



RURAL BANK OF CENTRAL
PANGASINAN, INC.

ANNUAL REPORT 2023



EMPOWERING PEOPLE AND
PROMOTING DIGITALIZATION
TO FOSTER A SUSTAINABLE FUTURE



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MISSION

RBCP is truly committed in enriching the lives of its clients by providing premier financial products and solutions. RBCP aims to help create prosperity and progress in the community and be a resource to all who require our services and products.

VISION

Our vision is to emerge as a progressive, financially sound and customer-centric premier Rural Bank in the country, sharply focused on business growth and profitability with emphasis on transparency, professionalism and trust that the people can rely on.

CORE VALUES

Integrity

Excellence

Transparency

Compassionate

About **RBCP Inc.**

The Rural Bank of Central Pangasinan, Inc. was established in December 10, 1984. It began serving and lending to the public in its first office built in the town of Bayambang, Pangasinan. It was formerly known as Rural Bank of Central Pangasinan, (Bayambang) Inc. and started with a capitalization of Seven Hundred Thousand Pesos (₱700,000.00).

At present, the Bank has nine branches strategically placed in the towns of Calasiao, Bayambang, San Carlos, Mangaldan, Malasiqui, Manaoag, Mangatarem, Urdaneta, and Binmaley. Its Corporate Office or Head Office is located in Calasiao, Pangasinan.

RBCP Inc. offers ATM services in most of its branches. These ATM units are serviced by ENCASH and linked with BancNet allowing customers and cardholders to access their balances and withdraw cash using their ATM cards.

Today, the common stocks are majority-owned by the Torres family, with Mr. Lorenzo S. Torres and Mrs. Nila L. Torres as the majority stockholders.

Over the 39 years of rural banking, RBCP prudently maintained and secured a good place in Central Pangasinan and is steadfast in its commitment to serve its clients and stakeholders with the best banking option. It also has clients in the nearby provinces of Tarlac, Baguio, and Nueva Ecija.

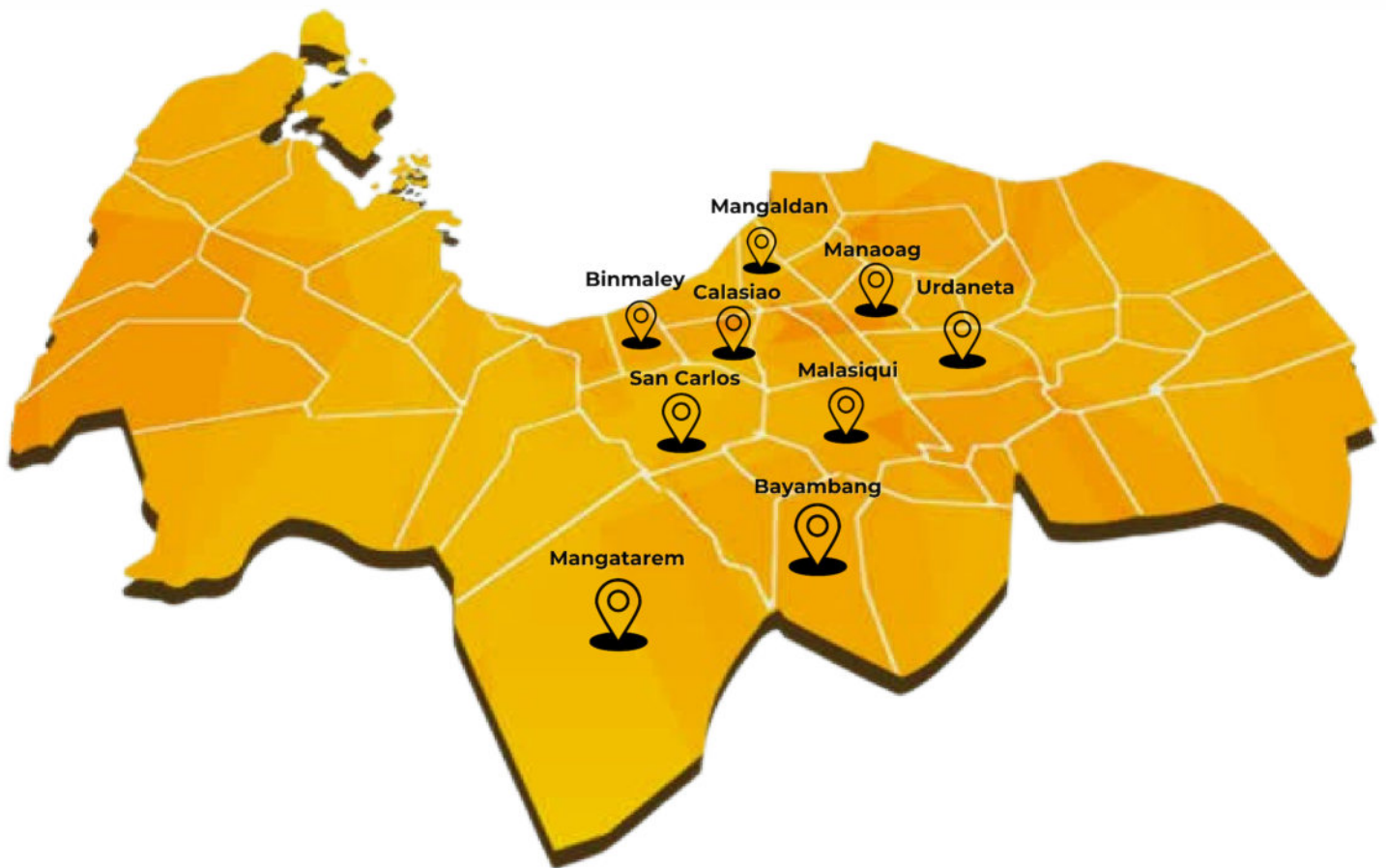
RBCP differentiates itself from other banks through its best quality service and excellent relationship banking and making certain that its customers are always its priority, so their banking experience is second to none.



RURAL BANK CENTRAL PANG



9 Branches in Pangasinan



BUSINESS MODEL

The core business of Rural Bank of Central Pangasinan, Inc. (RBCP) is deposit taking and lending to depositors and borrowers. It offers competitive interest rates to depositors and affordable interest rates to borrowers.

RBCP INC.'S DEPOSIT PRODUCTS

- **Regular Savings Deposit**
- **Basic Deposits (Lite Savings Deposit)**
- **Demand Deposits**
- **Savings Deposit with AFTA (Combo Account)**
- **Premium Savings Deposit**
- **Certificate of Time Deposits**
- **Green Deposits**

RBCP INC.'S LOAN PRODUCTS

- **Agricultural Loan**
- **Agrarian Reform Loan**
- **Micro, Small, and Medium Enterprises (MSME) Loan**
- **Loans to Private Corporation**
- **Loans to Individual for Housing Purposes**
- **Loans to Individual for Consumption Purposes**
- **Loans to Individual for Other Purposes**
- **Auto Loans**
- **Green Loans**

RBCP, Inc. derives its revenue from a number of sources. The majority of overall revenue is comprised of interest income obtained from loans. Fees and service charges, as well as proceeds from the sale of ROPA, provide additional revenue.

The bank incurs several components of expenses namely interest expenses, compensation and fringe benefits, and administrative expenses, in order to support the bank's business and operations.

A cloud-based core banking system was adapted by RBCP Inc. in collaboration with NXTBK, INC., replacing the bank's existing programs--- the GLnet System, SavePlus SQL Deposit System, and Webloan Program.

On April 1, 2023, the Bank implemented the new system, allowing parallel transactions to continue until June 30, 2023.

The full transition of the bank to the new system took place on July 1, 2023.

In NEXTBANK system, all bank transactions can be accomplished real time: General Ledger System capable of generating consolidated reports, Loan System which can create/produce different loan packages and consolidate the same, and Deposit System for Savings and Demand deposits transactions.

The realization of RBCP's objectives is premised on its existing vision and mission in conjunction with its committed, skilled, and motivated workforce, management execution, and guidance from the board of directors.

MESSAGE FROM THE CHAIRPERSON



"As we move towards our road to our 40th anniversary, I am deeply honored to say that Rural Bank of Central Pangasinan, Inc. has become a more solid, stable and sound bank. Its continuous growth and progress can be attributed to its people and operations. RBCP supports people sustainability for the bank's long-term success and viability.

It is an impressive achievement to be ranked 39th in terms of Total Deposits, 55th in terms of Total Loans and Receivables, and 47th in terms of Total Capital among all RBs and Coop banks in the Philippines as of December 31, 2023.

RBCP is compliant with the new minimum capital requirement for rural banks with 5 to 10 branches with total capital of P150 million and shareholders equity of 262 million as of December 31, 2023.

We will ensure to continue our mission of enriching the lives of our clients by providing premier financial products and solutions.

This year is indeed a remarkable year for us as we have completely made the switch to cloud-based banking, which has allowed us to offer a higher caliber and more efficient and effective services. Moreover, we are able to introduce new products and services to support sustainability.

I would like to commend the Board of Directors for their strategy and guidance to the Bank, as well as the management team, staffs, and partners for their dedication, hard work, and professionalism that have enabled us to achieve these results. We are committed to delivering sustainable value to you and all our stakeholders in the years ahead.

Mabuhay!"

A handwritten signature in black ink, appearing to read 'Warren L. Torres'.

WARREN L. TORRES
Chairman of the Board

MESSAGE FROM THE PRESIDENT

"We are enormously proud to share that the Bank declared a Net Income of P23.81 Million in 2023.

Asset growth of 1.94% to P1.301 billion placed RBCP Inc. at Top 41 in terms of Total Assets and remained at Top 39 in terms of Total Deposits at P1.030 billion, among RBs and Coops in the entire Philippines as per BSP Statistics as of December 31, 2023. Our loan portfolio also increased by 4.45% to P 583 Million, placing the Bank at Top 55 in terms of Total Loans. The Total Equity also increase by 10.23% to 262 Million that lead the Bank to Top 47 in terms of Total Capital.

Notwithstanding the good numbers presented, we recognize the two most pervasive challenges the banking industry is currently facing---digitalization and sustainability.

RBCP Inc. has now fully transitioned into cloud-based banking in partnership with NXTBK, Inc. Through this, we are aiming to provide more efficient and quality services and fulfill the future needs we foresee.

Our Bank embraces sustainable energy by installing solar panels on our main building and looking forward to invest more to our branches.

We also introduced new products and services namely, GREEN DEPOSIT and GREEN LOAN as a way of promoting sustainability to our clients.



We look forward to the Bank's Ruby or 40th anniversary and commit to continue providing quality products and services with technological infrastructure that would increase efficiency of the bank's operation, thus providing better services to the clients.

Together, with the continuing trust of our clients and shareholders, commitment of our officers and staffs, and steadfast support of our board of directors, we look ahead to embrace the opportunities in the future and grow with everyone who have continuously supported us"

A handwritten signature in black ink, reading "Nilal L. Torres".

