



2018 ANNUAL REPORT

DRIVING GROWTH AND SUCCESS

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BOF 2018 at a Glance



TOTAL ASSETS

PhP3.35 Billion



TOTAL CAPITAL

PhP586 Million



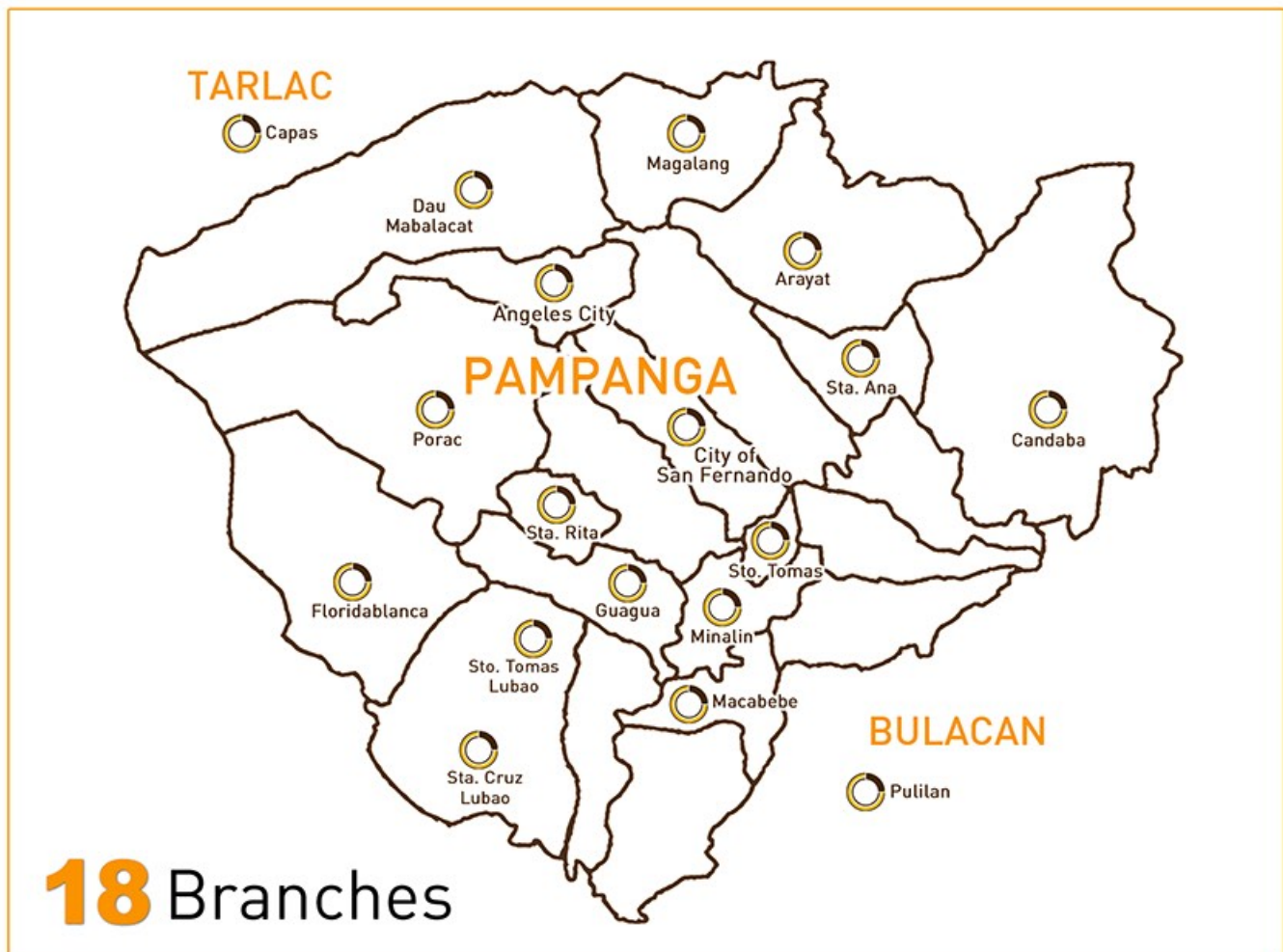
TOTAL DEPOSITS

PhP2.58 Billion



TOTAL LOANS

PhP2.38 Billion





VISION

We will be the bank of choice of Micro, Small and Medium Enterprises (MSMEs) in Central Luzon delivering excellent and relevant products & services contributing to financial inclusion towards economic progress and development.

