



RURAL BANK OF BAYOMBONG, INC.
Bayombong, Nueva Vizcaya

**ANNUAL REPORT OF MANAGEMENT
TO STOCKHOLDERS**
Covering Results of Operations for the year 2020

RURAL BANK of BAYOMBONG, INC.
Bayombong, Nueva Vizcaya

CORPORATE POLICY

A. Brief Discussion of Bank's Vision and Mission

VISION:

To be Number One in the Banking System in Nueva Vizcaya, Quirino, and nearby provinces with the objective of expanding our markets thereby upgrading the status of RBBi Bank to a Regional Bank.

The Bank's Vision aims to expand the Bank as a whole to be number one in its nearby provinces through extending its products and services in these areas. This requires the Bank to continuously focus on increasing its Loan Portfolio being the main source of income thru promoting existing products as well as new products in order to achieve a greater market share. In a way to upgrade the Bank's Status to a regional bank, marketing strategy for the different products and services of the bank must include going to neighboring provinces to offer such.

MISSION:

We are a banking institution providing quality service to our clients in terms of fast, accurate and courteous delivery, and acting as an important instrument in the development of Cagayan Valley.

The Bank in its conduct of business always makes it possible to serve its clients with quality service. The needs of the Clients are always considered every time they transact with the Bank. The Bank does its best to cater to these needs in order to meet client's satisfaction. Also, as part of its social responsibility to be instrumental in the development of the region, the Bank commits itself in various activities that would help improve the community as a whole like Outreach Programs in partnership with different organizations such as Saint Mary's University and Lingay & Labbu Outreach Program.



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B. Introduction of the Bank's Brand

The Bank holds its tagline as the First Bank in Nueva Vizcaya and the Oldest Rural Bank in Cagayan Valley as its competitive advantage. With this, its customers would have an idea that the Bank has already stood the test of time, over the past 60 years. Thus, patronizing the Bank's Products and Services.

C. Business Model of the Bank

Rural Bank of Bayombong is a simple Bank with nine (9) offices including its main office and four branches located at the Province of Nueva Vizcaya, two branches at Quirino Province and another two branches at Isabela Province. The main Source of Income of the Bank comes from its secured lending services mainly Real Estate Loans like SAKTO Loans which caters to Agricultural Loans, PANGARAP Loans and TAYO NA Loans which caters to Commercial, Agricultural and Other Non-Agricultural Loans. It also offers deposit services like Savings Deposits, Golden Savings Deposit and Current Accounts. RBBI also offers other services like POS withdrawal in all RBBI Offices, ENCASH ATM withdrawal servicing in the towns of Bayombong, Aritao, Bagabag in Nueva Vizcaya and Diffun, Maddela in Quirino and RURALNet for bills payable in Main Office. Assets Acquired at affordable rates and easy terms of payment are also available for sale to the public.

Rural Bank of Bayombong, Inc. is now on its 60th year. It aims to apply for its 10th Office before the year 2021 ends.

RBBI shall continuously adopt to the changing times and needs of the people in the community. Thus, services are constantly studied and modified to suit the needs of every client to be able to serve more the countryside thereby contributing to the growth and progress of the province and its people.

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FINANCIAL SUMMARY/FINANCIAL HIGHLIGHTS

Minimum Required Data	Parent Bank (Solo)	
	Current Year 2020	Previous Year 2019
Profitability		
Total Net Interest Income	33,384,181.00	35,993,857.00
Total Non-Interest Income	15,910,168.00	26,350,339.00
Total Non-Interest Expenses	41,960,009.00	50,461,826.00
Pre-provision profit		
Allowance for credit losses	7,720,907.00	6,547,584.00
Net Income	(422,856.00)	4,279,662.00
Selected Balance Sheet Data		
Liquid Assets	235,006,383.00	216,190,558.00
Gross Loans	155,874,419.00	177,987,081.00
Total Assets	497,471,467.00	504,889,490.00
Deposits	313,396,373.00	307,718,853.00
Total Equity	167,566,310.00	173,027,329.00
Selected Ratios		
Return on Equity	-0.08%	2.43%
Return on Assets		
CET 1 Capital Ratio (for UBs/KBs)		
Tier 1 Capital Ratio (for UBs/KBs)		
Capital Adequacy Ratio	26.93%	27.68%
Others		
Cash Dividends Declared	5,038,163.00	0.00
Headcount		
Officers	18	18
Staff	48	52

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FINANCIAL CONDITION and RESULTS of OPERATION

Surviving 2020 was a feat. The year started well for Rural Bank of Bayombong, Inc. (RBBI), new loans, increase in deposits, energetic employees, and borrowers settling well their obligations. In a blink of an eye, everything changed. Pandemic was declared by the World Health Organization (WHO) on 12 March 2020. A Pandemic Committee was put in place by Rural Bank of Bayombong, Inc. (RBBI) as per Board Resolution 2020-066, dated 17 March 2020. The government was placed in control. On March 25, the President signed into law the Bayanihan to Heal as One Act (RA11469), which was valid for three months unless extended by Congress. Among the powers given to the President was to direct banks and other financial institutions- including GSIS, SSS and PAG-IBIG Fund- to implement a 30-day grace period for payments of loans and credit card bills. This was followed by a second one, R.A. No. 11494 of the “Bayanihan to Recover as One Act” (Bayanihan 2) to guide BSP-Supervised Financial Institutions (BSFIs) on the implementation of the one-time 60-day grace period granted to debtors under Bayanihan 2 for loan payments falling due by December 31, 2020. These rules became effective on October 1, 2020. The BSP has also previously issued Memorandum No. M-2020-068 to remind BSFIs to implement and immediately comply with the prescribed grace period. Section 4(uu) of the Bayanihan 2 Act required all BSFIs with lending operations (covered institutions) to implement non-extendible, one-time 60-day grace period on payment of all existing, current, and outstanding loans, with principal and/or interest, including amortizations, or any part of the foregoing falling due on or before December 31, 2020. The payables may be settled on a staggered basis or in full, without incurring interest on interest, penalties, fess, or other charges, thereby extending the maturity of the loans and effectively moving the payment due dates. This provision also applies to each loan covered by multiple loans of individuals and entities falling due on or before December 31, 2020, but it does not apply to interbank loans and bank borrowings. Under BSP Memorandum No. M-2020-074, the grace period shall apply only to loans that are existing, current, and outstanding beginning September 15, 2020, which is the effective date of the Bayanihan 2 Act. This is without prejudice to any agreement of the parties to extend the grace period longer than 60 days. Banks and other non-bank financial institutions that agree to extend the loan term or restructure the loan shall be entitled to regulatory relief, as the BSP may determine. In any case, the loan term extensions or restructuring is exempt from documentary stamp taxes. Covered institutions are prohibited from requiring debtors to waive the application of the grace period. Any agreement previously executed to the contrary covering payments falling due on or before December 31, 2020 shall not be valid. However, debtors can still opt to pay their obligations as they fall due instead of availing the grace period. BSP Memorandum No. M-2020-074 provides that, during the grace period, interest on charges, such as interests, penalties, and fees, cannot be imposed against the debtor for late payment or for non-payment on the due date. Foregone interest on interest, penalties, fees and other charges cannot be charged to future payments or amortizations. However, the interest chargeable per installment period, which is based on the outstanding balance, shall continue to accrue during the grace period, and shall be payable on the new date to be agreed between the

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parties after the application of the grace period. Payment of the principal and accrued interest for the 60- day grace period may be made on a staggered basis until December 31, 2020, unless the party agree otherwise. This, however, does not prevent parties from paying the principal and accrued interest in full on the new due date to be agreed between the parties after the application of the grace period. These proclamations and the pandemic were like handcuffs that prevented the growth of RBBI in 2020. As of 2020 December 31, there were 233 number of loan accounts who have availed Bayanihan 1 & 2 in the total amount of Php55,503,440.32.

Notwithstanding the crisis that the world was in, RBBI continued with its digitalization. Having partnered with Oradian in the last quarter of 2019, trainings were continued in a not normal setting, remotely as it can be called. Migration and Implementation proceeded. Several parallel tests were done. Then on 2020 September, RBBI went live. In December of the same year, RBBI was issued a Certificate of the Bureau of Internal Revenue for use of the Computerized Accounting. Today, Digitalization with Instafin has provided the Bank an easy access to its portfolio. Real time transactions can be accessed by authorized personnel. This has also enabled clients of branches which were operating on a skeletal force or which were closed because of quarantine status to transact with the RBBI Branch nearest their place of residence. Also, Instafin was able to release the Emergency Relief Feature for loans at the right time. It became easy for the Bank to implement the repayment and reclassification status included in the Bayanihan to Heal as One Act. Instafin also came in handy in identifying errors or misbalances if there were any. Thus, it is very useful tool in audit. Admittedly, it's not all green that comes with Digitalization. The investment of RBBI is so huge, thus, it must be maximized by having a greater client base and utilizing all the features that come with Instafin. This is the Goal for 2021.

In order to be able to answer the call of the government to serve the unbanked, RBBI has also provided all its offices with a working Point of Sale (POS) by partnering with Encash Network for the SuperPOS handled ATM in the last quarter of the year. Training was conducted through online means. Afterwards, the machines were available for use. Automated Teller Machines (ATM) were also made sure to be available 24/7 in the five offices of Nueva Vizcaya, Isabela, and Quirino Branches. Also, an answer to financial inclusion was the presence of the payment channel Rural Net in the Bank. Through this, payments for utilities can be made in the RBBI Bank nearest the client.

In the last board meeting for the year 2020, it closed with the approval of five accounts under Sales Contract Receivable (SCR) to be given an extension for payment until the end of the first quarter of 2021. This is a move done by Top Management in order to be able to extend help to its clients in this pandemic. For the year 2020, a total of nineteen ROPA accounts were sold, nine were paid in cash while ten accounts were acquired through Sales Contract Receivable (SCR). All SCRs sold in 2020 are performing as of year end.

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To be able to ensure safety within the workplace, the board had approved its Pandemic Committee to oversee that health protocols are in place and in observance with Inter Agency Task Force (IATF) rules and regulations set. All offices were equipped with sanitation foot bath, filled alcohol dispensers, digital thermo scan, adequate soap and water in the toilets, plastic barriers, and seats were placed in order to observe social distance of two meters. Posters regarding safety and prevention of the virus were also placed within the premises. Also, contact tracing logbook were placed in the entrances of RBBI Offices including the QR Code of the Bank. Shuttle services were also provided to the employees while no public transportation was available.

Social Responsibility has always been part of RBBI. For the year 2020, at the onset of the pandemic, it had given contributions to the frontliners who are manning over checkpoints. It had also donated personal protective equipment like face shields to the frontline workers in hospitals and LGUs. At the later part of the year, it participated in sending a generous donation to those affected by the typhoons that hit Northern Philippines. Before the year ended, the yearly Lingay-Labbu Outreach with Dr. Samuel Soliven and company was also made possible last 19 December 2020. The event was not merely sharing of Christmas Baskets, but it was also an opportunity to teach the community the importance of backyard gardening. Seeds were provided to the beneficiaries. Also, since this activity is on its twelfth year now, those who have “Pinakamagandang Gulayan” was also acknowledged with simple tokens.

Lastly, despite the pandemic, RBBI was still able to send its employees to trainings whether in-house or from outside providers through online platforms. This is because the management believes that learnings and improvements must still continue to be able to be abreast with the latest trends and good practices with regards to banking.

For the year 2021, RBBI, will be more aggressive in extending loans but still not compromising its quality. This will also answer better collection rates. As always, interest rates shall be sync with the economy and current events in and out of the country. Assets acquired will be visited, evaluated, repriced if there is a need. Better affordable terms shall be given to clients. Faster transactions and preparation of reportorial requirements shall be expected. This is a benefit of digitalization. Managers, Inspectors, and Bank Personnel will work hand in hand toward achieving a Better & More Productive 2021 and an application for 10th RB Bayombong Branch in RBBI’s 60th Year in the Banking Industry.

