferred has the following features: (a) 8.0% cumulative dividends, (b) non-participating, (c) non-redeemable, and (d) non-voting. As of December 31, 2023 and 2022, dividends amounted to ₱165.7 million and ₱198.5 million, respectively.

As of December 31, 2023, the Bank had outstanding subscriptions amounting to ₱8.0 million and ₱0.3 million for preferred and common stocks, respectively. As of December 31, 2022, the Bank had outstanding subscriptions amounting ₱20.0 million and ₱44.1 million for preferred and common stocks, respectively.

Dividend Declaration

2023 cash dividends

On March 18, 2023, the BOD declared cash dividends of 8.0% and ₱15.0 per share to its preferred and common stockholders, respectively, to stockholders of record as at December 31, 2022. Cash dividends declared amounting to ₱522.2 million were paid starting April 1, 2023 to preferred and common stockholders.

On September 16, 2023, the BOD declared cash dividends of 4.0% and ₱12.0 per share to its preferred and common stockholders, respectively, to stockholders of record as at December 31, 2022. Cash dividends declared amounting to ₱384.6 million were paid starting October 1, 2023 to preferred and common stockholders.

2023 stock dividends

On March 18, 2023, the BOD declared stock dividends of 9.0% per share to its common stockholders of record as at December 31, 2022. The Shareholders approved the declaration of stock dividend on March 18, 2023. Stock dividends declared amounting to ₱247.0 million were distributed starting April 1, 2023.

2022 cash dividends

On April 16, 2022, the BOD declared cash dividends of 8.0% and ₱10.0 per share to its preferred and common stockholders, respectively, to stockholders of record as at March 31, 2022. Cash dividends declared amounting to ₱303.4 million were paid starting May 1, 2022 to preferred and common stockholders.

On June 18, 2022, the BOD declared cash dividends of 4.0% and ₱8.0 per share to its preferred and common stockholders, respectively, to stockholders of record as at May 31, 2022. Cash dividends declared amounting to ₱233.6 million were paid starting July 1, 2022 to preferred and common stockholders.

On November 19, 2022, the BOD declared cash dividends of 3.0% and ₱7.0 per share to its preferred and common stockholders, respectively, to stockholders of record as at October 31, 2022. Cash dividends declared amounting to ₱233.6 million were paid starting December 1, 2022 to preferred and common stockholders.

2022 stock dividends

On June 18, 2022, the BOD declared stock dividends of 22.0% per share to its common stockholders of record as at May 31, 2022. The Shareholders approved the declaration of stock dividend on June 18, 2022. Stock dividends declared amounting to ₱495.0 million were distributed starting July 1, 2022.

Capital Management

The Bank's capital management aims to ensure that it complies with regulatory capital requirements and it 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 in the objectives, policies and processes from the previous years.

As of December 31, 2023 and 2022, the Bank issues two classes of capital stock, preferred and common stocks. The Bank considers its paid-up capital as capital as of year-end.

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 capital) reported to the BSP, determined on the basis of regulatory accounting policies, which differ from PFRSs in some aspects. The computation of surplus available for dividend declaration in accordance with SEC Memorandum Circular No. 11 issued in December 2008 differs to a certain extent from the computation following BSP guidelines. As at December 31, 2023 and 2022, the Bank was in compliance with the risk-based capital adequacy ratio (CAR).

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 consistent with the BSP's goal of promoting the soundness and stability of individual banks and of the banking system as a whole. BSP Circular No. 688 replaced BSP Circular No. 280 which is primarily based on Basel 1.

Under current banking regulations, the combined capital accounts of each bank should not be less than an amount equal to ten percent (10.0%) of its risk assets. The qualifying capital of the Bank for purposes of determining the capital-to-risk assets ratio to total equity excluding:

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

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

Under BSP Circular No. 360, effective July 1, 2003, the 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 amends the provisions of the Manual of Regulations for Banks on the minimum capitalization of banks and on the prerequisites for the grant of authority to establish a branch. Based on this circular, the Bank is required to maintain a minimum capitalization of ₱400.0 million.

Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, retained earnings including current year profit. 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 | ₱6,655.5 | ₱4,324.3 |
| Tier 2 capital | 758.8 | 1,242.7 |
| Total qualifying capital | ₱7,414.3 | ₱5,567.0 |
| Risk-weighted assets | ₱27,473.3 | ₱23,348.0 |
| Tier 1 capital ratio | 24.23% | 18.52% |
| Tier 2 capital ratio | 2.76% | 5.32% |
| Total CAR | 26.99% | 23.84% |

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

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.

Minimum Liquidity Ratio (MLR)

The Minimum Liquidity Ratio is expressed as a percentage of a covered institution's eligible stock of liquid assets to its total qualifying liabilities. The stock of liquid assets is required to be unencumbered and readily liquefiable, while the qualifying liabilities include both on-balance sheet and off-balance sheet commitments.

The Liquidity Coverage Ratio (LCR) 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 90.0% beginning January 1, 2018 and 100.0% beginning January 1, 2022 onwards. Meanwhile, stand-alone TBs, RBs, CBs and QBs will be subject to a Minimum Liquidity Ratio of 20.0% starting January 1, 2022.

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

| | 2023 | 2022 |
|------------------------|-----------------|---------|
| Stock of liquid assets | 7,335.0 | 7,354.9 |
| Qualifying liabilities | 10,367.3 | 9,820.2 |
| MLR | 70.8% | 74.9% |

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

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.

18. Miscellaneous Income and Expenses

Miscellaneous income consists of:

| | 2023 | 2022 |
|--|---------------------|--------------|
| Recoveries of written-off account | ₱116,634,191 | ₱98,560,199 |
| Commission income | 95,370,389 | 73,942,512 |
| Rental income (Note 20) | 6,601,131 | 5,937,689 |
| Deposit-related fees and other charges | 3,263,959 | 3,648,852 |
| Gain on disposal of property and equipment | 224,328 | 669,403 |
| Others (Notes 6 and 22) | 10,243,923 | 4,397,892 |
| | ₱232,337,921 | ₱187,156,546 |

Others include service charges on remittances, security deposit and insurance claims for transportation equipment.

Miscellaneous expense consists of the following:

| | 2023 | 2022 |
|------------------------------------|--------------------|-------------|
| Medical and other related expenses | ₱6,316,639 | ₱5,836,391 |
| Advertising and promotions | 6,659,742 | 3,755,827 |
| Representation and entertainment | 4,849,741 | 3,012,926 |
| COVID-19 related expenses | — | 1,367,103 |
| Others | 49,386,006 | 23,747,463 |
| | ₱67,212,128 | ₱37,719,710 |

COVID-19 related expenses include disinfectants purchased, and other cleaning expenses of the Bank.

Others include notarial and other legal expenses, loss on asset disposal, foreign currency exchange loss, laundry expenses and other small value expenses that are non-recurring.

19. Retirement Benefits

The Bank, CARD MRI Development Institute, Inc. (CMDI), CARD Mutual Benefit Association (MBA), Inc., CARD SME Bank, Inc., CARD MRI Insurance Agency (CAMIA), Inc., CARD Business Development Service Foundation, Inc. (BDSFI), Inc., CARD MRI Information Technology, Inc. (CMIT), CARD Employees Multi-Purpose Cooperative (EMPC), Responsible Investments for Solidarity and Empowerment Financing Co. (RISE), BotiCARD Inc., CARD Leasing and Finance Corporation (CLFC), CMRBI, CARD, Inc. and Mga Likha ni Inay Inc. (MLNI), maintain a funded and formal non-contributory defined benefit retirement plan - the CARD MRI Multi-Employer Retirement Plan (MERP) - covering all of their regular employees and CARD Group Employees' Retirement Plan (Hybrid Plan) applicable to employees hired on or after July 1, 2016. MERP and Hybrid 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 120.0% 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.

Hybrid Plan provides a retirement benefit equal to 100.0% of the member's employer accumulated value (the Bank's contributions of 8.0% plan salary to Fund A plus credited earnings) and 100.0% of the Member's Employee accumulated value (member's own contributions up to 10.0% of plan salary to Fund B plus credited earnings), if any. Provided that in no case shall 100.0% of the Employee Accumulated Value in Fund A be less than 100.0% of plan salary for every year of credited service.

The latest actuarial valuation report covers reporting period as of December 31, 2023 and 2022.

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

| 2023 | | | | | | | | | | | | | |
|---|---------------|----------------------|--------------|---------------|------------------------|--|---|------------------------|---|---|-------------------------|---------------|--------------------------|
| Net benefit cost in statements of income* | | | | | | Remeasurements in other comprehensive income | | | | | | | |
| | January 1 | Current service cost | Net interest | Subtotal | Transfer from the plan | Benefits paid | Return on plan assets (excluding amount included in net interest) | Experience adjustments | Actuarial changes arising from changes in demographic assumptions | Actuarial changes arising from changes in financial assumptions | Effect of asset ceiling | Subtotal | Contribution by employer |
| | | | | | | | | | | | | | |
| Fair value of plan assets | ₱757,777,860 | ₱- | ₱55,686,086 | ₱55,686,086 | (₱366,831) | (₱21,255,304) | (₱20,734,020) | ₱- | ₱- | ₱- | ₱- | (₱20,734,020) | ₱31,712,617 |
| Present value of defined benefit obligation | (481,369,232) | (39,565,750) | (35,139,954) | (74,705,704) | 366,831 | 21,255,304 | - | (12,179,563) | (352,632) | (69,003,268) | - | (81,535,463) | - |
| Effect of asset ceiling | (62,238,293) | - | (4,543,395) | (4,543,395) | - | - | - | - | - | - | 41,997,736 | 41,997,736 | - |
| Net retirement asset | ₱214,170,335 | (₱39,565,750) | ₱16,002,737 | (₱23,563,013) | ₱- | ₱- | (₱20,734,020) | (₱12,179,563) | (₱352,632) | (₱69,003,268) | (₱41,997,736) | (₱60,271,747) | ₱31,712,617 |
| | | | | | | | | | | | | | ₱162,048,192 |

*The net benefit cost is included in 'Compensation and benefits' in the statements of income

| 2022 | | | | | | | | | | | | | |
|---|---------------|----------------------|--------------|---------------|------------------------|--|---|------------------------|---|---|-------------------------|---------------|--------------------------|
| Net benefit cost in statements of income* | | | | | | Remeasurements in other comprehensive income | | | | | | | |
| | January 1 | Current service cost | Net interest | Subtotal | Transfer from the plan | Benefits paid | Return on plan assets (excluding amount included in net interest) | Experience adjustments | Actuarial changes arising from changes in demographic assumptions | Actuarial changes arising from changes in financial assumptions | Effect of asset ceiling | Subtotal | Contribution by employer |
| | | | | | | | | | | | | | |
| Fair value of plan assets | ₱740,063,770 | ₱- | ₱37,825,409 | ₱37,825,409 | (₱1,715,954) | (₱33,899,054) | (₱11,789,583) | ₱- | ₱- | ₱- | ₱- | (₱11,789,583) | ₱27,293,272 |
| Present value of defined benefit obligation | (562,383,036) | (49,883,855) | (28,906,488) | (78,790,343) | 1,715,954 | 33,899,054 | - | (18,658,165) | 7,021,664 | 135,825,640 | - | 124,189,139 | - |
| Effect of asset ceiling | (18,822,835) | - | (967,494) | (967,494) | - | - | - | - | - | - | (42,447,964) | (42,447,964) | - |
| Net retirement asset | ₱158,857,899 | (₱49,883,855) | ₱7,951,427 | (₱41,932,428) | ₱- | ₱- | (₱11,789,583) | (₱18,658,165) | ₱7,021,664 | ₱135,825,640 | (₱42,447,964) | ₱69,951,592 | ₱27,293,272 |
| | | | | | | | | | | | | | ₱214,170,335 |

*The net benefit cost is included in 'Compensation and benefits' in the statements of income.

The maximum economic benefit of plan assets available is a combination of expected refunds from the plan and reduction in future contributions. The fair value of plan assets by each class as at the end of the reporting period are as follow:

| | 2023 | 2022 |
|---------------------------|---------------------|--------------|
| Cash and other cash items | ₱94,411,680 | ₱124,199,791 |
| Government securities | 545,436,185 | 520,214,501 |
| Other bonds | 34,440,996 | 39,404,449 |
| Loans and receivables | 119,620,641 | 63,577,562 |
| Other assets | 8,911,307 | 10,381,557 |
| Fair value of plan assets | ₱802,820,408 | ₱757,777,860 |

All plan assets do not have quoted prices in an active market except for government securities. Cash and other cash items are deposited in reputable financial institutions and related parties and are deemed to be standard grade. Mutual fund, loans and receivables 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 risk 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 rates | | |
| January 1 | 7.3% | 5.1% |
| December 31 | 6.1% | 7.3% |
| Future salary increases | 5.0% | 5.0% |

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

| | 2023 | | 2022 | |
|-------------------------|---------------|--------------|---------------|--------------|
| | +100 | -100 | +100 | -100 |
| Discount rates | (₱59,296,020) | ₱69,846,248 | (₱47,829,518) | ₱56,560,539 |
| Future salary increases | 69,932,009 | (60,409,139) | 57,316,443 | (49,223,094) |

As at December 31, 2023, the average duration of defined benefit obligations is 10.5 years.

Expected fund contribution in 2024 amounts to ₱36.8 million.

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

| | 2023 | 2022 |
|--------------------------------|--------------------|---------------|
| Less than 1 year | ₱48,405,916 | ₱36,990,192 |
| More than 1 year to 5 years | 218,956,767 | 172,346,431 |
| More than 5 years to 10 years | 335,680,060 | 275,199,925 |
| More than 10 years to 15 years | 451,500,456 | 420,066,211 |
| More than 15 years to 20 years | 556,171,991 | 553,444,725 |
| More than 20 years to 25 years | 639,959,474 | 727,341,972 |
| More than 25 years | 897,064,858 | 1,200,717,092 |

20. Leases

Bank as a lessee

Office spaces and staff house

The Bank leases the premises occupied by some of its branches in which lease payments are subjected to escalation clauses at 5.0% to 10.0% starting either on the second or third year of lease. The lease contracts are for the periods ranging from one (1) to ten (10) years and are renewable upon mutual agreement between the Bank and the lessors.

Transportation and IT equipment

The Bank leases transportation and IT equipment from CLFC. The lease contracts have a term of eighteen (18) months to twenty-four (24) months and eighteen months in 2023 and 2022, respectively.

The following are the amounts recognized in the statement of income:

| | 2023 | 2022 |
|---|---------------------|--------------|
| Depreciation expense of ROU assets (Note 11) | ₱130,738,933 | ₱126,003,308 |
| Interest expense on lease liabilities | 11,992,157 | 11,685,715 |
| Expenses relating to short-term leases and leases of low-value assets (included in general and administrative expenses) | 78,005,473 | 73,036,550 |
| Total amount recognized in statement of income | ₱220,736,563 | ₱210,725,573 |

The rollforward analysis of lease liabilities follows:

| | 2023 | 2022 |
|------------------------------|----------------------|---------------|
| Balance at beginning of year | ₱223,142,892 | ₱222,345,354 |
| Addition | 134,708,039 | 130,904,003 |
| Termination | – | (363,130) |
| Interest expense | 11,992,157 | 11,685,715 |
| Principal payments | (140,746,691) | (141,429,050) |
| Balance at end of year | ₱229,096,397 | ₱223,142,892 |

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

| | 2023 | 2022 |
|------------------------------|---------------------|--------------|
| less than 1 year | ₱122,518,391 | ₱126,277,013 |
| more than 1 years to 2 years | 75,333,331 | 73,044,792 |
| more than 2 years to 3 years | 38,531,603 | 26,114,371 |
| more than 3 years to 4 years | 20,178,361 | 9,352,071 |
| more than 4 to 5 years | 7,898,402 | 4,878,124 |
| more than 5 years | 1,672,802 | 3,210,308 |

Bank as a lessor

The Bank earns income from leased office spaces to CARD MRI Information Technology (CMIT) and CARD MRI Property Management, Inc. (CMPMI). In 2023 and 2022, rental income recognized under ‘miscellaneous income’ in the statements of income amounted to ₱6.6 million and ₱5.9 million, respectively (Note 18).

21. Income Taxes

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

Income taxes include corporate income tax, as discussed below, and 20.0% final withholding tax on gross interest income from government securities and other deposit substitutes.

On March 26, 2022, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law. This aimed to attract more investments and maintain fiscal prudence and stability in the Philippines. RA No.11534 or the CREATE Act introduced reforms to the corporate income tax and incentives systems.

Following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact to the Bank:

- Effective July 1, 2021, RCIT was reduced for domestic and resident foreign corporations from 30.0% to 25.0%. For domestic corporations with net taxable income not exceeding ₱5,000,000 and with total assets not exceeding ₱100,000,000 (excluding land on which the particular business entity’s office, plant, and equipment are situated) during the year, RCIT rate is reduced to 20%.
- The bill also provides that effective July 1, 2021 to June 30, 2023, the MCIT will be lowered from 2.0% to 1.0%, starting July 1, 2023 MCIT reverted to 2.0%.
- Interest expense allowed as a deduction against taxable income shall be reduced by 20% of interest income subjected to final tax.

An optional standard deduction (OSD) equivalent to 40.0% of gross income may be claimed as an alternative deduction in computing for the RCIT. For the 2023 and 2022 RCIT computation, the Bank elected to claim itemized expense deductions instead of the OSD.

Current tax regulations also provide for the ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense is limited to the actual EAR paid or

incurred but not to exceed 1.0% of the Bank’s net revenue. The regulations also provide that 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.

The Bank’s provision for income tax consists of:

| | 2023 | 2022 |
|-----------|---------------------|--------------|
| Current: | | |
| RCIT | ₱567,972,939 | ₱432,021,425 |
| Final tax | 74,047,537 | 45,478,945 |
| | 642,020,476 | 477,500,370 |
| Deferred | 96,375,733 | 140,050,507 |
| | ₱738,396,209 | ₱617,550,877 |

Components of net deferred tax assets are as follows:

| | 2023 | 2022 |
|---|---------------------|---------------|
| <i>Deferred tax asset</i> | | |
| Allowance for credit and impairment losses | ₱127,270,488 | ₱226,264,142 |
| Lease liabilities | 57,274,099 | 55,785,722 |
| Unrealize loss on financial assets at FVOCI | 4,099,036 | 12,404,516 |
| Accrued rent and vacation leave | 9,148,181 | 6,428,303 |
| Unamortized past service cost | 75,839 | 499,206 |
| Unrealized foreign exchange loss | 39,257 | 2,371 |
| | 197,906,900 | 301,384,260 |
| <i>Deferred tax liability</i> | | |
| Retirement asset | (40,512,048) | (53,542,584) |
| Right-of-use assets | (57,795,367) | (58,459,271) |
| Unrealized foreign exchange gain | — | (169,644) |
| | (98,307,415) | (112,171,499) |
| | ₱99,599,485 | ₱189,212,761 |

The income tax effect arising from retirement asset recognized in 2023 and 2022 in other comprehensive income amounted to a provision of ₱15.1 million and ₱17.5 million, respectively.

The income tax effect arising from unrealized losses on financial assets at FVOCI investments recognized in statements of other comprehensive income amounted to a benefit of ₱8.3 million and ₱16.2 million in 2023 and 2022, respectively.

As at December 31, 2023 and 2022, the Bank has no unrecognized deferred tax assets.