MISSION

We provide innovative products and personalized services at all times ensuring utmost client satisfaction and in compliance with government regulations.

We develop and empower our people to be highly competent professionals and we shall recognize their excellent performance.

We deliver consistent and satisfactory returns to our shareholders and build lasting partnership with our key stakeholders advocating social responsibility.

CORE VALUES

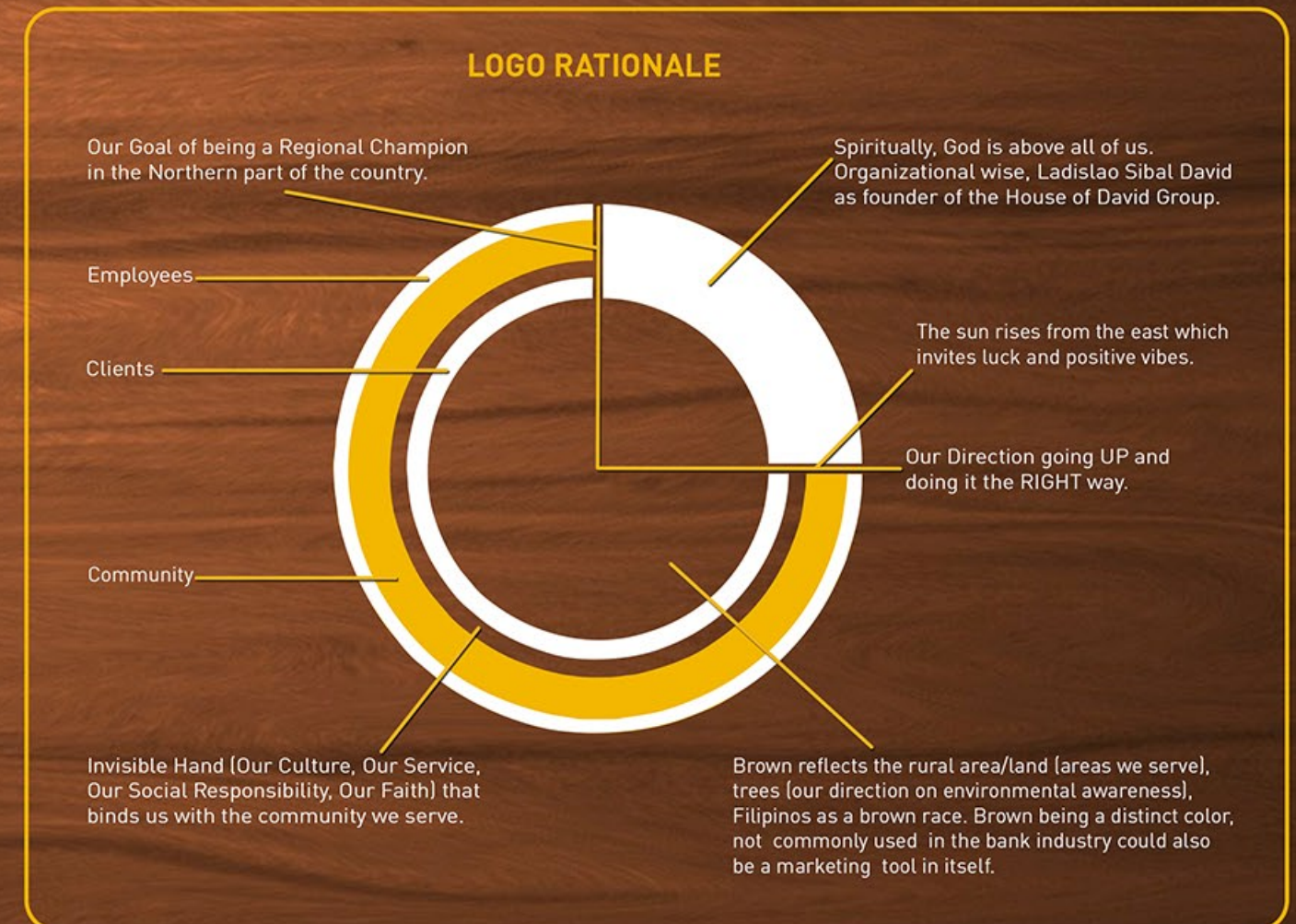
- C** - Competence
- A** - Accountability
- R** - Responsibility
- I** - Integrity
- N** - Nurturing
- G** - God-driven