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Summary of Bank Expenses 2018- 2020

	2018	2019	2020
Interest on Deposits	4,028,918.27	3,568,484.07	3,407,217.08
Interest on Borrowed Funds	27,915.24	31,468.22	20,800.62
Salaries and Wages	12,333,363.26	13,164,079.65	12,000,634.13
Directors' and Committee Members' Fee	3,148,400.00	910,000.01	531,000.00
SSS, Medicare & employees' Compensation Premiums-Bank's Share	1,094,075.37	1,151,962.04	1,185,003.84
COMPR/FRINGE BNFT- Uniform	55,508.55	22,409.60	179,630.00
COMPR/FRINGE BNFT- Bonus/13th month pay	1,575,854.71	1,722,055.46	1,482,762.99
COMPR/FRINGE BNFT- Others	1,444,458.53	1,452,243.90	1,404,984.33
COMPR/FRINGE BNFT- Medical, Dental & Hospitalization	279,806.68	333,676.04	281,793.74
COMPR/FRINGE BNFT- Contrb to Retrmnt/Provident Fund	190,000.000	190,000.00	250,000.00
Management and Other Professional Fees	773,951.58	976,887.03	789,139.22
Fines & Penalties	498,869.57		263,105.73
Taxes and Licenses	4,192,894.33	3,843,061.55	3,395,756.72
Insurance	1,223,198.41	1,297,665.47	1,252,214.85
Depreciation/Amortization	3,573,776.18	3,404,679.39	4,184,584.98
Litigation/Assets Acquired Expenses	87,655.76	1,874,027.31	1,353,307.75
Rent	620.00	620.00	
Power, Light and Water	1,193,380.85	1,089,554.83	1,065,289.77
Information Technology Expense	25,246.30	34,402.12	87,292.27
Fuel & Lubricants	1,685,578.91	1,753,577.70	1,411,003.30
Traveling Expenses	2,190,334.77	2,210,342.72	1,000,111.83

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	2018	2019	2020
Repairs & Maintenance	530,470.21	460,542.71	720,933.85
Security, Clerical, Messngrl & Janitorial Services	4,159,512.31	4,931,601.18	5,270,210.95
Janitorial Allowance	57,600.00	58,350.00	57,300.00
Postage, Telephone, Cables & Telegrams	852,560.21	954,796.28	909,531.44
Documentary Stamps Used	818,502.26	727,217.76	693,899.69
Stationery and Supplies Used	1,747,482.91	1,343,240.91	1,088,963.68
Supervision Fee	75,766.56	71,71,296.44	75,015.91
Advertising and Publicity	92,500.00	96,978.00	231,528.00
Representation and Entertainment	549,137.11	220,273.09	176,586.68
Membership Fees and Dues	21,560.00	175,260.16	16,560.00
Donations and Charitable Contributions	132,387.50	75,028.40	94,860.52
Loss on Cancellation of Sale Contract		3,633,929.43	
Miscellaneous expenses	170,692.10	338,058.75	353,408.18
Training, Seminar & Workshops	685,821.87	599,713.80	138,700.00
Provisions	408,105.25	6,345,488.50	5,426,625.73
TOTAL	49,925,905.56	59,067,972.52	50,799,757.78

There was a remarkable decrease in the bank expenses for the year 2020, bulk of which was because of the loss on the cancellation of contract on the assets acquired sold in 2019. The Assets Acquired Department (AA) together with the legal counsel of the Bank has already made a move to avoid such in happening again. Also, because of the pandemic, there were less mobility of its personnel and vehicles thus decrease in traveling expenses.

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Regular Savings, Demand Accounts, and Golden Savings Accounts as to Number of Accounts and as to Total Amount

As to Number of Accounts			
	2018	2019	2020
Savings	2942	3048	3123
Demand	23	20	16
GSD	327	284	266
Time	15	15	15
TOTAL	3307	3367	3420
As to Amount			
	2018	2019	2020
Savings	139,801,165.15	144,062,545.00	155,660,476.33
Demand	5,211,202.69	6,081,494.51	7,897,828.97
GSD	168,330,854.89	157,533,206.81	149,796,460.99
Time	41,605.57	41,605.57	41,605.57
TOTAL	313,384,828.30	307,718,851.89	313,396,371.86

For the year 2020, there were increase in the number of deposit accounts and total amount of deposits. The reason for such is probably because many became aware of the need to have savings especially when things like pandemic and crisis happen. This would mean preparing and having some amount as security for the health and other needs of the family.

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**EnCash POS Convenience Fee
 November & December 2020**

	HEAD OFFICE	ARITAO	BAGABAG	GAMU	SAN MATEO	TOTAL
November	180.00	476.00		144.00	96.00	896.00
December	276.00	867.00	102.00	108.00	336.00	1,587.00
TOTAL	456.00	1,343.00	102.00	252.00	432.00	2,483.00

ENCASH POS is an added service for the Bank in 2020. The goal for the partnership is to be able to answer the call of the government for financial inclusion and delivery of service through payment channels.

ENCASH ATM Convenience Fee 2018- 2020

Year	Head Office		Aritao		Bagabag		Diffun		Maddela		Total		CF Share (net of Swup Charges & OTP Adjustment)	OTP Adjustment	Gross
	SWUP Charges	CF Share Total	SWUP Charges	CF Share Total	SWUP Charges	CF Share Total	SWUP Charges	CF Share Total	SWUP Charges	CF Share Total	SWUP Charges	CF Share Total			
2018	(11,200.00)	(3,242.68)	(26,880.00)	(4,309.23)	(22,400.00)	17,953.56	-24,640.00	10,611.84	(20,160.00)	(4,176.87)	(105,280.00)	16,836.62	(189.04)	122,305.66	
2019	(26,282.67)	2,252.36	(22,400.00)	(4,181.01)	(26,880.00)	25,705.40	-24,640.00	9,262.01	(20,160.00)	671.13	(120,362.67)	33,709.89	(421.24)	154,493.80	
2020	(26,880.00)	12,603.59	(21,877.33)	(627.43)	(26,880.00)	30,005.72	-24,714.67	4,854.60	(24,640.00)	19,341.40	(124,992.00)	66,177.88	(591.69)	191,761.57	
TOTAL	(64,362.67)	11,613.27	(71,157.33)	(9,117.67)	(76,160.00)	73,664.68	-73,994.67	24,728.45	(64,960.00)	15,835.66	(350,634.67)	116,724.39	(1,201.97)	468,561.03	

The presence of ENCASH ATM units installed in five RBBI Branches have been proven to be useful during this pandemic. The reason for which the Bank had come into this partnership almost ten years ago served its purpose, service to the people.

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Availment of BARO 1 & 2

	Number of Accounts	Amount
Aritao	53	6,937,925.04
Bagabag	25	12,224,552.09
Bambang	44	4,140,000.00
Diffun	28	4,236,000.00
Gamu	5	231,408.36
Maddela	55	9,521,564.33
San Mateo	2	481,329.65
Solano	21	7,962,636.93

There was a total of 233 loan accounts which availed of the BARO 1 & 2. This amounted to a total of around PHP 45,735,416.30. All of the above were adequately provided for by the Bank. This contributed greatly to the operational expenses.

CONSOLIDATED ROPA ACCOUNTS 2018

	Name	Title Number	Branch
1	Camilo, Felisa	037-2018000066	Diffun
2	Dimmang, Romeo	037-2018000070	Maddela
3	Basug, Renie	037-2018000065	Maddela
4	Espinosa, Sammy	036-2018000139	Bagabag
5	Gapuz, Lovella	036-2018000138	Aritao
6	Padilla, Felomina	036-2018000256	Solano
		036-2018000257	
7	Dupinio, Amalia	036-2018000140	Aritao
8	Chua, Dolores	165-2018000262	San Mateo
9	Cadelina, Leticia	165-2018000168	San Mateo
10	Pascual, Alfredo	165-2017003232	San Mateo
		165-2017003231	
		165-2017003230	
11	Olaguer, Emmanuel	165-2018000044	San Mateo
12	Corpuz, Placido	036-2018001020	Bambang
13	Dacumos, Rolando	036-2018000852	Aritao
14	Cayme, Aida	165-2018000268	Diffun
15	Dela Rosa, Erlinda	036-2018001024	Solano

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CONSOLIDATED ROPA ACCOUNTS 2018

	Name	Title Number	Branch
16	Malubay, Larry	037-2018000255	Maddela
17	Clores, Edgar	037-2018000258	Maddela
18	Williw Raul Gawan	165-2018000962	Bagabag
19	Maxwel Rosete	165-2018000189	Diffun
20	Balbina Moreno	165-2018000190	Diffun
21	Juanito Mendoza	036-2018001887	Bambang

CONSOLIDATED ROPA ACCOUNTS 2019

	Name	Title Number	Branch
1	Querido, Dario	036-2019001486	Head Office
2	Bilog, Flor	036-2019001487	Head Office
3	Natividad, Remedios	165-2018001348	San Mateo
4	Ronquillo, Marichu	036-2019001535	Head Office

CONSOLIDATED ROPA ACCOUNTS 2020

	Name	Title Number	Branch
1	Bergante, Evelyn	037-2020000166	Diffun
2	Obrero, Romulo	037-2020000165	Diffun
3	Lozano, Jesus	037-2020000167	Maddela

It can be observed that very few sour loans were consolidated by the AA Department. A directive has already been given for proper handling of the account to be able to be transferred in the name of the Bank as per compliance with Circular 855. At present, 45 accounts have been turned over to the department.

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Summary of New Loan Applications and Releases 2019- 2020

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SUMMARY OF NEW LOANS AND LOAN INCREASE

Branch	Application													
	Number of Accounts							Amount						
	New		Increase		Total		RL	New		Increase		Total		RL
	2019	2020	2019	2020	2019	2020	2020	2019	2020	2019	2020	2019	2020	2020
Bayombong	25	15	3	4	28	19	3	17,220,000.00	9,350,000.00	695,000.00	1,784,000.00	17,915,000.00	11,134,000.00	125,000.00
Aritao	8	5	1	3	9	8	5	1,450,000.00	675,000.00	130,000.00	545,000.00	1,580,000.00	1,220,000.00	500,000.00
Bagabag	4	4	1	1	5	5		3,367,000.00	880,000.00	300,000.00	50,000.00	3,667,000.00	930,000.00	
Bambang	6	8	1	2	7	10	3	2,580,000.00	5,060,000.00	180,000.00	80,000.00	2,760,000.00	5,140,000.00	185,000.00
Diffun	16	8	13	5	29	13	8	4,640,000.00	1,115,000.00	2,678,000.00	694,000.00	7,318,000.00	1,809,000.00	1,535,000.00
Gamu	4	9	1		5	9		3,405,500.00	7,120,000.00	400,000.00		3,805,500.00	7,120,000.00	
Maddela	12	6	6	4	18	10	10	3,220,000.00	2,150,000.00	2,200,000.00	1,250,000.00	5,420,000.00	3,400,000.00	1,515,000.00
San Mateo	12	7	2		14	7	1	11,361,000.00	1,948,000.00	940,000.00		12,301,000.00	1,948,000.00	220,000.00
Solano	13	7	3	1	16	8		7,789,000.00	4,070,000.00	1,120,000.00	40,000.00	8,909,000.00	4,110,000.00	
Total	100	69	31	20	131	89	30	55,032,500.00	32,368,000.00	8,643,000.00	4,443,000.00	63,675,500.00	36,811,000.00	4,080,000.00

Branch	Releases													
	Number of Accounts							Amount						
	New		Increase		Total		RL	New		Increase		Total		RL
	2019	2020	2019	2020	2019	2020	2020	2019	2020	2019	2020	2019	2020	2020
Bayombong	23	13	2	4	25	17	2	16,410,000.00	7,500,000.00	435,000.00	1,784,000.00	16,845,000.00	9,284,000.00	125,000.00
Aritao	5	11	1		6	11	5	800,000.00	1,455,000.00	205,000.00	20,000.00	1,005,000.00	1,475,000.00	500,000.00
Bagabag	4	3	1	1	5	4		3,367,000.00	860,000.00	300,000.00	150,000.00	3,667,000.00	1,010,000.00	
Bambang	6	9	1	1	7	10	3	2,580,000.00	4,780,000.00	180,000.00	40,000.00	2,760,000.00	4,820,000.00	185,000.00
Diffun	14	8	13	5	27	13	8	3,790,000.00	1,115,000.00	2,333,000.00	694,000.00	6,123,000.00	1,809,000.00	1,535,000.00
Gamu	3	6	1		4	6		2,805,500.00	2,910,000.00	400,000.00		3,205,500.00	2,910,000.00	
Maddela	12	6	5	4	17	10	10	3,120,000.00	2,150,000.00	1,190,000.00	840,000.00	4,310,000.00	2,990,000.00	1,515,000.00
San Mateo	5	6	1		6	6	1	1,888,000.00	1,998,000.00	50,000.00		1,938,000.00	1,998,000.00	220,000.00
Solano	13	5	3	1	16	6		7,789,000.00	2,870,000.00	1,120,000.00	40,000.00	8,909,000.00	2,910,000.00	
Total	85	67	28	16	113	83	29	42,549,500.00	25,638,000.00	6,213,000.00	3,568,000.00	48,762,500.00	29,206,000.00	4,080,000.00

RURAL BANK of BAYOMBONG, INC.
Bayombong, Nueva Vizcaya
Annual Report of Management to Stockholders

Branch	Number of Accounts					
	Application			Release		
	New	Increase	RL	New	Increase	RL
Bayombong	-10	1	3	-10	2	2
Aritao	-3	2	5	6	-1	5
Bagabag	0	0		-1	0	
Bambang	2	1	3	3	0	3
Diffun	-8	-8	7	-6	-8	7
Gamu	5	-1		3	-1	
Maddela	-6	-2	10	-6	-1	10
San Mateo	-5	-2	1	1	-1	1
Solano	-6	-2		-8	-2	
Total						

Branch	Amount					
	Application			Releases		
	New	Increase	RL	New	Increase	RL
Bayombong	-7,870,000.00	1,089,000.00	125,000.00	-8,910,000.00	1,349,000.00	125,000.00
Aritao	-775,000.00	415,000.00	500,000.00	655,000.00	-185,000.00	500,000.00
Bagabag	-2,487,000.00	-250,000.00		-2,507,000.00	-150,000.00	
Bambang	2,480,000.00	-100,000.00	185,000.00	2,200,000.00	-140,000.00	185,000.00
Diffun	-3,525,000.00	-1,984,000.00	1,485,000.00	-2,675,000.00	-1,639,000.00	1,485,000.00
Gamu	3,714,500.00	-400,000.00		104,500.00	-400,000.00	
Maddela	-1,070,000.00	-950,000.00	1,515,000.00	-970,000.00	-350,000.00	1,515,000.00
San Mateo	-9,413,000.00	-940,000.00	220,000.00	110,000.00	-50,000.00	220,000.00
Solano	-3,719,000.00	-1,080,000.00		-4,919,000.00	-1,080,000.00	

There were almost the same number of new loan and reloan applications to those that were released in 2020. This be attributable to the fact that at present, diligence is observed in the application process procedure from requirements to review, approval, and release. There was a total of Php 25,638,000 new loans that was extended. All passed the credit scoring of the Bank.