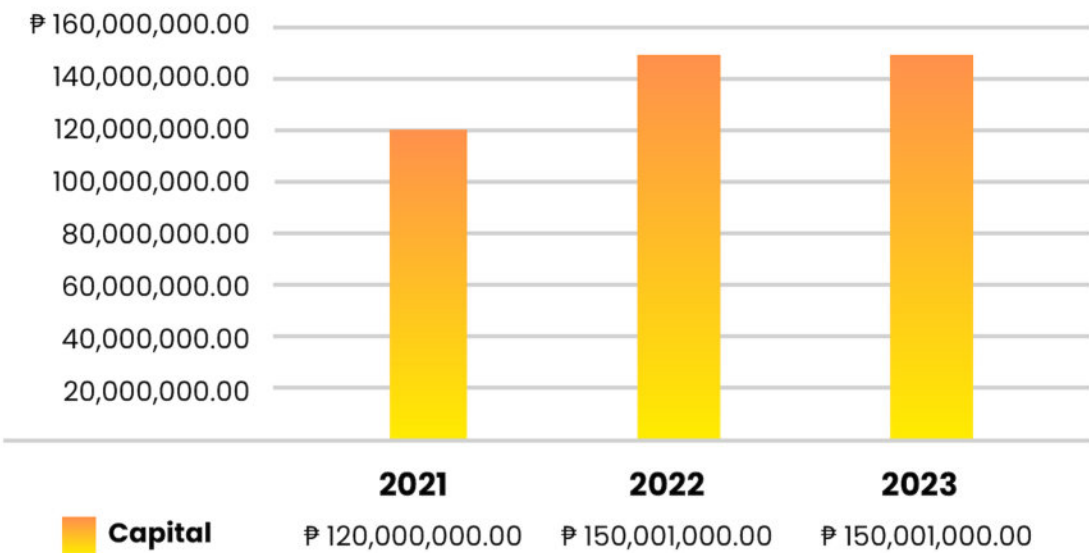
NILA L. TORRES
President and CEO

Financial Highlights

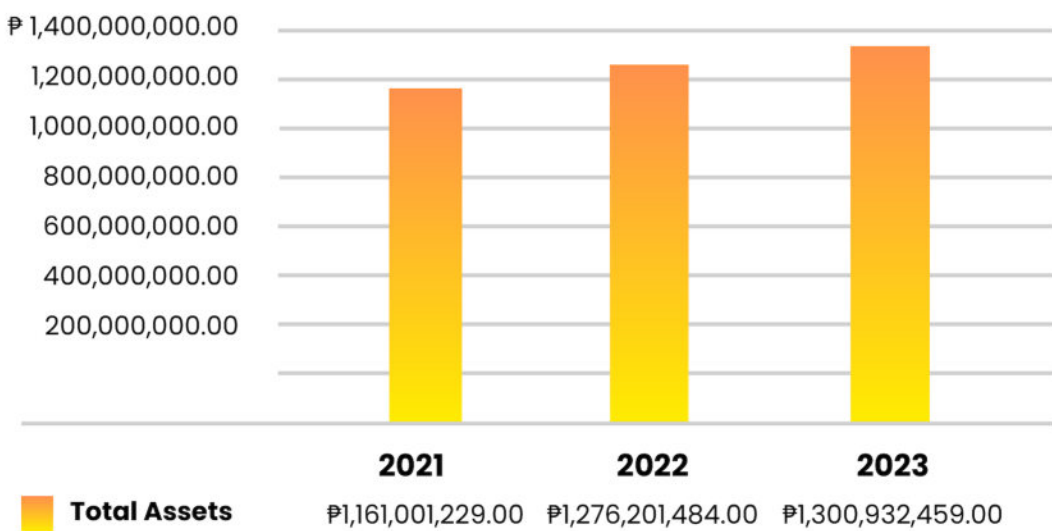
PARTICULARS	2023	2022
Profitability		
Total Net Interest Income	73,901,887.00	59,113,308.00
Total Non-Interest Income	16,274,466.00	18,860,240.00
Total Non-Interest Expense	61,325,821.00	55,262,142.00
Pre-Provision Profit	28,850,532.00	22,711,405.00
Allowance for Credit Losses	42,921,651.00	40,600,850.00
Net Income	23,819,959.00	18,350,050.00
Selected Balance Sheet Data		
Liquid Assets	622,128,996.00	613,928,305.00
Gross Loans	583,340,188.00	558,498,408.00
Total Assets	1,300,932,459.00	1,276,201,484.00
Deposits	1,030,745,848.00	1,033,037,669.00
Total Equity	262,961,038.00	238,548,032.00
Selected Ratios		
Return on Equity	9.50%	8%
Return on Assets	1.85%	1.51%
Capital Adequacy Ratio	23.06%	20.59%
Per Common Share Data		
Net Income Per Share		
Basic	16	12
Book Value	175	159
Others		
Headcount	73	70
Officers	18	18
Staff	55	52

Financial Condition and Results of Operation

CAPITAL



TOTAL ASSETS



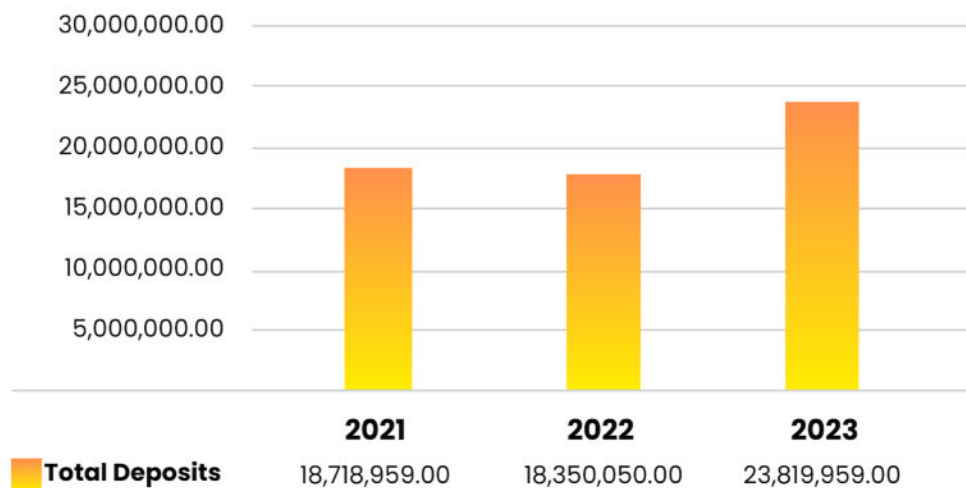
TOTAL LOANS



TOTAL DEPOSITS



NET INCOME





The 2023 financial condition and result of operation of Rural Bank of Central Pangasinan, Inc. is indeed a reflection of a sound oversight by the Board, good stewardship by the Management, combined efforts of its employees, and continued support of the stakeholders.

The Bank closed the year 2023 with a Net Income of P23.82M (adjusted based on the AFS), an increase of 29.81% from the previous year. The growth is attributed to the increase in collection of loans and receivables (18.28%, higher compared to the previous year), interest income from held-to-maturity investments, and interest on deposits with other banks, a combined increase of 45.32% from the previous year.

As per BSP Statistics as of December 31, 2023, RBCP ranked as follows among RBs and Coops in the entire Philippines:

AS TO TOTAL ASSETS



TOP 41

In terms of the Balance Sheet, Total Resources grew by 1.94% to P 1.301 Billion. The deployment of assets in loans is good at 41.54%. The Bank has liquid deposits with BSP and other banks at a high of 44.24%.

The increase was driven by our Bank's collective effort to grow the loan portfolio and strictly manage loan performances and produce income for the bank.



TOP 39

AS TO TOTAL DEPOSITS

Total Deposits decreased by 0.21%, which brings the Total Deposits at P1.030 Billion in 2023.



TOP 47

AS TO TOTAL CAPITAL

In accord with the financial position, the Total Equity increased by 10.23%, relating to the increase of its Retained Earnings for the year 2023.

Our CAR of 23.27% remains strong and above the minimum regulatory requirement of 10%.



TOP 55

AS TO TOTAL LOANS

The growth of 4.45% or 24.84 Million in Total Loan Portfolio was driven by good reputation of the bank contributing to its marketing and efficient and fast loan processing and releasing.

Trainings and Seminars

The Human Resource Department strongly believes that employees are the company's most valuable asset---nourishing its employees through acquiring additional knowledge and skills by attending trainings and seminars.

Trainings and development programs provide both the company and individual employees with benefits which make the cost and time a worthwhile investment. It keeps the company at the forefront of the banking industry. It also helps employees advance professionally, along with creating a friendly work environment. By investing in trainings, the company shows its appreciation for employees. As a result, the rendering of goods and services is improved and carried out more effectively, thereby contributing to the continued growth of the bank.

The Bank continued to provide trainings and seminars to its employees, officers and directors through video conferencing, virtual meeting platforms, and face to face seminars conducted by the Bangko Sentral ng Pilipinas (BSP), Rural Bankers Research and Development Foundation, Inc. (RBRDFI) and Rural Bankers Association of the Philippines (RBAP).

- **RBAP: Compliance Officers And Internal Auditors First National Convention**– *February 8-9, 2024*
- **Philsys Information And Education Campaign Regional Roadshow** – *March 27, 2023*
- **1-Day Briefing On Strengthening BSP Reportorial Procedures: FRP AND CAR** –*May 18, 2023*
- **Sustainability Framework And Environmental And Social Risk Management** – *May 04, 2023*
- **Empowering The MSME Through CIC Credit Report** – *July 14, 2023*
- **BSP Circular 1160** – *March 31, 2023*
- **Angel Network Session For Region 1 And CAR** –*June 21, 2023*
- **SF AND ESRMS** – *May 04, 2023* ☒ **Economic Financial Learning Program 2023** – *September 27-28, 2023*
- **Training On Current Account/Saving Account Operations For Rural Bank** – *September 09, 2023*
- **RBAP 70th Annual National Convention**– *June 7-8, 2023*
- **RBAP Symposium- Rural Banks: Promoting a Greener Future through Sustainable and Innovative Financing**– *November 22-23, 2023*

Other trainings and webinars attended by RBCP employees include:

- **Swipesmart: Combatting Credit Card Fraud And Building Good Credit Standing** - June 18, 2023
- **#Iwasbudol: Protecting Your Credit Standing And Data Privacy In Borrowing** - May 28, 2023
- **A Masterclass To Increase Competitiveness Through Brand Building And Digital Transformation For Rural Banks** - July 28, 2023
- **#Creditready: Rebuilding Your Credit History And The Basics Of Business Loan** - June 27, 2023
- **Management Training And Planning** - August 23, 2023
- **Loan Processing Camp; Documentation And Credit Investigation & Appraisal Seminar** - October 12, 2023
- **Epson Pangasinan B2B Tech Update 2023** - October 18, 2023
- **RBCP Team Building** - March 25, 2023
- **Critical Thinking and Decision Making- Asian Constitute Management-** July 19,24,26,31 & August 2, 2023

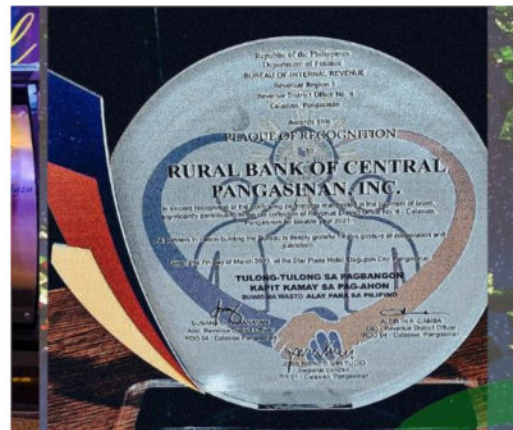


BIR “GABI NG PARANGAL”

The Rural Bank of Central Pangasinan, Inc. received a Plaque of Recognition from the Bureau of Internal Revenue, Revenue Region 1, RDO No. 4, as one of the top tax contributors in the tax collection of Revenue District Office No. 4 – Calasiao, Pangasinan, for the taxable year 2021.