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

| | 2023 | 2022 |
|---|---------------------|--------------|
| Statutory income tax | ₱798,735,158 | ₱654,390,613 |
| Income tax effects of: | | |
| Interest income subject to final tax | (29,300,362) | (58,383,716) |
| Nontaxable income | (53,363,807) | (38,006,485) |
| Nondeductible interest expense and other expenses | 22,325,220 | 59,550,465 |
| Provision for income tax | ₱738,396,209 | ₱617,550,877 |

22. Related Party Transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. 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,
- post-employment benefit plans for the benefit of the Bank's employees, and
- other related parties within the CARD-MRI Group.

Transactions with Retirement Plans

Under PFRSs, 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 of related party banks and government bonds (Note 19). As of 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.

The compensation of key management personnel included under 'Compensation and benefits' in the statements of income are as follows (in millions):

| | 2023 | 2022 |
|------------------------------|--------------|-------|
| Short-term employee benefits | ₱5.3 | ₱4.5 |
| Post-employment benefits | 9.2 | 6.7 |
| | ₱14.5 | ₱11.2 |

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 Group, also qualify as related party transactions.

Deposit liabilities, accounts receivable, accounts payable and miscellaneous income

Deposit liabilities, accounts receivable, accounts payable and miscellaneous income 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 | | ₱8,482,842 | These are demand and savings accounts with annual interest rates ranging from 1.5% to 6.0%. |
| Deposits | ₱47,186,085 | | |
| Withdrawals | 47,979,464 | | |
| Dividends paid | 10,851,048 | | Relates to common and preference shares of the Bank held by key management personnel |
| Shareholders | | | |
| Deposit liabilities | | 1,203,472,951 | These are demand and savings accounts maintained by shareholders with the Bank with annual interest rates ranging from nil to 4.3%. |
| Deposits | 13,805,231,206 | | |
| Withdrawals | 12,601,758,255 | | |
| Accounts receivable | | 1,095,654 | This amount represents the shareholders' share in expenses still payable to the Bank. |
| Share in expenses | 22,239,132 | | |
| Collections | 21,143,478 | | |
| Accounts payable | | 502,833 | This amount represents the Bank's share in expenses still payable to its shareholders. |
| Share in expenses | 179,026,732 | | |
| Remittances | 178,523,899 | | |
| Dividends paid | 492,036,897 | | Pertains to dividends on common and preference shares of the Bank held by its shareholders |
| Rent expense | 18,011,838 | | Certain establishments are being owned by shareholders leased to the Bank. The lease contracts have a three-year term with no escalation clause and five to six-year term with escalation clause of 10% every after 2 years. |
| Associates | | | |
| Financial assets at FVOCI | | 31,349,911 | Pertains to investment in preferred shares of the Bank in CARD MRI Rizal Bank. |
| Dividend income | 136,799,968 | | Pertains to income received by the Bank from RBI as an associate |
| December 31, 2022 | | | |
| Category | Amount/ Volume | Outstanding Balance | Nature, Terms and Conditions |
| Key Management Personnel | | | |
| Deposit liabilities | | ₱9,276,221 | These are demand and savings accounts with annual interest rates ranging from 1.5% to 6.0%. |
| Deposits | ₱50,194,750 | | |
| Withdrawals | 40,918,529 | | |
| Dividends paid | 14,274,286 | | Relates to common and preference shares of the Bank held by key management personnel |
| Shareholders | | | |
| Deposit liabilities | | 1,347,925,314 | These are demand and savings accounts maintained by shareholders with the Bank with annual interest rates ranging from nil to 4.3%. |
| Deposits | 3,167,834,146 | | |
| Withdrawals | 1,819,908,833 | | |
| Accounts receivable | | 464,896 | This amount represents the shareholders' share in expenses still payable to the Bank. |
| Share in expenses | 17,110,220 | | |
| Collections | 16,645,323 | | |
| Accounts payable | | 7,743,674 | This amount represents the Bank's share in expenses still payable to its shareholders. |
| Share in expenses | 165,727,861 | | |
| Remittances | 157,995,187 | | |
| Dividends paid | 549,093,303 | | Pertains to dividends on common and preference shares of the Bank held by its shareholders |
| Rent expense | 32,590,683 | | Certain establishments are being owned by shareholders leased to the Bank. The lease contracts have a three-year term with no escalation clause and five to six-year term with escalation clause of 10% every after 2 years. |

(Forward)

| December 31, 2022 | | | |
|---------------------------|-------------------|------------------------|--|
| Category | Amount/ Volume | Outstanding Balance | Nature, Terms and Conditions |
| Associates | | | |
| Additional investments | P95,196,063 | | Pertains to additional investments of the Bank in MIDAS |
| Financial assets at FVOCI | | P32,734,872 | Pertains to investment in preferred shares of the Bank in CARD MRI Rizal Bank. |
| Dividend income | 32,521,050 | | Pertains to income received by the Bank from RBI as an associate |

Transitioned units from CARD, Inc. to the Bank were nil and 31 in 2023 and 2022, respectively. The BOD passed a resolution for the transition of the units from CARD, Inc. after receipt of approval from the BSP to establish additional microfinance-oriented branches on June 13, 2022 with three 3 branches to be opened within one (1) year from date of approval.

Below is the percentage of total exposures to related parties as against capital:

| Category | 2023 | | 2022 | |
|--------------------------|----------------------|--------------|---------------|-------|
| | Net exposure | Ratio | Net exposure | Ratio |
| Key management personnel | P8,482,842 | 0.1% | P9,276,211 | 0.1% |
| Shareholders | 1,203,472,951 | 14.8% | 1,347,925,314 | 20.6% |

23. Notes to Statements of Cash Flows

The following is the summary of non-cash activities in 2023 and 2022:

| | 2023 | 2022 |
|---|---------------------|--------------|
| Non-cash investing activity: | | |
| Additions to property and equipment through lease contracts (Note 11) | P128,083,312 | P133,255,546 |
| Non-cash financing activities: | | |
| Stock dividends paid – common stock | 247,036,500 | 494,975,200 |

The following table shows the reconciliation analysis of liabilities and equity arising from financing activities for the year ended December 31, 2023 and 2022, respectively:

| | 2023 | | | | | |
|---|----------------------------|--|--|--|----------------------------|-----------------------|
| | Bills payable (Note 14) | Lease liabilities (Notes 15 and 20) | Deposit for future stock subscription (Notes 15 and 17) | Dividends payable (Notes 15 and 17) | Capital stock (Note 17) | Total |
| Balances as of January 1, 2023, as reported | P199,381,422 | P223,142,892 | P- | P60,531,213 | P4,061,748,600 | P4,544,804,127 |
| Cash flows | (150,166,251) | (140,746,691) | - | (911,578,100) | 54,802,800 | (1,147,688,242) |
| Non-cash items | | | | | | |
| Cash dividend declaration | - | - | - | 906,838,548 | - | 906,838,548 |
| New lease contracts entered during the year | - | 134,708,039 | - | - | - | 134,708,039 |
| Amortization of discount of bills payables | 618,578 | - | - | - | - | 618,578 |
| Amortization on interest expenses of lease liabilities | - | 11,992,157 | - | - | - | 11,992,157 |
| Stock dividend declaration | - | - | - | - | 247,036,500 | 247,036,500 |
| Balances as of December 31, 2023 | P49,833,749 | P229,096,397 | P- | P55,791,661 | P4,363,587,900 | P4,698,309,708 |

| | 2022 | | | | | |
|---|----------------------------|--|--|--|----------------------------|-----------------------|
| | Bills payable (Note 14) | Lease liabilities (Notes 15 and 20) | Deposit for future stock subscription (Notes 15 and 17) | Dividends payable (Notes 15 and 17) | Capital stock (Note 17) | Total |
| Balances as of January 1, 2022, as reported | P580,907,548 | P222,345,354 | P69,302,800 | P58,140,350 | P3,258,966,300 | P4,189,662,352 |
| Cash flows | (383,389,883) | (141,429,050) | - | (768,214,492) | 307,807,100 | (985,226,325) |
| Non-cash items | | | | | | |
| Cash dividend declaration | - | - | - | 770,605,355 | - | 770,605,355 |
| New lease contracts entered during the year | - | - | (69,302,800) | - | - | (69,302,800) |
| Lease termination | - | 130,904,003 | - | - | - | 130,904,003 |
| Amortization of discount of bills payables | 1,863,757 | - | - | - | - | 1,863,757 |
| Amortization on interest expenses of lease liabilities | - | (363,130) | - | - | - | (363,130) |
| Stock dividend declaration | - | 11,685,715 | - | - | - | 11,685,715 |
| Balances as of December 31, 2022 | P199,381,422 | P223,142,892 | P- | P60,531,213 | P4,061,748,600 | P4,544,804,307 |

24. Approval for the Issuance of the Financial Statements

The accompanying financial statements of the Bank were approved and authorized for issue by the Bank's BOD on April 26, 2024.

25. Supplementary Information Required under Section 174 of the Manual of Regulations for Banks (MORB)

The Section 174 of the MORB, as amended on February 7, 2020, provides disclosure requirements to the audited financial statements, which are to be presented either (i) on specific notes to the financial statements, or (ii) in a separate note containing supplementary information as required by the BSP. This supplementary information is not a required disclosure under PFRSs.

In compliance with the requirements set forth by MORB Section 174, hereunder is the supplementary information:

Financial Performance

The following basic ratios measure the financial performance of the Bank:

| | 2023 | 2022 |
|--------------------------|--------------|-------|
| Return on average equity | 33.6% | 34.6% |
| Return on average assets | 10.3% | 9.1% |
| Net interest margin | 31.1% | 31.8% |

Description of Capital Instrument Issued

As of December 31, 2023 and 2022, the Bank has two classes of capital stock, preferred and common stocks.

Significant Credit Exposures as to Industry/Economic Sector

As of December 31, 2023 and 2022, information on the concentration of gross loans and receivables as to industry follows (amounts in thousands):

| | 2023 | | 2022 | |
|--|--------------------|---------------|-------------|--------|
| | Amount | % | Amount | % |
| Wholesale and retail trade; repair of motor vehicles and motorcycles | P5,433,239 | 34.7% | P7,759,049 | 56.5% |
| Agriculture, forestry and fishing | 4,851,354 | 31.0% | 3,954,797 | 28.8% |
| Other service activities | 3,460,418 | 22.1% | 1,431,875 | 10.4% |
| Real estate activities | 1,368,902 | 8.8% | 304,194 | 2.2% |
| Manufacturing | 405,614 | 2.6% | 216,549 | 1.6% |
| Education | 120,832 | 0.8% | 71,014 | 0.5% |
| | P15,640,359 | 100.0% | P13,737,478 | 100.0% |

The BSP considers, and it is the Bank's policy, that loan concentration of credit exists when the total loan exposure to a particular industry or economic sector exceeds 30.00% of total loan portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Breakdown of Total Loans as to Security

The following table shows the secured and unsecured portions of receivables from borrowers as of December 31, 2023 and 2022:

| | 2023 | | 2022 | |
|----------------------------|------------------------|---------------|-----------------|--------|
| | Amount | % | Amount | % |
| Secured portion | | | | |
| Deposit hold-out (Note 13) | P15,625,528,454 | 99.9% | P13,718,278,928 | 99.9% |
| Unsecured portion | 14,830,508 | 0.1% | 19,198,995 | 0.1% |
| | P15,640,358,962 | 100.0% | P13,737,477,923 | 100.0% |

Breakdown of Total Loans as to Status and Security

According to BSP Circular 941 *Amendments to the Regulations on Past Due and Non-Performing Loans* effective January 1, 2018, loans shall be considered non-performing, even without any missed contractual payments, when it is considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any.

All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than ninety (90) days from contractual due date, or accrued interests for more than ninety (90) days have been capitalized, refinanced, or delayed by agreement.

Generally, NPLs refer to loans whose principal and/or interest is unpaid for thirty days or more after due date or after they have become past due in accordance with existing BSP rules and regulations. This shall apply to loans that are payable in lump sum and loans that are payable 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 are considered as NPLs.

Information on the amounts of performing and non-performing loans (NPLs) and receivables (gross of allowance for impairment and credit losses) of the Bank are as follows:

| | 2023 | | | 2022 | | |
|-----------------------------|------------------------|---------------------|------------------------|-----------------|----------------|-----------------|
| | Performing | Non-Performing | Total | Performing | Non-Performing | Total |
| Loans and receivables | | | | | | |
| Microfinance loans | P9,891,048,753 | P331,866,241 | P10,222,914,994 | P12,135,296,178 | P506,109,481 | P12,641,405,659 |
| Regular loans | 4,287,874,677 | 59,834,810 | 4,347,709,487 | 165,748,049 | 22,031,336 | 187,779,385 |
| Agricultural-agrarian loans | 1,047,459,570 | 22,274,911 | 1,069,734,481 | 885,455,928 | 22,836,951 | 908,292,879 |
| | P15,226,383,000 | P413,975,962 | P15,640,358,962 | P13,186,500,155 | P550,977,768 | P13,737,477,923 |

As of December 31, 2023 and 2022, secured and unsecured NPLs of the Bank follow:

| | 2023 | 2022 |
|-----------|---------------------|--------------|
| Secured | P55,877,848 | P9,575,567 |
| Unsecured | 382,078,127 | 541,402,202 |
| | P437,955,975 | P550,977,769 |

Restructured loans as of December 31, 2023 and 2022 amounted to P6.7 million and P30.7 million, respectively. The Bank's loan portfolio includes non-risk loans as defined under BSP regulations totaling P13.0 billion and P11.8 billion as of December 31, 2023 and 2022, respectively.

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 that is past due for one day. As at December 31, 2023 and 2022, the Bank's PAR amounted to P0.77 billion and P2.1 billion, respectively.

Information on Related Party Loans

As required by BSP, the Bank discloses loan transactions with investees and with certain DOSRI. Existing banking regulations limit the amount of individual loans to DOSRI, 70.0% 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 15.0% 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 amended the definition of DOSRI accounts. On October 8, 2010, BSP Circular No. 695 is issued to provide guidance on the definition of Related Interest. BSP Circular No. 749, dated February 6, 2012, provides that related party transactions are expected to cover a wider definition than DOSRI under existing regulations and a broader spectrum of transactions (i.e., not limited to credit exposures).

As at December 31, 2023 and 2022, DOSRI accounts under the existing regulations are shown in the table below (as reported to BSP):

| | 2023 | | 2022 | |
|--|-----------------|---|----------------|---|
| | DOSRI Loans | Related Party Loans (inclusive of DOSRI Loan) | DOSRI Loans | Related Party Loans (inclusive of DOSRI Loan) |
| Total outstanding DOSRI loans | ₱521,107 | ₱3,852,677 | ₱746,245 | ₱2,718,797 |
| Percent of DOSRI/Related Party loans to total loan portfolio | 0.0% | 0.0% | 0.0% | 0.0% |
| Percent of unsecured DOSRI/Related Party loans to total DOSRI/Related Party loans | 0.0% | 0.0% | 0.0% | 0.0% |
| Percent of past due DOSRI/Related Party loans to total DOSRI/Related Party loans | 0.0% | 0.0% | 0.0% | 0.0% |
| Percent of non-performing DOSRI/Related Party loans to total DOSRI/Related Party loans | 0.0% | 0.0% | 0.0% | 0.0% |

BSP Circular No. 560 provides that the total outstanding loans, other credit accommodation and guarantees to each of the bank's/quasi-bank's subsidiaries and affiliates shall not exceed 10.00% of the net worth of the lending bank/quasi-bank, provided that the unsecured portion of which shall not exceed 5.00% of such net worth. Further, the total outstanding loans, credit accommodations and guarantees to all subsidiaries and affiliates shall not exceed 20.00% of the net worth of the lending bank/quasi-bank; and the subsidiaries and affiliates of the lending bank/quasi-bank are not related interest of any director, officer and/or stockholder of the lending institution, except where such director, officer or stockholder sits in the BOD or is appointed officer of such corporation as representative of the bank/quasi-bank.

On May 12, 2009, BSP issued Circular No. 654 allowing a separate individual limit of twenty-five (25.00%) of the net worth of the lending bank/quasi-bank to loans of banks/quasi-banks to their subsidiaries and affiliates engaged in energy and power generation.

Nature and amount of contingencies and commitments arising off-balance sheet items

As of December 31, 2023 and 2022, the bank has no outstanding contingencies arising from off-balance sheet items.

GRT in 2023 consists of taxes on:

| | |
|--------------------------|---------------------|
| Interest income on loans | ₱346,645,706 |
| Other income | 45,143,430 |
| | ₱391,789,136 |

DST in 2023 consists of taxes on special savings account, loans, and capital increase.

Withholding taxes in 2023 are categorized into:

| | |
|--|---------------------|
| Paid: | |
| Expanded withholding tax | ₱22,585,558 |
| Withholding taxes on compensation and benefits | 13,516,774 |
| Final withholding tax on interest expense and dividends declared | 91,288,989 |
| Accrued: | |
| Expanded withholding tax | 2,484,689 |
| Withholding taxes on compensation and benefits | 1,172,745 |
| Final withholding tax on interest expense | 11,093,584 |
| | 14,751,018 |
| | ₱142,142,339 |

Tax Assessment and Cases

On October 28, 2021, the Bureau of Internal Revenue (BIR) rendered a letter of authority (LOA) to examine the books of accounts and other accounting records of the Bank for the taxable period January 1, 2019, to December 31, 2019. Second and final notice to submit requested documents was also received on January 28, 2022. Succeeding submission of documents were made on July 5, 2022, November 16, 2022, and February 14, 2023, respectively. When the BIR issued the Notice of Discrepancy on April 11, 2023, the Bank submitted its written response on April 19, 2023, followed by the reconciliation on April 24, 2023. The BIR issued Preliminary Assessment Notice on June 20, 2023, which the Bank settled on June 29, 2023.

On September 29, 2023, the BIR rendered a LOA to examine the books of accounts and other accounting records of the Bank for the taxable period January 1, 2021 to December 31, 2021. The Bank acknowledged receipt of the LOA including list of documentary requirements within 5 days pursuant to Sec. 4 of RR 16-2006. On October 25, 2023, the Bank received First Notice for the Presentation of Books of Accounts and Other Accounting Records and submitted initial requirements on the same date. The Bank received the second and final notice on November 06, 2023 for the submission of remaining requirements. Submission of additional documentary requirements was made on January 30, 2023, through email. On February 27, 2024, the BIR issued its initial findings which the Bank responded with the submission of reconciliation and other supporting documents during visit to the National Office of the BIR for the requested discussion on March 20, 2024. As of the date of this report, the Bank awaits for the assessment of the BIR on the submitted reconciliation.