For the year 2020, the following are the Top Performers of the Bank. Ms. Hazlyn Baldonado, Head Office Manager, for being able to register the Highest Increase in the Total Number of Accounts Campaigned for the Year 2020. Ms. Ailene Raymundo, Maddela Branch Manager, for being able to Campaign the Highest Number of Returned Loans for 2020. Lastly, Ms. Restie A. Palomares, Diffun Branch Manager, for being able to Campaign the Highest Number of Loan Increase for 2020.

Loan Portfolio Mix of Rural Bank of Bayombong, Inc.
2018- 2020

	2018	2019	2020
Current	136,506,688.13	152,449,799.99	117,101,939.95
Past Due	18,266,970.96	24,632,693.53	37,867,891.70
Loans in Litigation	904,587.90	904,587.90	904,587.90
TOTAL LOAN PORTFOLIO	155,678,246.99	177,987,081.42	155,874,419.55
ROPA	103,210,816.22	107,874,840.54	110,039,166.54
Past Due Ratio			

RURAL BANK of BAYOMBONG, INC.

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	2018	2019	2020
Without AA	12.31%	14.35%	24.87%
With AA	47.27%	46.67%	55.96%
Number of Accounts	2018	2019	2020
ARC	240	236	243
Current	63	64	69
PD	10	5	7
LL	167	167	167
OAL	814	849	736
Current	611	635	489
PD	62	72	105
LL	141	142	142
ONL	351	269	184
Current	319	232	144
PD	31	37	40
LL	1	0	0
COM	56	49	41
Current	28	22	17
PD	7	6	3
LL	21	21	21
NAC	44	44	57
Current	18	25	30
PD	11	4	12
LL	15	15	15

The decrease in loan portfolio was because of the pandemic that started on the first quarter of 2020. Many who can pay their loan paid in full due to fear of the crisis. Others who cannot, opted their loan to be bought out by another Bank. Bayanihan as One Acts 1 & 2 also had a great impact on the Bank. It lessened the computation on the interest to be paid and extended the paying period of the clients but the Bank still has to set aside a provision using the day of original date of loan released. Lastly, loan campaigns were only mostly done through remote means for safety reasons.

RURAL BANK of BAYOMBONG, INC.
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ROPA ACCOUNTS SOLD 2018

Rural Bank of Bayombong, Inc.
 Bayombong, Nueva Vizcaya
 Assets Acquired Department
 ROPA Accounts Sold as of December 2018

No.	Branch	Buyer of Branches	Previous Owner/Borrower	Name of Buyer	Location of Property	Date Paid	Carrying Cost	Selling Price (P.)	Remarks	Status
1	Head Office	Solano	Cabugao, Amelia	Gallardo, Romie	Pk. 3 Uddawan, Solano, N.V	Apr 18, 18	125,341.54	835,990.00	SCR	Performing
2	Head Office	Head Office	Francisco, Paulino	Francisco, Patricio	Patan, Bayombong, N.V	Apr 18, 18	1.00	155,450.00	Cash	
3	Head Office	Corpo	Toje, Rosale	Tatayoyong Cicely Ann	Payao, Poblacion, Aritao, N.V	Apr 18, 18	339,317.68	1,178,700.00	SCR	Performing
4	Head Office	Solano	Galgas, Edgar	De Guzman, Emelie	Pk. 2, Quezon, Solano, N.V	May 16, 18	0.00	600,000.00	Cash	
5	Head Office	Corpo	Oligan, Suzie	Ober, Dominic	San Antonio, Bambang, N.V	May 16, 18	5,000.00	485,000.00	Cash	
6	Head Office	Bagabag	Gubon, Dolly-bai	Espiritu, Nomer	Pk. 4, San Pedro, Bagabag, N.V	May 16, 18	156,915.45	841,000.00	Cash	
7	Head Office	Solano	Galgas, Edgar	Espano, Charisse	Pk. 2, Quezon, Solano, N.V	Jul 18, 18		800,000.00	SCR	Performing
8	Head Office	Solano	Galgas, Edgar	Espano, Charisse	Pk. 2, Quezon, Solano, N.V	Jul 18, 18	278,498.10	800,000.00	SCR	Performing
9	Head Office	Solano	Galgas, Edgar	Ordinario, Jasper	Pk. 2, Quezon, Solano, N.V	Jul 18, 18	174,000.00	600,000.00	Cash	
10	Head Office	Bagabag	Ibana, Eugenio	Ramos, Melanie	Pk. 4, Laburan, Iburg, Villaverde, N.V	Aug 15, 18	12,000.00	147,200.00	SCR	Performing
11	Head Office	Corpo	Covita, Helen	Covita, Helen	Pk. 2 Casat, Bayombong, N.V	Aug 13, 18	61,320.13	280,280.00	Cash	
12	Head Office	Head Office	Garcia, Josephine	Garcia, Eden	3121 Lumabang St. Quezon, Solano, N.V	Aug 15, 18	226,225.40	755,000.00	Cash	
13	Head Office	Head Office	Abalos, Maribel	Abalos, Marlou	#21 B Maguysay, Bayombong, N.V	Aug 30, 18	90,779.23	602,540.00	SCR	Performing
14	Head Office	Aritao	Nemita Derje	James Anola	Pk. 1 Bone South, Aritao, N.V	Dec 19, 18	60,695.05	162,000.00	SCR	Performing
15	Aritao	Aritao	Bacota, Rosette	Solano, Sheryl	Rang-ay, Common, Aritao, N.V	Aug 15, 18	110,597.71	732,000.00	SCR	Performing
16	Aritao	Aritao	Bucad, Iluminada	Bucad, Iluminada	Pk. Balagi, Daropkio, Aritao, N.V	Aug 15, 18	141,608.00	423,000.00	SCR	Performing
17	Bagabag	Aritao	Lumalang Carlos	Geda, Anel	Bakir, Payawan, Lamut, Ifugao	Aug 15, 18	0.00	188,751.88	Cash	
18	Bagabag	Head Office	Marcia Aben	Rolando Rigo	Pk. 1 Panik, Bagabag, N.V	Sep 19, 18	157,130.10	1,399,020.00	SCR	Non-Performing
19	Bagabag	Bagabag	Segundo, Quintero	Vicent, Quintero	Umilag, Lamut, Ifugao	Dec 19, 18	29,317.87	195,302.00	Cash	
20	Bambang	Bambang	Maurea, Prictia	Maurea, Prictia	Posay, Mabuso, Bambang, N.V	Apr 12, 18	9,013.13	107,600.00	Cash	
21	Bambang	Bambang	Somera, Joan	Buada, Evita	Pk. 2 Banat, Bambang, N.V	May 16, 18	13,484.47	273,600.00	SCR	Performing
22	Bambang	Bambang	Mepa, Roy	Clam, Regna	Lamo, Dupas Del Norte, N.V	May 16, 18	55,947.63	95,100.00	Cash	
23	Diffun	Diffun	Brones, Maria	Agas, Francisco	Pk. 7, Ricane Sur, Diffun, Quirino	May 16, 18	16,217.88	139,100.00	Cash	
24	Diffun	Diffun	Crisostomo, Francisca	Limbo, Jenelyn	Pk. 1 Maria Clara, Diffun, Quirino	May 16, 18		762,147.50	SCR	Performing
25	Diffun	Diffun	Crisostomo, Francisca	Cartaga, John Paul	Pk. 1 Maria Clara, Diffun, Quirino	May 16, 18	62,409.17	273,850.00	Cash	
26	Diffun	Diffun	Delmar C. Ligsay	Marcos C. Ligsay	Pk. 1 Rang-Jayan, Aglipay, Quirino	Dec 19, 18	11,895.34	162,882.23	Cash	
27	Maddela	Maddela	Carabocan, Tessie	Carabocan, Tessie	Pk. 4 Pinapad Sur, Aglipay, Quirino	Apr 12, 18	86,520.30	784,870.31	SCR	Non-Performing
28	Maddela	Maddela	Ayudoc, Arsonio	Cal-ing, Joseph	Pk. 3 Baligay, Maddela, Quirino	May 16, 18	37,813.82	208,344.50	Cash	
29	Maddela	Maddela	Panchinan, Estrella	Panchinan, Estrella	Pk. 3 San Dionisio II, Nagipanan, Quirino	Jun 28, 18	10,486.22	412,323.00	SCR	Non-Performing
30	Maddela	Maddela	Velasco, Victor	Mangaya, Amparo	Pk. 3 San Pataclaran, Aglipay, Quirino	Aug 15, 18	114,928.44	449,661.94	Cash	
31	Maddela	Maddela	Martin Malab	Mia Alicia	Pk. 3 Palactan, Aglipay, Quirino	Dec 19, 18	28,105.67	402,129.54	SCR	Performing
32	San Mateo	San Mateo	Castillo, Irene	Bias, Tommy	Pk. 4 Old Centro, San Mateo, Isabela	Aug 15, 18	60,598.93	357,360.00	SCR	Non-Performing
33	Solano	Solano	Eugenio, Renato	Ferre, Irene	Sta. Rosa, Bayombong, N.V	Apr 18, 18	56,413.17	475,000.00	SCR	Performing
34	Solano	Solano	Sersena, Juliet	Decano, Hector	Compa, Iburg, Villaverde, N.V	Apr 18, 18	18,321.93	200,100.00	Cash	
35	Solano	Solano	Libes, Ricardo	Tian, Edizza	Pk. 6 Bustac, Bayombong, N.V	May 16, 18	95,232.27	1,104,435.00	Cash	
36	Solano	Solano	Thona Hazelyn Solano	Graphie Saquing	Pk. 2 Nibirubrinis, Quezon, N.V	Sep 19, 18	78,492.36	750,000.00	SCR	Performing
Total							2,744,608.48	18,140,897.62		

No.	Branch	No. of Sale (SCR)	No. of Sale (Cash)	Total No. of Sale
1	Aritao	3	1	4
2	Bagabag	1	2	3
3	Bambang	1	2	3
4	Diffun	1	3	4
5	Gamu	0	0	0
6	Head Office	2	2	4
7	Maddela	3	2	5
8	San Mateo	1	0	1
9	Solano	5	4	9
10	Corpo	1	2	3
	Total	18	18	36

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ROPA ACCOUNTS SOLD 2019

Rural Bank of Bayombong, Inc.
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 Assets Acquired Department
 ROPA Accounts Sold as of December 2019