The award was received by RBCP's President, Mrs. Nila L. Torres, and former President/CEO and major stockholder, Mr. Lorenzo S. Torres, during the Gabi ng Parangal hosted by the Bureau of Internal Revenue Region 1, Revenue District Office No. 4, last March 7, 2023, held at the Star Plaza Hotel.

RBCP takes pride in this award that supports the government in achieving its economic goals.



TEAM BUILDING 2023

This year's team building took place in Tagaytay and Enchanted Kingdom. RBCP officers and staffs engaged themselves in various group activities aimed to strengthen their bond as a team with professionalism, build a camaraderie with respect, and to have fun outside work.



MANAGEMENT TRAINING & PLANNING

RBCP Inc., conducted a seminar on management training and planning last August 26, 2023 at Royce Hotel and Casino Clark, Pampanga. The management and officers involved themselves in various activities that aim to enhance their leadership and teamwork. The training allowed everyone to share their ideas and at the same time, learn new things from their co-workers.



FOREIGN TRIP INCENTIVE- Japan Travel

RBCP's Senior Management, together with some of the top performing officers, travelled to Japan. It is one of the bank's ways of appreciating and rewarding its hardworking officers and those contributing to the success of the bank. This also exposes the bank officers to various trends in the industry such as digitalization.



FUN RUN AT PUTO FESTIVAL IN CALASIAO

The Rural Bank of Central Pangasinan joined a Fun Run Activity in celebration of the Puto Festival at Calasiao, Pangasinan held last December 2023.



RBCP's 39TH ANNIVERSARY AND CHRISTMAS PARTY

In celebration of RBCP's 39th anniversary, the bank held its Christmas Party at Lenox Hotel in Dagupan City on December 2023. The bank's theme was "Top Performing Artists Around the World." Various acts were performed by RBCP employees to showcase their talents. The winning team and runner ups were given cash prizes. Outstanding employees and officers were also given awards and certificate of recognition to show appreciation to their contributions, tenure, and achievements.

RBCP recognizes that the human resources are one of the main contributors to the bank's growth and success.





RISK MANAGEMENT FRAMEWORK

Risk Management Culture and Philosophy

RBCP recognizes that risk management is an integral part of good management practice. In its operations, the bank is exposed or may be exposed to risks in particular:

- Liquidity Risk;
- Credit Risk;
- Market Risk or Interest Rate Risk;
- Operational Risk (which includes Legal Risk);
- Compliance Risk
- Risk of Money Laundering and Terrorist Financing;
- Strategic Risk;
- Reputational Risk;
- Technology Risk; and
- Environmental and Social Risk

In this regard, the RBCP Inc. established a comprehensive and reliable system of risk management, integrated in all its business activities, which ensures that the bank's risk profile is always in line with the already established propensity to risks. The risk management system must be proportionate to the nature, volume and complexity of the bank's operations and/or its risk profile.

Risk Appetite Strategy

Risk appetite is the amount and type of risk that the Bank is willing to take in order to meet its strategic objectives.

RBCP Inc. allows its risks to be within the regulatory limits, such as the Capital Adequacy Ratio and Single Borrower's Limit and the Bank's capacity to manage risks. Allowance for credit losses shall be provided but thorough loans processing and maximum collection efforts shall always be in place. While generating deposits is one of the Bank's goals, anti-money laundering risk shall always be monitored and managed.

Risk Governance Structure and Risk Management Process

The Bank shall always adhere to BSP rules and regulations as well as other laws and regulations of other government agencies.

Operational efficiency shall always be the foremost concern of the Bank. Processes and procedures on IT systems, human resources and internal controls shall always be in place. The Bank has an effective and efficient risk management process which encompasses mitigation, monitoring and control of risks that the bank is or may be exposed to and which it identified and measured and/or assessed. Risk mitigation shall imply risk diversification, transfer, reduction and/or avoidance and the bank shall implement it having in view its risk profile and the propensity to risks.

RESPONSIBILITY AND AUTHORITY

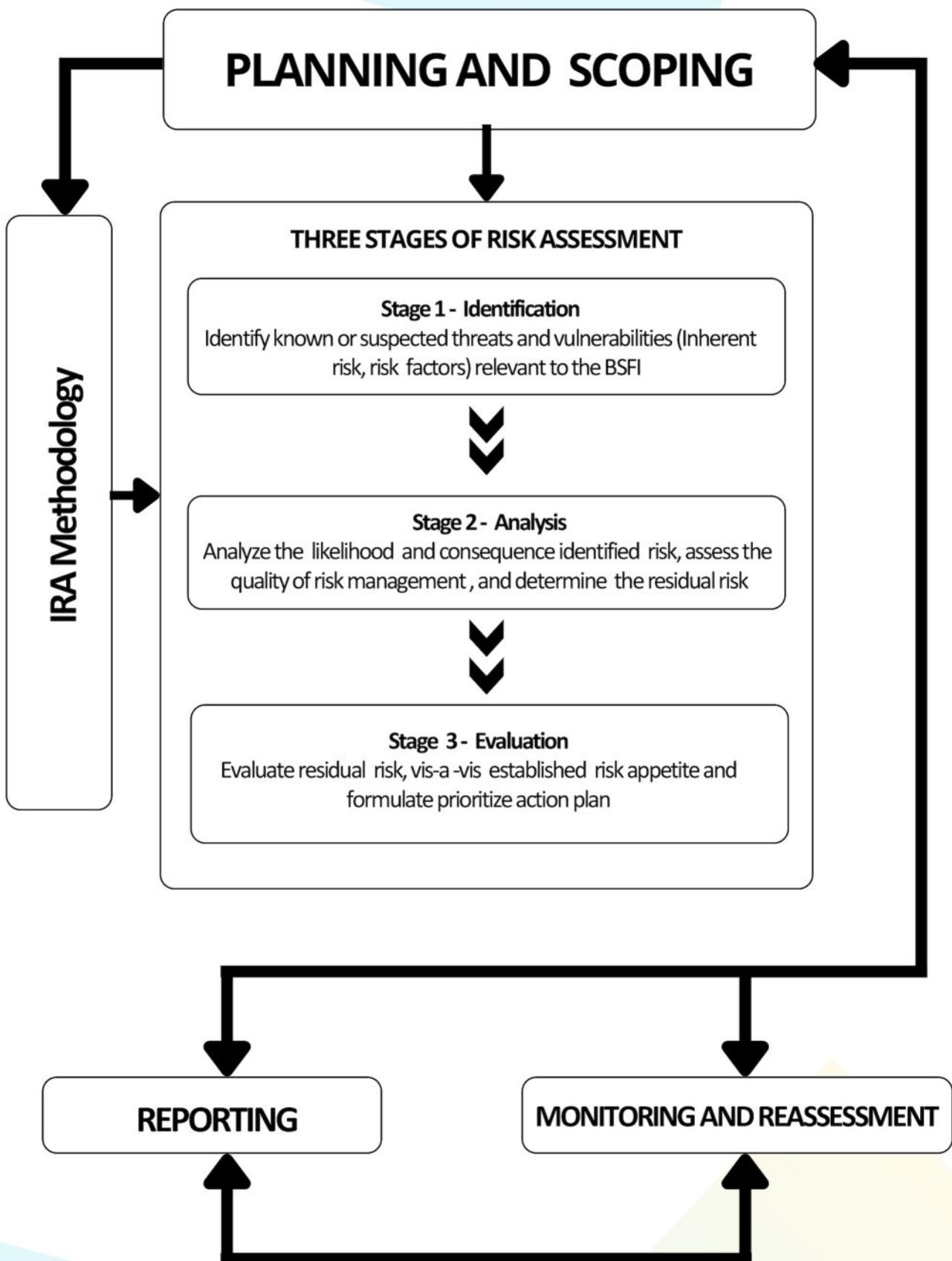
- Risk management is a responsibility of all employees.
- The President/Chief Executive Officer and the senior executives are responsible for monitoring and reviewing the Risk Assessment and Risk Management Plan for completeness, continued relevance of risk assessment, effectiveness of risk treatment plan and timeliness of implementation of risk treatment actions, taking into account of changing circumstance.
- The Board shall oversee the establishment and implementation of the Company risk management framework and shall review annually the effectiveness of that system.
- The Audit Committee shall oversee the operation of the risk management system and ensure its adequacy. The committee monitors the implementation of internal policies and internal controls for identifying and determining key risks to which the Company is exposed.
- The President/Chief Executive Officer and the senior executives shall, in addition to their general and specific responsibilities, be responsible for the co-operation necessary to assist the Internal Auditor in carrying out internal audit.
- The President/Chief Executive Officer shall provide yearly a statement to the Board and Stockholders that the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

INSTITUTIONAL RISK ASSESSMENT

Institutional Risk Assessment (IRA) is the cornerstone of risk-based approach to money laundering (ML), terrorist financing (TF), proliferation financing (PF) and sanctions risk prevention and mitigation. The IRA is a process using appropriate methodology to identify, analyze and understand the ML/TF/PF risks, including the risk of non-implementation, potential breach or evasion of targeted financial sanctions (TFS) requirements, arising from the Bank business activities and relationships.

OBJECTIVES OF IRA

The IRA facilitates the identification of the sources of ML/TF/PF and sanctions threats/risks, the vulnerabilities of the Bank business/operations, the assessment of the existing controls to prevent or mitigate such risks, the determination of the residual risk and evaluation of corresponding action plans. The Bank should craft bespoke policies, controls, and procedures to effectively manage and mitigate the identified risks. This result in a risk-driven ML/TF/PF prevention and mitigation strategy.