26. Supplementary Information Required under Revenue Regulations 15-2010

The components of 'Taxes and licenses' recognized in the statement of income for the year ended December 31, 2023, follow:

| | |
|-------------------------------|---------------------|
| Gross receipt tax (GRT) | ₱391,789,136 |
| Documentary stamp tax (DST) | 124,129,357 |
| Fines and penalties | 60,169,000 |
| Business permits and licenses | 16,538,797 |
| Real property tax | 2,892,793 |
| Others | 2,323,663 |
| | ₱597,842,746 |

CARD Bank, Inc.
(A Microfinance-Oriented Rural Bank)
(Foreign Currency Deposit Unit)

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 Bank, Inc. (A Microfinance-Oriented Rural Bank)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Foreign Currency Deposit Unit (FCDU) of CARD Bank, Inc. (A Microfinance-Oriented Rural Bank), which comprise the statements of assets and liabilities as at December 31, 2023 and 2022, and the statements of comprehensive income 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 FCDU 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 FCDU 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 FCDU'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 FCDU or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the FCDU'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 FCDU'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 FCDU'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 FCDU 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 Section 174 of the MORB in Note 11 and Revenue Regulations 15-2010 in Note 12 to the financial statements is presented for purposes of filing with the Bangko Sentral ng Pilipinas and 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 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 25, 2024

CARD BANK, INC. (A MICROFINANCE-ORIENTED RURAL BANK)
FOREIGN CURRENCY DEPOSIT UNIT
STATEMENTS OF ASSETS AND LIABILITIES

| | December 31 | |
|--------------------------------------|--------------------|--------------------|
| | 2023 | 2022 |
| ASSETS | | |
| Cash and other cash items | ₱209,907 | ₱266,709 |
| Due from other bank (Note 5) | 17,203,252 | 15,295,682 |
| | ₱17,413,159 | ₱15,562,391 |
| LIABILITIES | | |
| Deposit liabilities (Notes 6 and 9) | ₱16,847,707 | ₱14,982,635 |
| Other liabilities | 660 | 989 |
| Due to Regular Banking Unit (Note 7) | 564,792 | 578,767 |
| | ₱17,413,159 | ₱15,562,391 |

See accompanying Notes to Financial Statements.

CARD BANK, INC. (A MICROFINANCE-ORIENTED RURAL BANK)
FOREIGN CURRENCY DEPOSIT UNIT
STATEMENTS OF COMPREHENSIVE INCOME

| | Years Ended December 31 | |
|--|-------------------------|-----------------|
| | 2023 | 2022 |
| INTEREST INCOME | | |
| Due from other bank (Note 5) | ₱4,161 | ₱3,594 |
| INTEREST EXPENSE | | |
| Deposit liabilities (Notes 6 and 9) | 16,307 | 25,850 |
| LOSS BEFORE INCOME TAX | (12,146) | (22,256) |
| PROVISION FOR INCOME TAX (Note 8) | (624) | (539) |
| NET LOSS | (12,770) | (22,795) |
| Cumulative translation adjustment for the year | 1,240 | 51,248 |
| TOTAL COMPREHENSIVE INCOME (LOSS) | (₱11,530) | ₱28,453 |

See accompanying Notes to Financial Statements.

**CARD BANK, INC. (A MICROFINANCE-ORIENTED RURAL BANK)
FOREIGN CURRENCY DEPOSIT UNIT
STATEMENTS OF CASH FLOWS**

| | Years Ended December 31 | |
|--|--------------------------------|-------------|
| | 2023 | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before income tax | (P12,146) | (P22,256) |
| Changes in operating assets and liabilities: | | |
| Increase in the amount of deposit and other liabilities | 1,865,072 | 1,467,734 |
| Decrease in other liabilities | (2,774) | (3,686) |
| Net cash generated from operations | 1,850,152 | 1,441,792 |
| Final taxes paid | (624) | (539) |
| Net cash provided by operating activities | 1,849,528 | 1,441,253 |
| EFFECT OF FOREIGN CURRENCY TRANSLATION ADJUSTMENT | 1,240 | 51,248 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 1,850,768 | 1,492,501 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | | |
| Cash and other cash items | 266,709 | 1,203,474 |
| Due from other bank | 15,295,682 | 12,866,416 |
| | 15,562,391 | 14,069,890 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | |
| Cash and other cash items | 209,907 | 266,709 |
| Due from other bank | 17,203,252 | 15,295,682 |
| | P17,413,159 | P15,562,391 |
| OPERATIONAL CASH FLOWS FROM INTEREST | | |
| Interest received | P4,161 | P3,594 |
| Interest paid | 16,307 | 25,850 |

See accompanying Notes to Financial Statements.

**CARD BANK, INC. (A MICROFINANCE-ORIENTED RURAL BANK)
FOREIGN CURRENCY DEPOSIT UNIT
NOTES TO FINANCIAL STATEMENTS**

1. Corporate Information

CARD Bank, Inc. (A Microfinance-Oriented Rural Bank) (the Bank) was incorporated in the Philippines on July 1, 1997. The Bank was granted the authority to operate by the Bangko Sentral ng Pilipinas (BSP) on August 25, 1997 and formally opened for business on September 1, 1997.

It is currently engaged in extending microcredit and rural credit to small farmers and tenants and to deserving rural industries or enterprises. The Bank offers a wide range of products and services such as deposit products, loans, and treasury that serve mainly to the consumer market.

On April 16, 2011, the Bank's Board of Directors (BOD) and stockholders approved the amendment to the Articles of Incorporation, adding to the Bank's purpose the function to act as a micro-insurance agent for the presentation, marketing, sale, and servicing of micro-insurance products. This was subsequently approved by the BSP and the Insurance Commission on February 10, 2012 and January 17, 2012, respectively. The Philippine Securities and Exchange Commission (SEC) approved and issued the certificate of filing of amended Articles of Incorporation on June 29, 2012.

On October 8, 2012, the BSP approved the registration of the Bank's Foreign Currency Deposit Unit (FCDU).

The Bank is a member of Center for Agriculture and Rural Development (CARD) - Mutually Reinforcing Institutions (MRI).

As at December 31, 2023 and 2022, the Bank is 31.09%-owned by CARD, Inc.

The Bank's executive office is located at 20 M. L. Quezon Street, City Subdivision, San Pablo City, Laguna. The head office is located at No. 35 P. Burgos, corner M. Paulino Street, San Pablo City, Laguna. As at December 31, 2023 and 2022, the Bank has 100 branches..

2. Material Accounting Policy Information

Basis of Preparation

The accompanying financial statements of the Foreign Currency Deposit Unit (FCDU) have been prepared on a historical cost basis and are presented in Philippine peso (P), the FCDUs presentation currency. All values are rounded to the nearest peso except when otherwise indicated.

The functional currency of the FCDU is United States Dollar (USD). For financial reporting purposes, the FCDU accounts are translated into their equivalent Philippine peso (see accounting policy on Foreign Currency Translation).

Statement of Compliance

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

Presentation of Financial Statements

The FCDU presents its statement of assets and liabilities in order of liquidity.

As at December 31, 2023 and 2022, all of the FCDU's assets and liabilities are expected to be recovered or settled within one year from reporting date.

Financial assets and financial liabilities are offset and the net amount reported in the statement of assets and liabilities only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liability simultaneously. The FCDU 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 FCDU and all of the counterparties.

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

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Bank has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Adoption of these amendments did not have an impact on the financial statements 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 Policies

Foreign Currency Translation

The books of accounts of the FCDU are maintained in USD. For financial reporting purposes, the monetary assets and liabilities of the FCDU are translated in Philippine peso based on the Bankers Association of the Philippines (BAP) closing exchange rate prevailing at the reporting date and its income and expenses are translated at the BAP weighted average rate for the year. Exchange differences arising on translation are taken directly to 'Cumulative translation adjustments' in the statement of assets and liabilities.

Cash and Cash Equivalents

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

Financial Instruments

Date of recognition

Purchases or sales of financial assets, that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date. Settlement date accounting refers to (a) the recognition of an asset on the day it is received by the FCDU and (b) the derecognition of an asset and recognition of any gain or loss on disposal on the day that such asset is delivered by the FCDU. Any change in fair value of a financial asset is recognized in the statement of income for assets classified as financial assets at FVTPL, and as a component of 'Due to Regular Banking Unit' in the statement of assets and liabilities for assets classified as financial assets at FVOCI. Deposits, amounts due from banks, and loans and receivables are recognized when cash is received by the FCDU or advanced to the borrowers.

Initial recognition of financial instruments

All financial instruments are initially recognized at fair value. Except for financial assets and financial liabilities at FVTPL, the initial measurement of financial instruments includes transaction costs.

'Day 1' difference

Where the transaction price in a non-active market is different with the fair value 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 FCDU recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the statement of income. In cases where the transaction price used is made of data which is 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 FCDU determines the appropriate method of recognizing the 'Day 1' difference amount.

Classification and Measurement of Financial Assets

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

As part of its classification process, the FCDU 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).

Business model assessment

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

The FCDU'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 FCDU'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 FCDU's original expectations, the FCDU 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.

Solely payments of principal and interest (SPPI) test

As a second step of its classification process the FCDU assesses the contractual terms of financial assets to identify whether they meet the 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 (for example, if there are repayments of principal or amortization of the premium/discount).

The FCDU's measurement categories are described below:

Financial assets at amortized cost

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

- the asset is held within a 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 SPPI on the principal amount outstanding.

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 FCDU classified cash and other cash items (COCI), due from BSP, due from other banks, investment securities at amortized cost, loans and receivables, security deposits (included under "other assets") as financial assets at amortized cost.

Financial liabilities at amortized cost

These are issued financial instruments or their components, which are not designated at FVPL where the substance of the contractual arrangement results in the FCDU 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 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 not qualified and not designated as FVPL, are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account the impact of applying the effective interest method of amortization for any related premium, discount and any directly attributable transaction costs.

These policies apply to liabilities classified under 'Deposit liabilities' in the statement of assets and liabilities.

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:

- the rights to receive cash flows from the asset have expired or transferred; or
- the FCDU 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
- the FCDU has transferred its rights to receive cash flows from the asset either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred the control of the asset.

Where the FCDU 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 of the asset, the FCDU continues to recognize the transferred asset to the extent of the FCDU's continuing involvement in the asset. 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 FCDU could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, 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 statements of comprehensive income.

Impairment of Financial Assets

The FCDU records expected credit losses (ECL) for all loans and other debt financial assets not classified as FVTPL.

ECL represents 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 (General Approach). 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 result from all possible default events over the expected life of a financial instrument.

Staging assessment

A three-stage approach for impairment of financial assets is used, based on whether there has been a significant deterioration in the credit risk of a financial asset. These three stages then determine the amount of impairment to be recognized.

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all non-impaired financial assets which have not experienced a SICR since initial recognition or is considered of low credit risk as of the reporting date. The FCDU recognizes a 12-month ECL for Stage 1 financial instruments.
- Stage 2 is comprised of all non-impaired financial assets which have experienced a SICR since initial recognition. The FCDU recognizes a lifetime ECL for Stage 2 financial instruments.

For credit-impaired financial instruments:

- Stage 3 is comprised of all financial assets that have 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 FCDU recognizes a lifetime ECL for impaired financial instruments.

Definition of “default” and “restored”

The FCDU classifies loans and receivables, or any financial asset as in default when it is credit impaired, becomes past due on its contractual payments in case of microfinance loans and for more than 90 days in case of other credit exposures, considered non-performing, under litigation or is classified as doubtful or loss. As part of a qualitative assessment of whether a customer is in default, the FCDU considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the FCDU 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. restored) if there is sufficient evidence to support that full collection is probable and payments are received for all maturing dues.

Credit risk at initial recognition

The FCDU 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.

Significant increase in credit risk

The assessment of whether there has been a significant increase in credit risk is based on an increase in the probability of a default occurring since initial recognition. The SICR criteria vary by portfolio and include quantitative changes in probabilities of default and qualitative factors, including a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the FCDU's internal credit assessment, the borrower or counterparty is determined to require close monitoring or with well-defined credit weaknesses. For exposures without internal credit grades, if contractual payments are one day past due, the credit risk is deemed to have increased significantly since initial recognition. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, the FCDU shall revert to recognizing a 12-month ECL.

ECL parameters and methodologies

ECL is a function of the probability of default (PD), loss given default (LGD) and exposure at default (EAD), 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 is an estimate of the likelihood of default over a 12-month horizon for Stage 1 or lifetime horizon for Stages 2 and 3. The PD for each individual instrument is modelled based on historic data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. The FCDU segments its credit exposures based on homogenous risk characteristics and developed a corresponding PD methodology for each portfolio. The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristic of the portfolio, behavior of the accounts and materiality of the segment as compared to the total portfolio.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It makes use of defaulted accounts that have either been identified as cured, restructured, or liquidated. The FCDU segmented its LGD based on homogenous risk characteristics and calculated the corresponding segment-level averages.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

Forward-looking information

The FCDU incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. A broad range of forward-looking information are considered as economic inputs, such as GDP growth, exchange rate, interest rate, inflation rate and other economic indicators. 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 reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The key forward-looking economic variables used in each of the economic scenarios for the ECL calculations are remittances, retail price index, calamity damage and unemployment rate.

No allowance for credit losses was recognized by the FCDU as of December 31, 2023 and December 31, 2022.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the FCDU and the revenue can be reliably measured regardless of when payment is being made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The FCDU assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The FCDU has concluded that it is acting as a principal in all of its revenue.

The following specific recognition criteria must also be met before revenue is recognized:

Interest income

Interest income is recognized in the statement of comprehensive loss as it accrues, taking into account the effective yield of the asset.

Expense Recognition

Expense is recognized when it is probable that decrease in the future economic benefits related to decrease in an asset or an increase in liability has occurred and that the decrease in economic benefits can be measured reliably. Revenues and expenses that relate to same transaction or other event are recognized simultaneously.

Interest expense

Interest expense for all interest-bearing financial liabilities is recognized in 'Interest expense' in the statements of comprehensive loss using the effective interest rate (EIR) of the financial liabilities to which they relate.

Income Taxes

Income tax is determined in accordance with tax laws and is recognized in the statement of comprehensive loss, except to the extent that it relates to items directly recognized in other comprehensive income.

Current tax assets and 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 as at the reporting date.

Provisions and Contingencies

Provisions are recognized when the FCDU has a present obligation (legal or constructive), as a result of a past event and 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.

Where the FCDU expects some or all of a provision to be reimbursed, for example, under an insurance contract, 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 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 the passage of time is recognized under 'Interest expense' in the statements of comprehensive loss.

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

Events After the Reporting Period

Any post year-end events that provide additional information about the FCDU's position at the reporting date (adjusting events) are reflected in the FCDU's financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

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. Adoption of these pronouncements is not expected to have a significant impact on the FCDU's consolidated 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 financial statements in accordance with PFRSs requires the FCDU to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure on contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in judgments and 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.

Judgment

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

Functional currency

The primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash. The FCDU considers the following factors in determining its functional currency: (a) the currency: (i) that mainly influences sales prices for goods and services; and, (ii) of the country whose competitive forces and regulations mainly determine the sales prices of

its goods and services. (b) the currency that mainly influences labor, material and other costs of providing goods or services.

The functional currency of the FCDU is United States Dollar (USD). For financial reporting purposes, the FCDU accounts are translated into their equivalent Philippine peso (see Note 2).

Estimates

As of December 31, 2023 and 2022, management assessed that there are no significant accounting estimates exercised in respect to the preparation of the financial statements.

4. Financial Risk Management Objectives and Policies

The principal financial instruments of the FCDU are cash and other cash items, due from other bank and deposit liabilities. The FCDU's business exposure is minimal when it comes to four major risks: credit risk, liquidity risk, market risk and operational risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The FCDU manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for industry concentrations, and by monitoring exposures in relation to such limits.

As at December 31, 2023 and 2022, the FCDU does not have financial assets with counterparties that have heightened credit risk (i.e., loans and receivables, financial assets at fair value through other comprehensive income, financial assets at profit or loss). The FCDU deems that credit risk is minimal as its sole investments are its due from a government bank (see Note 5).

Maximum exposure to credit risk

Credit risk exposure is limited to the carrying amount of the financial assets placed with government banks. The maximum exposure to credit risk is presented by the carrying amounts of the financial assets that are carried in the statement of financial position. No agreements reducing the maximum exposure to credit risk has been concluded as of the statement of financial position date.

Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

As at December 31, 2023 and 2022, the credit exposure of the FCDU's financial assets are under the government industry and all of the FCDU's financial assets are located in the Philippines.

Credit quality per class of financial assets

The FCDU's financial instruments are with reputable financial institutions and are deemed to be of high-grade quality. The exposure of the FCDU's financial assets to credit risk is minimal as due from other bank is placed with a government bank.

As at December 31, 2023 and 2022, the FCDU has no past due and impaired financial assets.

Collateral and other credit risk mitigation

As of December 31, 2023 and 2022, the FCDU does not hold collateral and has no other credit enhancements for its outstanding financial assets.

Liquidity Risk

Liquidity risk is the risk of the FCDU's inability to meet funding obligations such as the repayment of liabilities or payment of asset purchases as they fall due. The FCDU's exposure to liquidity risk is minimal since the level of financial assets is adequate to meet its outstanding obligations and expenditures.

As at report date, liquidity risk is also minimal considering its available cash and other cash items and due from other bank are sufficient to cover its liabilities at December 31, 2023 and 2022, respectively.

As of December 31, 2023 and 2022, all of the FCDU's financial instruments are due on demand.

Market Risk

Market risk is the risk of loss of future earnings, of fair value or future cash flows of a financial instrument as a result of changes in its price, in turn caused by changes in interest rates, foreign currency exchange rates, and other market changes.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments.

The FCDU follows a prudent policy on managing its assets and liabilities. It closely monitors the movements of interest rates in the market and reviews its assets and liabilities structure to ensure that exposures to fluctuations in interest rates are kept within acceptable limits.

As at December 31, 2023 and 2022, the FCDU has minimal interest rate risk since its interest-bearing financial assets and liabilities consisting of due from other banks and deposit liabilities are subject to fixed interest rates.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The FCDU manages its exposure to foreign exchange risk by maintaining foreign currency exposure within existing regulatory guidelines at a level that it believes to be relatively conservative for a microfinance rural bank.

As at December 31, 2023 and 2022, the FCDU has no significant exposure to foreign currency risk since its functional currency is USD and its transactions and balances are USD-denominated.

Operational Risk Management Policies and Procedures

Operational risk is the probability of risk to capital or earnings, or potential loss arising from fraud, unauthorized activities, errors, omissions, system failures or from external events. This is the broadest risk type encompassing product development and delivery, operational processing, systems development, computing systems, complexity of products and services, and the internal control environment.

Operational risk management is considered a critical element in the FCDU's commitment to sound management and corporate governance. Under the FCDU's operational risk management framework and operational risk manual, a risk-based approach is used in mapping operational risks along critical/key business processes, addressing any deficiencies/weaknesses through the proactive process of identifying, assessing and limiting impact of risk in every business/operational area.

Bank policies on internal control, information security, and other operational risk aspects have been established. Key risk indicators and risk assessment guidelines have been implemented and disseminated to different sectors of the FCDU to provide alerts for operational risk vulnerabilities. The FCDU has instituted a risk and control assessment process, as well as an issue escalation procedure to ensure that issues or incidents where lapses in controls occur are captured, evaluated and elevated for correction. The FCDU has an established a business continuity plan to ensure continued bank operations in the face of potential disruptions to operations as well as fraud management framework for the prevention, detection, investigation and recovery strategies to manage fraud, both internal and external.

5. Due from Other Bank

As at December 31, 2023 and 2022, due from other bank pertains to savings deposit amounting to ₱17.2 million and ₱15.3 million, respectively, which earn interest at an annual fixed interest rate of 0.1%.

Interest income earned on due from other banks amounted to ₱4,161 and ₱3,594 in 2023 and 2022, respectively.

6. Deposit Liabilities

As at December 31, 2023 and 2022, deposit liabilities pertain to savings deposits amounting to ₱16.8 million and ₱15.0 million, respectively, which carry an annual fixed interest rate of 0.3%.