No.	Branch	Buyer of Branches	Previous Owner/Borrower	Name of Buyer	Location of Property	Date Paid	Carrying Cost	Selling Price (P)	Remarks	Status
1	Head Office	Aritao	Erwin Don Lopez	Proceso Lejano	Tabueng, Aritao, N.V	Jul 19, 19	83,777.46	520,000.00	SCR	Non-Performing
2	Head Office	Head Office	Carmencita Lirny	Patrick Lirny	Salvacion, Bayombong, N.V	Sep 18, 19	458,811.24	3,875,941.92	SCR	Non-Performing
3	Head Office	Head Office	Felicitas Grapza	Cesar Ang	Bontal West, Bayombong, N.V	Nov 20, 19		1,012,029.80	Cash	
4	Head Office	Solano	Miriam Sagaysay	Diana Cade Rumbua	Vista Hills, Bayombong, N.V	Nov 20, 19	23,761.69	572,012.56	SCR	Performing
5	Head Office	Corpo	Magdalena Flores	Elizabeth Sonano	Vista Hills, Bayombong, N.V	Dec 18, 19	16,750.08	931,710.01	Cash	
6	Aritao	Aritao	Divina Ferrer	Divina Ferrer	Pk. 1, Bone South, Aritao, N.V	Jun 7, 19	353,450.23	1,073,668.31	SCR	Performing
7	Aritao	Aritao	Donato Gayaso	Raul Tucay	Bayagung, Canarem, Aritao, N.V	Jun 19, 19	24,009.69	357,934.88	Cash	
8	Aritao	Corpo	Madelario Calano	Edna Dela Rosa-Cera	Bone North Aritao, N.V	Sep 18, 19	59,153.74	342,320.27	Cash	
9	Bambang	Corpo	Mare Therese Bastero	Lily Dela Cruz	Pk. 3 Bontal Proper, Bayombong, N.V	Jun 19, 19	86,521.08	937,068.03	Cash	
10	Bambang	Aritao	Layla Gamido	Dominador Tajeda	Saranay, Bone North, Aritao, N.V	Jul 17, 19	0.00	299,869.14	Cash	
11	Bambang	Aritao	Marilyn Bailcat	Mary Grace A. Arellano	Pk. 6 Bantol, Bambang, N.V	Jul 17, 19	45,231.35	185,430.11	Cash	
12	Bambang	Aritao	Layla Gamido	Rodolfo Gamido	Bone North Aritao, N.V	Aug 22, 19	195,200.00	298,969.14	SCR	Performing
13	Bambang	Head Office	Genarda Palasi	Mariou Pilig	Pallas, Bayombong, N.V	Dec 18, 19	5,013.60	241,890.94	Cash	
14	Diffun	Diffun	Marilyn Ferrer	Zarahbelle Palomares	Pk. 7 Rizal, Quirino, N.V	May 15, 19	49,474.75	103,371.88	SCR	Performing
15	Diffun	Diffun	Edmundo Miranda	Ailyn Delos Reyes	Pk. 7, Iloil, Cordon, Isabela	Jul 17, 19	139,338.75	434,314.92	Cash	
16	Diffun	Diffun	Lorenza Pascual	Charita Badana	Pk. 6 Rizal, Saguday, Quirino	Aug 22, 19	28,710.12	541,879.22	Cash	
17	Diffun	Diffun	Isabelina Santos	Isabelina Santos	Pk. 5 Rizal, Diffun, Quirino	Oct 22, 19	53,748.21	666,735.03	SCR	
18	Diffun	Corpo	Filipinas Abundo	Wouie Calubaguit	Baluarte, Santiago City, Isabela	Dec 18, 19		328,378.52	Cash	
19	Diffun	Corpo	Filipinas Abundo	Wouie Calubaguit	Baluarte, Santiago City, Isabela	Dec 18, 19		355,743.38	Cash	
20	Diffun	Corpo	Filipinas Abundo	Wouie Calubaguit	Baluarte, Santiago City, Isabela	Dec 18, 19	6,510.30	312,178.52	Cash	
21	Maddela	Head Office	Romulo Estrada	Romulo Estrada	Pk. 6 Padpad, Alicia, Isabela	May 15, 19	68,460.60	393,104.50	Cash	
22	Maddela	Maddela	Rennie Basug	Rennie Basug	San Bernabe, Maddela, Quirino	Jun 21, 19	103,618.83	848,139.67	SCR	Non-Performing
23	Maddela	Corpo	Rogelio Tenepere	Ernesto Lagante	Pk. 1 Bungos, Cabarroguis, Quirino	Aug 22, 19	51,170.31	422,569.98	Cash	
24	San Mateo	Head Office	Emmanuel Olague	Jason L. Wong	Paraiso, Bantol, Santiago City, Isabela	Aug 22, 19	445,520.90	2,645,500.00	Cash	
25	Solano	Corpo	Noel Gauzan	Nelson Acerit	Pk. 4 La Torre, Bayombong, N.V	May 15, 19	80,000.00	600,473.76	SCR	Performing
26	Solano	Solano	Felomina Padilla	Jaime Qusing III	Bolwao, Quezon, N.V	Jul 17, 19	154,126.00	702,000.00	Cash	
27	Solano	Corpo	Melito Mari	Shalen Legaspi	Nalububan, Quezon, N.V	Oct 16, 19	6,733.31	125,078.84	SCR	Performing
Total							2,556,101.49	19,749,413.33		

No.	Branch	No. of Sale (SCR)	No. of Sale (Cash)	Total No. of Sale
1	Aritao	3	3	6
2	Bagabag	0	0	0
3	Bambang	0	0	0
4	Diffun	2	2	4
5	Gamu	0	0	0
6	Head Office	1	4	5
7	Maddela	1	0	1
8	San Mateo	0	0	0
9	Solano	1	1	2
10	Corpo	3	6	9
Total		11	16	27

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ROPA ACCOUNTS SOLD 2020

Rural Bank of Bayombong, Inc.
 Bayombong, Nueva Vizcaya
 Assets Acquired Department
 ROPA Accounts Sold as of December 2020

No.	Branch	Buyer of Branches	Previous Owner/Borrower	Name of Buyer	Location of Property	Date Paid	Carrying Cost	Selling Price (P)	Remarks	Status
1	Head Office	Solano	Marcelo, Virginia	Lapurga, Ronald	Pk. 4 Labunan, Ibang, Villaverde, N.V	Mar 18, 20	16,831.78	363,018.78	SCR	Performing
2	Head Office	Corpo	Bataon, Eugenio	Marquez, Janet	Kuti-Kuti Darubba, Quezon, N.V	Jul 15, 20	47,429.37	371,688.46	Cash	
3	Head Office	Solano	Camila, Marilyn	Sambano, Sokklat	Bintawan Norte, Villaverde, N.V	Jul 15, 20	49,670.29	853,000.00	SCR	Performing
4	Aritao	Aritao	Cacayan, Jorge	Antonio, Helen	Namsama, Potacion, Aritao, N.V	Mar 18, 20	32,727.82	627,390.00	SCR	Performing
5	Aritao	Bagabag	Lamas, Isala	Dacanay, Ramir	Canarem, Sta. Fe, N.V	Nov 18, 20	56,551.42	115,172.00	SCR	Performing
6	Bagabag	Corpo	Foronda, Cecilia	Reyes, Rommel	Daad, N.V	Feb 19, 20	10,650.00	153,197.28	Cash	
7	Bagabag	Head Office	Timbreza, Benjamin	Timbreza, Benjamin	Pk. 1 Dunsag, Daad, N.V	Oct 2, 20	60,805.62	705,000.00	Cash	
8	Bagabag	Bagabag	Timbreza, Ancieto	Bitbay, Daryl Ann	Ambalo North, Bantel, Bagabag, N.V	Oct 21, 20	3,150.00	128,528.28	Cash	
9	Bambang	Bambang	Lorezo, Romana	Valdez, Ben	Baguinbun, Abangan, Bambang, N.V	Mar 19, 20	99,814.26	225,000.00	Cash	
10	Bambang	Bambang	Nuestro, Florante	De Sagor, Samuel	Mabasa, Dupax Del Norte, N.V	Nov 18, 20	166,908.60	1,875,950.00	SCR	Performing
11	Diffun	Diffun	Domingo, Rommel	Domingo, Lilia	Pk. 6 Gundaway, Cabbaroguis, Quirino	Jul 15, 20	159,831.55	1,378,440.00	SCR	Performing
12	Diffun	Diffun	Mariano Jr., Ireneo	Capindag, Angie Leigh	Pk. 2 Banuar, Cabbaroguis, Inquiring	Aug 19, 20	10,273.62	184,818.00	SCR	Performing
13	Diffun	San Mateo	Miranda, Edmundo	Cabanilla, Samuel	Pk. 7 Ilog, Cordon, Isabela	Aug 19, 20	0.00	786,800.00	SCR	Performing
14	Diffun	Diffun	Sumagay, Julia	Calderon, Jr., Rudy	Dumabein Agipay, Quirino	Dec 16, 20	22,873.31	292,140.00	SCR	Performing
15	Maddela	Maddela	Pimentel, Celestino	Patricio Jr., George	Vila Sur, Maddela, Quirino	Feb 19, 20	46,806.56	301,340.00	Cash	
16	Maddela	Maddela	Maximo, Florence	Salgado, Maricar	Divisoria Sur, Maddela, Quirino	Aug 19, 20	91,371.50	750,000.00	SCR	Performing
17	Solano	Corpo	Marana, Jesper	Mendez, Lolobeth	Pk. 3 Paniki, Bagabag, N.V	Jul 15, 20	81,551.12	314,694.00	SCR	Performing
18	Solano	Corpo	Castillo, Rosie	Danglian, Nina	Dumalila, Runo-rano, Quezon, N.V	Aug 19, 20	27,779.44	285,186.12	Cash	
19	Solano	Head Office	Santigao, Catalino	Caday, Freddie	Paniki, Bagabag, N.V	Dec 16, 20	10,075.43	286,434.00	Cash	
	Total						975,101.69	10,007,794.92		

No.	Branch	No. of Sale (SCR)	No. of Sale (Cash)	Total No. of Sale
1	Aritao	1	0	1
2	Bagabag	1	1	2
3	Bambang	1	1	2
4	Diffun	3	0	3
5	Gamu	0	0	0
6	Head Office	0	2	2
7	Maddela	1	1	2
8	San Mateo	1	0	1
9	Solano	2	0	2
10	Corpo	1	3	4
	Total	11	8	19

	2018	2019	2020
Cash			
Number of Accounts	18	17	9
Carrying Cost	1,012,150.24	1,219,597.72	339,238.50
Selling Price	6,843,027.27	11,004,022.22	3,083,762.14
SCR			
Number of Accounts	18	10	10
Carrying Cost	1,732,458.24	1,408,575.72	635,863.19
Selling Price	11,297,870.35	8,745,391.11	6,924,032.78

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A good number of ROPA properties were still sold for the year 2020 through SUBASTA. This created a great opportunity to earn for the Bank. Thus, in extending loans to clients, it is still important to have quality collateral as back up for the loan together with a good credit standing. Also, it must be said that the ROPA Properties of the Bank must always be reviewed and visited, and assessed since this plays a very important role in the Bank's back up or contingency for added liquidity and income. A total of nineteen accounts had been sold for the past years. Comparing from the past two years, this is the lowest primarily because of the crisis. A total of nineteen accounts had been sold for the past year. Comparing from the past two years, this is the lowest primarily because of the crisis.

Goal on Operations 2021

For the FY 2021, the goal is to increase loan portfolio through persistent marketing and campaigns. Widening of area to be serviced is also to be done. The fast and efficient loan approval shall be continued but not to compromise the quality of loan. A regular meeting with Managers and Department Heads shall be also be done. Open line of communication for inquiries is to be maintained. For Clients with paid loans but with good credit history, they shall be offered loan availment in accordance to their credit scoring since this has a great impact on the capacity to pay of the client. Incentives shall also be given for every successful loan campaign.

Regarding deposit generation, campaign is to be done for liquidity since this is still cheaper than those from rediscounting lines. Also, since the trust of the Bank is to safeguard the money of the people, due diligence is to be done when doing placements. Every deposit received shall be made sure that it is insured thru the Philippine Deposit Insurance Corporation which covers the maximum amount of Five Hundred Thousand Pesos P500,000.00 insurance. Demand accounts are to be closely monitored before clearing. Withdrawals big or small shall be checked and verified.

ROPA Accounts of the Bank shall be assessed regularly. Site visitation and inspection shall be done including valuation at least on a yearly basis. Improvements that may add to the value of the properties shall be taken into consideration. The same is true with regards to those with erosions or decrease in area because of road widenings.

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Foreclosures shall be checked on a monthly basis so as to increase and encourage repayment. Also, proper procedure shall be observed during service and implementation of foreclosures and writs so as to avoid legal issues and cases that may arise.

Since the Bank is into Digitization and Cloud now, a constant review of transactions and reports shall be done. This is to easily check irregularities if there are. Back up though not a need because of cloud, is still to be made so that in any eventuality, it can be used to be able to continue transactions and servicing of the Clients.

Employees are to be given regular training depending on their positions and their needs. Constant reminders of their duties and responsibilities are to be done. The Human Resource Department is the one that is directly tasked to oversee employees. Everyone shall be reminded of the Vision, Mission, and Credo of the Bank.

The buildings and equipments of the Bank must be well maintained. Not only that it will last longer but it will give a better impression to the people.