KEY TERMS

Threat– a person or group of people, object or activity with the potential to cause harm to example, the state, society or economy, etc. In ML/TF/PF context, this includes criminals, terrorist groups and, the facilitators.

Vulnerabilities – comprise those things that can be exploited by the threats or that may support or facilitate its activities. In ML/TF/PF risk assessment context, these may include features of a financial products/services that make them attractive for ML/TF/PF.

Consequences – refers to the impact or harm that the ML/TF/PF may cause and includes the effect of underlying criminal and terrorist activity on the financial system, the institution, or its customers.

Risk Factor – specific threats or vulnerabilities that are the causes, sources, or drivers of ML/TF/PF risks.

1. PLANNING & SCOPING

- a. Define the objectives and scope of the assessment.
- b. Prepare a project plan, identify the units and personnel who will be involved in the IRA and establish milestone and timeliness.
- c. Devise a feasible mechanism for data collection, analysis and updating.

2. IRA METHODOLOGY

The risk assessment methodology that the Bank adopts should be proportionate to the nature and complexity of its activities and operations.

3. THREE STAGES OF THE RISK ASSESSMENT PROCESS

Stage 1: Risk Identification

- a. Identifying ML/TF/PF Threat
- b. Identifying ML/TF/PF Vulnerabilities

Stage 2: Risk Analysis

- a. Likelihood Assessment (High, Moderate, Low)
- b. Impact Assessment (Major, Moderate, Minor)
- c. Level of Risk (High Risk, Medium Risk, Low Risk)
- d. Quality of Risk Management (QRM) Assessment (Strong, Acceptable, Inadequate, Weak)
- e. Residual Risk

Stage 3: Risk Evaluation

This stage involves determining priorities and developing applicable strategies commensurate with the level of assessed residual risk analysis stage.

4. REPORTING

The IRA report, which contains the results of the assessment and corresponding recommendations, among others, shall be reported to and approved by the BOD.

5. MONITORING AND RE-ASSESSMENT

The Bank is expected to institute systems and processes to ensure implementation of the action plans and/or revise AML/CTPF policies, controls, and procedures commensurate with the identification risks. Responsibilities for the implementation and monitoring of the action plan should be identified to assign accountabilities. This should form part of the Management's periodic report to the BOD.

6. NEW PRODUCTS/SERVICES

The Bank is also required to conduct risk assessment in relation to the development of new products and business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products.

TYPES OF RISK

A. CREDIT RISK

The bank shall manage credit risk at the level of individual loan, collective loan and at the level of the entire credit portfolio. In order to assume credit risk and manage that risk, the bank established an adequate credit process, which includes the process of credit investigation, loan evaluation, loan approval, loan release, loan collection and monitoring. Within the credit process, the bank shall establish:

1. criteria and principles for approving new loans and for extending forbearance in respect of existing loans, and particularly for deciding on the approval of loans representing large exposures of the bank;
2. rules for approving and monitoring loans at the level of individual borrowers, at the level of a group of entities related with them, and at the level of entities related with the bank, in accordance with the loan amount and risk degree;

B. MARKET RISK OR INTEREST RATE RISK

It's the potential loss due to movements in interest rates. This risk arises because a bank's assets usually have a significantly longer maturity than its liabilities. The bank shall:

- Establish procedures for the measurement and/or assessment of interest rate risk, which encompass major sources of interest rate risk;
- Analyze and quantify market risk;
- Develop a strategy to manage market risk including setting risk appetite;
- Develop appropriate policies, processes, and organization structures that links pricing policy overall corporate objectives to support ongoing management of market or interest rate risk.

C. STRATEGIC RISK

A strategic risk is the possibility of an event or scenario that could be both internal and external that inhibits or prevents an organization from achieving their strategic objectives. Strategic risk management is a process for identifying, assessing and managing risks and uncertainties, affected by internal and external events, scenarios and risks that could impede the organization's ability to achieve its strategy and strategic objectives.

The ultimate goal is successful implementation of the strategic plan while creating, enhancing and protecting the organization and stakeholders' value

D. RISK OF MONEY LAUNDERING AND TERRORIST FINANCING

The risk of money laundering and terrorist financing implies the risk of possible occurrence of negative effects on the financial result, capital or reputation of a bank if the bank is used (direct or indirect use of the business relationship with the bank, transaction, service or product of the bank) for money laundering and/or terrorist financing.

The risk of money laundering and terrorist financing arises particularly from the bank's failure to harmonize its operation with law, regulations and its internal regulations governing the prevention of money laundering and terrorist financing, and/or from the inconsistency of its internal regulations governing these issues. Risk management policies and/or procedures shall include rules and regulations provided by law, the Bangko Sentral ng Pilipinas (BSP) and the Anti Money Laundering Council (AMLC);

- Establishing the identity of new individual customers.
- Identifying the true owners when opening new accounts for companies/corporations.
- Producing and retaining identification and transactions records.
- Reporting suspicious transactions to the competent authorities.
- Enhancing relationships with the authorities.
- Preventive procedures such as training, pre-employment screening and internal controls.

E. LIQUIDITY RISK

Measurements of liquidity ratio should be compared to financial targets in the annual business plan and the budget, so that management can determine whether the bank is meeting its goals. Management can also assess whether there are material variances from the plan which need to be addressed. Comparison of these measurements against historical performances, where possible, can also identify significant trends which may need to be addressed by management.

RISK MEASUREMENT TECHNIQUES

Repricing gap (core deposits) and maturity gap shall be prepared and submitted to management on a monthly basis.

RISK MEASUREMENT TECHNIQUES

The measurements of liquidity risk discussed earlier should be reported to the board of directors, so that the board can also monitor the liquidity portfolio and ensure adherence to regulatory requirements and to the annual business plan. Material variances from plan and their causes, as well as manager's plan to correct the variance, should also be included in the report.

FREQUENCY

Management should provide the board with a report on the liquidity portfolio at least quarterly and when the liquidity ratio of 25% is breached.

F. OPERATIONAL RISK

The bank shall identify and assess events and sources, which may give rise to losses relating to operational risk, taking into consideration all significant internal and external factors. The bank shall determine the level of materially significant risks in respect of operational risk and to scrutinize them, as well as assess events that may result in such losses.

The bank shall measure or assess its exposure to operational risk taking into consideration the possibility and/or frequency of occurrence of that risk, as well as its potential effect on the bank, with special emphasis on events which are unlikely to occur but may cause significant material losses.

G. REPUTATIONAL RISK

Reputational risk arises from the possibility that negative publicity regarding an entity's business practices (whether true or not) will cause a decline in the customer/client base, revenue reduction or even cost of litigation.

Any negative perception about company jeopardizes its credibility, achievement of its strategic goals and the ability to maintain its good standing in the industry or in the community. It includes factors such as, regulatory abeyance, employee conduct, human resource practices, policy decision, work culture, issue response, fiscal responsibility and information security.

H. TECHNOLOGY RISK

It arises from the use of computer systems in the day-to day conduct of the bank's operation, reconciliation of the book of accounts, and the storage and retrieval of information and reports. The risk can occur due to the choice of faulty or unsuitable technology and adoption of untried or obsolete technology. Major risk arises from breaches of security for access to the computer system; tampering with the system and the unauthorized use of it. Over the years, IT in the financial services have substantially widened. Competition among banks induced them to enlarge their network of banking products and services, and forced them to offer services off-site; allowing the customers to access the computers from their end. Banks are facing greater threats from rapid changes happening in the technological systems applicable to financial services.

The following are some of the technology risks that the bank might encounter:

- Cybersecurity Threats
- Technology Infrastructure Failure
- Third-Party Risk

In order to enhance the bank's technology risk management framework, the bank shall:

1. Enhance Cybersecurity Measures

- Invest in advanced cybersecurity tools and technologies.
- Foster a security-aware culture through regular training and awareness programs.

2. Improve IT Infrastructure Resilience

- Invest in redundant systems and infrastructure.
- Develop and test comprehensive disaster recovery plans.

3. Manage Third-Party Risks

- Implement a robust vendor risk management program.
- Continuously monitor vendor performance and security practices.

I. ENVIRONMENTAL AND SOCIAL RISK

Environmental risk is defined as the impact of the natural environment on the banking operations, as well as the impact and dependencies of the Bank and its stakeholders on the environment and on natural capital. Bank may be negatively impacted because of its failure to comply with the relevant environmental practices, laws, regulations, rules, internal policies and codes of conduct applicable to its activities. These effects may take the form of legal or regulatory contraventions; significant financial losses; operational costs; physical damage; credit risk; or loss of reputation.

Social risk relates to social impacts associated with activities of the Bank, its customers or stakeholders resulting in financial, lending, investment and equity interest exposure that may lead to the risk of legal or regulatory sanctions, material financial loss or reputational damage. The Bank may suffer in any of these aspects because of its client or stakeholder's failure to comply with all applicable laws, voluntary agreements, regulations and/or supervisory requirements.

Social risks include issues relating to product responsibility and inclusion, labor, occupational health and safety, community involvement, community security, human resettlement, indigenous people's rights and human rights. These risks could lead to criminal sanction, termination of operations and production losses, and subsequently pose a financial, reputational or credit risk to the group.

MONITORING AND REPORTING

The Bank shall institutionalize the adoption of sustainability principles, including those covering E&S risk areas in the bank, by incorporating the same in the corporate governance and risk management frameworks as well as in the bank's strategic objectives and operations taking into account the bank's risk appetite and ability to manage risk.

To ensure the continued effectiveness, enforcement and success of the environmental and social risk management, the Compliance Officer and Internal Auditor shall include assessment of adherence, robustness and continuing relevance of said policies. Any environmental and social risk that may have material effect to the Bank and its operations shall be immediately reported to the Board.

The responsibility of ensuring that all RBCP employees are aware of and comply with managements of ESRs and supporting frameworks rests with the Management.

INTERNAL COMPLIANCE AND CONTROL SYSTEM

The Bank has an internal compliance and control system based on the following:

- An internal audit program approved by the Audit Committee and the Board of Directors.
- A financial reporting control system which aims to ensure that financial reporting is both accurate and timely, monitored by the Compliance Officer.

Rural Bank of Central Pangasinan, Inc. has a number of control processes to ensure that the information presented to senior management and the Board is both accurate and timely. The control processes include, among other things:

- Annual audit by the external auditor;
- Planned review by internal auditors reviewing the effectiveness of internal processes, procedures and controls;
- Monthly review of financial performance compared to budget and forecast.
- Compliance testing by the Compliance Officer on the compliance on Philippine laws, rules and regulations and pertinent BSP Circulars governing the operations of the bank.