Corporate Profile

BOF, one of the country's leading rural banks, provides products and services to empower and support the growth of Micro, Small and Medium Enterprises (MSMEs) in Central Luzon. Established in 1964, BOF has served as a catalyst in Pampanga countryside development and growth. BOF is set apart from its competition through its in-depth understanding of clients' needs, superior grassroots customer approach which stems from its desire in preserving, cultivating and protecting the heritage and rich culture not just that of Pampanga but that of the Filipino nation as well.

Over the past decades, BOF has always been quick to embrace innovation which makes it an industry leader while maintaining its rich history.

BOF Brand



Message from the Chairman of the Board



Once again, Bank of Florida (BOF) has proved its mettle in facing up to both the challenges and opportunities of the engaging times to gain a respectable performance in 2018 alongside with the brand and quality service that it offers to its ever growing clientele. BOF, as ever, has kept its unique and evolving character as one deeply rooted in and committed to its countryside community and embracing world-class banking that have made it as a consistently outstanding financial institution over the years.

The vision of BOF at its inception was to be a caring bank. While recognizing our commitment, we have expanded our original vision with our creation of products and services in becoming the bank of choice of Micro, Small and Medium Enterprises (MSMEs) in Central Luzon through the collaborative efforts of BOF and the Pampanga Chamber of Commerce and Industry, Inc. (PamCham). So much optimism and confidence is sown in this trenchant vision.

Moreover, it gives me an immense pleasure and a rare privilege to have been part of the BOF's leadership team that has remarkably helped steer the bank to where it is now and to where it should be headed in the years to come.

Central Luzon, today, is so much more than just a highly progressive region. It is shaping up to be a model in modern countryside transformation and growth that many other regions can look up to. Part of the bright lodestone is the strong partnership between the public and private sector. BOF, has its own meritorious contribution in this regard, given its built-in character as authentically connected to its community and its vast stakeholders.

This annual report should flesh out in facts and figures, programs and strategies through which BOF has risen from its humble beginnings to what it is today and what it can potentially become in the foreseeable future. 2018 continued to deliver incremental, but critical, improvements in strengthening the bank's core foundations to meet growing challenges and opportunities head on.

Our results, go a long way towards positioning the bank in becoming a more competitive institution. Our transition into a technology-enabled, customer-focused, and more agile institution is possible because of the guidance and wise counsel of the Board of Directors, continued shareholder support, and the management team's perseverance and dedication.

To our esteemed members of the Board, our dedicated bank officers and our reliable and hard-working employees, thank you and congratulations for a job well-done in 2018. We look forward to sharing more banking years with all of you.



Liberato P. Laus
Chairman of the Board

President's Report to the Stockholders



A LEADER IN ACTION

2018 has been a true testament of BOF's vision and mission. The year brought a lot of challenges and headwinds, yet our fundamental performance remained stronger than ever. We witnessed significant growth in our year-on-year net worth, which was particularly strong during the past year up to present.

Our bank is focused on being involved in its continuous commitment to the community, its employees and clients as it calls for an appeal to enlighten interest as well as a sense of corporate social responsibility. Through this, BOF developed a more holistic approach to involvement, building up a deeper connection and continues to evolve together with the community it serves.

We at BOF continue to drive sustainable growth through a well-diversed portfolio and making certain that our customers are our top priority, "the front and center in everything we do."

More than becoming a successful company, BOF sustains its vision by strengthening its support for Micro, Small and Medium Enterprises (MSMEs) as they provide not only the much needed boost for growth, employment and exports but more significantly, contributes to geographical and social equity. MSMEs are contributing towards the sustainable growth of the nation.