Lastly, now its 60th year, Rural Bank of Bayombong, Inc. will apply for its 10th Branch to be able to service more clients.

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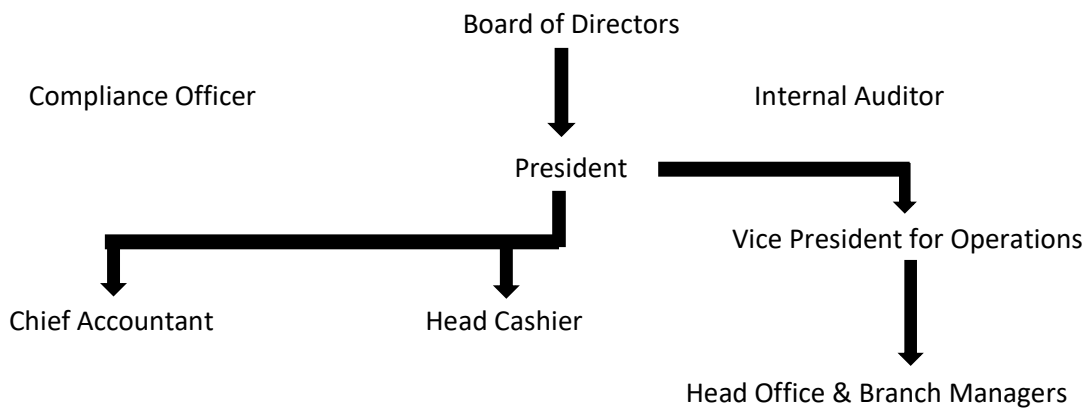
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Risk Management Structure

As time goes by, the Banking Business becomes more exposed to so many risks such that when not managed appropriately will have detrimental effects on the Institution. As such, the Board sees to it that all risks are taken into consideration particularly, Credit, Liquidity, Operations, Market, Interest Rate, Strategic, Compliance, Legal and Reputation. The Board oversees the management of these Risks that are defined, analyzed, measured, and reported for immediate control within the system. The Board performs oversight in such a way that it monitors the Senior Officers management of the Risks through which Rural Bank of Bayombong, Inc. is exposed. The Board performs a Quarterly Risk Management Review of the Bank which includes determination and assessment of these Risks. This is included in the Regular Board Meeting Discussion.

Rural Bank of Bayombong, Inc. uses the Enterprise Risk Management System (ERM) which “typically involves identifying particular events or circumstances relevant to the organization’s objectives (risks and opportunities), assessing them in terms of likelihood and magnitude of impact, determining a response strategy, and monitoring progress”. This creates value to the Board including the stockholders, stakeholders, clients, employees and everyone in general.

Rural Bank of Bayombong, Inc., being a simple bank, for the year 2020 integrated the Risk Management Committee to the Board function. Risks identified by the Management is included in the Board discussions at least on a quarterly basis during the performance of the Risk-Based Audit Assessment or as need arises.



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Rural Bank of Bayombong, Inc. follows the above Risk Management Structure in identifying and discussing, and monitoring the Risk Management exposures of the Bank. The Compliance Officer functionally reports directly to the Board but also reports on a day-to-day basis to the President on an administrative basis. The Board discussion on Risk Management identifies and evaluates exposures, develops Risk Management Strategies, implements Risk Management Plan and reviews and revises the Risk Management Plan as needed. The Head Office Manager and the Head Cashier reports on a regular basis to the President to discuss the daily operation of the Bank including its Credit and Liquidity status. The Vice President monitors the operations of the nine offices while the Internal Auditor audits the different transactions of the Bank. Lastly, the Head Cashier monitors the Cash and Liquidity of the whole RBBI.

Bank-wide Risk Management

Following the Enterprise Risk Management System, Rural Bank of Bayombong, Inc. has already made it a culture to regularly identify, measure, control and evaluate risks and include it in an open discussion among the Senior Officers and the Board.

It is the Board of Directors who establishes the risk appetite of the Bank and also performs oversight of the Risks that the Bank is or might be exposed to. Limits are set and included in policies. Review and monitoring are tasked to the Compliance Officer. Breaches observed are reported and necessary corrective actions are put in place as what is written in the Manual of Disciplinary Actions of the Bank.

To ensure better compliance with policies set, Rural Bank of Bayombong, Inc. employees are regularly being given in-house seminars on updates in bank policies. They are also being sent to trainings and workshops conducted by the Rural Bankers Association of the Philippines and other Regulatory and Training agencies.

The Compliance Officer oversees the AML governance and culture of the Bank. Trainings are regularly given to all employees so as to be refreshed with the policies and procedures regarding AMLA and Terrorist Financing to ensure that the Bank is not used in such.

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Corporate Governance

Rural Bank of Bayombong, Inc. Corporate Governance Structure is headed by the Board which provides oversight of the company. The President is the Chief Executive Officer who heads the management along with the Senior Officers and Department Heads. The Vice President monitors the performance of the nine offices of the Bank and is in touch with the Branch Managers on a regular basis. The Compliance Officer is tasked to oversee the compliance of the Bank with all the rules and regulations including the new policies and circulars of the Bangko Sentral ng Pilipinas and other regulatory agencies. The Internal Auditor reviews the adherence of the employees of the Bank with the policies set by the Board. Different Committees and Departments have their own set of roles and responsibilities to see to it that the Bank is being able to deliver service to meet its strategic objectives.

Board members are voted upon during the Annual Elections and Membership Meeting of the Stockholders after the conduct and discussion of the Enhanced Board Performance Assessment Results bearing in mind that all the qualifications of a Director as stated in the Manual of Regulations for Banks is present. Senior Management on the other hand are chosen among all the employees of the Bank. He must possess the qualities of a team leader and that his performance within the organization must be of high degree as reflected in his Performance Evaluation and contribution to the growth of the Bank. Also, the length of service within the company is taken into consideration.

The overall responsibility of the Board is to ensure effectiveness and due observance of Corporate Governance Principles and Guidelines, and to make recommendations regarding the continuing education of the Directors, assignment to Board Committees, succession planning for Board Members and Senior Officers, and their remuneration commensurate with corporate and individual performance. The Board takes responsibility for and act for and in behalf of the corporation. It oversees the performance of the Bank and its key officers, and ensures that timely and accurate reports are provided during the review of performance. It provides strategic guidance to the Bank and keeps an eye on the future to ensure that necessary and adequate resources are in placed to secure long-term position. The decision of the Board is always guided by the principles of integrity, fairness, accountability, and transparency. As a fundamental responsibility, the Board practices honesty and good faith in all decisions, avoids conflicts of interest, and observe confidentiality at all times.

The Chairman of the Board being the leader in the Board is the one who aside from facilitating the discussions during Board meetings, provides guidance in stimulating the participation of the members to be able to formulate policies that will be used by the Bank in order to achieve its strategic objectives and goals. The Chairman also has a role that is to maintain effective open-line

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communication between the Board Members and Senior Officers. The Chairman promotes and oversees that the highest standards of corporate governance is observed within the Bank; sets the agenda for Board Meetings which is focused on strategic matters, forward looking and includes evaluation of the current operation of the Bank; ensures that members of the Board for then to effectively monitor its performance and give advice relevant to the progress of the Bank; encourages participation of Board Members during meetings; takes the lead in identifying the need for development of each of its members.

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List of Members of the Board

Name	Type of Directorship	Principal Stockholder Represented	No. of Years as Director	No. of Direct & Indirect Shares Held	Percentage of Shares Held
Romeo F. Ramos, Jr.	Non-Executive	n/a	1year & 5 mos	246,289	31.00%
Martha R. Ramos	Executive	n/a	24 years	151,031	19.01%
Maribelle R. Deloso	Executive	n/a	2 years & 10.5 mos	31,779	4.00%
Ariel A. Miranda	Non-Executive	n/a	4 years	7,945	1.00%
Joanna Paula P. Garcia	Non-Executive	n/a	3 years & 6 mos	7,945	1.00%

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Board Qualifications

Name	Age	Nationality	Degree	Work Experiences	Period Covered	Current Directorship/ Officership	Office
Ariel A. Miranda	62	Filipino	BS Biology Doctor of Medicine Internal Medicine Cardiology	Chairman of the Board Independent Director Associate Professor at UP PGH Dept of Medicine Director of Phil.Society of Cardio Catheter	2019 to present 2017 to 2019 1999-2002 1997-1999	Chairman of the Board /Director Director/Consultant	Rural Bank of Bayombong, Inc. Catheter Laboratory Cardinal Santos Medical Center
Martha R. Ramos	69	Filipino	BS Banking & Finance	President/ General Manager Director Technical Asst. to the President Special Asst to the President of RBBI SAV Prom of RBBI	2017 to present 1996 to present 2005-2017 1991-2004 1973-1990	Director President/ General Manager	Rural Bank of Bayombong, Inc.
Maribelle R. Deloso	45	Filipino	BS Accountancy	HRD Manager Director	2012 to present 2017 to present	Director HRD Manager/PRO Consultant-Committee on Revision of Laws	Rural Bank of Bayombong, Inc. House of Representatives

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Name	Age	Nationality	Degree	Work Experiences	Period Covered	Current Directorship/ Officership	Office
				President/General Manager of RBBI/Director	1/2008-3/2008		
				Special Asst to the Pres/HRD Manager of RBBI	2005-2008		
				*not connected with bank	2003-2004		
				Technical Asst to the President of RBBI	2001-2003		
				Director	1999-2002		
				Compliance Officer/ Internal Auditor of RBBI	1999-2001		
				Asst Vice President of RBBI	1997-2001		
				Financial Analyst of RBBI	1996-1997		
Romeo F. Ramos, Jr.	71	Filipino	BSC-Management	Non-Executive Director	Aug. 7, 2019 to present	Non-Executive Director	Rural Bank of Bayombong, Inc.

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Name	Age	Nationality	Degree	Work Experiences	Period Covered	Current Directorship/ Officership	Office
				Technical Asst. to the Pres./Legal Affairs/ Administrative Committee Chairman	Jan. 20, 2012- Aug. 7, 2019		
				Director-Diamond Bank	Jan. 7, 2017 to May 22, 2019		
				Director/ Tech. Asst. to the President/ Credit Risk Com & Risk Mgmt. Com. & Nomination Com. Chairman	Jan. 21, 2009 to Jan. 19, 2012		
				Director/ Tech. Asst. to the President/ Credit Risk Com & Risk Mgmt. Com. Chairman	Nov. 2008 - Jan. 20, 2009		
				Director/ Chairman of the Board/ Tech. Asst. to the President/ Credit Risk Com & Risk Mgmt. Com. Chairman	Jan. 20, 2006 – Oct. 2008		

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Name	Age	Nationality	Degree	Work Experiences	Period Covered	Current Directorship/ Officership	Office
				Director/ Chairman of the Board/ Tech. Asst. to the President/ Credit Risk Com. Chairman	Jan. 20, 2005- Jan. 19, 2006		
				Director/ Chairman of the Board/ President/ Gen. Manager Director/ President/ Gen. Manager	Jan. 1984- Jan. 19, 2005 July 1982 – 1983		
				Manager	March 1970 – June 1982		
Joanna Paula P. Garcia	38	Filipino	BSBA – Human Resources Mgmt.	Independent Director HR Manager of Mighty Corporation HR Manager of J.Williams Management Group Inc. HRAD Manager of Electronic Commerce Payments, Inc.	2017 to present 2015-2017 2014-2015 2010-2014	Independent Director General Manager	Rural Bank of Bayombong, Inc. Spinfinity Laundromat

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Name	Age	Nationality	Degree	Work Experiences	Period Covered	Current Directorship/ Officership	Office
				HRAD Manager of Gate Distribution Enterprise Inc.	2010-2014		
				HRAD Manager of Recycle Phils Inc.	2010-2014		
				HR Manager of First Phil. Industrial Park Inc.	2009-2010		
				Asst HR Manager of Singer Sewing Machine Finance Corp	2008-2009		
				HR Manager of MDI Group of Companies	2005-2007		

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List of Board-level Committees

AUDIT COMMITTEE

Ms. Joanna Paula P. Garcia	Chairman
Mr. Romeo F. Ramos, Jr.	Member
Dr. Ariel A. Miranda	Member

FUNCTIONS:

In consonance with the duties and responsibilities delegated by the Monetary Board, the Audit Committee shall have the following functions and duties:

1. Provide an oversight of the institutions financial reporting and control including internal and external audit functions.
2. Set up an Internal Audit Department.
3. Appoint an Internal Auditor as well as an independent External Auditor duly accredited by the Bangko Sentral ng Pilipinas and Security and Exchange Commission who shall both report directly to the Audit Committee.
4. Appoint a Compliance Officer for the institution.
5. Monitor and evaluate the adequacy and effectiveness of the internal control system.
6. Has authority to investigate any matter within its term of reference.
7. Ensure that a review of the effectiveness of the institution's internal controls, financial, operational, and compliance controls and risk management is conducted at least annually.
8. Establish and maintain mechanisms by which officers and staff may, in confidence, raise concerns about possible improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action. It shall ensure that arrangements are in place for the independent investigation, appropriate follow-up action, and subsequent resolution of complaints.
9. Shall implement guidelines on internal control set forth by the Manual of Regulations for Banks.
10. Perform such other duties as may be prescribed by the Board from time to time.