The President/Chief Executive Officer shall provide yearly statement to the Stockholders in writing, that the company's financial reports present a true and fair view, in all material aspects, of the company's financial condition and operational results and are in accordance with relevant accounting standards; and that this statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

The Audit Committee is responsible for approving the recommendations of the external auditor and approving the annual internal audit plan. The internal audit function is independent of the external auditor.

The Audit Committee shall present its assessment and evaluation on the compliance and internal reports to the Board.

Internal audit reports and compliance testing reports on deviation from company policies to responsible management for action and to the Audit Committee for information or further action.

ASSESSMENT OF EFFECTIVENESS

Internal audit provides independent assurance to the Audit Committee of the effectiveness of its risk management and internal compliance and control system by conducting regular reviews of internal controls, operation of the risk management framework and the quality management system. The Audit Committee is responsible for reviewing and analyzing the effectiveness of the risk management framework, the internal compliance and control systems and shall report on the same to the Board, no less than annually or at such intervals as determined by the Board.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STRUCTURE AND PRACTICES

The Board of Directors is the ultimate authority in matters of governance and in managing the business of the Corporation. Within their authority under the Corporation Code and other applicable laws and By-laws of the Bank (the "By-laws"), the Directors, acting as a Board, have the fullest powers to regulate the concerns of the bank according to their best judgment. The Board is responsible to promote and adhere to the principles and best practices of corporate governance, to foster the long-term success of the Bank and to secure its sustained competitiveness in a manner consistent with its fiduciary responsibility. The Board shall exercise its powers and duties in the best interest of the Bank, its shareholders, regulators and other stakeholders.

The Bank's operations is managed through properly established organizational structure and adequate policies and procedures embodied in the manuals approved by the Board Committees and the Board.

SELECTION PROCESS FOR THE BOARD AND SENIOR MANAGEMENT

he stockholders entitled to vote shall elect annually such directors in the manner provided in Section 23 of the Revised Corporation Code whose qualifications shall be subject to the pertinent rules and regulations of the Bangko Sentral ng Pilipinas. The Bank considers diversity in the Board of Directors. It is composed by a combination of qualified business professional, senior officers with at least five years of experience and knowledge in banking, marketing, sales, real estate and construction and other related industries.

BOARD'S OVERALL RESPONSIBILITY

The Board of Directors is primarily responsible for approving and overseeing the implementation of the Bank's strategic objectives, risk strategy, corporate governance and values. The Board also approves the policies which guides the bank in the operation of its business. The Board of Directors is also responsible for monitoring and overseeing the performance of senior management as the latter manages the day-to-day operations of RBCP.

DUTIES AND RESPONSIBILITIES OF THE DIRECTORS

1. The Board shall establish business plans for the bank in accordance with the bank's strategic objectives and goals. These shall take into account the bank's long-term financial interests, its level of risk tolerance and its ability to manage risks effectively. The board shall establish a system for measuring performance against plans through regular monitoring and reviews, with corrective action taken as needed.
2. The board shall approve and oversee the implementation of policies on the bank's operations. The board shall set out matters and authorities reserved to it for decision, which include, among others major capital expenditures, equity investments and divestments. The board shall also establish the limits of the discretionary powers of each officer, committee, sub-committee and such other groups for purposes of lending, investing or any other financial undertaking that exposes the bank to significant risks.

3. The board of directors shall be responsible for defining the bank's risk management framework, level of risk tolerance and for the approval and oversight of the implementation of policies and procedures relating to the management of risks throughout the bank.

The board of directors shall ensure that a robust internal reporting system is in place that shall enable each employee to contribute to the appreciation of the bank's overall risk exposures. The board of directors shall ensure that the risk management function is given adequate resources to enable it to effectively perform its functions. The risk management function shall be afforded with adequate personnel, access to information technology systems and systems development resources, and support and access to internal information.

4. The Board shall appoint competent management team at all times, monitor and assess the performance of the management team based on established performance standards that are consistent with the bank's strategic objectives, and conduct regular review of bank's policies with the management team.

5. The board of directors shall lead in establishing the tone of good governance from the top and in setting corporate values, codes of conduct and other standards of appropriate behavior for itself, the senior management and other employees.

6. The board of directors shall create committees in accordance with the bank's by-laws and the rules and regulations of the Bangko Sentral ng Pilipinas.

ROLES OF THE CHAIRPERSON OF THE BOARD OF DIRECTORS

The Chairperson of the board of directors shall provide leadership in the board of directors. He shall ensure effective functioning of the board of directors, including maintaining a relationship of trust with members of the board of directors. He shall:

1. Ensure that the meeting agenda focuses on strategic matters including discussion on risk appetites, and key governance concerns;
2. Ensure a sound decision-making process;
3. Encourage and promote critical discussion;
4. Ensure that dissenting views can be expressed and discussed within the decision-making process;
5. Ensure that members of the board of directors receive accurate, timely, and relevant information;
6. Ensure the conduct of proper orientation for first-time directors and provide training opportunities for all directors; and
7. Ensure conduct of performance evaluation of the board of directors at least once a year.

BOARD QUALIFICATION

QUALIFICATIONS OF A DIRECTOR

- Holder of at least one (1) share of stock of the Bank;
 - He shall be at least a college graduate or have at least five (5) year-experience in business to substitute for such formal education;
 - He shall be at least twenty-five (25) years old at the time of his election or appointment;
 - He must have attended a special seminar on corporate governance for Board of Directors conducted or accredited by the BSP or SEC: Provided, That incumbent Directors must attend said seminar within a period of six (6) months from date of election;
 - He must be fit and proper for the position of a director of the bank, proven to possess integrity/probity, physical and mental fitness, relevant education/financial literacy/training, knowledge and experience, Skills, diligence and independence of mind, and sufficiency of time to fully carry out responsibilities.
 - Practical understanding of the business of the Bank; and
 - Membership in good standing in relevant industry, business or professional organizations.
- The superior shall also identify the strengths and weaknesses of officer or employee and provide remarks/comments regarding its overall performance.
 - The superior shall also measure the competency of officer or employee. It is measured through a 100% based core competencies comprising of 20% for contribution to company goals, 20% for protection of information and ethical behavior, 20% for knowledge on the duties and responsibilities assigned, 20% for understanding in banking business and its operation and 20% for the use of good judgment or decision making.

This is used to determine performance incentives, improve performance of officers and employees and for possible promotion and guide for the Bank for trainings/seminar that would help the employee enhance himself/herself.

The Board of Directors also evaluates their performance as a director, committee and as a Body annually. This aid the Directors in their function of overseeing task and management performance, identity areas/policies for improvement, provide controls/mitigating measures that would help the Bank attain its goals and objectives.

QUALIFICATIONS OF AN INDEPENDENT DIRECTOR

Performance Appraisal is the evaluation of the performance of officers and employees and to understand the abilities of a person for further growth and development. Performance appraisal is done in systematic ways which are as follows:

- The superior measures the performance of officer or employee through a 5-point rating scale (5 being the highest which corresponds to consistently surpassing the expectation and 1 being the lowest which corresponds to failure to achieve expectations.

ORIENTATION AND EDUCATION PROGRAM

The Bank believes that its greatest investments are on its people. Orientation trainings and seminars are provided yearly. Corporate Governance Seminar is required for all directors, as required by the BSP. In-house trainings are developed and provided by the Bank on loans processing, bank operation and bookkeeping.

Specialized trainings on Anti-Money Laundering, credit investigation and other matters are obtained from training providers accredited by Bangko Sentral ng Pangasinan or Securities and Exchange Commission and Rural Bankers Association of the Philippines.

he HR Department is permanently responsible in seeing to it that training requirements are complied with. They are to schedule employees who may attend training programs and shall for the purpose of determining training needs, consult other departments or branch offices from time to time.

HR Department is responsible in arranging/ advertising group trainings or seminars that may be conducted by RBCP regardless of the subject matter. If the training is highly specialized, the same will be conducted with necessary assistance and consultative services from specialized staff, resource persons or training institutes. Online seminars/webinars were attended by Bank employees in 2021.

RETIREMENT

The Bank provides an employees retirement plan in accordance with law. It aims to attract and keep honest, loyal, devoted and competent personnel in the service of the Bank and to recognize that such employees are necessary for successful operation of the Bank by providing benefits upon their separation or retirement.

SUCCESSION POLICY

The Bank's succession plan aims to identify officers and employees who could potentially fill and perform effectively and efficiently in each position. Hiring and training programs of the Bank ensure that potential successors are readily available. Employees will be given different trainings and seminars for them to achieve their maximum potential. Employee rotations and assignments will be conducted in order to effectively develop employees. The development of employees is essential to employee rotation or reshuffling and promotion. This increases the availability of experienced and capable employees that are prepared to assume roles as they become available.

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REMUNERATION POLICY

For Directors

The remuneration of the Directors consists of per diem for every Board and Board Committee meetings plus communication, transportation and meal allowances. Per diem is set at present market level with comparative assessment of the Bank's asset range.

For Officers and Employees

The Bank considers its human resources very significant in the attainment of the Bank's objectives and strategic plans. For this purpose the Bank sustains a remuneration policy that would attract, motivate and retain its officers and employees.

The Bank's remuneration policy adheres to Philippine Labor Laws and regulations. It includes compensation, performance incentives, fringe benefits, per diems for outside trainings and loyalty cash incentives. Fringe benefits include financial assistance for real estate vehicles and personal consumption. For top senior management, fringe benefits include transportation, insurance and repair and maintenance

POLICIES AND PROCEDURES ON RELATED PARTY TRANSACTIONS

The Bank's board approved Policies and Procedures on Related Party Transactions conform to the BSP Manual of Regulations for Banks (MORB). It shall be consistently observed on related party transactions which includes loans, other credit accommodations or guarantees granted by the bank to any of its subsidiaries and affiliates, as well as Directors, Officers, Shareholders and Related Interests (DOSRI) and related parties, purchases and sale of assets, construction arrangement/contracts, lease arrangements/contracts with DOSRI and related parties.

On arm's length basis

The dealings of the bank with any of its DOSRI and related parties should be in the regular course of business and upon terms not less favorable to the bank than those terms and services offered to others (fair process), i.e., price, commissions, interest rates, fees, tenor, collateral requirement. Further, it should not undertake on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances (fair terms).

All transactions entered by bank to DOSRI and related parties should be fair, within terms similarly offered to unrelated 3rd party regular clients, and entered into for the best interest of the bank. The price mechanism may include, but not limited to, acquiring the services of an external expert, opening the transaction to a bidding process, or publication of available property for sale.