Interest expense on deposit liabilities amounted to ₱16,307 and ₱25,850 million in 2023 and 2022, respectively.

7. Due to Regular Banking Unit

This account consists of:

| | 2023 | 2022 |
|-----------------------------------|-----------|-----------|
| Balance at beginning of year | ₱578,767 | ₱549,406 |
| Transfer to RBU | – | (14) |
| Net loss | (12,770) | (22,795) |
| Deficit | (190,938) | (136,323) |
| Cumulative translation adjustment | 189,733 | 188,493 |
| Balance at end of year | ₱564,792 | ₱578,767 |

8. Income and Other Taxes

Provision for income tax represents final withholding tax at the rate of 15.0% on gross interest income on deposits with banks. Final tax paid by the FCDU amounted to ₱624 and ₱539 in 2023 and 2022, respectively.

9. 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. Parties are also considered to be related if they are subjected to common control or common significant influence. Related parties may be individuals or corporate entities.

The FCDU's related parties include transactions with shareholders. Transactions with such parties are made in the ordinary course of business and on substantially same terms 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.

| Category | 2023 | | 2022 | | Terms and Conditions |
|---------------------|-------------------|------------------------|-------------------|------------------------|--|
| | Amount/ Volume | Outstanding Balance | Amount/ Volume | Outstanding Balance | |
| Shareholders | | | | | |
| Deposit liabilities | | ₱3,860,884 | | ₱4,071,875 | These are savings accounts with annual interest rate of 0.3% Interest expense incurred on deposit liabilities |
| Deposits | ₱718,772 | | ₱797,739 | | |
| Withdrawals | 933,498 | | 482,488 | | |
| Interest expense | 3,735 | | 9,269 | | |

10. Approval of the Issuance of the Financial Statements

The accompanying financial statements of the FCDU were authorized and approved for issue by the Bank's BOD on April 25, 2023.

11. Supplementary Information Required under Section 174 of the Manual of Regulations for Banks (MORB)

The following supplementary information is required by Appendix 55 - Disclosure Requirements to the Audited Financial Statements (AFS) to Section 174 of the MORB of the BSP, issued through BSP Circular No. 1074.

A. Regulatory Ratios

Under the current banking regulations and for reporting purposes, BASEL III framework ratios such as capital adequacy ratio, leverage ratio, liquidity coverage ratio and net stable funding ratio are determined on the combined level, i.e., Regular Banking Unit (RBU) and FCDU books. There are no separate ratios being maintained in the books of the FCDU.

B. Financial Performance Indicators

The financial performance indicators are not applicable to the financial statements of the FCDU. The basic ratios are calculated on a combined level.

C. Breakdown of Total Loans as to Security and Status

The FCDU has no loan transactions. FCDU's transactions are mainly composed of deposit liabilities.

D. Information on Related Party Loans

As of December 31, 2023 and 2022, the FCDU has no loan transactions, other credit accommodations and guarantees with its directors, officers, stockholders and other related interests as defined under BSP Circular No.423.

E. Commitments and Contingencies

As of December 31, 2023, and 2022, the FCDU does not have contingencies and commitments arising from off-balance sheet items.

12. Supplementary Information Required Under Revenue Regulations (RR) 15-2010

In compliance with the requirements set forth by RR 15-2010, hereunder are the details reported of taxes accrued and/or paid by the FCDU for the year

Withholding Taxes

Details of withholding taxes for the year are as follows:

| | Total Remittances | Balance as of December 31, 2023 |
|-------------------------|-------------------|---------------------------------------|
| Final withholding taxes | ₱2,444 | ₱660 |

Tax Assessment and Cases

As at December 31, 2023, the FCDU has no final tax assessments and pending tax cases.



APPENDICES

PRODUCTS AND SERVICES

SAVINGS PRODUCTS

| Product | Target | Value Proposition | Benefit Statement | Interest Rate |
|---|-----------------------------------|---|--|--|
| Pledge Savings – Basic Deposit Account* | 18-65 yrs. | Saving leading to CB stock ownership | Your gateway to CARD Bank ownership | 2.00% |
| Kayang-Kaya | 16 yrs .and up | Accessibility and affordability | Easy way to start saving | 0.50% |
| Matapat | 16 yrs. and up | Convenience and Accessibility | 24/7 access to your savings | 0.25% |
| Maagap | Below 16 yrs. | Affordable and fun way for kids to save | Build your child’s saving habits early | 0.50% |
| Tiwala | 18 yrs. and up | Long term savings, high returns | Secured savings for a better future | Based on prevailing market rate |
| Tagumpay | 18 yrs. and up | Habitual savings, Higher returns | Big dreams start with small savings | 2.175% to 4.475% |
| Checking Account | 18 yrs. and up, business operator | Easy payment for business transactions | | 0.50% for the interest-bearing account with maintaining balance of P20,000 |
| Dollar Account | 18 yrs. old and up | For investment | | 0.10% |

*Minimum key features of Pledge Savings-Basic Deposit Accounts:

| Target Clients | Clients with at least 18 years of age |
|--|--|
| Minimum Opening Amount | Php50.00 |
| Minimum Maintaining Balance | None |
| Minimum Average Daily Balance (ADB) to earn interest | Php2,000.00 |
| Interest Rate | 2.0% per Annum |
| Dormancy Charge | None |
| Proof of Account | Members Ledger/konek2CARD account |
| Documentary Requirements | <ul style="list-style-type: none"> • Client Information Form • Specimen Signature Card • 1 Valid ID or issued barangay certification of residency • Picture |
| On Boarding Process | Account opening can be facilitated either by filling-up manually printed KYC documents or thru the Mobile On-Boarding application of the bank. |
| Other Terms and Conditions | <ul style="list-style-type: none"> • Only for individual microfinance clients whose average daily savings account balance does not exceed Php50,000.00 • Withdrawal can only be done if there is an excess amount based on 15% of loans disbursed to members. • Withdrawal can be done through OTC, DCM or konek2CARD agents. • Interest on savings is subject to 20% withholding tax. |

LOAN PRODUCTS

A. Microfinance Loans

As a microfinance-oriented rural bank, CARD Bank offers microfinance loans which is primarily intended for the clients currently engaged and those who are willing to set-up livelihood or income-generating activities, enterprises, or businesses. Different microfinance loan products were developed pursuant to BSP regulatory guidelines and offered to qualified microfinance clients to fully respond to the needs of the clients. MF Loan products are as follows:

- **MF-Sikap Loan** - intended for business or enterprises of the microfinance clients such as but not limited to working capital, purchase of equipment and assets for use in the business, buying of raw materials, etc.
- **MF-Sikap-GLIP** - intended to assist business or enterprises of GLIP members such as but not limited to working capital, purchase of equipment and assets for use in the business, buying of raw materials, etc.
- **MF-Microfinance Plus** - intended for Microfinance clients who have demonstrated success in managing their businesses and will be needing loans above P150,000.00
- **MF-Sipag Loan** - intended for small entrepreneurs needing loan facility to support their expanding business operations.
- **MF-Micro Agri Loan** - intended to microfinance clients as additional capital in the implementation of their agricultural and other Agri-Agra related businesses.
- **MF-Special Agri Loan** - aims to grant agricultural loans to satisfy the financing needs for working capital or fixed assets of the farm or related expenses for good clients that have proven track record with the institution.
- **MF-Micro Housing Loan** - offered to give comfort to the members and their family as shelter is considered primary needs of everyone.
- **MF-Special Liquidity Fund** - intended to support the liquidity of konek2CARD Agents and is intended as their revolving fund.

B. Small and Medium Enterprise Loans

To assist the microfinance clients who have demonstrated growth in terms of managing their businesses and showing potentials and indicators for expanding their businesses thereby needing loan amounts that are greater than Php300,000.00, an SME Loans were developed to respond to their needs. SME Loan products are as follows:

- **SME – Working Capital**
- **SME – Investment**

C. Other Loans

- **OL-Personal Loan** - intended for microfinance clients to provide them with flexible financial assistance that they can utilize for their own personal consumption.
- **OL-Cellphone Loan** - offered to microfinance clients for the purpose of acquiring mobile phone/cellphone unit to support the bank's implementation of its Mobile Financial Services.
- **OL-Health Loan** - intended for health insurance premium payment of members and savers who wants to avail insurance products or laboratory test for their continuous protection against un-expected circumstances such as sickness, loss of life and property, among others.
- **OL-Educational Loan** - intended to assist those members who have children but needs financial assistance to send them to school.
- **OL-Salary Loan** - intended to build and strengthen the relationship of the bank with different communities that it operates particularly municipal offices and private schools in the area with proven track record in managing salary loans with their employees.
- **OL-Calamity Loan** - intended to help our members whose households and businesses have been affected by calamities such as but not limited to typhoons, earthquakes, fires, floods, volcanic eruption, etc.
- **OL-Solar Loan** - intended to assist our clients in availing themselves of solar power equipment for their household use.
- **OL-Home Essential Loan** - intended to assist our clients to purchase home appliances, furniture, gadgets, solar units.

Other Products and Services

A. Remittance Program

Another service of CARD Bank is the remittance program that provides local and international money transfer in partnership with other banks and service providers.

1. CARD Sulit Padala

CARD Sulit Padala serves as the flagship remittance services of the bank. This service was conceptualized in June 2006 because of monitoring visits to Marinduque. In one of the monitoring, many members have expressed their need for CARD Bank assistance in remitting their money from Marinduque going to their family members and relatives residing in other provinces specifically in Metro Manila. With this experience, the bank has immediately developed a remittance service such that all branches and banking offices of CARD Bank can immediately facilitate the transfer of funds at the most affordable rate.

To further improved CARD Sulit Padala remittance services, it was also offered by related financial institutions of CARD MRI (e.g. CARD SME Bank, CARD MRI RBI CARD, Inc.) which eventually increase the number of outlets where client can send and receive their remittances.

2. Partnership Remittance Services (Local and International)

Aiming to expand the operation of remittance services and reach every corner of the Philippines where CARD Sulit Padala remittance services do not have presence yet, the Bank have collaborated with different remittance service providers. With the request of other clients who work as Overseas Foreign Workers (OFW), remittance partnership was extended to those who have including international remittance services. List of partner remittances service providers are as follows:

1. Western Union (Domestic and International)
2. BDO Remittance (Domestic)
3. Express Money (Domestic)
4. MoneyGram
5. Transfast (International)
6. G-XCHANGE, Inc. (G-Cash) (Domestic)
7. Cebuana Pera Padala Service (Domestic)
8. Senda Remit (Domestic)

This is a global move of CARD Bank to provide multilateral services to perceived untouched market such as OFWs, local workers, pensioners and others who are using remittance to transfer cash. It also aims to encourage OFWs to remit savings at CARD bank in preparation for their homecoming where they can have funds to use should they decide to stay in the country and embark on entrepreneurial activities.

B. Cross-Selling of Micro-Insurance Products

1. CARD Mutual Benefit Association (CARD MBA) Products

The CARD-Members Mutual Fund (MMF) was established in 1994 and serves as insurance fund that provides for burial expenses and loan redemption in the event of death of the member and their families. Premiums consisted of the P5.00 weekly contribution for All Loan Insurance Package (modified Loan Redemption Fund); P15.00 for Life Insurance Program with Total and Permanent Disability, Accidental Death Motor-vehicle Accidental Hospitalization (MVAH); and the 1.5% Loan Redemption Fee (LRF) on all loans. In December 1996, it included a pension plan for older members who had been incapacitated by old age, and emergency medical assistance in the event of serious illness or injury.

CARD MBA is a Mutual Benefit Association formed to promote the welfare of marginalized women; to extend financial assistance to its members in the form of death benefits, medical subsidy, pension/retirement savings and loan redemption; and to actively involve its members in the direct management of the Association including formulation and implementation of policies and procedures geared towards sustainability and improved services.

a. List of Cross-sell MBA Products

1. Basic Life Insurance
2. Retirement Savings Fund
3. Credit Life Insurance
4. Basic Life Insurance Extension
5. Golden Life Insurance
6. Member Remitter Personal Accident Cover
7. Family Security Plan
8. AcciPlan

2. CARD Pioneer Microinsurance Inc. (CPMI) Products

In 2013, CARD and Pioneer joined together to provide microinsurance to socially- and-economically challenged families through CARD Pioneer Microinsurance, Inc. (CPMI). The collaboration creates a mark in history as it paved the way for the establishment of the very first microinsurance company in the Philippines.

CPMI plan to fill the gaps in the market through fearless and creative approaches in the distribution of microinsurance and retail products to get more and more Filipinos insured.

a. List of Cross-sell CPMI Products

1. SAGIP Plan
2. Kabuklod Plan
3. CARD Care
4. Emergency Room (ER) Care

C. Bills Payment Services

With the objective of providing full financial services to our clients, the Bank has entered into a collection agreement with different payment platform providers to bring bills payment services closer to the doorstep of our clients. Through the offering of this service, Bank has become a one-stop-shop where members can have all their financial transactions served. Following are the partners of the bank in the delivery of Bills Payment Services:

1. Bayad Center
2. Electronic Commerce Payments, Inc. (ECPay)
3. Digipay (for konek2CARD bills payment services)

Following are the major bills payment transactions that can be served by the bank.

1. Government Services (SSS, PhilHealth, Pag-Ibig, PRC, DFA, NBI, POEA, NSO, etc)
2. Telecommunications (PLDT, Smart, Sun, Globe, PT&T, Bayan, Clarktel, etc.)
3. Credit Cards (BPI, Metrobank, RCBC, Union Bank, Equicom, etc.)
4. Travel (PAL, Cebu Pacific, Zest Air, Air Asia, etc.)
5. Real Estate (Camella, Bria, Brittany, CrownAsia, Lumina, Rockwell land, etc.)
6. Electricity Company Providers
7. Water Utility Providers
8. Insurance, Preneed and Healthcare providers
9. Memorial Parks and Columbarium
10. Cable Providers
11. Schools
12. Others

D. RCBC POS Machine

In 2020, the use of Point-of-Sale Machine powered by RCBC was introduced for clients to service ATM transactions of other banks' ATM account, as follows:

- Cash In – My wallet reloading
- Cash In – Remit to Account
- Cash Out
- Bills Payment
- Inter/Intra-Bank Fund Transfer
- E-load
- Balance Inquiry

E. Social Security System (SSS) Membership Application

To ensure that clients would have enjoy the SSS benefits, the Bank and Social Security System has entered into partnership agreement allowing the bank to act as SSS Agent that receive and screen SSS membership application of existing MF members, or to collect SS contribution payments, loan amortizations and miscellaneous payments.

AWARD

2nd Financial Digital Inclusion Awards

CARD Bank was selected as one of the five microfinance institution (MFI) winners at the 2nd Digital Financial Inclusion Awards (DFIA), a financial inclusion awards program at the BSP Assembly Hall, Metro Manila on October 24, 2023.

The DFIA awards aims to spotlight financial institutions that have wholeheartedly embraced digital transformation and leveraging its full potential to expand and enhance their operations.

The Microfinance Council of the Philippines (MCPI) organized the event, which was funded by the Citi Foundation and supported by Citi Philippines and the Bangko Sentral ng Pilipinas.



PARTNERS

- Asia United Bank (AUB)
- Ayannah Business Solutions, Inc. (SENDAH)
- BancNet
- Banco de Oro Universal Bank (MONEYGRAM)
- BDO Unibank, Inc.
- BDO Unibank, Inc. (BDO Remit)
- China Banking Corporation
- CIS Bayad Center, Inc. (Bayad Center)
- Electronic Commerce Payments, Inc. (ECPAY)
- Landbank Rizal (Former UCPB Rizal)
- Master Card Transaction Services (MTS) (TRANSFAST)
- Metropolitan Bank & Trust Company
- New York Bay Philippines, Inc. (NYBP TRANSFAST)
- Philippine National Bank
- Philippine Savings Bank
- PJLHULLIER Incorporated (Cebuana Lhullier)
- Security Bank
- Western Union Network Company (Western Union)
- Xpress Money

OFFICE DIRECTORY

CARD Bank Head Office 35 P. Burgos corner Paulino St., San Pablo City, Laguna, Philippines
CARD Bank Executive Office 20 M.L. Quezon St., City Subdivision, San Pablo City, Laguna, Philippines

LUZON

Paulino Branch

| | |
|--------|---|
| SPC 3 | No. 35 P. Burgos St., Corner M. Paulino St., San Pablo City, Laguna |
| SPC 6 | No. 35 P. Burgos St., Corner M. Paulino St., San Pablo City, Laguna |
| SPC 5 | Hermanos Belen St., Brgy. III-A San Pablo City |
| SPC 10 | No. 35 P. Burgos St., Corner M. Paulino St., San Pablo City, Laguna |
| SPC 1 | 56 P. Burgos St., San Pablo City |

Mogpog Branch

| | |
|----------|--|
| Mogpog 1 | Market Site, Mogpog, Marinduque |
| Mogpog 2 | Market Site, Mogpog, Marinduque |
| Mogpog 3 | Market Site, Mogpog, Marinduque |
| Boac 1 | 88 Solas Place, Brgy. Tampus, Boac, Marinduque |
| Boac 2 | Murallon, Boac, Marinduque |
| Boac 3 | Canovas St., Isok 1, Boac, Marinduque |



Torrijos Branch

| | |
|------------|--|
| Torrijos 1 | Poblacion, Torrijos, Marinduque |
| Torrijos 2 | Purok Malamig, Tigwi, Torrijos, Marinduque |
| Torrijos 3 | Poblacion, Torrijos, Marinduque |
| Torrijos 4 | Poblacion, Torrijos, Marinduque |

Gasas Branch

| | |
|--------------|---|
| Gasas 1 | San Jose St. Brgy. Uno, Gasas Marinduque |
| Gasas 2 | San Jose St. Brgy. Uno, Gasas Marinduque |
| Gasas 3 | San Jose St. Brgy. Uno, Gasas Marinduque |
| Buenavista A | Cornelio Sadiwa St., Brgy. Tres, Buenavista, Marinduque |
| Buenavista B | Cornelio Sadiwa St., Brgy. Tres, Buenavista, Marinduque |

Bay Branch

| | |
|-------------------|--|
| Bay 1 | J.P. Rizal St., San Agustin, Bay Laguna |
| Bay 2 | J.P. Rizal St., San Agustin, Bay Laguna |
| Bay 3 | J.P. Rizal St., San Agustin, Bay Laguna |
| Bay 4 | J.P. Rizal St., San Agustin, Bay Laguna |
| Los Baños South | 6648 National Road, Brgy. San Antonio, Los Baños, Laguna |
| Los Baños North A | Carbern Village, Brgy. Anos Los Baños Laguna |
| Los Baños North B | Carbern Village, Brgy. Anos Los Baños Laguna |
| Los Baños East | 2851 National Road, Anos, Los Baños, Laguna |
| Los Baños West | National Highway, Brgy. Maahas, Los Baños, Laguna |
| Calauan 1 | Road 3, Marfori Subdivision, Silangan, Calauan, Laguna |
| Calauan 2 | Limdico St., Brgy. Balayhangin, Calauan, Laguna |
| Calauan 3 | Road 3, Marfori Subd., Silangan, Calauan, Laguna |
| Victoria A | Brgy. Banca, Banca, Victoria |
| Pila | Sta. Clara Sur, Pila, Laguna |