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**DIRECTORS' ATTENDANCE at BOARD
and COMMITTEE MEETINGS**

Name of Directors	Board Number of Meetings		Audit Committee Number of Meetings		Credit Committee Number of Meetings		Legal Affairs/ Administrative Committee Number of Meetings		Assets Acquired Committee Number of Meetings	
	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%
1. Romeo F. Ramos, Jr.	17	100%	5	100%						
2. Martha R. Ramos	17	100%			25	100%	6	100%	10	100%
3. Maribelle R. Deloso	17	100%			25	100%	3	50%	10	100%
4. Ariel A. Miranda	17	100%	5	100%						
5. Joanna Paula P. Garcia	17	100%	5	100%						
Total Number of Meetings	17		5		25		6		10	

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LIST of EXECUTIVE OFFICERS & SENIOR MANAGEMENT

Name	Position	Degree	Age	Nationality
Martha R. Ramos	President/General Manager	BSC – Banking & Finance	70	Filipino
Rachelle R. Foronda	Vice President for Operations	Doctor of Medicine BS Medical Technology	49	Filipino
Maribelle R. Deloso	HRD Manager/PRO	BS Accountancy	47	Filipino
Cherry Ann A. Manganaan	Compliance Officer	BS Management Accounting	36	Filipino
Zarina Jane A. Rivera	Internal Auditor	BS Management Accounting	29	Filipino
Angelina S. Hagid	Chief Accountant	BS Management Accounting	31	Filipino
Nicolas M. Sinacay	EDP Manager	Computer Technology	46	Filipino
Clarize Marie Vallevo	Assets Acquired Manager	BS Nursing	34	Filipino
Aliw Q. Cadiante	Head Cashier	BSC – Accounting	60	Filipino
Hazlyn R. Baldonado	Head Office Manager	BSC – Computer Science	46	Filipino
Rolyn Joyce S. Casiles	Branch Manager	BS- Information Technology	29	Filipino
Heidee P. Liclican	Branch Manager	B.S.-Public Administration	23	Filipino
Ma. Gianne R. Danguilan	Branch Manager	Diploma in Midwifery	29	Filipino
Daryl Ann D. Bibay	Branch Manager	BS Management Accounting	28	Filipino
Restie A. Palomares	Branch Manager	BSC- Banking & Finance	37	Filipino
Ailene D. Raymundo	Branch Manager	BSC – Marketing	38	Filipino
Marlyn D. Barwelo	Branch Manager	BS Banking and Finance	42	Filipino
Liezle S. Manuel	Branch Manager	BS –Management Accounting	36	Filipino

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PERFORMANCE ASSESSMENT PROGRAM FOR DIRECTORS and SENIORS OFFICERS

Rural Bank of Bayombong, Inc. has designed an Enhanced Board Performance Evaluation to effectively assess the performance of the members of the Boards of Directors, Board-level Committee and Key Officers of the Bank. This gives the Board an opportunity to examine their effectiveness and be able to make improvements when needed. The Board Performance Evaluation Tool includes series of questions that will engage the Directors, Board-level Committee, and Key Officers particularly the President/General Manager, Vice President for Operations, Compliance Officer and Internal Auditor in an open and constructive dialogue to enable them to function effectively and productively.

All the Members of the Board, Board-level Committee, together with the President/General Manager, Vice President for Operations, Compliance Officer, Internal Auditor, Board Treasurer and Board Secretary are required to accomplish the form before the Annual Election of the Bank. Once complete, an Independent Facilitator is the one that is tasked to collate the results bearing in mind that the results are to be treated and must remain CONFIDENTIAL. The assessment consists of the (1) Director's Assessment of the Performance of the Board to include Behavior and Process, (2) Director's Assessment on Board Organization, Board and Committee Meetings and Materials, Interaction with Management, Board Responsibilities and Reporting, Board Committee Function to include Overall Rating on the Performance of the Board, (3) Assessment on the Compliance of Directors and Officers with Duties and Responsibilities as stated in the Bank's HR Charter-Management-level Committees, (4) Self and Peer Evaluation in the Committee, (5) Evaluation of Officers, (6) Rating on the Performance of Directors and RBBI Key Personnel, and (7) My Assessment of My Performance as Director/Officer of RBBI. The result is presented to the Board who discusses it in one of the meetings before the Annual Election of Board of Directors, Board-level Committees, and the Key Officers. Results of the Enhanced Performance Evaluation Tool must focus on the room for improvement of the Director/Officer and Bank Management in general.

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Orientation and Education Program (In-house and External Training Programs for Directors, Senior Management and Other Personnel)

Rural Bank of Bayombong, Inc. has continuously believed that proper training must be given to its personnel so as to function more effectively in the position they are assigned, thus, the following guidelines are observed;

1. All Board of Directors undergoes at the minimum the “special Seminar on Corporate Governance for Board of Directors conducted or accredited by the Bangko Sentral. Provided: That incumbent directors as well as those elected after 17 September 2001 must attend said seminar on or before 30 June 2003 or within a prion of six (6) months from the date of election for those elected after 30 June 2003, as the case may be; Provided, further: That the following persons are exempted from attending the said seminar:
 - a) Foreign nationals who have attended corporate governance training covering core topics in the Bangko Sentral- recommended syllabus and certified by the Corporate Secretary as having been made aware of the general responsibility and specific duties and responsibilities of the board of directors and specific duties and responsibilities of a director prescribed under Item “b”, “c” and “d” of Subsec. X141.3;
 - b) Filipino citizens with recognized stature, influence and reputation in the banking community and whose business practices stand as testimonies to good corporate governance;
 - c) Distinguished Filipino and foreign nationals who served as senior officials in central banks and/or financial regulatory agencies, including Monetary Board members; or
 - d) Former Chief Justices of the Philippine Supreme Court”.

Board of Directors in order to “enhance his skills, knowledge and understanding of the activities that the bank is engaged in or pursue as well as the developments in the banking industry including regulatory changes” attend seminars and other trainings related to their function in the Board. After which he shall disseminate his knowledge and inputs to his co-members and officers.

2. Senior Management are sent to various seminars and trainings necessary for their position. Pre-requisite to this is the signing of the Memorandum of Agreement that he shall “fully disseminate all the things he will learn from his training to his co-employees and that he will

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furnish the Top Management copies of the learning materials for proper documentation including the original photocopy of his "Certificate of Completion". He also binds himself "to apply it in his everyday transactions and shall continue to serve the bank for at least two years from the date of training. Otherwise, he shall reimburse the cost relative to his training/seminar.

3. All employees of the Bank are invited to join the Annual Team Building Activity which fosters camaraderie and good working relationships among co-employees. Seminars and Trainings are held from time to time from in-house and from external providers to further guide them in their respective positions. He is expected to apply all his learnings in the performance of his duties.

Note: It is understood that all Trainings/ Seminars provided by Rural Bank of Bayombong, Inc. to its employees are confidential in nature and must be maintained within the Bank. Administrative and Legal Sanctions shall be filed to anyone who is known to have divulge these informations.

Since March 2020, when pandemic started, Senior Management and other personnel have attended seminars that are relevant to their positions via Zoom and Google meet. These seminars are being hosted by accredited organizations such as the Rural Bankers of the Philippines, Bangko Sentral ng Pilipinas, Confederation of Cagayan Valley Rural Banks, etc.

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RETIREMENT and SUCCESSION POLICY

Successors to the Board

The Board shall be composed of five Directors, one shall act as an Independent Director. He shall be a stockholder of the bank who is nominated and elected during the Annual Stockholders' Meeting. The Independent Director shall automatically be the Chairman of the Committee on Audit.

Successors to Critical Positions

The primary critical position, to name, is the President/General Manager. He/She is to come from the elected Board of Directors and is to be voted upon by the majority of the Board.

The other critical positions are the Vice President for Operations, Compliance Officer, Treasurer/Head Cashier, Internal Auditor, Chief Accountant, Assets Acquired Manager and the Branch Manager. The Vice President for Operations, Compliance Officer (CO), Internal Auditor (IA) are appointed by the majority of the Board of Directors. The appointment of CO and IA shall be subjected to BSP confirmation. Whereas the Chief Accountant, Assets Acquired Manager and the Branch Manager are appointed by the HR Manager and/or the President/General Manager but is subject to Board confirmation. Candidates for these positions except for Branch Manager shall have been an employee of the bank for at least three years because he is expected to be familiar and have a good grasp of the bank's operations, policies and procedures. They should have a satisfactory rating in their Employee Performance Evaluation for the past years or a good recommendation letter from his/her immediate superior and/or the President.

The Internal Auditor and Chief Accountant should have an experience as an RBBI Branch Accountant and member of the Internal Audit Team for at least three years but preferably longer.

The Compliance Officer should have an experience as an RBBI Branch Accountant or Branch Manager and preferably with a good accounting background. She shall be a degree holder in BSC Major in Accountancy, BSC Major in Management Accounting or its equivalent.

The Branch Manager may be a new employee but must possess good marketing skills in getting new loans for the branch. A minimum target on new loans shall be set and he must be able to deliver the same during the duration of his/her training period.

Upon appointment of the candidate to one of the above-mentioned positions, he/she shall be sent on trainings/seminars of the Rural Bankers Research and Development Foundation Inc. (RBRDFI)

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that are relevant to his/her job title. At least one seminar is required to increase her knowledge on her job position and one seminar on AMLA.

After a year, these key officers are to be evaluated. The President, Vice President for Operations, CO, IA, Treasurer and Secretary are to be evaluated by the Board of Directors while the other officers are to be evaluated by the President. Gaps shall be identified and monitored. Follow-up trainings/seminars to address these gaps will be given to the officers concerned and monitored by the Compliance Officer.

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REMUNERATION POLICY and STRUCTURE FOR EXECUTIVE and NON-EXECUTIVE DIRECTORS

As stated on the Amended By-Laws of the Rural Bank of Bayombong, Inc., Bayombong, Nueva Vizcaya. (Adopted on June 20, 1992 and further adopted November 19, 2011, amended and filed to the Securities and Exchange Commission with the seal of the Commission affixed on May 22, 2012) the following is the Policy and Structure for the Board of Directors:

The business affairs of the Bank shall be under the control of a Board of five (5) Directors. The holders of stock entitled to vote shall elect such Directors (in the manner provided in Section 24 of Batas Pambansa Blg 68 Corporation Code of the Philippines) whose classifications shall be subject to pertinent rules and regulations of the Central Bank of the Philippines. Only Filipino citizens are eligible for election to the Board. The regular term of a Director shall be from the date of his election by the Stockholders in the Regular Annual Meeting of the Stockholders of the Bank or until his successor shall have been elected and qualified to take his place at said Annual Meeting. Unless a Director shall sooner resign, removed from office, or becomes unable to act by reason of death, disqualification, or otherwise, he shall hold office during the term for which elected and until his successor is elected and qualified. Any Director who ceases to be the owner of at least one share of Capital Stock of the Bank of which he is a Director shall thereby cease to be a Director. The Board of Directors shall serve for one year. The prohibition against interlocking Directorships/ Officerships shall be in accordance with Central Bank Regulations. A Majority of the Directors shall constitute a quorum for the transactions of a business at any meeting of the Board of Directors, but less than a quorum may adjourn from time to time until quorum is acquired. If vacancies occur in the Board of Directors, the remaining Directors constituting a quorum shall, by majority vote, other than removal or expiration of term elect persons to fill such vacancies for the unexpired term. In case of resignation or death of all our majority of the Directors, any Stockholder may call a Special Meeting in the same manner that the President may call such meeting and, in the manner, provided for in the Election of Directors at the Annual Stockholders' Meeting, and the Directors elected shall serve only the remaining unexpired portion of the term. A Director may be removed in the manner provided for by law at a Regular or Special Meeting called for that purpose, by the vote of Stockholders holding or representing two-thirds (2/3) of the outstanding capital stock entitled to vote. There shall be a Regular Meeting of the Board of Directors to be held at the place where the office of the Bank is located at least once a month at such hours and on such days as shall be fixed by either the Board of Directors or by the President of the Bank by giving written notices by mail to each Director at least seven (7) days before the day of the scheduled meeting. The President of the Bank may call a Special Meeting of the Board of Directors to be held at any place where the office of the Bank is located at any time, and may preside as such meetings or designate a presiding officer. Notice of such meetings shall be given by the President to each Director at least three (3) days before date thereof. Any meeting may validly held without notice

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if all the Directors shall sign a written waiver of such notice. No salary shall be paid to any Director as such, but the Director of the Bank may be allowed honoraria for actual attendance at meetings, which shall include fare and other actual expenses incurred in connection thereto. Provided, however, that any such compensation (other than per diems) may be granted to Directors by vote of the stockholders representing at least a majority of the outstanding capital stock at a regular or special stockholders' meeting. In no case shall the total yearly compensation of Directors, as such Directors, exceed ten (10%) percent of the net income before income tax of the Bank during the preceding year.