With regards to this, my role as the Chairperson of the Pampanga Small and Medium Enterprises Development Council (PSMEDC) since July 2007 was created and organized under Republic Act 6977, also known as the Magna Carta for Small and Medium Enterprises, an act to promote, develop and assist small and medium enterprises through the creation of a SMED council.

In 2018, our net worth grew by 7.14% from our PhP 548 million in 2017 to PhP 586 million in 2018 which is 14 times greater compared to Bangko Sentral ng Pilipinas' requirement of PhP 40 million for rural banks with offices outside the National Capital Region (NCR) with 11 to 50 branches.

These are the bearing fruits of our banking efforts, principles and strategies coupled with consistent and excellent customer service experience we provide to our clients.

The core to BOF's strategic thrust is customer satisfaction. It is important for us that the new products and services introduced in the market will carry us towards being a customer-centered organization. On a lending perspective, this 2019, we will be launching our newest loan product, the Home Loan under Republic Act. No. 8763 or the Home Guaranty Corporation (HGC) Act of 2000, which will provide guaranty cover to investments and credits for housing.

HGC will provide risk cover on the outstanding principal and interest yield up to 11% and are exempt from all taxes up to 11%. This will enable low-income groups to acquire decent and low-cost housing units through support mechanisms and facilities which shall render affordable acquisition of properties.

Digitization is a key to making our customers satisfied and as such, BOF will be focused on technology upgrades to improve turn-around time, increase over-all efficiency and minimize risks. We have been approved by the Philippine Clearing House Corporation (PCHC) to directly participate in the one-day check clearing. This will clearly manifest BOF's stability further as a banking institution, providing the kind of service commercial banks give. Our one-day check clearing shall be launched in June 2019.

As a part of our many initiatives to further improve the service being given to our customers, we have expanded our number of branches to eighteen (18) when we opened our Macabebe Branch Office (MCBO) on August 8, 2018. Our newly opened branch is a way for us to contribute to the growth of the community through financial inclusion towards economic progress and development.

Moving forward, BOF's customer-focused strategy will be aggregating its growth in loans and deposits with services and new products at the front and center to support its core businesses. We will continue to work on strategic imperatives to leverage on people, process, products and customer relationships to reach new heights. We aim to continue to be relevant by foreseeing the needs, wants, and preferences of our customers. We continue to innovate so our products and services resonate with the communities we serve.

We would like to extend our deepest gratitude to all our customers, business partners and affiliates, and shareholders for your continued trust and confidence with BOF. Our utmost appreciation to our board of directors, executives and the rest of BOF family for their unwavering commitment in going through challenges to provide excellent banking experience.

Steered by our vision, we are assertive that BOF will succeed in achieving the goals set within the organization. We look forward to a more fulfilling year in making BOF – "the bank of choice of Micro, Small and Medium Enterprises (MSMEs) in Central Luzon delivering excellent and relevant products and services contributing to financial inclusion towards economic progress and development."


Teresa David-Carlos
President and CEO

Financial Highlights

	2018	2017
Profitability		
Total net interest income	183,655,177	162,125,207
Total non-interest income	72,446,133	89,352,392
Total non-interest expenses	161,574,012	155,843,510
Pre-provision profit	94,527,298	95,634,089
Allowance for credit losses	23,462,125	24,631,732
Net Income	50,860,202	50,443,950
Selected Balance Sheet Data		
Liquid Assets	741,428,199	614,707,010
Gross Loans	2,381,419,648	2,306,951,159
Total Assets	3,349,507,002	3,142,142,179
Deposits	2,585,170,707	2,258,548,276
Total Equity	586,532,148	547,514,615
Selected Ratios		
Return on equity	8.67%	9.21%
Return on assets	1.52%	1.61%
Capital adequacy ratio	16.80%	16.35%
Others		
Cash dividends declared	12,000,912	12,000,912
Headcount		
Officers	40	44
Staff	123	121
Total	163	165
Tier 1 Capital	556,579,613	512,427,643
Tier 2 Capital	34,856,501	35,993,500
Total Qualifying Capital	591,436,114	548,421,143
Capital requirements for credit risk	3,249,661,919	3,104,409,773
Capital requirements for operational risk	270,306,263	252,075,051
Tier 1 Capital Adequacy Ratio	15.81%	15.27%
Total Capital Adequacy Ratio	16.80%	16.34%

The regulatory capital is analysed into two tiers which are Tier 1 Capital plus Tier 2 Capital less allowable deductions from the total of Tier 1 and Tier 2.