Dolores Branch

| | |
|-----------|-----------------------------|
| Dolores 1 | Bagong Anyo, Dolores Quezon |
| Dolores 2 | Bagong Anyo, Dolores Quezon |
| Dolores 3 | Bagong Anyo, Dolores Quezon |

Dimasalang Branch

| | |
|--------------|--|
| Dimasalang 1 | Brgy. Banahao, Dimasalang, Masbate |
| Cawayan 8 | Brgy. balocawe, Dimasalang, Masbate |
| Palanas 1 | Alvarez St. Poblacion, Palanas, Masbate |
| Uson 1 | Purok 2, Buenavista, Uson, Masbate |
| Cawayan 1 | Divisoria Cawayan, Masbate |
| Cawayan 2 | Brgy. Malbug, Cawayan, Masbate |
| Cawayan 3 | Poblacion, Cawayan, Masbate |
| Uson 2 | Purok 6, Brgy. Buenavista, Uson, Masbate |
| Cawayan 4 | Naro, Cawayan, Masbate |
| Cawayan 5 | Brgy. Peña, Cawayan, Masbate |
| Uson 3 | Brgy. Sawang, Uson, Masbate |
| Palanas 2 | Nabangig, Palanas, Masbate |
| Uson 4 | Brgy. Del Carmen, Uson, Masbate |
| Cawayan 6 | Brgy. Looc, Cawayan, Masbate |
| Cawayan 7 | Poblacion, Cawayan, Masbate |

Cataingan Branch

| | |
|-----------------|---|
| Cataingan 1 | Gen. Luna St.,cor Mabini St. Poblacion Cataingan, Masbate |
| Cataingan 2 | Brgy. Curvada, Cataingan, Masbate |
| Cataingan 3 | Brgy. Madamba, Cataingan, Masbate |
| Cataingan 4 | Gen. Luna St.,cor Mabini St. Poblacion Cataingan, Masbate |
| Cataingan 5 | Brgy. Pawican, Cataingan, Masbate |
| Placer 1 | Daang Lungsod, Brgy. Poblacion, Placer, Masbate |
| Placer 2 | Cartagena St. Villa Inocencio Placer, Masbate |
| Placer 3 | Cor. Avenida St., Villa Inocencio, Placer, Masbate |
| Placer 4 | Donato St., Brgy. Katipunan, Placer, Masbate |
| Placer 5 | Brgy. Pasiagon, Placer, Masbate |
| Pio V. Corpuz | Pio J. Avila St., Pob. P.V.C., Masbate |
| Pio V. Corpuz 2 | Brgy. Poblacion, Pio V. Corpus, Masbate |
| Esperanza | Brgy. Labangtaytay, Esperanza Masbate |
| Esperanza 1 B | Brgy.Labangtaytay, Esperanza Masbate |
| Cataingan 2 B | Brgy Curvada Cataingan Masbate |
| Cataingan 6 | Gen. Luna St.,cor Mabini St. Poblacion Cataingan, Masbate |

Las Piñas Branch

| | |
|-----------|---|
| PLP 1 | 141 Quirino Avenue Daniel Fajardo Aldana Las Piñas City 1740 |
| PLP 2 | 141 Quirino Avenue Daniel Fajardo Aldana Las Piñas City 1740 |
| PLP 4 | 141 Quirino Avenue Daniel Fajardo Aldana Las Piñas City 1740 |
| CAA 2 | 29 Bagong Lipunan St. CAA Compound PH-1, BF International Village, Las Piñas City |
| CAA 2 Ext | 29 Bagong Lipunan St. CAA Compound PH-1, BF International Village, Las Piñas City |
| CAA 3 | C – Naga Road, Pulang Lupa Dos, Las Piñas City |

La Trinidad Branch

| | |
|---------------|--|
| La Trinidad 1 | MA-104 Puguis Proper, Puguis, La Trinidad, Benguet |
| La Trinidad 2 | Boted Tawang, La Trinidad, Benguet |
| Kapangan | Brgy. Lomon Paykek, Kapangan, Benguet |
| La Trinidad 7 | JB-012 Km 4, Pico, La Trinidad, Benguet |

Masbate Branch

| | |
|-----------|---|
| Masbate 1 | M. L. Quezon St. Masbate, Masbate City |
| Masbate 2 | M. L. Quezon St. Masbate, Masbate City |
| Masbate 3 | M. L. Quezon St. Masbate, Masbate City |
| Masbate 4 | M. L. Quezon St. Masbate, Masbate City |
| Masbate 5 | M. L. Quezon St. Masbate, Masbate City |
| Masbate 6 | M. L. Quezon St. Masbate, Masbate City |
| Mobo 1 | Poblacion District 1 Mobo, Masbate |
| Mobo 2 | Daang Lungsod Poblacion 1 Mobo |
| Mobo 3 | Brgy. Umabay, Exterior, Mobo, Masbate |
| Malinta-A | Lumbang St., Malinta, Masbate City, Masbate |
| Malinta-B | Lumbang St., Malinta, Masbate City, Masbate |

Calapan Branch

| | |
|-------------|---|
| Calapan 1 | 162-A Bonifacio Drive, Ilaya Calapan City |
| Calapan 2 | 162-A Bonifacio Drive, Ilaya Calapan City |
| Calapan 3 A | Brgy. Sta. Isabel, Calapan City, Oriental Mindoro |



| | |
|-------------|---|
| Calapan 3 B | Brgy. Sta. Isabel, Calapan City, Oriental Mindoro |
| Calapan 4 | Brgy. Bucayao, Calapan City |
| Calapan 5 | Biga, Calapan City, Oriental Mindoro |
| Calapan 6 | Comunal, Calapan City Oriental Mindoro |
| Calapan 7 | Comunal, Calapan City, Oriental Mindoro |
| Calapan 8 | Comunal, Calapan City, Oriental Mindoro |
| Calapan 9 | 162-A Bonifacio Drive, Ilaya Calapan City |
| Baco 1 | Poblacion, Baco, Oriental Mindoro |
| Baco 2 | Purok Star Apple, Poblacion, Baco, Oriental Mindoro |
| Baco 3 | Poblacion, Baco, Oriental Mindoro |

Pinamalayan Branch

| | |
|---------------|--|
| Pinamalayan 1 | Mabini St., Zone 1, Pinamalayan, Oriental Mindoro |
| Pinamalayan 2 | Mabini St., Zone 1, Pinamalayan, Oriental Mindoro |
| Pinamalayan 3 | Mabini St., Zone 1, Pinamalayan, Oriental Mindoro |
| Pinamalayan 6 | Mabini St., Zone 1, Pinamalayan, Oriental Mindoro |
| Gloria 1 | Juan Luna St. Poblacion, Brgy. Maligaya, Gloria, Oriental, Mindoro |
| Gloria 2 | Juan Luna St. Poblacion, Brgy. Maligaya, Gloria, Oriental, Mindoro |
| Pinamalayan 4 | Quinabigan, Pinamalayan, Oriental Mindoro |
| Pinamalayan 5 | Sto. Niño, Pinamalayan, Oriental Mindoro |
| Pinamalayan 7 | Mabini St., Zone 1, Pinamalayan, Oriental Mindoro |
| Gloria 3 | Brgy. Maligaya, Gloria, Oriental Mindoro |
| Gloria 4 | Maligaya, Gloria, Oriental Mindoro |
| Bansud 1 | Poblacion, Bansud, Oriental Mindoro |
| Bansud 2 | Manuel L. Quezon St. Brgy. Poblacion, Bansud Oriental, Mindoro |
| Bansud 3 | Brgy. Poblacion, Bansud, Oriental Mindoro |

Sipocot Branch

| | |
|------------|---|
| Sipocot 5 | San Juan Avenue, North Centro, Sipocot Camarines Sur |
| Sipocot 7 | San Juan Avenue, North Centro, Sipocot Camarines Sur |
| Sipocot 1 | San Juan Avenue, North Centro, Sipocot Camarines Sur |
| Sipocot 4 | San Juan Avenue, North Centro, Sipocot Camarines Sur |
| Sipocot 2 | Calagbangan Sipocot Camarines Sur |
| Sipocot 2B | Calagbangan Sipocot Camarines Sur |
| Sipocot 3 | Zone 3 Colacling Lupi Camarines Sur |
| Sipocot 6 | Brgy. Cabutagan Lupi Camarines Sur |
| Ragay 1 | 182 Tomas Delgado St. Poblacion Ilaod Ragay Camarines Sur |
| Ragay 2 | Poblacion Iraya Ragay Camarines Sur |

San Jose Mindoro Branch

| | |
|--------------|--|
| San Jose 1 | Jacinto St., Cor.Burgos St., Brgy. 2, San Jose, Occidental Mindoro |
| San Jose 2 | Jacinto St., Cor.Burgos St., Brgy. 2, San Jose, Occidental Mindoro |
| San Jose 3 | Brgy. Magbay, San Jose, Occidental Mindoro |
| San Jose 4 | Labangan Poblacion, San Jose, Occidental Mindoro |
| San Jose 6 | Jacinto St., Cor.Burgos St., Brgy. 2, San Jose, Occidental Mindoro |
| San Jose 7 | Jacinto St., Cor.Burgos St., Brgy. 2, San Jose, Occidental Mindoro |
| Magsaysay 1 | Ong-ong, Mapaya, San Jose, Occidental Mindoro |
| Magsaysay 2 | Poblacion Magsaysay, Occ. Mindoro |
| Magsaysay 3 | Brgy. Poblacion, Magsaysay, Occidental Mindoro |
| Magsaysay 3B | Brgy. Poblacion, Magsaysay, Occidental Mindoro |

Iling
San Jose 5
Rizal 1
Rizal 2
Rizal 3
Calintaan 1
Calintaan 1B
Calintaan 2

Iling Proper, San Jose, Occidental Mindoro
Murtha, San Jose, Occidental Mindoro
Central San Jose, Occ. Mindoro
Sto. Niño, Rizal, Occidental Mindoro
Magsikap, Rizal, Occidental Mindoro
National Highway, Poblacion, Calintaan, Occidental Mindoro
National Highway, Poblacion, Calintaan, Occidental Mindoro
Captain Carrie St. Poblacion, Calintaan, Occidental Mindoro

Lucena Branch

Lucena 1A
Lucena 1b
Lucena 2A
Lucena 2b
Lucena 2c
Lucena 2d
Lucena 3
Lucena 5a
Lucena 5b
Lucena 6
Lucena 7
Lucena 8
Pagbilao 1
Pagbilao 2A
Pagbilao 2B
Padre Burgos
Agdangan
Unisan A
Unisan B

#49 Osmeña St., Brgy. 1 Lucena City, Quezon
#49 Osmeña St., Brgy. 1 Lucena City, Quezon
J7 Bldg., Magallanes St., Cor. Granja St., Brgy. 7 (Pob), Lucena City
J7 Bldg., Magallanes St., Cor. Granja St., Brgy. 7 (Pob), Lucena City
J7 Bldg., Magallanes St., Cor. Granja St., Brgy. 7 (Pob), Lucena City
J7 Bldg., Magallanes St., Cor. Granja St., Brgy. 7 (Pob), Lucena City
#49 Osmeña St., Brgy. 1 Lucena City, Quezon
Purok 2, Ilaya, Dalahican, Lucena City
Purok 2, Ilaya, Dalahican, Lucena City
No. 236 Isabang Lucena City
Villa Mercedes Subd., Brgy. Alupaye, Pagbilao, Quezon
#237 National Highway, Isabang, Lucena City
Martinez St. Brgy. Parang, Pagbilao, Quezon
5675 ME Gen. Malvar St., Brgy. 6, Tambak, Pagbilao, Quezon
5675 ME Gen. Malvar St., Brgy. 6, Tambak, Pagbilao, Quezon
Punta (Pob.), Padre Burgos, Quezon
Poblacion, Agdangan, Quezon
Brgy. F De Jesus Unisan Quezon
Brgy. F De Jesus Unisan Quezon

Gumaca Branch

Gumaca 1
Gumaca 2
Gumaca 3
Macalelon A
Macalelon B
Pitogo
Gen. Luna 1
General Luna 2

M. L. Quezon St., Brgy. Maunlad, Gumaca, Quezon
M. L. Quezon St., Brgy. Maunlad, Gumaca, Quezon
M. L. Quezon St., Brgy. Maunlad, Gumaca, Quezon
Brgy Pinagbayanan, Macalelon Quezon
Brgy Pinagbayanan, Macalelon Quezon
Brgy. Maaliw, Pitogo, Quezon
Brgy. 7, Poblacion, General Luna, Quezon
San Isidro Ilaya, General Luna, Quezon

Sablayan Branch

Sablayan 1
Sablayan 2
Sablayan 3
Ligaya 1
Pag-asa 1
Ligaya 2
Pag-asa 2

P. Urieta St., Buenavista Sablayan, Occidental Mindoro
P. Urieta St., Buenavista Sablayan, Occidental Mindoro
P. Urieta St., Buenavista Sablayan, Occidental Mindoro
Geminiano Belamide St., Ligaya, Sablayan, Occidental Mindoro
Brgy, Pag-asa, Sablayan, Occidental Mindoro
Untalan St., cor. Kapitan Santos St., Ligaya, Sablayan, Occidental Mindoro
Pag-asa, Sablayan, Occidental, Mindoro



Mamburao Branch

| | |
|----------------|--|
| Mamburao 1 | Brgy. Payompon, Occidental Mindoro |
| Mamburao 2 | Brgy. Payompon, Occidental Mindoro |
| Mamburao 3 | Brgy. Payompon, Occidental Mindoro |
| Mamburao 4 | Brgy. Payompon, Occidental Mindoro |
| Abra de Ilog A | Poblacion, Abra de Ilog, Occidental Mindoro |
| Abra De Ilog B | Poblacion, Abra de Ilog, Occidental Mindoro |
| Sta. Cruz 1 | Brgy. Mulawin Sta. Cruz Occidental Mindoro |
| Sta. Cruz 2 | Brgy. Poblacion 2, Sta. Cruz, Occidental, Mdo |
| Paluan | Pangilinan Extension, Brgy. VI, Paluan, Occidental Mindoro |
| Sta. Cruz 3 | Poblacion 2, Sta. Cruz, Occidental Mindoro |

Naga Branch

| | |
|--------------|---|
| Naga 1 | Peñafrancia St. Brgy. San Francisco Naga City |
| Naga 2 | Zone 1 #48 Peñafrancia Naga City |
| Naga 3 | Peñafrancia St. Brgy. San Francisco Naga City |
| Naga 4 | Zone 1 #48 Peñafrancia Naga City |
| Minalabac 2 | Irayang Solong, Minalabac, Camarines Sur |
| Camaligan | Espiritu St., Pangpang, Canaman, Camarines Sur |
| Milaor | Zone 4, Brgy. Sto. Domingo, Milaor, Camarines Sur |
| Calabanga 1 | San Francisco, Calabanga, Camarines Sur |
| Calabanga 2 | San Miguel, Calabanga, Camarines Sur |
| Minalabac 1 | Borongborongan, Milaor, Camarines Sur |
| San Fernando | Brgy. Bonifacio, San Fernando, Camarines Sur |
| Magarao | Z -6, Barangay. San Pantaleon, Magarao, Camarines Sur |

Mulanay Branch

| | |
|---------------|--|
| Mulanay 1 | San Narciso St., Poblacion I, Mulanay, Quezon |
| Mulanay 2 | San Narciso St., Poblacion I, Mulanay, Quezon |
| Mulanay 3 | San Narciso St., Poblacion I, Mulanay, Quezon |
| Catanauan 1 | M.H. Del Pilar St., Brgy. 2, Catanauan, Quezon |
| Catanauan 2 | Brgy 8 Catanauan, Quezon |
| San Narciso 1 | Abuyon National Road, Brgy. Bayanihan, San Narciso, Quezon |
| San Narciso 2 | Sitio Centro, Brgy. Abuyon, San Narciso, Quezon |
| San Andres | Poblacion San Andres, Quezon |
| Catanauan 3 | Brgy. 2 (Pob.), Catanauan, Quezon |
| Catanauan 4 | Brgy. San Isidro, Catanauan, Quezon |
| San Narciso 3 | Del Pilar St., Pagkakaisa, San Narciso, Quezon |

Daet Branch

| | |
|----------|--|
| Daet 1 | Superstore St., Central Plaza Complez, Brgy. Lag-on, Daet, Camarines Norte |
| Daet 2 | Superstore St., Central Plaza Complez, Brgy. Lag-on, Daet, Camarines Norte |
| Daet 3 | Superstore St., Central Plaza Complez, Brgy. Lag-on, Daet, Camarines Norte |
| Daet 4 | Superstore St., Central Plaza Complez, Brgy. Lag-on, Daet, Camarines Norte |
| Basud 1 | Mangcamagong Road, Brgy. Poblacion 2, Basud, Camarines Norte |
| Basud 2 | Purok 3, San Felipe, Basud, Camarines Norte |
| Mercedes | Brgy. 5 Mercedes Camarines Norte |

Makati Branch

| | |
|----------|---|
| Makati 1 | 3-B, 3 JP Rizal Avenue, Brgy. Valenzuela, Makati City |
| Makati 2 | 3-B, 3 JP Rizal Avenue, Brgy. Valenzuela, Makati City |
| Makati 3 | 3-B, 3 JP Rizal Avenue, Brgy. Valenzuela, Makati City |
| Makati 4 | 3-B, 3 JP Rizal Avenue, Brgy. Valenzuela, Makati City |
| Makati 5 | 3-B, 3 JP Rizal Avenue, Brgy. Valenzuela, Makati City |

Tagkawayan Branch

| | |
|--------------|--|
| Tagkawayan 1 | Lagdameo Blvd., Poblacion Tagkawayan, Quezon |
| Tagkawayan 2 | Lagdameo Blvd., Poblacion Tagkawayan, Quezon |
| Tagkawayan 3 | Lagdameo Blvd., Poblacion Tagkawayan, Quezon |
| Del Gallego | Brgy. Poblacion, Del Gallego, Cam Sur |

Roxas Mindoro Branch

| | |
|-------------|--|
| Roxas 1 | Poblacion, Roxas Oriental Mindoro |
| Roxas 2 | Poblacion, Roxas Oriental Mindoro |
| Roxas 3 | Poblacion, Roxas Oriental Mindoro |
| Roxas 4 | Poblacion, Roxas Oriental Mindoro |
| Roxas 5 | Poblacion, Roxas Oriental Mindoro |
| Bongabong 1 | Bagong Bayan I, Bongabong, Oriental Mindoro |
| Bongabong 2 | Brgy. San Isidro, Bongabong, Oriental Mindoro |
| Bongabong 3 | Bagong Bayan 2, Bongabong, Oriental Mdo |
| Bongabong 4 | R. Balagtas St., Bagumbayan I, Bongabong, Oriental Mindoro |
| Bongabong 5 | Brgy. San Isidro, Bongabong, Oriental Mindoro |
| Bongabong 6 | Malitbog, Bongabong, Oriental Mindoro |
| Mansalay 1 | Pob. Mansalay, Oriental Mindoro |
| Mansalay 2 | Brgy. Villa Celestial, Mansalay, Oriental, Mindoro |
| Mansalay 3 | Brgy. Sta. Teresita, Mansalay, Oriental Mindoro |
| Bulalacao 1 | Campaasan, Bulalacao Oriental, Mindoro |
| Bulalacao 2 | Campaasan, Bulalacao Oriental, Mindoro |