Executive and Non-executive Directors are entitled to a per diem during Board Meetings. They are also entitled to Actual Transportation, Meal Allowance, and Accommodation when on Official Business. For the Bank to operate to the highest standards, Directors from time to time attends seminars/trainings that are essential to the operations of the Bank. Executive Directors and Top Management are encouraged to attend most especially the Rural Bakers Convention/Symposium to be aware of the latest updates in Banking.

The Treasurer and the Board Secretary are entitled to a monthly allowance as compensation. During those times that Senior Officers are invited and required to be present in Board Meetings to discuss/present important matters, they are also entitled to receive an allowance as approved by the Board aside from their usual monthly salary as Senior Officers.

It is expected that Board of Directors, Stockholders, Senior Officers and all other personnel of the Bank carry their best at all times and maintain the integrity that the institution has preserved in its many years in the Banking Industry.

RURAL BANK of BAYOMBONG, INC.
Bayombong, Nueva Vizcaya
Annual Report of Management to Stockholders

POLICIES & PROCEDURES
on RELATED PARTY TRANSACTIONS

The Bank at present does not have Related Party Transactions but it has set guidelines for managing such transactions if they arise. As stated in the RBBI Guidelines on Related Party Transactions, Related parties shall cover the following:

1. Any party (including their subsidiaries, affiliates and special purpose entities) that the bank exerts direct/indirect control over or that exerts direct/indirect control over the Bank.
2. The Bank's DOSRI, and their close family members up to 2nd degree.
3. Corresponding persons in affiliated companies, if there is any.
4. Such other person/juridical entity whose interest may pose potential conflict with the interest of the Bank.

The following guidelines are also observed in being Arm's Length Transactions:

1. Those that are included in the definition of Related Parties and is interested in applying for a loan must submit a written report to the Credit Committee for approval of loan.
2. The Related Party Applicant must submit the same documents needed/required as those of regular loan borrowers. (These are those requirements as defined with the Bank's Compliance with Circular 855).
3. The Head Office Manager shall check for the several documents submitted to the Credit Committee for further review.
4. The Credit Officer of the Bank shall make a final review of the loan being applied.
5. The Committee shall then turn it over to the President who shall be responsible in presenting the Loan Application to the Board on the next regular Board meeting.
6. At least majority of the votes of the Board of Directors must agree with the approval of the said Loan Application of the Borrower.
7. After approval, the Head Office Loan Officer shall prepare the documents for release of loans of the Related Party Transaction.
8. Then, it shall be forwarded to the Head Office Manager for final endorsement. He shall also turn over the same to the Head Cashier.
9. The Head Office Cashier must review all the documents prior to the release of the Loan.
10. The Internal Audit Team performs post checking of the loans.

In case the Director is the one who shall apply for a loan under Related Party transaction, he shall not join the Voting for Approval of Loan.

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SELF ASSESSMENT FUNCTIONS

The Compliance Office is composed of two personnel, the Compliance Officer and the Assistant Personnel to the CO. Its main duty is to see to it that the Bank as a whole is compliant with all the regulations and policies issued and required by the regulating agencies especially the BSP. The Compliance Office have the power to compel the presentation of all books, documents, papers, computer program/data necessary in his judgment to ascertain compliance of existing laws and regulations. It functions independently and reports directly to the Board, however, administratively, it reports to the President on a daily basis. Every year, the Compliance Office draft its Compliance Risk Assessment Tool to be used in its conduct of compliance checking for the year. With this, the order of priority on compliance checking is assigned basing on the result of risk assessment. The Compliance Office conducts unannounced compliance checking of the different departments and branches based on the frequency of visits as per risk assessment.

The Audit Department is composed of the Internal Auditor and Audit Assistants. They are mandated to review transactions entered into by the Bank and sees to it that policies and procedures set by the Board are being followed. They have the authority to directly access and communicate with any officer or employee, to examine any activity or entity, as well as to access any record, files or data whenever to the exercise of their assignment. The Audit Department functions independently and is reporting directly to the Audit Committee but like the Compliance Office, it also reports administratively to the President on a daily basis. Every year, an Audit Plan is prepared together with the Risk Based Methodology of identifying the risk level of each branch. This is used together with the Internal Audit Checklist in conducting their regular audit during the year.

The Compliance Office and the Audit Department prepare and discuss to the Board the result of their compliance checking and audit respectively. Through this, the Board can assess throughout the discussion the effectiveness and adequacy of the internal control system. It is also during this time that discussion of additional measures and/ or changes of the existing policies and procedures are undertaken.

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DIVIDEND POLICY

As stated on the Amended By-Laws of the Rural Bank of Bayombong, Inc., Bayombong, Nueva Vizcaya, adopted on June 20, 1992 and further adopted November 19, 2011, amended and filed to the Securities and Exchange Commission with the seal of the Commission affixed on May 22, 2012).

Article VII- Miscellaneous Provisions Section 5. Earnings

“The Bank shall, at the end of the fiscal year, apply the amount of its earnings in excess of operating expenses during the fiscal year to:

- a. A capital retirement fund to provide for the gradual retirement of the government’s equity investment in the Bank, in the manner at such rate, as the Rural Bank’s Act (Republic Act No. 720, as amended) and the implementing rules and regulations of the Central Bank may provide;
- b. Establishing and maintaining a reserve for bad and/or doubtful accounts;
- c. Replenishing any impairment to its capital;

Any sums remaining may be distributed as dividends to Stockholders, either in Cash or Stock, or Both, subject to the policy and pertinent rules and regulations of the Central Bank of the Philippines.”

In the Declaration of Dividends, all the Requirements stated in Section 124 of the MORB and MORNBFI including all the requirements of Circular No. 888 on the Amendments to Regulations on Dividend Declaration and Interest Payments on Tier 1 Capital Instruments must be satisfied.

After all the above have been satisfied, the Board together with all the Stockholders, discuss the Application of Dividend to the Bangko Sentral ng Pilipinas in a Stockholders Meeting and Board of Directors Special or Regular Meeting. The requirements for such application shall be prepared by the Compliance Officer for submission to the Financial Supervision Sector of Bangko Sentral ng Pilipinas which supervises the Bank.

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CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

RBBI recognizes the need for social responsibility. For the year 2020, RBBI had been active in providing assistance to the frontliners who are manning over the checkpoints because of the pandemic. Personal protective equipment like face shields were also donated to the frontline workers in some hospitals and LGUs. It has also donated financial assistance to the victims of the typhoons that hit Northern Philippines. Before the year ended, RBBI had also participated to its yearly Lingay-Labbu Outreach Program with Dr. Samuel Soliven wherein Christmas Baskets were distributed along with seeds to be planted by the community visited as part of educating and/or promoting the importance of backyard gardening.

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CONSUMER PROTECTION PRACTICES

As stated in the RBBI Policies on Consumer Protection:

The Board of Directors of the Bank has the responsibility of monitoring and overseeing the performance of the Senior Management and managing the day-to-day consumer protection activities of the bank. The Senior Management has the responsibility to implement the Consumer Protection Policies approved by the Board.

The RBBI BOD and Senior Management (SM) has developed and maintained a Sound Consumer Protection and Risk Management System that is incorporated in its delivery of service to RBBI clients. The Consumer Protection Risk Management System Policies that has been developed and approved by the Board shall be reviewed periodically as to the effectiveness. It shall also be parallel to the Audit Findings of both the Internal Audit Team and the Compliance Office. In cases where there are weaknesses in the Consumer Protection Risk Management System of RBBI, it shall be reported immediately to the Board by the Senior Management so that appropriate control measures can be made and corrective actions be done.

The Policies and Procedures of RBBI on Consumer Protection are approved by the Board. It is used to help the Board and SM check the Compliance of the Policies that has been put in placed. These Policies and Procedures are periodically reviewed and updated so as to serve as a reference for the employees and clients of RBBI.

The Compliance Officer shall monitor the compliance of RBBI with regards to the Consumer Protection Compliance Program that has been in accordance with the Revised Compliance Framework for Banks under Circular 747 dated February 06, 2012.

The Internal Audit Team, with the Internal Auditor as the head, regularly reviews the Consumer Protection Practices of RBBI-its adherence to internal policies and procedures set by the Board and its compliance with the existing laws, rules, and regulations that has been set by the Bangko Sentral ng Pilipinas, and different regulatory agencies.

CONSUMER ASSISTANCE MANAGEMENT SYSTEM (CAMS)

The RBBI Board of Directors is responsible in approving and overseeing the implementation of the Consumer Assistance Management System (CAMS).

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The Senior Management is responsible in the implementation of the Consumers Assistance Management Systems (CAMS) approved by the Board.

The following shall be the designated Head Consumer Assistance Officer (HCAO) and Consumer Assistance Officer (CAO) in each office:

The Head Consumer Assistance Officer: Compliance Officer/ Assistant Personnel to the CO

For Head Office bank operations: Head Office Manager

For ROPA concerns: Assets Acquired Manager

For Branch Bank Operations: Their respective Branch Manager.

The designated Consumer Assistance Officer (CAO) must be responsible for the following duties:

1. To receive and acknowledge consumer requests and complaints thru the Consumer Complaint Form;
2. Must maintain an up-to-date logbook containing the details of the complaint, including the date the complaint was filed, the action done by the bank to resolve the complaint and the date it was resolved.
3. Make a review and investigation on the filed complaints.
4. Suggests resolutions to resolve the issue.
5. Give official reply to the complainant/requester.
6. Prepare and submit report to the Chief Consumer Assistance Officer.

The Head Consumer Assistance Officer (HCAO) have the following duties:

1. Must monitor the Consumer Assistance Process.
2. Review and analyze the complaints in terms of their nature and recommends solutions to avoid recurrence.
3. Submit a summarized report to Senior Management on complaints received on a monthly basis including nature and details of complaints, the solutions recommended to avoid recurrence and the suggestions for process or personnel competency needing improvement.

The details of CAMS are posted in the Bank's conspicuous area to ensure that clients are knowledgeable on the process to be done in case they have requests or complaints with the Bank. Filed requests and/or request are processed accordingly within the allocated time frame. Afterwhich, a reply shall be given to the client who filed the request. The Consumer Assistance Officer shall maintain copies of filed requests and/or complaints including all the details and supporting