Exposures effectively monitored

Business Units of the bank are required to document all lending and credit accommodations to DOSRI and related parties; and record keeping must be in place. The Bank submits periodic reports on DOSRI and RPT exposures and compliance with the DOSRI ceilings/limits with the BSP. Appropriate steps are taken to control or mitigate the risks

Relevant DOSRI and RPT policies and procedures issued by BSP are considered as steps for the bank to control or mitigate risk exposures from RPT lending and credit accommodations. Policy that addresses the requirement includes DOSRI loan limits/ceilings and definition, procedural requirements, covered transactions, loans to subsidiaries and affiliates, and policy covering approved fringe benefit plan.

Write-offs are made according to existing standard policies and processes

Write-offs are allowed pursuant to Bank existing policy and only after securing prior approvals from the bank's board of directors and from the Monetary Board.

BOARD-LEVEL COMMITTEES

BOARD-LEVEL COMMITTEES	FUNCTION
<p>AUDIT COMMITTEE</p> <p>Dir. Mario P. Gabrillo– Chairman</p> <p>Dir. Ma. Sheila H. Lambino– Member</p> <p>Dir. Arcelia E. Soberano– Member</p>	<p>The primary function of the Audit Committee is to assist the Bank’s Board in fulfilling its fiduciary responsibilities by overseeing the Bank’s financial reporting and public disclosures activities. The Audit Committee’s primary duties and responsibilities are to:</p> <p>a) Assist the Board in the oversight of the (1) integrity of the Bank’s financial statements, (2) Bank’s compliance with legal and regulatory requirements, (3) independent auditor’s qualifications and independence, and (4) performance of the Bank’s internal audit function and independent auditors.</p> <p>b) Provide oversight of the Bank’s financial reporting and control and internal and external audit functions.</p> <p>c) It shall be responsible for setting up internal audit department and for the appointment of the internal and external auditor who shall report both to Audit Committee</p>
<p>LIQUIDITY AND CRISIS MANAGEMENT COMMITTEE</p> <p>Dir. Nila L. Torres – Chairman</p> <p>Dir. Charmaine L. Torres-Castro – Member</p> <p>Dir. Rachelle T. Gannaban – Member</p>	<p>The Liquidity and Crisis Management Committee shall be responsible for the development and oversight of the institution’s liquidity risk management program. The core responsibilities of the Liquidity and Crisis Management Committee are:</p> <ul style="list-style-type: none"> • Identify and evaluate exposures. The committee shall assess the probability of each risk becoming reality and shall estimate its possible effect and cost. Priority areas of concern are those risks that are most likely to occur and are costly when they happen. • Development liquidity management strategies and manual. The liquidity management committee shall develop a written Manual on Liquidity Management Plan defining the strategies for managing and controlling the major risks. It shall identify practical strategies to reduce the chance of harm and failure or minimize losses if the risk becomes real.

CREDIT COMMITTEE

Dir. Nila L. Torres – Chairman

Dir. Rachelle T. Gannaban – Member

Dir. Warren L. Torres – Member

The Credit Committee shall establish the bank's overall credit risk management, set standards related to strategic targets, projected portfolio composition and limits at the corporate level, review and approve credit decision that may pose material risk to the bank's business strategy and composition, ensure adequate assessment of the borrowers financial capacity based primarily on cash flows, social and economic status and previous credit standing of the borrower and review and approve all loans and credit transactions within the scope of its authority.

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

FOR THE YEAR 2023	BOD MEETINGS	AUDIT COM MEETINGS	MGT. COMMITTEE MEETINGS	CREDIT COMMITTEE	SPECIAL MEETING
NILA L. TORRES	12		4	12	1
WARREN L. TORRES	12			12	1
RACHELLE T. GANNABAN	12		4	12	1
CHARMAINE L. TORRES- CASTRO	12		4		1
MARIO P. GABRILLO	12	4			1
MA. SHEILA H. LAMBINO	12	4			1
ARCELIA E. SOBERANO	12	4			1

EXECUTIVE OFFICERS/ SENIOR MANAGEMENT

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The Executive Officers/Senior Management must have the technical expertise or skills and necessary experience to fulfill their responsibilities. They should possess integrity and commitment that will effectively contribute to the growth of the Bank.

The Human Resource Department takes the lead role in recruitment, selection and promotion of the executive officers as senior management. They seek inputs and referrals from the members of the executive officers/ senior management thus, it is recommended to the President for further evaluation. Eligible employees for executive officer/senior management should be at least 25 years old, a degree holder (college graduate), have at least 5 years of experience in banking or financing and a Filipino citizen.

RBCP INC. OFFICERS	POSITION
Nila L. Torres	President and CEO
Charmaine L. Torres- Castro	Vice President - Business and Lending Group/Legal Counsel
Rachelle T. Gannaban	Assistant VP- Support Services Group
Larry B. Resuello	Compliance Officer
Alegria B. Montemayor	Internal Auditor
Pamela P. Tamayo	Accounting Department Head
Angel C. Dela Peña	Business Development Center/Acquired Asset and Remedial Management Head
Rodolfo B. Cerezo	Loan Documentation and Review Department Head/Corporate Secretary
Ruby E. Manaday	Senior Branch Manager
Joshua Joe I. Rabaja	IT Department Head
Gladwin M. Salindong	Manager/Area Head I
Analyn M. Burguillos	Manager/Area Head II
Brando G. Moyano	Manager/Area Head III
Analyn S. Moyano	Manager/Corporate Treasurer
Edgardo S. Montemayor	Manager II
Elizabeth T. Lacandola	Manager II
Sarah V. Bulatao	Manager I
Joefil N. Silleza	Security Officer

EXECUTIVE OFFICERS/ SENIOR MANAGEMENT



From left to right: Angel C. Dela Peña (BDC/AARM Head), Larry B. Resuello (Compliance Officer), Pamela P. Tamayo (Accounting Dept. Head), Nila L. Torres (President/CEO), Atty. Charmaine L. Torres-Castro (VP-Business and Lending Group/Legal Counsel), Alegria B. Montemayor (Internal Auditor), Rodolfo B. Cerezo (Loan Documentation and Review Dept. Head/ Corporate Secretary), Joshua Joe I. Rabaja (IT Dept. Head)



From left to right: Edgardo S. Montemayor (Mangatarem Branch), Gladwin M. Salindong (Area Head I/Bayambang Branch), Sarah V. Bulatao (Urdaneta Branch), Elizabeth T. Lacandola (San Carlos Branch), Nila L. Torres (President/CEO), Analyn S. Moyano (Calasiao Branch), Ruby E. Manaday (Senior Branch Manager/ Malasiqui Branch), Analyn A. Burguillos (Area Head II/Manaoag Branch), Brando G. Moyano (Area Head III/Mangaldan Branch)

Board Composition

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From left to right: Rachelle T. Gannaban (Director), Atty. Charmaine L. Torres-Castro (Director), Chairman Warren L. Torres (Chairperson), Nila L. Torres (President and CEO), Arcelia E. Soberano (Independent Director), Mario P. Gabrillo (Independent Director)



Front (from left to right): Arcelia E. Soberano (Independent Director), Ma. Shiela H. Lambino (Director), Nila L. Torres (President and CEO), Chairman Warren L. Torres (Chairperson)

Back (from left to right): Atty. Charmaine L. Torres-Castro (Director), Mario P. Gabrillo (Independent Director), Rachelle T. Gannaban (Director)

Name of Director	Type of Directorship	No. of Years as Director	No. of Shares Held	Percentage of Shares Held
1. Warren L. Torres	Non-Executive	19	172, 031	11.47%
2. Nila L. Torres	Executive	24	392, 138	26.17%
3. Charmaine L. Torres- Castro	Executive	7	172, 031	11.47%
4. Rachelle T. Gannaban	Executive	15	172, 031	11.47%
5. Ma. Sheila H. Lambino	Regular	7	188	0.01%
6. Mario P. Gabrillo	Independent	3 yrs. & 6 mos	188	0.01%
7. Arcelia E. Soberano	Independent	1 yr. & 7 mos.	10	0.001%

BOARD OF DIRECTORS



CHAIRPERSON OF THE BOARD

Warren L. Torres

46, Filipino

He is the Chairman of the Board of Directors and served as Marketing Officer in RBCP from 1999 to 2017. He is also a member of the Credit Committee. He holds a degree in BS Management and Entrepreneur from San Beda College. Before joining the company, he worked as an Agency Manager at Mercantile Insurance, Co. and Unit Manager at PhilAm Plans. He currently serves as the General Manager of Northwest Pacific Realty and Development Corporation. He also manages the Wernz Autosports Center and Services.



PRESIDENT/CEO

Nila L. Torres

73, Filipino

She is the President and CEO of Rural Bank of Central Pangasinan, Inc. She is also the Chairman of Credit Committee and Liquidity Crisis Management Committee. She holds a Bachelor's Degree in Business Administration from University of the East. Prior to appointment as President/CEO, Mrs. Torres held various positions in the company and other banks where she has gained extensive experiences. She is also an active member and has been President for several times of the Inner Wheel Club of Central Pangasinan.



DIRECTOR

Atty. Charmaine L. Torres-Castro

44, Filipino

She is the Vice President for Business and Lending Group and Legal Counsel of RBCP, Inc. She is also a member of Liquidity Crisis Management Committee. She earned a Bachelor's Degree in Accountancy and Liberal Arts major in Psychology, at De La Salle University and is a Certified Public Accountant. She also holds a Law Degree from San Beda College where she graduated Valedictorian in 2006, and passed the Bar Exam in 2007. She worked as Legal Associate at SyCip Law Office. She previously served as a Bank Officer V and Legal Officer III at Bangko Sentral ng Pilipinas. She is also the President of the Association of Pangasinan Rural Banks from 2022 up to present.



DIRECTOR

Rachelle T. Gannaban

41, Filipino

She is the Assistant Vice President for Support and Services Group of Rural Bank of Central Pangasinan, Inc. She handles the IT Department and the Human Resource Department. She is also member of Credit Committee and Liquidity Crisis Management Committee. She has been working with the Bank since 2002 right after she graduated with Bachelor's Degree in Psychology at De La Salle University in 2002. She is also the Treasurer of the Northwest Pacific Realty and Development Corporation.



DIRECTOR

Ma. Sheila H. Lambino

60, Filipino

She is a member of the Audit Committee. She holds a Bachelor's Degree in Commerce from Luzon Colleges and is a Certified Public Accountant. She previously worked as General Bookkeeper and Audit Examiner at Security Bank, Branch Cashier at Asia Trust Bank, Assistant Manager at Planters Bank, Branch Manager at PDCP Bank. She also was the president of the Solid Fund in 2012 to 2021. She has served as an Independent Directors of RBCP from 2016 to 2022.



INDEPENDENT DIRECTOR

Mario P. Gabrillo

69, Filipino

He is appointed as the Chairman of the Audit Committee. He holds a Bachelor's Degree in BSBA major in Accounting from Philippine School of Business Administration. He has 40 years of experience in banking industry having worked in Bank of the Philippine Islands for more than 21 years, as Compliance Officer and General Manager in Pangasinan Bank (A Rural Bank) Inc. for 15 years, and other banks.