Sta. Cruz Branch

| | |
|-------------|---|
| Sta. Cruz 1 | Arellano St. Brgy. Maharlika, Sta. Cruz, Marinduque |
| Sta. Cruz 2 | Arellano St. Brgy. Maharlika, Sta. Cruz, Marinduque |
| Sta. Cruz 3 | Arellano St. Brgy. Maharlika, Sta. Cruz, Marinduque |
| Sta. Cruz 4 | Arellano St. Brgy. Maharlika, Sta. Cruz, Marinduque |
| Sta. Cruz 5 | Sitio Malabon, Brgy. Napo, Sta. Cruz, Marinduque |

Atimonan Branch

| | |
|------------|---|
| Atimonan 1 | Doña Aurora St. Zone 1 Atimonan, Quezon |
| Atimonan 2 | Doña Aurora St. Zone 1 Atimonan, Quezon |
| Atimonan 3 | Doña Aurora St. Zone 1 Atimonan, Quezon |
| Plaridel 1 | Paaralan, Plaridel, Quezon |

Pili Branch

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|----------|--|
| Pili 1 | National Hi-Way Brgy. Santiago Pili Cam. Sur |
| Pili 2 | National Hi-Way Brgy. Santiago Pili Cam. Sur |
| Pili 3 | National Hi-Way Brgy. Santiago Pili Cam. Sur |
| Ocampo 1 | Poblacion West Ocampo CAmarines Sur |
| Ocampo 2 | Hanawan, Ocampo, Camarines Sur |



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| Ocampo 3 | Brgy. Poblacion Central, Ocampo Camarines Sur |
| Bula 1 | Bagumbayan, Bula, Camarines Sur |
| Bula 2 | Zone 2, Causip, Bula, Camarines Sur |
| Bula 3 | Bagumbayan, Bula, Camarines Sur |
| Pili 6 | National Hi-Way Brgy. Santiago Pili Cam. Sur |
| Pili 5 | Zone 1, Sagrada, Pili, Camarines Sur |
| Pili 4 | 2-C Apartment, San Vicente (Pob), Pili, Camarines Sur |
| Ocampo 4 | SAn Francisco Ocampo Camarines SUR |
| Bula 3B | Bagumbayan, Bula, Camarines Sur |
| Bula 1B | Bagumbayan, Bula, Camarines Sur |

Quezon Branch

| | |
|----------|--|
| Quezon 1 | Bonifacio St. Brgy. 3 Poblacion Quezon, Quezon |
| Alabat | Brgy. 3, Pobalacion Alabat Quezon |
| Perez | Mapagmahal Pob. Brgy. 2 Perez, Quezon |
| Quezon 2 | Bonifacio St. Brgy. 3 Poblacion Quezon, Quezon |

Libmanan Branch

| | |
|------------|---|
| Libmanan 1 | Libod 2, Libmanan, Camarines Sur |
| Libmanan 2 | Libod 2, Libmanan, Camarines Sur |
| Libmanan 3 | Libod 2, Libmanan, Camarines Sur |
| Pamplona 1 | San Vicente, Pamplona, Camarines Sur |
| Pamplona 2 | San Vicente, Pamplona, Camarines Sur |
| Pasacao 1A | Sta. Rosa Del Norte, Pasacao, Camarines Sur |
| Pasacao 1B | Sta. Rosa Del Norte, Pasacao, Camarines Sur |
| Cabusao | Brgy.Castillo Cabusao Cam.Sur |

Puerto Galera Branch

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|-----------------|---|
| Puerto Galera 1 | Brgy. Hondura Poblacion Puerto Galera |
| Puerto Galera 2 | Brgy. Hondura Poblacion Puerto Galera |
| Puerto Galera 3 | Brgy. Hondura Poblacion Puerto Galera |
| San Teodoro A | Brgy. Ilag, San Teodoro, Oriental Mindoro |
| San Teodoro B | Brgy. Ilag, San Teodoro, Oriental Mindoro |

Lucban Branch

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|----------|--|
| Lucban 1 | Quezon Avenue, Brgy. Tinamnan, Lucban, Quezon |
| Tayabas | 32 AM, Regidor St. Tayabas City |
| Sampaloc | Brgy. Bayongon, Sampaloc, Quezon |
| Mauban 2 | Macario St. Brgy. Bagong Bayan Mauban Quezon, |
| Mauban | Velarde Extension, Peñaloza St., Bagong Bayan, Poblacion, Mauban, Quezon |

Legazpi Branch

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| Legazpi 1 | Cor. Mabini & Rizal Sts. Brgy. Pigcale, Legaspi City |
| Legazpi 2 | Cor. Mabini & Rizal Sts. Brgy. Pigcale, Legaspi City |
| Legazpi 3 | Cor. Mabini & Rizal Sts. Brgy. Pigcale, Legaspi City |
| Legazpi 4 | Cor. Mabini & Rizal Sts. Brgy. Pigcale, Legaspi City |
| Manito | Brgy. It-ba, Manito, Albay |
| Daraga 1 | 091 P.Burgos St., Cor. A. Bonifacio St., Ilawod 3, Daraga, Albay |
| Daraga 2 | Zone 2 Anislag, Daraga, Albay |
| Daraga 3 | Purok 6 Busay, Daraga, Albay |

Donsol
Pilar
Sto Domingo 1a
Sto Domingo 1b

E. Hernandez St. Rawis, Donsol, Sorsogon
151 Monreal St. Banuyo, Pilar, Sorsogon
Del Rosario, Sto. Domingo, Albay
Del Rosario, Sto. Domingo, Albay

Candelaria Branch

Candelaria 1
Candelaria 6
Candelaria 2
Candelaria 3
Candelaria 4
San Juan 1
San Juan 2
San Juan 5

Gonzales St. Poblacion, Candelaria, Quezon
Gonzales St. Poblacion, Candelaria, Quezon
Gonzales St. Poblacion, Candelaria, Quezon
Dona Margarita Subd. Malabanban Norte, Candelaria, Quezon
Bico Subd., Gate 1, Malabanban Norte, Candelaria, Qzn.
Marasigan St. San Juan, Batangas
Park Subdivision, San Juan, Batangas
Brgy. Laiya, ibabaw, San Juan, Batangas

Mandaluyong Branch

Mandaluyong 1
Mandaluyong 2
Mandaluyong 3
Mandaluyong 4
Mandaluyong 5
Mandaluyong 6

#469 Barangka Drive Plainview Mandaluyong City
#469 Barangka Drive Plainview Mandaluyong City
#469 Barangka Drive Plainview Mandaluyong City
#469 Barangka Drive Plainview Mandaluyong City
#469 Barangka Drive Plainview Mandaluyong City
#469 Barangka Drive Plainview Mandaluyong City

Baguio Branch

Baguio 1
Baguio 2
Baguio 3
Baguio 4
Baguio 5
Baguio 6
Baguio 7
La Trinidad 4
La Trinidad 5
La Trinidad 8
Tuba

#15 Palma St. Brgy. Palma-Urbano, Baguio City
Ambuklao Road, Tiptopgibraltar, Baguio City
#232 Camp 7, Baguio City
#15 Palma St. Brgy. Palma-Urbano, Baguio City
7003 Purok 7, Kias, Baguio, Benguet
Central Beckel La Trinidad Benguet
#15 Palma St. Brgy. Palma-Urbano, Baguio City
Purok Dumilos Itogon, Benguet
Marcos Highway, Corner Kitma Rd, Bakakeng Central, Baguio City
Amocao, Bayabas Sablan Benguet
Lower Poblacion, Tuba, Benguet

Nabua Branch

Nabua 1
Nabua 2
Nabua 3
Nabua 4
Nabua 5
Baao 1
Baao 2
Balatan 1
Balatan 2
Buhi 1
Buhi 2
Buhi 3

San Juan, Nabua, Camarines Sur
San Juan, Nabua, Camarines Sur
San Juan, Nabua, Camarines Sur
San Juan, Nabua, Camarines Sur
San Juan, Nabua, Camarines Sur
Sta Cruz Baao Camarines Sur
Brgy. San Nicolas, Baao, Camarines Sur
Siramag (Pob) Balatan Camarines Sur
Zone 4 Siramag Balatan Camarines Sur
Buhi, Camarines Sur
Zone 4 Infante Santa Clara (Pob) Buhi, Camarines Sur
Sta Clara Buhi Camarines Sur



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|-----------------------|--|
| Iriga 1 | Governor Criscini St., San Francisco, Iriga City |
| Iriga 2 | Amatista St. Brgy. San Nicolas Iriga Camarines Sur |
| Iriga 3 | 238 Carnation St, San Juan Iriga Camarines Sur |
| Iriga 4 | Balintawak Street San Isidro Iriga City |
| Bato 1 | San Miguel Bato Camarines Sur |
| Bato 2 | Zone 3 Barangay San Miguel Bato Camarines Sur |
| Goa Branch | |
| Goa 1 | San Juan Evangelista St., Goa, Camarines Sur |
| Goa 2 | San Juan Evangelista St., Goa, Camarines Sur |
| Goa 3 | San Juan Evangelista St., Goa, Camarines Sur |
| Tgaon 1A | Aguinaldo St., Poblacion, Tigaon, Camarines Sur |
| Tigaon 1B | Aguinaldo St., Poblacion, Tigaon, Camarines Sur |
| Tinambac 1B | Building 3, San Isidro (Pob.), Tinambac, Camarines Sur |
| Tinambac 1A | Brgy. San Isidro, Poblacion, Tinambac, Camarines Sur |
| Tinambac 1C | San Isidro, Poblacion, Tinambac, Camarines Sur |
| Tigaon 3 | Brgy. San Francisco, Tigaon, Camarines Sur |
| Sagnay 1A | Brgy. San Antonio (Pob.), Sagnay, Camarines Sur |
| Caramoan | Real St., Brgy. Tawog (Poblacion), Camaramoan, Camarines Sur |
| Garchitorena | Brgy. 4, Garchitorena, Camarines Sur |
| Lagonoy 2 | Zone 1, San Rafael, Lagonoy, Camarines Sur |
| Siruma | Brgy. Poblacion, Siruma, Camarines Sur |
| Goa 4 | 032 Real St. San Juan, San Jose , Camarines Sur |
| Goa 5 | San Juan Evangelista, Goa, Camarines Sur |
| Tinambac 1D | San Isidro Poblacion, Tinambac Camarines Sur |
| Tinambac 1E | San Isidro Poblacion, Tinambac Camarines Sur |
| Sagnay 1B | Barangay San Antonio, Sagnay, Camarines Sur |
| San Pascual | San Isidro Poblacion, Tinambac Camarines Sur |
| Binalay | Zone 1, San Rafael, Lagonoy, Camarines Sur |
| Tigaon 3B | Brgy. San Francisco, Tigaon, Camarines Sur |
| Lagonoy 1B | Zone 1, San Rafael, Lagonoy, Camarines Sur |
| Infanta Branch | |
| Infanta 1 | Bonifacio St. Brgy. Polacion 1 Infanta Quezon |
| Infanta 2 | Bonifacio St. Brgy. Polacion 1 Infanta Quezon |
| Infanta 3 | Bonifacio St. Brgy. Polacion 1 Infanta Quezon |
| Infanta 4 | |
| General Nakar 1 | Sitio Loob, Brgy. Anoling, General Nakar, Quezon |
| Real 1 | M. L. Quezon St. National Highway, Poblacion 1, Real, Quezon |
| Real 2 | Sitio Mahaba, Tignoan, Real, Quezon |
| General Nakar 2 | PINA |
| Infanta 5 | Purok Durian, Brgy. Gumian, Infanta, Quezon |
| Ligao Branch | |
| Ligao 1 | Purok 2, Mckinley St., Calzada, Ligao City, Albay |
| Ligao 2 | Purok 2, Mckinley St., Calzada, Ligao City, Albay |
| Ligao 3 | Purok 2, Mckinley St., Calzada, Ligao City, Albay |
| Camalig 1A | 96 Crossing, Brgy. Ilawod, Camalig, Albay |
| Camalig 1B | 96 Crossing, Brgy. Ilawod, Camalig, Albay |
| Polangui 1 | Sapalicio St. Basud, Polangui, Albay |

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|--------------|--|
| Polangui 2 | Centro Occidental, Polangui, Albay |
| Oas | Ilaor Sur, Oas, Albay |
| Guinobatan 1 | Purok 6, Brgy. San Francisco, Guinobatan, Albay |
| Guinobatan 2 | Mauraro, Guinobatan, Albay |
| Pio-duran | Molato St., Caratagan Pioduran, Albay |
| Polangui 3 | San Miguel St., Centro Occidental, Polangui, Albay |
| Libon | San Pedro St., Zone III (Poblacion), Libon, Albay |
| Jovellar | Mabini, Jovellar, Albay |

Sorsogon Branch

| | |
|-------------|---|
| Sorsogon 1 | Rizal St. West District, Piot (Pob.) Sorsogon City |
| Sorsogon 2 | Rizal St. West District, Piot (Pob.) Sorsogon City |
| Castilla | Purok Cadena de Amor, Brgy. Cumadcad, Castilla, Sorsogon |
| Bacon | Poblacion, Bacon District, Sorsogon |
| Gubat | 1306 Burgos St. Brgy. Pinontingan (Pob) Gubat, Sorsogon City |
| Magallanes | Central Poblacion, Magallanes, Sorsogon |
| Juban | Purok 1 Embarcadero, JUrban Sorsogon City |
| Bulan | Zone 2, Bulan, Sorsogon |
| Matnog | Camcaman, Matnog, Sorsogon |
| Casiguran | Brgy. Central, Casiguran, Sorsogon |
| Bulusan | Brgy. Sapngan, Bulusan, Sorsogon |
| Irosin | San Juan, Irosin, Sorsogon |
| Prieto Diaz | Brgy. Perlas, Prieto Diaz, Sorsogon |

Tiaong Branch

| | |
|----------------|---|
| Tiaong 1 | Recto St., Poblacion IV Tiaong Quezon |
| Tiaong 2 | Recto St., Poblacion IV Tiaong Quezon |
| Tiaong 3 | Recto St., Poblacion IV Tiaong Quezon |
| San Antonio 1 | 4270 J.C. Wagan St. Ave. Pob. San Antonio, Quezon |
| Tiaong 4 | Recto St., Poblacion IV Tiaong Quezon |
| Tiaong 5 | Recto St., Poblacion IV Tiaong Quezon |
| Tiaong 6 | Recto St., Poblacion IV Tiaong Quezon |
| San Antonio 1B | 4270 J.C. Wagan St. Ave. Pob. San Antonio, Quezon |
| San Antonio 2 | Brgy. Poblacion, San Antonio, Quezon |

Pasay Branch

| | |
|---------|---|
| Pasay 1 | 530 Antonio Arnaiz Avenue, Pasay City, Metro Manila |
| Pasay 3 | 530 Antonio Arnaiz Avenue, Pasay City, Metro Manila |
| Pasay 7 | 530 Antonio Arnaiz Avenue, Pasay City, Metro Manila |
| Pasay 4 | 530 Antonio Arnaiz Avenue, Pasay City, Metro Manila |
| Pasay 5 | Unit 11, Kalayaan Road, PNB Homes, Zone 20, Brgy. 201, Pasay City |
| Pasay 6 | Unit 54 K. Don Carlos Revilla, Brgy. 146, Pasay City |
| Pasay 2 | 834B vizcarra St. Brgy. 169, Pasay City |

Labo Branch

| | |
|---------|--|
| Labo 1 | Purok 4, Bautista Street, Kalamunding Labo Cam Norte |
| Labo 3 | Purok 4, Bautista Street, Kalamunding Labo Cam Norte |
| Labo 5 | Purok 4, Bautista Street, Kalamunding Labo Cam Norte |
| Labo 2 | Purok 2, Bagong Silang, Labo, Camarines Norte |
| Labo 2B | Purok 2, Bagong Silang, Labo, Camarines Norte |



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|--------------|--|
| Capalonga | Purok 4, Poblacion, Capalonga, Camarines Norte |
| Paracale 1 | Purok 3, Batobalani Paracale Camarines Norte |
| Paracale 2 | Purok 4, Tugos, Paracale, Camarines Norte |
| Panganiban A | Parang Jose Panganiban, Camarines Norte |
| Panganiban B | Parang Jose Panganiban, Camarines Norte |
| Sta. Elena 2 | Purok 14, Poblacion Sta. Elena Camarines Norte |
| Sta. Elena 1 | Santa Elena (Pob.), Santa Elena, Camarines Norte |
| Sta. Elena 3 | Brgy. Tabugon, Sta. Elena, Camarines Norte |
| Labo 4 | Purok 4, Bautista Street, Kalamunding Labo Cam Norte |

Lingayen Branch

| | |
|------------|--|
| Lingayen 1 | Alvear Street, West Poblacion Lingayen, Pangasinan |
| Lingayen 3 | Purok 3, Nancayasan Urdaneta City, Pangasinan 2428 |
| Lingayen 4 | Alvear Street, West Poblacion Lingayen, Pangasinan |
| Binmaley | San Isidro Sur, Binmaley, Pangasinan |
| Lingayen 2 | Malindong Binmaley Pangasinan |
| Sual | #06 Brgy. Tobuan Labrador, Pangasinan |
| Aguilar 1 | No. 4, Gen. Luna, Poblacion, Aguilar, Pangasinan |
| Bugallon | Hi-Way Salasa, Bugallon, Pangasinan |
| Aguilar 2 | Tampac, Aguilar, Pangasinan |

Sariaya Branch

| | |
|-----------|---|
| Sariaya 1 | Daliz Street, Corner Enrique street, Poblacion 4, Sariaya |
| Sariaya 2 | Sto. Cristo, Sariaya, Quezon |
| Sariaya 3 | Daliz Street, Corner Enrique street, Poblacion 4, Sariaya |
| Sariaya 4 | Lutucan, Malabag, Sariaya, Quezon |
| Sariaya 5 | Daliz Street, Corner Enrique street, Poblacion 4, Sariaya |
| Sariaya 6 | Brgy. Bignay, Sariaya, Quezon |
| Sariaya 7 | Palmas Verdes Subdivision, Concepcion 1, Sariaya, Quezon |
| Sariaya 8 | Purok 6, Brgy. Gibanga, Sariaya, Quezon |
| Sariaya 9 | Daliz Street, Corner Enrique street, Poblacion 4, Sariaya |

Tarlac Branch

| | |
|---------------|--|
| Tarlac 1 | M.H. Del Pilar St., San Nicolas, Tarlac City |
| Tarlac 4 | M.H. Del Pilar St., San Nicolas, Tarlac City |
| Tarlac 5 | M.H. Del Pilar St., San Nicolas, Tarlac City |
| Tarlac 3 | Immaculate Concepcion Subd., Tibag, Tarlac City |
| Tarlac 2 | Jasmine St., San Miguel, Tarlac City |
| Camiling | Rizal St., Poblacion A, Camiling, Tarlac |
| Santa Ignacia | 258 Ilagan St., Poblacion West, Santa Ignacia, Tarlac |
| San Clemente | Lagrimas St., Poblacion Norte, San Clemente, Tarlac |
| Lapaz | Belmonte Subd., Brgy. San Isidro, Lapaz, Tarlac |
| Capas | #0135 DLS, Brgy. Cut-Cut 1st, Capas, Tarlac |
| Concepcion | 125 Jasmin St., Green Village, Concepcion, Tarlac |
| Paniqui | Palarca St., Brgy. Poblacion Norte, Paniqui, Tarlac |
| Gerona | Brgy. Poblacion 1, Gerona, Tarlac |
| Victoria | San Gaudencio St., Brgy. San Nicolas, Victoria, Tarlac |