Tier 1 Capital includes paid up common stock, additional paid-up capital, surplus, surplus reserves and undivided profits less deferred income tax net of deferred tax liabilities.

Tier 2 Capital includes perpetual cumulative preferred stock, appraisal increment reserve-bank premises and general loan loss provision.

STATEMENTS OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **BOF, INC. (A RURAL BANK)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Bank's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

UHY M.L. AGUIRRE & CO., CPAs and **ALAS, OPLAS & CO., CPAs**, the independent auditors appointed by the stockholders for the years ended December 31, 2018 and 2017, respectively have audited the financial statements of the Bank in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinions on the fairness of presentation upon completion of such audit.



LIBERATO P. LAUS
Chairman of the Board



TERESA DAVID-CARLOS
President and CEO



ERLISA C. MANINANG
Treasurer

Signed this 20th day of March 2019.

INDEPENDENT AUDITOR'S REPORT

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Pasong Tamo Tower
2210 Chino Roces Ave.
Makati City
Metro Manila, 1231
Philippines

Phone +63 2 555 0834
Email ask@mlaguirre.org
Web www.mlaguirre.org

Stockholders and Board of Directors
BOF, INC. (A RURAL BANK)
McArthur Hi-way, Dolores, San Fernando City
Pampanga

Opinion

We have audited the financial statements of **BOF, INC. (A RURAL BANK)** (the "Bank"), which comprise the statement of financial position as of December 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statement, including a summary of significant accounting policies.

In our opinion, the financial statement presents fairly, in all material respects, the financial position of **BOF, INC. (A RURAL BANK)** as of December 31, 2018, and its financial performance and cash flow for the year then ended in accordance with Full Philippine Financial Reporting Standards – (Full PFRS).

Basis for Opinion

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

Other Matter

The financial statements of the Bank for the year ended December 31, 2017, were audited by another auditor who expressed an unmodified opinion on those statements on April 13, 2018.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Full Philippine Financial Reporting Standards – (Full PFRS) and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Further descriptions of the auditor's responsibilities for the audit of the financial statements are indicated in the Appendix I of this auditor's report.

Report on the Supplementary Information Required Under Revenue Regulations

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 to the financial statements is presented for purposes of filing with Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the Management of **BOF, INC. (A RURAL BANK)**. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

UHY M.L. AGUIRRE & CO., CPAs

Tax Identification No. 006-533-775

BOA Accreditation No. 4511

January 11, 2018 valid until May 14, 2021

BIR Accreditation No.08-005582-000-2018

September 18, 2018 valid until September 17, 2021

BSP Accredited

Valid for Financial Audit Report For the Years 2017, 2018 and 2019

SEC Group B Accreditation No. 0373-F

December 18, 2018 valid until December 17, 2021

CDA - CEA No. 0038-AF

July 17, 2017 valid until July 16, 2020

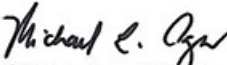
NEA Accreditation No. 2017-10-00045

October 23, 2017 valid until October 22, 2020

IC Accreditation No. F-2018-007-R

May 29, 2018 valid until May 28, 2021

By:



MICHAEL L. AGUIRRE

Partner

CPA Certificate No. 097376

PRC ID Expiry Date September 11, 2021

BOA Accreditation No. 4511

January 11, 2018 valid until May 14, 2021

BSP Accredited

Valid for Financial Audit Report For the Years 2017, 2018 and 2019

SEC Group B Accreditation No. 1730-A

December 18, 2018 valid until December 17, 2021

Tax Identification No. 182-084-772

BIR Accreditation No. 08-005582-001-2018

September 18, 2018 valid until September 17, 2021

IC Accreditation No. SP-2018-016-R

May 29, 2018 valid until May 28, 2021

PTR No. 7338458

Issued on January 04, 2019

Makati City

April 15, 2019

Makati City, Philippines

APPENDIX I

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

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

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

STATEMENTS OF FINANCIAL POSITION

December 31, 2018

(With Comparative Figures for 2017)