INDEPENDENT DIRECTOR

Arcelia E. Soberano

70, Filipino

She is a member of the Audit Committee. She earned her Bachelor's Degree in Accounting from the University of Pangasinan. She also finished her Master in Business Administration at Luzon Colleges. She worked at the Bangko Sentral ng Pilipinas for a total of 32 years, serving as an Assistant Manager for 10 years. She is currently an Independent Director at Rural Bank of Central Pangasinan, Inc. She has served as the President of the Inner Wheel Club of Central Pangasinan for 2022 to 2023 before she has initiated and coordinated several projects for social, environmental, and humanitarian welfare.



Internal Audit

The scope of internal auditing encompasses, but it is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibility to achieve the organization's stated goals and objective. This includes:

- Evaluating risk exposure relating to achievement of the organization's strategic objectives.
- Evaluating the responsibility and integrity of information and the means used to identify measure, classify, and report such information.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating compliance with internal control policies of the Bank.
- Monitoring and evaluating the effectiveness of the organization's risk management processes.
- Conduct Loan Portfolio and Other Risk Assets Review System.
- The Internal Auditor reports to the Audit Committee.

The Compliance Function

The compliance function shall have a formal status within the organization. It shall be established by a charter or other formal document approved by the board of directors that defines the compliance function's standing, authority and independence. It shall have the right to obtain access to information necessary to carry out its responsibilities, conduct investigations of possible breaches of the compliance policy, and shall directly report to and have direct access to the board of directors or appropriate board-level committee.

The compliance function shall facilitate effective management of compliance risk by:

- a) Advising the board of directors and senior management on relevant laws, rules and standards, including keeping them informed on developments in the area;
- b) Apprising bank personnel on compliance issues, and acting as a contact point within the Bank for compliance queries from bank personnel;
- c) Establishing written guidance to staff on the appropriate implementation of laws, rules and standards through policies and procedures and other documents such as compliance manuals, internal codes of conduct and practice guidelines;
- d) Identifying, documenting and assessing the compliance risks associated with the Bank's business activities, including new products and business units;
- e) Assessing the appropriateness of the Bank's compliance procedures and guidelines, promptly following up any identified deficiencies, and where necessary, formulating proposals for amendments;
- f) Monitoring and testing compliance by performing sufficient and representative compliance testing;
- g) Maintaining a constructive working relationship with the Bangko Sentral and other regulators.

Review Process to Ensure Effectiveness and Adequacy of Internal Control System

The following process shall be done to ensure that internal audit and compliance issues are periodically monitored:

- a) Internal audit/compliance issues are submitted to respective branches/department/units for them to review and submit their reply for the regularization of findings-exceptions, deficiencies and deviations within (5) working days upon receipt of the memo.
- b) Within the timelines set, branch/department/units are expected to comply with these requirements incorporating their point by point response together with attachment/annexes as required.
- c) Internal auditor and compliance officer will evaluate their respective reply and require respective branches/department/unit, prepare reply per comments/directives as a result of their execution.
- d) Audit Committee will conduct further evaluation and based on observation will direct the Branches/Department units concerned to comply with the recommended action plans.
- e) On a quarterly basis, all similar findings and issues not complied will be consolidated by Audit Committee and discussed with branch/department heads, internal auditor and compliance officer to determine the reason for non-compliance and how to resolve such findings and issues. This shall be elevated to the BOD for discussion and recommend corrective actions for the resolution of the issues.
- f) Constant/strict monitoring of the unresolved issues to ensure compliance by department/branch/units concerned.

g) Despite memo reprimanding respective branches/department/units to regularize the said unresolved issues, they failed & continue to fail the regularization/ do corrective actions, this will be elevated to Human Resource Department for sanction in accordance with HR policies.

Dividend Policy

The declaration of dividends by the Board should always be compliant to the rules and regulations set out by the BSP. The Bank believes that its capital adequacy ratio should be more than that required by the BSP.

RBCP SUSTAINABILITY REPORT

RBCP recognizes environmental and social protection as one of its guiding principles and a key component to sound business performance. We are committed to providing quality products and services in a manner that ensures a safe and healthy workplace for our employees and minimize our environmental footprints.

The Bank has already begun formulating its Sustainable Finance Framework, in compliance to BSP Circular Nos. 1085 and 1128.

RBCP Sustainable Development Initiatives include:

- **Installation of Solar Panel to reduce energy consumption**

Embracing sustainable energy, RBCP installed solar panels in its Head Office in Calasiao and is looking forward to installing the same to all of its branches.

- **Balance economic, social, and environmental objectives:**

RBCP continuously partners with both the local government units and non-profit organizations to do corporate social responsibility projects. RBCP participates in giving necessity in PWDs with coordination in one of the barangays in Calasiao, Pangasinan. In addition, RBCP engages in annual tree planting activities. The Bank believes that this is one of the most engaging, environmentally friendly activities that its employees can take part in to help the planet.

We also introduced new products and services namely, GREEN DEPOSIT and GREEN LOAN as a way of promoting sustainability to our clients.

- **Strengthen lending programs to Agricultural sectors and expanding agriculture finance markets**

RBCP aims to provide essential financial services to the most marginalized sectors of society. Agriculture, Forestry and Fishing remains as the Top Industry composing of 23.14% of the Bank's Total Loans as of December 31, 2023. In granting of loans, the Bank shall give highest preference to the application of farmers to help strengthen agriculture in the Philippines and accelerate access of farmers to farm inputs and finance.

RBCP also offers Onion Seeds Program where the Bank provides onion seedlings to farmers

- **Transition to cloud-based banking to accelerate the shift to a low-carbon economy**

The adaptation of the cloud-based banking system was done on April 1, 2023 allowing the bank to conduct parallel transactions until June 30, 2023. The full transition of the bank to the new system took place on July 1, 2023.

As a result of its shift to a more digitalized banking system, the bank was able to achieve its goal of reducing paper consumption in processing its transactions.

- **Strengthen lending programs to other sectors and expanding finance markets**

RBCP also aims to provide essential financial services to other sectors such as in Education in which one of the borrowers is accredited by TESDA. RBCP also financed borrowers which supplies nutritional products and complimentary food to the government in keeping with the Zero Hunger goal.

- **Reconstruction of RBCP offices**

RBCP renovated its Head Office to ensure that its office can withstand and protect its properties, equipment, and documents from the effects of climate change.

- **RBCP incorporated social and environmental risks and processes in its Credit Policy, Human Resource Policy, and Business Continuity Plan.**

It considered that the projects to be financed or the collaterals offered by the borrowers should be sustainable.

INSTALLATION OF SOLAR PANELS

Due to the high demand in electricity, increasing the electricity cost, RBCP installed solar panels in November 2023 allowing the bank to reduce its electric bills.

Solar panel installation also represents a strategic opportunity for RBCP to reduce its environmental footprint, lower operating costs, enhance the RBCP corporate social responsibility (CSR) profile and contribute to the broader goal of sustainable development.

RBCP Solar energy engagement offers substantial sustainability benefits for the bank, encompassing environmental, economic, and social dimensions. Despite challenges such as initial costs and intermittency, strategic planning, technological integration, and stakeholder engagement can ensure successful and sustainable solar energy projects.





RBCP HR-Related Sustainable Goals

In addition to the Bank's approach to sustainability in the areas of climate action and financial health through the customers and projects it finances, the Human Resource Department also focuses on the following HR-related SDGs:



SDG 3: Good Health and Well-Being

At RBCP, we go to great lengths in ensuring that our people enjoy a healthy work-life balance. The Bank provides annual physical examination program to its officers, 5-day paid sick leave and annual flu vaccinations to its employees/ OTC medicine for headache; cough and cold, aches or pains. It also provides teambuilding activities which promotes good camaraderie and mental well-being.



SDG 5: Gender Equality

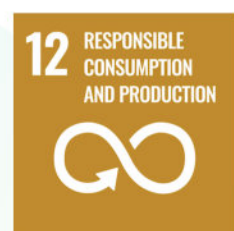
RBCP ensures the respect for basic human rights including life, liberty, expression and equality. The Bank has no tolerance for and protects against workplace harassment, abuse, discrimination and violence.

The Bank promotes women empowerment and gender equality. The Bank also have an equal base entry salary to any men and women employees.



SDG 8: Decent Work and Economic Growth

RBCP offers a dynamic, inclusive, engaging and exciting work environment, as well as a competitive wage and benefits program. The Bank is committed to upholding its values and creating opportunities for its employees to lead and grow with focus on engagement, development, retention and equity.



SDG 12: Responsible Consumption and Production

In RBCP, we promote efficient use of resources throughout our facility aiming at rationale water and energy consumption.

The Bank intends to implement conservation methods to help protect the environment, from excess resource use and carbon dioxide emissions.



SDG 13: Climate Change

Reduce paper usage and waste by initiating recycling programs within the office – including the recycling of paper, cardboard, beverage containers, plastic containers, and other materials that are accepted by a recycling provider or materials recycling facility. The Bank recognizes the impact of climate change to human life and the environment.

HR SUSTAINABLE INITIATIVES	ACTIONS/PLANS
Energy and Water Conservation	<p>Ø Turn off the lights and unplug electronic devices around the office during off-hours or when not in use. Avoid unplugged electricity connectors. An employee shall be responsible for the computers or equipment assigned to him/her. Aircons should be turned off after 5pm. Electric fans may be used after 5pm.</p> <p>Ø Keep the lights off when a meeting room is not in use.</p> <p>Ø Reuse water, if possible, for watering plants/flushing toilets.</p> <p>Ø Turn off the faucet while lathering and scrubbing hands then turn it back on to rinse.</p>
Reduce Paper Usage	<p>Ø Print less often and switch to paperless communication through online platforms for bank-wide announcements or circulate one copy of a memo, letter or publication to several people via a routing slip.</p> <p>Ø Share, review and edit documents on-screen.</p> <p>Ø Use both sides of the paper when printing, copying, and writing.</p> <p>Ø Print emails, memos and other documents only when necessary. Delete unwanted and unnecessary email as this also contributes to carbon footprints.</p>
Safe and Healthy Workplace	<p>Ø Smoking is not permitted within the bank premises at any time. Smoking is harmful to the health of those who smoke and more to those around them (passive smokers).</p> <p>Ø Attending work under the influence of alcohol will never be tolerated and may result in disciplinary action. Driving under the influence of alcohol or any other illicit drug is illegal. The Bank is committed towards creating and maintaining a safe, healthy and productive workplace for all employees. The policy is not concerned with social drinking or taking prescribed drugs for medical purposes.</p> <p>Ø Every employee is expected to follow safety rules and to exercise caution in all work activities. Employees have to immediately report any unsafe condition to the appropriate supervisor.</p>
Waste Management and Reduction	<p>Ø Promote proper segregation of waste to all employees and clients by putting up color-coded or labeled trash bins at the bank premises.</p> <p>Ø Avoid using single-use plastic bottles, disposable straw and plastic silverware. Instead, use reusable bottles, mugs and plates.</p> <p>Ø Ordinances for proper waste disposal and garbage collection schedules of municipal or cities where offices are situated shall also be strictly followed.</p>

HR also encourages RBCP employees to participate in bank's sustainable activities.