Balangiga Branch

Balangiga 1
Giporlos
Quinapondan
Gen MacArthur

National Road, Corner Balintawak St., Brgy. 06, Balangiga, Eastern Samar
National Road, Corner Balintawak St., Brgy. 06, Balangiga, Eastern Samar
Brgy. 1, Poblacion, Quinapondan, Eastern Samar
Brgy. Sta. Cruz, Gen, MacArthur, Eastern Samar

Parañaque Branch

Parañaque 1
Parañaque 2
Parañaque 3
Parañaque 4
Parañaque 5
Parañaque 6

Unit 1 & 2 Kingsland Bldg. Dr. A. Santos Ave. Brgy. San Isidro, Sucat, Parañaque City 1707
Unit 1 & 2 Kingsland Bldg. Dr. A. Santos Ave. Brgy. San Isidro, Sucat, Parañaque City 1707
8453 Sta. Agueda Compound, Brgy. Sto. Niño, Parañaque City
73 Japan St., Better Living Subd., Brgy. Don Bosco, Parañaque City
Unit 1 & 2 Kingsland Bldg. Dr. A. Santos Ave. Brgy. San Isidro, Sucat, Parañaque City 1707
Unit 1 & 2 Kingsland Bldg. Dr. A. Santos Ave. Brgy. San Isidro, Sucat, Parañaque City 1707

San Carlos Branch

San Carlos1
San Carlos2
San Carlos3
San Carlos4
Bayambang 1
Bayambang 2
Malasiqui 1
Malasiqui 2
Malasiqui 3
Mangatarem
Urbiztondo 1
Urbiztondo 2

Rizal Avenue, Poblacion, San Carlos City, Pangasinan
Rizal Avenue, Poblacion, San Carlos City, Pangasinan
Perez Blvd, San Carlos City, Pangasinan
Rizal Avenue, Poblacion, San Carlos City, Pangasinan
M.H. Del Pilar, Bayambang, Pangasinan
Brgy. Magsaysay, Bayambang, Pangasinan
Brgy. Cabatling, Malasiqui, Pangasinan
Joves St., Poblacion, Malasiqui, Pangasinan
Quezon Boulevard, Poblacion, Malasiqui, Pangasinan
Gutieres St., Torres Bugallon, Mangatarem, Pangasinan
Brgy. Poblacion, Urbiztondo, Pangasinan
Regidor St., Poblacion, Urbiztondo, Pangasinan

Urdaneta Branch

Urdaneta 1
Urdaneta 3
Urdaneta 2
Urdaneta 4
Alcala
Rosales
Asingan
Tayug 1
Umingan

Purok 3, Nancayasan Urdaneta City, Pangasinan 2428
Purok 3, Nancayasan Urdaneta City, Pangasinan 2428
Nancamaliran East, Urdaneta City, Pangasinan
Purok 3, Nancayasan Urdaneta City, Pangasinan 2428
Brgy. San Pedro Ili, Alcala, Pangasinan
Zone II, Rosales, Pangasinan
Domanpot, Asingan, Pangasinan
Purok 1, Brgy. Trenchera, Tayug, Pangasinan
Nancalabasaan, Umingan, Pangasinan

Alaminos Branch

Alaminos 1
Alaminos 2
Bani
Bolinao 1
Agno
Anda
Bolinao 2

Corners C. P. Garcia & L. Rivera Sts., Poblacion, Alaminos City, Pangasinan
Corners C. P. Garcia & L. Rivera Sts., Poblacion, Alaminos City, Pangasinan
Quinaoayanan Bani, Pangasinan
A. Celeste St., Germinal Bolinao, Pangasinan
Poblacion East Agno, Pangasinan
Poblacion, Anda, Pangasinan
Germinal, Bolinao, Pangasinan



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| Burgos Bolinao 3 | Sitio Aludig, Poblacion, Burgos, Pangasinan Brgy. Goyoden, Bolinao, Pangasinan |
| Catbalogan Branch | |
| Catbalogan 1 | 208 Curry Avenue, Brgy. 5, Catbalogan City, Western Samar |
| Catbalogan 2 | 208 Curry Avenue, Brgy. 5, Catbalogan City, Eastern Samar |
| San Jorge | Brgy. Erenas, San Jorge, Samar |
| Motiong | Old Provincial Road, Brgy. 1-A, Poblacion, Motiong, Western Samar |
| Borongan Branch | |
| Borongan 1 | E. Cinco St., Brgy. C, Borongan City, Eastern Samar |
| Borongan 2 | E. Cinco St., Brgy. C, Borongan City, Eastern Samar |
| Llorente | Aguinaldo St., Brgy. 10, Llorente E. Samar |
| Sulat | Acedillo St., Tabi (Pob.), Sulat, Eastern Samar |
| Guiuan Branch | |
| Guiuan 1 | Lugay St., Brgy. 4, Guiuan, Eastern Samar |
| Guiuan 2 | Lugay St., Brgy. 4, Guiuan, Eastern Samar |
| Mercedes | Lugay St., Brgy. 4, Guiuan, Eastern Samar |
| Salcedo | Brgy. 02 Poblacion Salcedo, Eastern Samar |
| San Fernando Branch | |
| San Fernando 1 | Gov. Luna St., Brgy. IV, San Fernando City, La Union 2500 |
| San Fernando 2 | Gov. Luna St., Brgy. IV, San Fernando City, La Union 2500 |
| Naguilian | Cabaritan Sur 2511 Naguilian, La Union |
| Bauang | Central West, Bauang, La Union |
| Bangar | Central East No. 1, (Pob.), Bangar, La Union |
| San Juan | Ili Norte (Pob.), San Juan, La Union |
| Balaoan | Bulbulala, Balaoan, La Union |
| Bacnotan | Dolores St., Poblacion, Bacnotan, La Union |
| Luna | Brgy. Salcedo, Luna, La Union |
| Candon Branch | |
| Candon 1 | BLOCK 6, San Juan St., San Jose, Candon City, Ilocos Sur 2710 |
| Candon 2 | BLOCK 6, San Juan St., San Jose, Candon City, Ilocos Sur 2710 |
| Santa Cruz | Brgy. Poblacion Este, Santa Cruz, Ilocos Sur |
| Tagudin 1 | Brgy. Rizal (Pob), Tagudin, Ilocos Sur |
| Tagudin 2 | Brgy. Quirino (Pob.), Tagudin, Ilocos Sur |
| Burgos | Poblacion Norte, Burgos, Ilocos Sur |
| Narvacan 1 | Brgy. Santa Lucia (Pob), Narvacan, Ilocos Sur |
| Santiago | Brgy. Bigbiga, Santiago, Ilocos Sur |
| Narvacan 2 | Brgy. Quinarayan, Narvacan, Ilocos Sur |
| Sta. Maria | Brgy. Poblacion Sur, Santa Maria, Ilocos Sur |
| Laoag Branch | |
| Laoag 1 | Gen. Segundo Avenue, Brgy. 13, Laoag City, Ilocos Norte 2900 |
| Laoag 3 | Gen. Segundo Avenue, Brgy. 13, Laoag City, Ilocos Norte 2900 |
| Laoag 4 | Gen. Segundo Avenue, Brgy. 13, Laoag City, Ilocos Norte 2900 |
| Batac 1 | Brgy. 5, Callaguip, Batac, Ilocos Norte |

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| Dingras 1 | Brgy. Madamba, Dingras, Ilocos Norte |
| Dingras 2 | Brgy. Albano, Dingras, Ilocos Norte |
| Batac 2 | Brgy. 7, Caunayan (Pob.), Batac, Ilocos Norte |
| Batac 3 | No. 2, Brgy. Ablan Poblacion (Labucan, Batac, Ilocos Norte |
| Laoag 2 | Brgy. No. 48-A, Cabungaan North, Laoag City, Ilocos Norte |
| San Nicolas 1 | San Marcos St., San Cayetano (Pob), San Nicolas, Ilocos Norte |

Bangued Branch

| | |
|-------------|---|
| Bangued 1 | NMK Bldg. McKinley St., Zone 7, Bangued, Abra |
| Manabo | San Ramon West, Manabo, Abra |
| Pidigan | Brgy. Poblacion, Pidigan, Abra |
| Tayum | Poblacion, Tayum, Abra |
| Bucay | South Poblacion Bucay Abra |
| Dolores | Brgy. Poblacion, Dolores, Abra |
| Lagangilang | Poblacion, Lagangilang Abra |
| La Paz | Poblacion, La Paz, Abra |
| Bangued 2 | NMK Bldg. McKinley St., Zone 7, Bangued, Abra |

Nagcarlan Branch

| | |
|--------------|---|
| Nagcarlan 1 | Rizal Ave., Poblacion 2, Nagcarlan, Laguna 4000 |
| Nagcarlan 4 | F. Urra St., Poblacion 1, Nagcarlan, Laguna |
| Nagcarlan 2 | Regidor St., Poblacion 3, Nagcarlan, Laguna |
| Nagcarlan 3 | Rizal Ave., Poblacion 2, Nagcarlan, Laguna 4000 |
| Rizal | Viriña St. East Poblacion, Rizal, Laguna |
| Nagcarlan 4b | F. Urra St., Poblacion 1, Nagcarlan, Laguna |
| Liliw 1b | 1177 Bonifacio St. Ilayang Palina Liliw Laguna |
| Liliw | 1177 Bonifacio St. Ilayang Palina Liliw Laguna |

Calauag Branch

| | |
|--------------|--|
| Calauag 1 | De Claro St., Brgy. Pinagtalleran, Calauag, Quezon |
| Calauag 2 | De Claro St., Brgy. Pinagtalleran, Calauag, Quezon |
| Calauag 3 | De Claro St., Brgy. Pinagtalleran, Calauag, Quezon |
| Buenavista 1 | Don Mariano Uy, Poblacion Calauag Quezon |
| Buenavista 2 | Brgy. Cadlit, Buenavista, Quezon |
| Lopez 1 | Brgy. Talolong, Lopez, Quezon |
| Lopez 2 | 90 Jasmin St. Brgy. Bebito, Lopez Quezon |
| Lopez 3 | 193 Dolores St., Brgy. Gomez, Lopez, Quezon |
| Guinayangan | Josephine Subd. Calimpak, Guinayangan, Quezon |

Victoria Branch

| | |
|-------------|--|
| Victoria 1 | Brgy. Poblacion III, Victoria, Oriental Mindoro 5205 |
| Victoria 2 | Brgy. Poblacion III, Victoria, Oriental Mindoro 5205 |
| Victoria 3 | Brgy. Poblacion III, Victoria, Oriental Mindoro 5205 |
| Naujan 1 | Poblacion 2, Naujan, Oriental Mindoro |
| Naujan 2 | Poblacion 1, Naujan, Oriental Mindoro |
| Naujan 3 | Gasic St., Poblacion II, Naujan, Oriental Mindoro |
| Naujan 4 | Poblacion 1, Naujan, Oriental Mindoro |
| Barcenaga 1 | Brgy. Barcenaga, Naujan, Oriental Mindoro |
| Barcenaga 2 | Brgy. Barcenaga, Naujan, Oriental Mindoro |
| Naujan 5 | Pinagsabangan 2, Naujan, Oriental Mindoro |



Maharlika Branch

| | |
|-------------|---|
| SPC 8 | Maharlika Highway, Brgy. 1B, San Pablo City, Laguna |
| SPC 7 | Maharlika Highway, Brgy. 1B, San Pablo City, Laguna |
| Alaminos 1A | Room 6 Macasaet Building Del Pilar St. Alaminos Laguna |
| Alaminos 1B | Room 5 Macasaet Building Del Pilar St. Alaminos Laguna |
| SPC 2 | Barleta St., Brgy. IV-C, (Pob.), San Pablo City, Laguna |
| SPC 9 | Barleta St., Brgy. IV-C, (Pob.), San Pablo City, Laguna |
| SPC 11 | Barleta St., Brgy. IV-C, (Pob.), San Pablo City, Laguna |
| SPC 4 | Mercury St., ADB Subd., Brgy, Del Remedio, SPC |
| SPC 4B | Mercury St., ADB Subd., Brgy, Del Remedio, SPC |

Talon Branch

| | |
|---------------|---|
| Las Piñas 3 | 451 Alabang – Zapote Road, Brgy. Talon 1, Las Piñas City |
| Pulang Lupa 3 | 451 Alabang – Zapote Road, Brgy. Talon 1, Las Piñas City |
| Talon 1 | Blk 16, Lot 34, Area S, Queens Row Subd., Queens Row East, Bacoor Cavite |
| Talon 4 | Blk 4, Lot 2, Gen. Capinpin St., Cor. Gen. Evangelista St., Soldier Hills II Subd., Almanza I, Las Piñas City |
| CAA 1 | No. 2070 A. Silahis St. Phase 4 CAA, Las Pinas City |
| Pilar A | 3 Olivia Road, Pilar Village, Las Piñas City |
| Talon 3 | 451 Alabang – Zapote Road, Brgy. Talon 1, Las Piñas City |
| Talon 2 | 451 Alabang – Zapote Road, Brgy. Talon 1, Las Piñas City |
| Pilar B | 3 Olivia Road, Pilar Village, Las Piñas City |
| CAA 5 | Lot 7 & 9, Blk 6, Gumamela St., Sambayanihan Peoples Village, B.F. International Village, Las Piñas City |

San Fernando Branch

| | |
|----------------|--|
| San Fernando 1 | Silangan, San Fernando, Masbate |
| San Fernando 2 | Silangan, San Fernando, Masbate |
| San Jacinto 2 | Esparrago st. San Jacinto, Masbate |
| San Jacinto 1 | Moyot St., Brgy. District 3, San Jacinto, Ticao, Masbate |
| Batuan 1a | Poblacion, Batuan, Masbate |
| Monreal 1 | Villamor St. Poblacion, Monreal, Masbate |
| Monreal 2 | Villamor St. Poblacion, Monreal, Masbate |

Socorro Branch

| | |
|-----------|--|
| Socorro 5 | Zone IV, Socorro, Oriental Mindoro |
| Socorro 1 | Zone IV, Socorro, Oriental Mindoro |
| Socorro 2 | Zone 1, Socorro, Oriental Mindoro |
| Socorro 3 | Leuteboro I, Socorro, Oriental Mindoro |
| Socorro 4 | Zone 1, Socorro, Oriental Mindoro |
| Pola 1 | Maluanluan, Pola, Oriental Mindoro |
| Pola 2 | Zone 2 Pola , Oriental Mindoro |
| Pola 3 | Brgy. Maluanluan, Pola, Oriental Mindoro |
| Pola 4 | Zone I, Pola, Oriental Mindoro |
| Pola 5 | Sitio Banco, Batuhan, Pola, Oriental Mindoro |

Milagros Branch

| | |
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| Milagros 1 | Magbalon St., Pob. East, Milagros, Masbate |
| Milagros 3 | Brgy. Bacolod, Milagros, Masbate |

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| Milagros 5 | Magbalon St., Pob. East, Milagros, Masbate |
| Milagros 4 | Brgy. Bacolod, Milagros, Masbate |
| Balud 1 | Poblacion, Balud, Masbate |
| Balud 2 | Altabano St., Poblacion, Balud, Masbate |
| Balud 3 | Poblacion, Balud, Masbate |
| Balud 4 | Altabano St., Poblacion, Balud, Masbate |

Tabaco Branch

| | |
|-------------|--|
| Tabaco 1A | Purok 1 Brgy. Pawa, Tabaco City, Albay |
| Tabaco 1B | Purok 1 Brgy. Pawa, Tabaco City, Albay |
| Tiwi 1A | Purok 1 Libtong, Tiwi, Albay |
| Tiwi 1B | Purok 1 Libtong, Tiwi, Albay |
| Malinao | Poblacion, Malinao, Albay |
| Malilipot 1 | Purok 4 Mabini St. Brgy. 1, Malilipot, Albay |
| Malilipot 2 | Purok 5 San Jose, Malilipot, Albay |
| Bacacay 1A | #004 F. Bañez St., Bacacay, Albay |
| Bacacay 1B | #004 F. Bañez St., Bacacay, Albay |

Agoo Branch

| | |
|------------|--|
| Agoo | National Hi-way, San Joaquin Norte, Agoo, La Union |
| Agoo 1B | National Hi-way, San Joaquin Norte, Agoo, La Union |
| Aringay 1 | San Benito Sur, Aringay, La Union |
| Aringay 1B | San Benito Sur, Aringay, La Union |
| Caba | Sobredillo, Caba, La Union |
| Rosario 1 | Concepcion, Rosario, La Union |
| Rosario 2 | Poblacion, West Rosario, La Union |
| Sto. Tomas | Patac, Santo Tomas, La Union |
| Tubao | Gonzales, Tubao, La Union |

Sta. Cruz Manila Branch

| | |
|-----------|---|
| Sta. Cruz | #977, Unit 7 & 8, Severino Reyes St., Corner Lope De Vega, Zone 31, Brgy 314, Sta Cruz Manila |
| Sta. Mesa | #977, Unit 7 & 8, Severino Reyes St., Corner Lope De Vega, Zone 31, Brgy 314, Sta Cruz Manila |
| Paco | #977, Unit 7 & 8, Severino Reyes St., Corner Lope De Vega, Zone 31, Brgy 314, Sta Cruz Manila |

VISAYAS

Culasi Branch

| | |
|----------|---|
| Culasi 1 | Cadio St., Poblacion, Culasi, Antique |
| Pandan | Brgy. Centro Norte, Pandan, Antique |
| Barbaza | Maghari St., Pob. Barbaza, Antique |
| Lauan | Piscador St., Poblacion, Laua-an, Antique |
| Sebaste | Brgy. Abiera, Sebaste, Antique |
| Tibiao | Poblacion, Tibiao, Antique |

Tacloban Branch

| | |
|------------|--|
| Tacloban 1 | 182 Salazar St. Brgy. 43, Tacloban City, Leyte |
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| Tacloban 2 | 182 Salazar St. Brgy. 43, Tacloban City, Leyte |
| Tacloban 3 | Brgy. 83-A, Burayan, San Jose, Tacloban City |
| Tacloban 8 | Brgy. 99, Diit, Tacloban City |
| Babatngon 1 | District 4, Real St., Pob., Babatngon, Leyte |
| Sta. Rita 1 | Brgy. San Juan, Sta. Rita, Samar |
| Basey 1 | 2nd Floor, Espina Bldg. Marabut St., Brgy. Baybay, Basey, Western, Samar |
| Basey 2 | Trece Martires St. Baybay, Basey Western Samar |
| Sta. Rita 2 | Brgy. Old Manunca, Sta. Rita, Western Samar |

San Jose Antique Branch

| | |
|------------|--|
| San Jose 2 | Gen. Fullon St., Brgy.8 San Jose Antique |
| San Jose 1 | Gen. Fullon St., Brgy.8 San Jose Antique |
| San Jose 3 | Gen. Fullon St., Brgy.8 San Jose Antique |
| Hamtic | Poblacion 4, Hamtic, Antique |
| Dao | Brgy. Balud, Tobias, Fornier, Antique |
| Patnongon | Brgy. Lisub-A, Anini-Y, Antique |
| Bugasong | General Luna St., Brgy. Ilaya, Bugasong, Antique |
| Anini-y | Real St., Pob. Patnongon, Antique |
| Sibalom | Ramon Maza Sr. St., District III, Sibalom, Antique |
| Belison | Rizal St., Poblacion, Belison, Antique |