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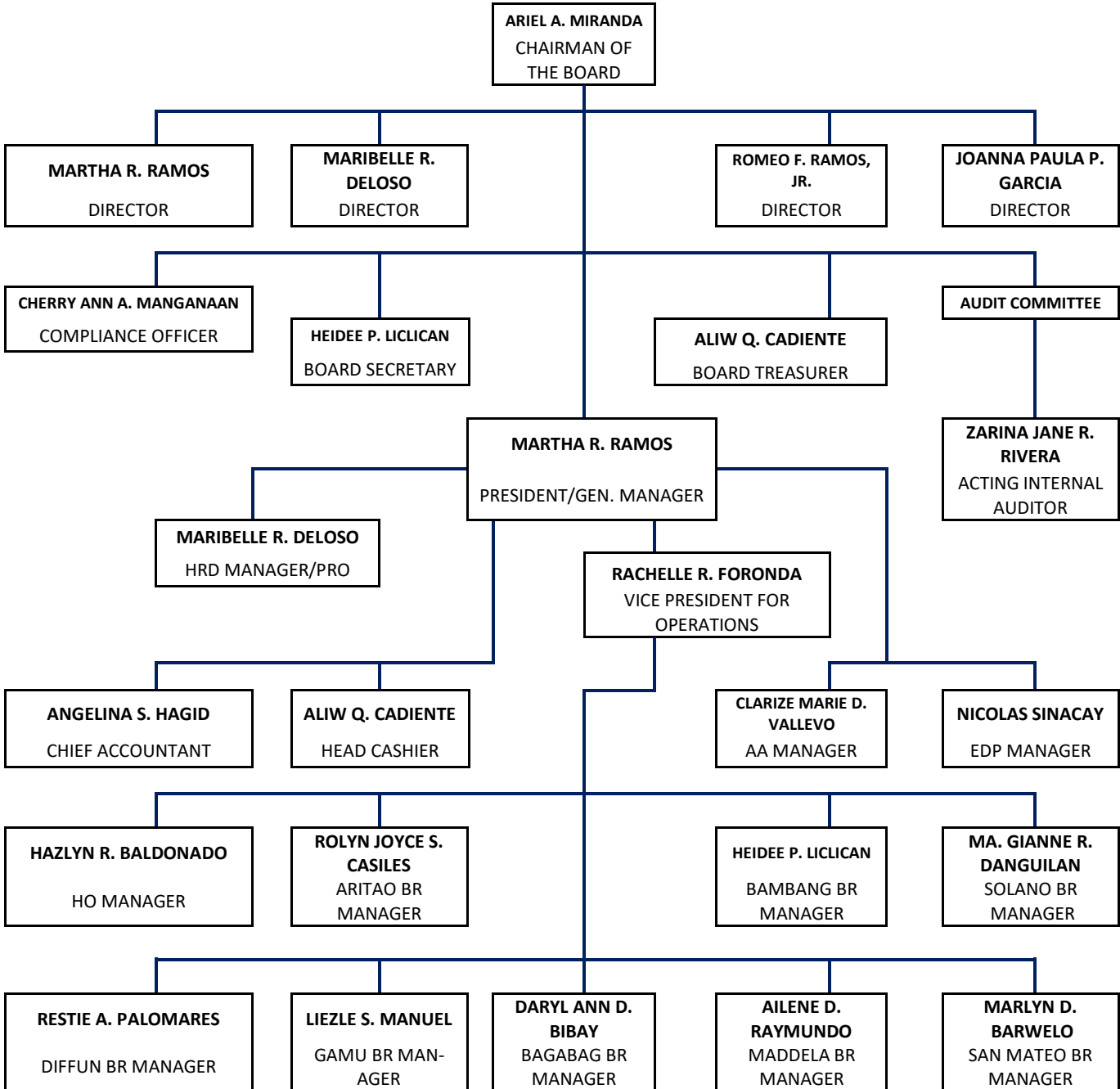
Bayombong, Nueva Vizcaya

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documents within (2) years from date of resolution. The Head Consumer Assistance Officer maintains also a master registry of all filed requests and/or complaints from Head Office and Branches to identify the common complaints received and the potential problems and risk that it may cause. These would help the bank in identifying and fixing any recurring problems. It will also help in identifying the bank's internal control weakness. With these, the CAO must analyze the filed requests and complaints, the reason for the complaints and how it will affect other areas in the bank operations.

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ORGANIZATIONAL STRUCTURE



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LIST of STOCKHOLDERS

Name	Nationality	Percentage of Stockholdings
1. Romeo F. Ramos, Jr.	Filipino	31.00%
2. Martha R. Ramos	Filipino	19.01%
3. Rachelle R. Foronda	Filipino	4.00%
4. Maribelle R. Deloso	Filipino	4.00%
5. Krystelle R. Ramos-Gagate	Filipino	4.00%
6. Herminia G. Angeles	Filipino	16.99%
7. Ariel A. Miranda	Filipino	1.00%
8. Antonina Z. Romero	Filipino	1.76%
9. Archie R. Ocampo	Filipino	17.24%
10. Joanna Paula P. Garcia	Filipino	1.00%
		100.00%

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LIST of PRODUCTS and SERVICES

PRODUCTS and SERVICES	DESCRIPTION
	LOANS
Sakto Loans	Sakto Loans are classified as Short-Term with variety of terms such as 2 months, 4 months and 5 months and are payable in lump sum on due date. These types of loan can be used for a variety of purposes that include Farming, Hog Raising and Poultry .
Pangarap Loans	These types of loan are offered to those who need funds for Business, House Construction, House Improvement and Purchase/ Lease of Lot, Purchase of Vehicle and can be availed for a term of 3 years to 5 years . Mode of payment for these types of loan is thru installment depending on the Source of Income of the Borrower. However, should the client wish to settle the loan prior to the end of the Original Term in the Disclosure, an additional Pre-Termination fee of 3% to 5% shall be charged to the client.
Tayo’y Mag-Alaga Loan	These types of loan are offered to those who need funds for either Poultry, Livestock or Cattle . It offers 6 months to 9 months term and payable in lump sum on due date. Another feature for these types of loan is that it can be renewed on its due date by paying the interest of the loan provided this is a continuous activity and the Capacity to Pay of the Borrower is re-established.

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PRODUCTS and SERVICES	DESCRIPTION
Tayo'y Mag-Ani Loan	This product offers credit support to agriculture and agricultural-related projects specifically Farming of Palay/Vegetable and Purchase of Fertilizer . These also offer 3 to 6 months term and payable in lump sum on due date and may be renewable provided this is a continuous activity and the Capacity to Pay of the Borrower has been re-established.
Tayo'y Mag-Abroad Loan	Tayo'y Mag-Abroad Loan is solely for the purpose of Placement Fee with a term of 12 months or 24 months (subject to confirmation of length of contract). This is payable in Installment depending on the Source of Income of the Borrower.
Tayo'y Mag-Negosyo Loan	Tayo'y Mag-Negosyo Loan offers financial assistance for business-related purposes whether capital and start-up expenses for business or payment for expansion of the business. With a variety of terms that can be availed which include 12 months, 18 months or 24 months (subject to verification of Capacity to Pay), these types of loan shall be payable monthly (if with existing business) and can be granted three months grace period for startup business.
Tayo'y Mag-Bahay at Lupa Loan	The primary purpose of these type of loan is to facilitate Purchase of House/Lot , finance House Construction and Purchase of Construction Materials or Improvement of Lot . Term of these loans is 12 months or 24 months . Mode of Payment depends on the source of income of the

RURAL BANK of BAYOMBONG, INC.

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PRODUCTS and SERVICES	DESCRIPTION
At Iba Pa Loan	<p>client that can either be payable semi-annual (if source of income of the client is agriculture in nature) or monthly amortization (if source of income of the client is monthly in nature like Salary, Remittance or Pension, etc).</p> <p>Other Purposes that are not specified from all other loan types fall under these types of loan. Other Purpose of Loan can be for Consumption, Hospitalization, Purchase of Medicine, Educational Purpose, Travel/ Vacation and Purchase or Repair of Vehicle. The term of these loan is 3 months, 6 months, 9 months and 1 year that is payable lumpsum or installment depending on the Source of Income of the Borrower.</p>
DEPOSITS	
Regular Savings Deposit	<p>An Initial Deposit of P100.00 shall be required from the depositor and shall be the minimum maintaining balance. Deposits shall earn interest at such rate determined by the Bank with a minimum of P500.00 and shall be subject to 20% withholding tax computed based on actual daily cleared balance compounded quarterly. All deposits are insured up to P500,000.00 per depositor as per PDIC Rules and Regulation.</p>
Golden Savings Deposit	<p>An Initial Deposit of P15,000.00 shall be required from the depositor and shall be the minimum maintaining balance. These types of deposit have a variety of term from which the client can choose. Minimum term is 90 days up to 360 days but not more than 5 years. Interest of which will be computed based on the number of days used times the stipulated rate and subject to 20%</p>

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PRODUCTS and SERVICES	DESCRIPTION
GSD with 5 years and 1-day Term	<p>withholding tax. Withdrawal before half of the term stipulated in the GSD Passbook shall get an interest rate which is $\frac{1}{4}$ or 25% of the rate stipulated and those who withdraw after the $\frac{1}{2}$ period but before the maturity date shall get half or 50% of the interest stipulated. All deposits are insured up to P500,000.00 per depositor as per PDIC Rules and Regulation.</p> <p>Bank offers a GSD with 5 years and 1-day account with an initial deposit of P300,000.00 but not more than 3 Million (subject for approval). This type of account requires the depositor to open an Auto-Transfer Savings account wherein the interest earned from the GSD Account shall be deposited every 30 days. Interest shall be exempted from income tax. In case of pre-termination of the account, the interest shall be subject to the graduated rates of Final Withholding Tax and shall be deducted and withheld by the bank from the proceeds of the long-term deposit based on the remaining maturity thereof.</p>
Checking Account	<p>Initial Deposit for Current Account shall be P10,000.00 and this shall also be the minimum maintaining balance of the account. In case of Return Check, a Depositor shall pay a Service Charge of P2,050.00 per check plus P205 for every forty thousand (P40,000.00) and a fraction thereof. Deposits shall earn interest at such rate determined by the Bank with a minimum of P500.00 and shall be subjected to 20% withholding tax computed based on actual daily cleared balance compounded quarterly. All deposits are insured up to P500,000.00 per depositor as per PDIC Rules and Regulation.</p>

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PRODUCTS and SERVICES	DESCRIPTION
SUBASTA SALES	The Bank offers Real Estate Properties for Sale. It can be paid lump sum or installment for a minimum of two years and a maximum of ten years depending on the Selling Price and the Capacity to Pay of the Buyer. Sale of Subasta is conducted thru Public Bidding which is done every 3 rd Wednesday of the month. Registry of Bidders are being approved by the Board two weeks prior to the scheduled bidding date and highest bidder shall be the one to acquire such property.
OTHER SERVICES	
BDO POS	This service offers a convenient and safe withdrawal using ATM Card or Debit Card in partnership of Banco de Oro (BDO). The Teller will swipe their card and then the Client will enter their PIN (Personal Identification Number) in order to withdraw over-the-counter. Convenience Fee is P25.00 in every P5,000.00 withdrawal.
ENCASH POS	This service is like BDO POS which also offers a convenient and safe withdrawal using ATM Card or Debit Card in partnership of EnCash. The Teller will swipe their card and then the Client will enter their PIN (Personal Identification Number) in order to withdraw over-the-counter. A charge amounting to P30 for every P10,000 withdrawal is being debited in the ATM Balance.

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PRODUCTS and SERVICES	DESCRIPTION
EnCash ATM	This service allows clients to withdraw funds from their ATM Accounts.
RuralNet Bills Payment	This service also allows clients to pay Bills thru Rural Net conveniently. The bank accepts payment for the following: Telecommunications - PLDT, GLOBE, SMART, INNOVE, BAYAN, PILTEL, SUN CELLULAR, DIGITEL, Power & Utilities – VECO, BENECO, SUBIC ENERZONE, MAYNILAD, DAVAO LIGHT, ILO-ILO ELECTRONIC COOP., MANILA WATER, PRIMEWATER, STA. LUCIA, Cable & Internet – SMARTBRO, SKYCABLE, WITRIBE, PLANETCABLE, CABLELINA, PILIPINO CABLE, CIGNAL, etc.

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Rural Bank of Bayombong, Inc.
and the Other Rural Banks in Cagayan Valley

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Bank Website: www.rbbayombong.com

LIST of BANKING UNITS

Branches	Address	Contact Number
RBBI- Head Office	National Road, Purok 2, District IV, Bayombong, Nueva Vizcaya	(078) 321-2728 (078) 321-2428 0928-933-2170 0995-098-0619
RBBI- Aritao Branch	National Road, Poblacion, Aritao, Nueva Vizcaya	0927-472-5332
RBBI- Bagabag Branch	National Road, San Pedro, Bagabag, Nueva Vizcaya	0906-238-3984
RBBI- Bambang Branch	National Road, Banggot, Bambang, Nueva Vizcaya	(078) 362-0050
RBBI- Diffun Branch	National Road, Andres Bonifacio, Diffun, Quirino	0927-993-3847
RBBI- Gamu Branch	National Road, Upi, Gamu, Isabela	0965-668-0528
RBBI- Maddela Branch	National Road, Poblacion North, Maddela, Quirino	0920-921-8779
RBBI- San Mateo Branch	National Road, Poblacion, San Mateo, Isabela	0926-518-8741
RBBI- Solano Branch	National Road, Brgy. Quezon, Solano, Nueva Vizcaya	0906-238-4916

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II. Compliance with Appendix 62, Part V of the MORB- Disclosures in the Annual Reports and Published Statement of Condition

**CAPITAL STRUCTURE and
CAPITAL ADEQUACY**

1.	Tier 1 Capital and a breakdown of its components;	
	Paid up Common Stock	79,448,000.00
	Retained Earnings	88,541,168.99
	Undivided Profits	-167,895.60
	Total Tier 1 Capital	167,821,273.39
2.	Tier 2 Capital and a breakdown of its components	
	General Loan Loss Provisions	819,639.15
	Total Tier 2 Capital	2,000,778.00
3.	Deductions from Tier 1 (50%) and Tier 2 (50%) capital:	0.00
4.	Total Qualifying Capital:	167,507,732.44
5.	Capital Requirements for Credit Risk	56,057,586.00
6.	Capital Requirements for Market Risk	0.00
7.	Capital Requirements for Operational Risk	6,139,322.30
8.	Total and Tier 1 Capital Adequacy Ratio on both solo and consolidated bases	
	Tier 1 CAR	26.80
	Total CAR	26.93