CORPORATE SOCIAL RESPONSIBILITY

“AYUDA” PROGRAM FOR PWD’S

RBCP believes that giving back to the community will bring a positive and lasting impact on the lives of our fellowmen.

On August 15, 2023, after Typhoon Falcon flooded the town of Calasiao, RBCP together with the Inner Wheel Club of Central Pangasinan distributed relief goods to PWDs (Persons with Disability) at Barangay Lasip, Calasiao, Pangasinan.

A total of fifty (50) beneficiaries received a bag full of basic necessities.



TREE PLANTING ACTIVITY IN MALASIQUI

RBCP engaged in a tree planting activity at Malasiqui Central School on August 25, 2023. The Bank believes that through this we could put a greener future for the younger generation.

The Bank holds this as one of the most engaging, environmentally friendly activities that its employees can take part in to better the planet. This activity aims to increase staff engagement, encourage outdoor exercise, bring communities together, make a positive contribution to the environment, positive impact on mental health and well-being and reduce stress.

FINANCIAL CONSUMER PROTECTION PRACTICES

I. OVERSIGHT FUNCTION

The Board of Directors (BOD) has the ultimate responsibility for the level of customer risk assumed by RBCP. Accordingly, the Board approves the Bank's overall business strategies and significant policies, including those related to managing and taking customer risks.

Senior management is responsible for implementing a program to manage the customer compliance risks associated with the Bank's business model, including ensuring compliance with laws and regulations on both a long-term and a day-to-day basis. Accordingly, management should be fully involved in its activities and possess sufficient knowledge of all major products to ensure that appropriate risk controls are in place and that accountability and lines of authority are clearly delineated.

The BOD and Senior Management shall periodically review the effectiveness of the Customer Protection Risk Management System (CPRMS) including how findings are reported and whether the audit mechanism in place enables adequate oversight.

II. CONSUMER PROTECTION STANDARDS

RBCP follows key protection principles in building up its good relations to its clients. Each principle is embedded in its operations, such as; credit extension, deposit taking and other banking services involving the participation of its clients. The Bank ensures that the principles are carried out effectively and efficiently by its employees through proper and regular orientation of bank products and services and training on policies and procedures.

The protections standards are defined below:

A. DISCLOSURE AND TRANSPARENCY

RBCP shall provide up to date information about its products and services to customers. This information is easily accessible, clear, simple to understand, accurate, not misleading and include any potential risks for the clients. It includes the rights and responsibilities of both the Bank and the customer, including the mechanism for either party to end the banking relationship, as well as details of fees, pricing and any potential penalties that the customer may incur.

B. PROTECTION OF CLIENT INFORMATION

Customers' financial and personal information disclosed in the course of a transaction should be protected through appropriate control and protection mechanisms. These mechanisms should define the purposes for which the data may be collected, processed, held, used and disclosed

C. FAIR TREATMENT

The Bank should deal fairly, honestly and with professionalism with customers at all stages of their relationship, so that it is an integral part of the culture of a Bank. Products should not be disadvantageous to the customers. Care should also be made and special attention given to the needs of vulnerable persons and groups.

D. EFFECTIVE RECOURSE

Financial customers should be provided efficient means for resolving complaints with their financial transactions. Hence, the Bank should have in place mechanisms for complaint handling and redress.

E. FINANCIAL EDUCATION AND AWARENESS

Financial education initiatives give customers the knowledge, skills and confidence to understand and evaluate the information they receive and empower them to make informed financial decisions.

III. CUSTOMER PROTECTION RISK MANAGEMENT SYSTEM

The Customer Protection Risk Management System (CPRMS) is a means by which RBCP shall identify, measure, monitor and control customer protection risks inherent in its operations.

The CPRMS shall be proportionate to the size, structure and complexity of RBCP operations. It provides the foundation for ensuring the Bank's adherence to CP standards of conduct and compliance with customer protection laws, rules and regulations in order to prevent risk to the Bank and any harm or financial loss to the customer.



LIST OF STOCKHOLDERS

NAME OF STOCKHOLDERS	TYPE OF SHARE	CITIZENSHIP	NO. OF SHARES SUBSCRIBED	PAID - IN CAPITAL	TOTAL	RATIO OF SHARES
Lorenzo S. Torres	Common	Filipino	463,301	46,330,100.00	46,330,100.00	30.887%
Nila L. Torres	Common	Filipino	392,513	39,251,300.00	39,251,300.00	26.167%
Warren L. Torres	Common	Filipino	172,031	17,203,100.00	17,203,100.00	11.469%
Charmaine L. Torres-Castro	Common	Filipino	172,031	17,203,100.00	17,203,100.00	11.469%
Rachelle L. Torres-Gannaban	Common	Filipino	172,031	17,203,100.00	17,203,100.00	11.469%
Bayani P. Lapeña	Common	Filipino	69,750	6,975,000.00	6,975,000.00	4.650%
Peter Samuel L. Torres	Common	Filipino	18,750	1,875,000.00	1,875,000.00	1.250%
Larry B. Resuello	Common	Filipino	5,250	525,000.00	525,000.00	0.350%
Pedro L. Casingal	Common	Filipino	3,675	367,500.00	367,500.00	0.245%
Zemonette L. Casingal-Chin	Common	Filipino	3,656	365,600.00	365,600.00	0.244%
Philip L. Casingal	Common	Filipino	3,656	365,600.00	365,600.00	0.244%
Alegria B. Montemayor	Common	Filipino	3,563	356,300.00	356,300.00	0.238%
Ruby E. Manaday	Common	Filipino	3,562	356,200.00	356,200.00	0.237%
Analyn S. Moyano	Common	Filipino	3,024	302,400.00	302,400.00	0.202%
Angel C. dela Peña	Common	Filipino	3,000	300,000.00	300,000.00	0.200%
Edgardo S. Montemayor	Common	Filipino	3,000	300,000.00	300,000.00	0.200%
Brando G. Moyano	Common	Filipino	3,000	300,000.00	300,000.00	0.200%
Carmelita M. Alfonso	Common	Filipino	2,331	233,100.00	233,100.00	0.155%
Gladwin M. Salindong	Common	Filipino	375	37,500.00	37,500.00	0.025%
Analyn Burguillos	Common	Filipino	375	37,500.00	37,500.00	0.025%
Elizabeth T. Lacandola	Common	Filipino	375	37,500.00	37,500.00	0.025%
Sarah V. Bulatao	Common	Filipino	375	37,500.00	37,500.00	0.025%
Ma. Shiela H. Lambino	Common	Filipino	188	18,800.00	18,800.00	0.013%
Mario P. Gabrillo	Common	Filipino	188	18,800.00	18,800.00	0.013%
Arcelia E. Soberano	Common	Filipino	10	1,000.00	1,000.00	0.001%
TOTAL COMMON STOCKS			1,500,010	150,001,000.00	150,001,000.00	100.000%



DEPOSIT PRODUCTS



Regular Savings Deposit

An interest-bearing deposit evidenced by a passbook and can be withdrawn anytime within banking hours. Withdrawal can be made upon presentation of a properly accomplished withdrawal slip together with the corresponding passbook.

Basic Savings Deposit

A passbook-based interest - bearing savings deposit with no maintaining balance especially designed for underserved Filipinos, with opening deposit of P100 and balance of not more than P50,000.00.

Checking Account

An interest-bearing deposit subject to withdrawal by issuance of checks.

Premium Savings Deposit

An investment savings account with a higher interest rate compared to regular savings deposit.

Time Deposit

Time deposit represents interest-bearing deposits and is evidenced by a Certificate of Time Deposit issued by the bank.

NEW DEPOSIT PRODUCT

Green Deposit

Green deposit is an interest-bearing time deposit, having a term of 2 years or 720 days. It is designed to finance green and sustainable loans.



LOAN PRODUCTS



Agricultural and Agrarian Loan

Offered to farmers for agricultural crop production and agricultural equipment.



Loan to Private Corporation

Offered to private corporations, excluding those characterized as MSMEs.



Housing Loan

Offered to individuals for housing purposes, which may be for the acquisition, construction or improvement of residential units.



MSME Loan

Offered for any business activity or to enterprises engaged in industry, agribusiness and/or services, whether single proprietorship, cooperative, partnership or corporation.



Personal Loan (Consumption Loan)

Offered to Individuals for personal consumption.

NEW LOAN PRODUCT



Green Loan

This refers to loans given in compliance with BSP Circular No. 1085, Sustainable Finance Framework, to promote sustainable loans.



Auto Loan

Offered to individuals for financing of brand new or pre-owned car whether for personal or business use.



Branch Directory



RBCP – Head Office

Address: 2nd Flr., RBCP Bldg., Mc Arthur Highway, San Miguel, Calasiao, Pang.

Landline: (075)653-8475; (075)517-6542

Email: rbcentralpang@rbcp.com

RBCP Calasiao

Address: Mc Arthur Highway, San Miguel, Calasiao, Pangasinan

Landline: (075)522-6779; (075)529-2482

Email: calasiao001@rbcp.com

RBCP Bayambang

Address: Rizal St., Bayambang, Pangasinan

Landline: (075)523-3029; (075)592-2056

Email: bayambang002@rbcp.com

RBCP San Carlos

Address: Palaris St., San Carlos City, Pangasinan

Landline: (075)653-8117

Email: sancarlos003@rbcp.com

RBCP Mangaldan

Address: Rizal St. Mangaldan, Pangasinan

Landline: (075)654-8201

Email: mangaldan004@rbcp.com

RBCP Malasiqui

Address: Quezon Blvd., Malasiqui, Pangasinan

Landline: (075)510-0733

Email: malasiqui005@rbcp.com

RBCP Manaoag

Address: Rizal St., Manaoag, Pangasinan

Landline: (075)654-7126

Email: manaoag006@rbcp.com

RBCP Mangatarem

Address: Corner Zamora St., Mangatarem, Pangasinan

Landline: (075)656-5106

Email: mangatarem007@rbcp.com

RBCP Urdaneta

Address: Amadeo R. Perez Jr. Ave. Poblacion, Urdaneta, Pangasinan

Landline: (075)510-0735

Email: urdaneta008@rbcp.com

RBCP Binmaley

Address: Nansangaan Corner Biec East, Binmaley, Pangasinan

Landline: (075)653-8115

Email: binmaley009@rbcp.com



AUDITED FINANCIAL STATEMENTS AND NOTES DISCLOSURE