Iloilo Branch

| | |
|--------------|---|
| Iloilo 1 | Quezon St., Brgy. Sampaguita, Iloilo City |
| Iloilo 2 | Quezon St., Brgy. Sampaguita, Iloilo City |
| Iloilo 3 | Quezon St., Brgy. Sampaguita, Iloilo City |
| Iloilo 4 | Quezon St., Brgy. Sampaguita, Iloilo City |
| Jaro 1 | Niña Town House, Door 4, Las Palmas Subd., Brgy. Quintin Salas, Jaro, Iloilo City |
| Mandurriao | No. 299 Borres Subd. R. Mapa St. Tabucan, Mandurriao, Iloilo City |
| Arevalo | Glory Ville Subd., J.V. Jacson St., Iloilo City |
| Pavia 1 | Maquiling St. Purok 2, Pavia, Iloilo |
| Oton 1 | Lopez Jaena St. Oton , Iloilo City |
| Cabatuan | Zone 1 Rizal Ilawod St. Cabatuan Iloilo |
| Leganes | San Vicente Leganes, Iloilo |
| Sta. Barbara | Delgado St., Sta. Barbara, Iloilo |
| San Miguel | Sales St., Brgy. 12, San Miguel, Iloilo |
| Jaro 2 | Blk. 3, Lot 7, Bankers Village VI, Brgy. Dungon B, Jaro, Iloilo City |

Miag-ao Branch

| | |
|---------------|--|
| Miag-ao 1 | Quezon St., Brgy. Tacas (Pob), Miag-ao, Iloilo |
| Guimbal | #6 Magsaysay St. Guimbal, Iloilo |
| San Joaquin 1 | Purok 1 Poblacion San Joaquin, Iloilo |
| Tigbauan 1 | Brgy. #7, Tupas St., Tigbauan Iloilo |
| Igaras 1 | Calvario St., Brgy. 4, Poblacion, Igaras, Iloilo |
| Leon 1 | #52 Cala-or St., Leon, Iloilo City |

Roxas Capiz Branch

| | |
|---------|--|
| Roxas 1 | S4J Arcade, Arnaldo Boulevard, Roxas City, Capiz |
| Roxas 2 | S4J Arcade, Arnaldo Boulevard, Roxas City, Capiz |
| Roxas 3 | S4J Arcade, Arnaldo Boulevard, Roxas City, Capiz |
| Panay | Calle Revolucion, Poblacion Ilaya, Panay, Capiz |

Panit-an
Ivisan
Pontevedra
Pres. Roxas 1
Pres. Roxas 1B
Sigma
Mambusao
Maayon
Pres. Roxas 2
Jamindan

Brgy. Poblacion Ilawod , Panit-an Capiz
Poblacion Sur, Ivisan, Capiz
Brgy. Tacas, Pontevedra, Capiz
Pob. Swa, President Roxas, Capiz
Pob. Swa, President Roxas, Capiz
Brgy. Poblacion Norte, Sigma, Capiz
Revolution St., Poblacion, Tabuc, Mambusao, Capiz
Poblacion. Tabuc, Maayon Capiz
Sitio Bayes, Brgy. Poblacion (Elizalde), Pres. Roxas, Capiz
Brgy. Baye – Baye, Jamindan, Capiz

Passi Branch

Passi 1
Passi 2
Passi 3
Duenas
Janiuay
San Enrique A
San Enrique B
Lambunao
Cuartero
Calinog
Tapaz
Dumarao
Dumalag

San Juan Street, Poblacion Ilaya, Passi City, Iloilo
San Juan Street, Poblacion Ilaya, Passi City, Iloilo
San Juan Street, Poblacion Ilaya, Passi City, Iloilo
Brgy. Poblacion A, Dueñas, Iloilo
AQUINO NOBLEZA ST. JANIUAY, ILOILO
Palomo Arcade, Poblacion Ilaya, San Enrique, Iloilo
Palomo Arcade, Poblacion Ilaya, San Enrique, Iloilo
BRGY. TRANGHAWAN, LAMBUNAO ILOILO
BRGY. POBLACION TAKAS CUARTERO, CAPIZ
BRGY. SIMSIMAN CALINOG, ILOILO
Poblacion, Ilawod, Tapaz, Capiz
No. 22 Horison St. Poblacion Ilawod, Dumarao, Capiz
Brgy. Poblacion, Dumalag, Capiz

Estancia Branch

Estancia 1
Estancia 2
Estancia 3
Estancia 4
Carles 1
Carles 2
Sara
Ajuy
Lemery
Concepcion
San Dionisio

Brgy. Tabu-an, Estancia, Iloilo
Brgy. Tabu-an, Estancia, Iloilo
Brgy. Tabu-an, Estancia, Iloilo
Brgy. Tabu-an, Estancia, Iloilo
M. Bellosillo St., Poblacion, Carles, Iloilo
777-A Brgy. Barosbos, Carles, Iloilo
Cecilio Tady St. Poblacion Ilawod, Sara, Iloilo
Sitio Dawis, Pob., Ajuy, Iloilo City
Brgy. Poblacion South, East Zone, Lemery, Iloilo
D.B. Onate Street, Poblacion, Concepcion, Iloilo
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Aroroy Branch

Aroroy 1
Aroroy 3
Aroroy 4A
Aroroy 4B
Aroroy 5
Baleno 1
Baleno 2
Mandaon 1
Mandaon 2
Mandaon 3

Brgy. Poblacion, Aroroy, Masbate
Brgy. Poblacion, Aroroy, Masbate
Brgy. Puro, Aroroy, Masbate
Brgy. Puro, Aroroy, Masbate
Brgy. Malubi, Aroroy, Masbate
Albao St. Poblacion, Baleno, Masbate
Licup St., Poblacion, Baleno, Masbate
Brgy. Poblacion, Mandaon Masbate
Corner Quezon St., Poblacion, Mandaon, Masbate
Rizal St., Poblacion, Mandaon, Masbate



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| Mandaon 4 | Brgy. Nailaban, Mandaon, Masbate |
| Tagbilaran Branch | |
| Tagbilaran 1 | B. Aquino St. Cogon District, Tagbilaran City |
| Tagbilaran 2 | B. Aquino St. Cogon District, Tagbilaran City |
| Dauis | Poblacion, Dauis, Bohol |
| Balilihan | Del Carmen Sur, Balilihan, Bohol |
| Panglao | Poblacion, Panglao, Bohol |
| Corella | Sambog, Corella, Bohol |
| Baclayon | L. Oppus St., Poblacion, Baclayon, Bohol |
| Maribojoc | Poblacion, Maribojoc, Bohol |
| Antequera | Brgy. Can-omay, Antequera, Bohol |
| Loon 1 | Brgy. Basac, Loon, Bohol |
| Tubigon 1 | Mascariñas St., Pook Oriental, Tubigon, Bohol |
| Tubigon 2 | Brgy. Guiwanon, Tubigon, Bohol |
| Loon 2 | Basac, Loon, Bohol |
| Calape | 6328 Lumbang, Santa Cruz Calape, Bohol |
| Clarin | 6330 Candajec, Clarin, Bohol |
| Inabanga | 6332 Ilaud, Inabanga, Bohol |
| Sagbayan | 6331 Poblacion, Sagbayan, Bohol |
| Carmen | 6319 Poblacion Sur, Carmen, Bohol |

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|-----------------------|------------------------------------|
| Boracay Branch | |
| Boracay Unit | Balabag, Malay, Aklan |
| Boracay 2 Unit | Balabag, Malay, Aklan |
| Caticlan Unit | Caticlan, Malay, Aklan |
| Buruanga Unit | Buaranga, Malay, Aklan |
| Ibajay Unit | Poblacion, Ibajay, Aklan |
| Nabas Unit | Poblacion, Nabas, Aklan |
| San Jose Romblon Unit | Ilaya Poblacion, San Jose, Romblon |

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|----------------------|---|
| Baybay Branch | |
| Baybay 1 | 389 M. L. Quezon St., Zone 18, Brgy. Gregorio Loreto Sr., Baybay City, Leyte 6521 |
| Baybay 2 | 389 M. L. Quezon St., Zone 18, Brgy. Gregorio Loreto Sr., Baybay City, Leyte 6521 |
| Baybay 3 | 389 M. L. Quezon St., Zone 18, Brgy. Gregorio Loreto Sr., Baybay City, Leyte 6521 |
| Baybay 4 | 389 M. L. Quezon St., Zone 18, Brgy. Gregorio Loreto Sr., Baybay City, Leyte 6521 |

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| Barotac Branch | |
| Barotac Nuevo 1 | Siaotong St., Ilaud Poblacion, Barotac Nuevo, Iloilo 5007 |
| Barotac Nuevo 2 | Siaotong St., Ilaud Poblacion, Barotac Nuevo, Iloilo 5007 |
| Banate | Talokgangan Banate, Iloilo 5010 |
| Dumangas | Baras, Dumangas, Iloilo |
| Zarraga | Sto. Rosario St., Poblacion Ilaud, Zarraga, Iloilo |
| Pototan 1 | Brgy. Rumbang, Pototan, Iloilo |
| Pototan 2 | Fernando Parcon Ward, Poblacion, Pototan, Iloilo |

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|----------------------|---|
| Jordan Branch | |
| Jordan 1 | New Site, San Miguel, Jordan, Guimaras 5045 |
| Jordan 2 | New Site, San Miguel, Jordan, Guimaras 5045 |
| Jordan 3 | New Site, San Miguel, Jordan, Guimaras 5045 |

Buenavista A
Buenavista B
Nueva Valencia

Brgy. Maclain, Buenavista, Guimaras
Brgy. Maclain, Buenavista, Guimaras
Brgy. Poblacion, Nueva Valencia, Guimaras

Maasin Branch

Maasin 1
Padre Burgos
Matalom
Bato 1
Bato 2

Tomas Oppus St., Brgy. Tagnipa, Maasin City, Southern Leyte
El Ruflor Bldg. Brgy. Poblacion Padre Burgos, Southern Leyte
Brgy. Sto. Nino Poblacion, Matalom, Leyte
Brgy. Tinago , Bato, Leyte
Brgy. DaanLungsod, Bato Leyte

Naval Branch

Naval 1
Kawayan 1
Kawayan 2
Caibiran
Biliran

Brgy. Atipolo, Naval, Biliran
Brgy. Balite, Kawayan, Biliran
Brgy. Marvel, Culaba, Biliran
Brgy. Palanay, Cabiran, Biliran
Brgy. San Roque, Biliran, Biliran

Tanauan Branch

Tanauan
Dagami
Sta. Fe
Alangalang
Palo

Brgy. Buntay, Tanauan, Leyte
Brgy. Lapu Lapu, District 2, Dagami, Leyte
Real St., Zone III, Sta. Fe, Leyte
Brgy. Holy Child I, Alangalang, Leyte
Corner Regidor & Domingo St., Santa Cruz (Pob.), Palo, Leyte

Danao Branch

Danao 1
Carmen
Catmon
Compostela

Beatriz Village, Poblacion, Danao, Cebu
756 Zamora St., Cogon West, Carmen, Cebu
Flores Poblacion Catmon, Cebu
Purok 1 & 2, Sitio Proper, Cogon, Compostela, Cebu

MINDANAO

Davao Branch

Bankerohan 1
Bankerohan 2
Boulevard
Almendras
Agdao 1 Unit
Agdao 4
Bajada Unit
Agdao 2
Ecoland

Cor. Anda Rizal St., Brgy. 3-A, Davao City
Cor. Anda Rizal St., Brgy. 3-A, Davao City
Cor. Anda Rizal St., Brgy. 3-A, Davao City
Cor. Anda Rizal St., Brgy. 3-A, Davao City
LDL Apartment, Soliman Blk 1, Tomas Monteverde, Davao City
Purok 8, IKP Brgy. Lapu-Lapu, Agdao, Davao City
36-D Nedia St., Brgy. Obrero, Davao City
12A, Tacontian Subdivision, Brgy. Agdao Proper, Davao City
Blk. 2 - 35, Dove, Ecoland, Davao City

Buhangin Branch

Buhangin 1
Buhangin 2
Buhangin 3

073 NST Building, Km 5, Buhangin Road, Davao City
073 NST Building, Km 5, Buhangin Road, Davao City
073 NST Building, Km 5, Buhangin Road, Davao City



| | |
|------------|---|
| Samal 1 | Purok 2, Datu St. Penaplata Samal District, Island Garden City of Samal |
| Samal 2 | Purok 6, Sitio Kaimito, Brgy. Miranda Babak District, Island Garden City of Samal |
| Samal 3 | Purok Maanyag, Poblacion, Kaputian, Island Garden City of Samal |
| Buhangin 4 | 154 Rose St., Landmark 3, Sasa, Davao City |
| Buhangin 6 | 112 Ilang-Ilang St., Buhangin, Davao City, Davao Del Sur |
| Tibungco | Purok 4, Eliong St., Cal Village 1, Brgy. Tibungco, Bunawan District, Davao City, Davao del Sur |

Matina Branch

| | |
|-----------|---|
| Matina 1 | No.19 G/F BF Cor. Aries St. GSIS Heights Mc Arthur Highway, Matina Crossing, Davao City |
| Matina 2 | No.19 G/F BF Cor. Aries St. GSIS Heights Mc Arthur Highway, Matina Crossing, Davao City |
| Matina 3 | No.19 G/F BF Cor. Aries St. GSIS Heights Mc Arthur Highway, Matina Crossing, Davao City |
| Tugbok 1 | Purok 9, Champaca St., Brgy. Mintal, Tugbok District, Davao City |
| Toril | San Nicolas, Daliao, Toril, Davao City |
| Calinan B | Aurora Quezon St., Calinan, Davao City |
| Calinan A | Aurora Quezon St., Calinan, Davao City |
| Toril 2 | Block 18, Lot 8, Don Lorenzo Subdivision, Upper Piedad, Toril, Davao City |
| Marilog | Sitio Marahan, Marilog District, Davao City |
| Tugbok 2 | Purok 9, Champaca St., Brgy. Mintal, Tugbok District, Davao City |
| Talomo | L9 B8 Carmelo Homes Puan ,Talomo , Davao City |
| Matina 4 | No.19 G/F BF Cor. Aries St. GSIS Heights Mc Arthur Highway, Matina Crossing, Davao City |

Malalag Branch

| | |
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| Malalag 1 | Purok Acacia, Brgy. Poblacion, Malalag, Davao del Sur 8010 |
| Malalag 2 | Purok Acacia, Brgy. Poblacion, Malalag, Davao del Sur 8010 |
| Sulop | Purok Acacia, Brgy. Poblacion, Malalag, Davao del Sur 8010 |
| Padada 1 | 828 Jose Abad Santos St., Quirino District, Poblacion, Padada, Davao del Sur |
| Kiblawan | 828 Jose Abad Santos St., Quirino District, Poblacion, Padada, Davao del Sur |
| Sta. Maria | Lambino Village, Poblacion, Sta. Maria, Davao Occidental |
| Hagonoy | Cavan St. Brgy. Poblacion, Hagonoy, Davao del Sur |
| Digos | 115 Zamora St., Luna, Zone III, Digos City, Davao del Sur |

Mati Branch

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|--------|--|
| Mati 1 | Door 1 & 2, Ground Floor, JBIM – Rizal Extension Central, Mati City 8200 |
| Mati 2 | Door 1 & 2, Ground Floor, JBIM – Rizal Extension Central, Mati City 8200 |
| Mati 3 | Crossing Dawan, City Mati, Davao Oriental |
| Mati 4 | Door 1 & 2, Ground Floor, JBIM – Rizal Extension Central, Mati City 8200 |
| Mati 5 | NHA Dahican, Mati City, Davao Oriental |

Tagum Branch

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|---------|---|
| Tagum 1 | Gante Rd. Prk. Panabang, Magugpo West, Tagum City, Davao del Norte 8100 |
| Tagum 2 | Gante Rd. Prk. Panabang, Magugpo West, Tagum City, Davao del Norte 8100 |
| Tagum 5 | Gante Rd. Prk. Panabang, Magugpo West, Tagum City, Davao del Norte 8100 |
| Tagum 4 | Gante Rd. Prk. Panabang, Magugpo West, Tagum City, Davao del Norte 8100 |
| Tagum 3 | Purok Catleya, Visayan Village, City of Tagum, Davao del Norte |
| Tagum 7 | Gante Rd. Prk. Panabang, Magugpo West, Tagum City, Davao del Norte 8100 |
| Tagum 6 | Gomez Res Purok 3, Apokon, Tagum City |

Kabacan Branch

| | |
|-----------|---|
| Kabacan 1 | National Highway, Rizal St., Kabacan, Cotabato 9407 |
|-----------|---|

Kabacan 2
Mlang A
Matalam 1
Matalam 1B
Carmen
Mlang B

National Highway, Rizal St., Kabacan, Cotabato 9407
Poblacion A, Mlang, North Cotabato
Purok Rosal, Poblacion, Matalam North Cotabato
Purok Rosal, Poblacion, Matalam North Cotabato
Purok 4, Tawantawan Poblacion Carmen North Cotabato
Poblacion A, Mlang, North Cotabato

Kidapawan Branch

Kidapawan 1
Kidapawan 2
Kidapawan 3
Makilala
Tulunan
President Roxas
Antipas

Quezon Boulevard, Kidapawan City 9400
Quezon Boulevard, Kidapawan City 9400
Quezon Boulevard, Kidapawan City 9400
Quezon Boulevard, Kidapawan City 9400
Brgy. Sibsib, Tulunan, North Cotabato
Brgy. Poblacion, President Roxas, North Cotabato
National Highway Poblacion, Antipas North Cotabato

Nabunturan Branch

Nabunturan 1
Nabunturan 2
Mawab
Montevista
Nabunturan 3
New Bataan

Poblacion, Nabunturan, Compostela Valley 8800
Purok 10, Poblacion, Nabunturan, Compostela Valley
Purok 6, Poblacion, Mawab, Compostela Valley
Purok 7, Brgy. Poblacion, Montevista, Compostela Valley
Purok 2, Manat, Nabunturan, Compostela Valley
Purok 3, Cabinoangan, New Bataan, Compostela Valley

Malita Branch

Malita 1
Malita 2
Malita 3
Don Marcelino

Poblacion, Malita, Davao Occidental 8012
Poblacion, Malita, Davao Occidental 8012
Poblacion, Malita, Davao Occidental 8012
Kinanga, Don Marcelino, Davao Occidental

Midsayap Branch

Midsayap 1
Midsayap 2
Libungan
Pigcawayan
Midsayap 3
Pigcawayan B
Midsayap 4
Alamada

M.L. Quezon Avenue, Brgy. Poblacion 5, Midsayap, North Cotabato 9410
M.L. Quezon Avenue, Brgy. Poblacion 5, Midsayap, North Cotabato 9410
Batiocan, Libungan, North Cotabato
Poblacion 2, Pigcawayan, North Cotabato
Brgy. Poblacion 5, Midsayap, North Cotabato
Poblacion 2, Pigcawayan, North Cotabato
Brgy. Poblacion 5, Midsayap, North Cotabato
Purok 3, Brgy. Mirasol, Alamada North Cotabato





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