(In Philippine Peso)

	2018	2017
ASSETS		
Cash and other cash items	43,575,760	29,443,699
Due from Bangko Sentral ng Pilipinas	81,530,706	73,019,687
Due from other banks	536,403,783	450,731,732
Investments at fair value through profit or loss	14,596,180	16,190,122
Financial assets at amortized cost	65,321,770	45,321,770
Loans and receivables - net	2,307,943,263	2,216,502,421
Bank premises, furniture, fixtures & equipment - net	85,948,710	89,706,323
Investment properties - net	164,253,006	159,953,058
Deferred tax assets	21,303,701	25,858,640
Other assets - net	28,630,123	35,414,727
TOTAL ASSETS	3,349,507,002	3,142,142,179
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposit liabilities	2,585,170,707	2,258,548,279
Bills payable	140,000,000	292,339,000
Income tax payable	1,391,621	8,296,002
Dividends payable	2,607,377	2,068,907
Deferred tax liability	6,486,624	6,644,867
Other liabilities	27,318,525	26,730,509
TOTAL LIABILITIES	2,762,974,854	2,594,627,564
EQUITY		
Capital Stock- common	386,526,320	386,526,320
Capital Stock- preferred	206,000	206,000
Additional paid-up capital	33,166,673	33,166,673
Revaluation surplus	15,135,458	15,504,690
Surplus- free	151,497,697	112,110,932
TOTAL STOCKHOLDERS' EQUITY	586,532,148	547,514,615
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	3,349,507,002	3,142,142,179

STATEMENTS OF COMPREHENSIVE INCOME

For The Year Ended December 31, 2018

(With Comparative Figures for 2017)

(In Philippine Peso)

	2018	2017
INTEREST INCOME		
Loans and receivables	211,618,488	186,288,642
Due from other banks	7,594,223	5,955,042
Investments at fair value through profit or loss	700,174	735,922
Financial assets at amortized cost	2,043,611	823,723
	221,956,496	193,803,329
INTEREST AND FINANCE CHARGES		
Deposit liabilities	35,255,540	28,264,376
Borrowed funds	3,045,779	3,413,746
	38,301,319	31,678,122
NET INTEREST INCOME	183,655,177	162,125,207
Impairment losses	23,462,126	24,631,732
NET INTEREST INCOME AFTER IMPAIRMENT LOSSES	160,193,051	137,493,475
Other income	72,446,133	89,352,392
TOTAL OPERATING INCOME	232,639,184	226,845,867
OPERATING EXPENSES	159,998,979	155,413,235
OTHER EXPENSES	1,575,032	430,275
PROFIT BEFORE INCOME TAX	71,065,173	71,002,357
PROVISION FOR INCOME TAX	20,204,971	20,558,407
NET PROFIT	50,860,202	50,443,950
OTHER COMPREHENSIVE INCOME	158,243	158,243
TOTAL COMPREHENSIVE INCOME	51,018,445	50,602,193

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For The Year Ended December 31, 2018

(With Comparative Figures for 2017)

(In Philippine Peso)

	Common Share Capital	Preferred Share Capital	Additional Paid-in Capital	Revaluation Surplus	Surplus Free	Total
Balance at January 1, 2017	386,526,320	206,000	33,166,673	15,873,922	71,140,269	506,913,184
Total comprehensive income	-	-	-	-	50,443,950	50,443,950
Other Comprehensive Income	-	-	-	(369,232)	527,475	158,243
Dividends paid	-	-	-	-	(10,000,762)	(10,000,762)
Balance at January 1, 2018	386,526,320	206,000	33,166,673	15,504,690	112,110,932	547,514,615
Total comprehensive income	-	-	-	-	50,860,202	50,860,202
Other Comprehensive Income	-	-	-	(369,232)	527,475	158,243
Dividends declared	-	-	-	-	(12,000,912)	(12,000,912)
Balance at December 31, 2018	386,526,320	206,000	33,166,673	15,135,458	151,497,697	586,532,148

STATEMENTS OF CASH FLOWS

For The Year Ended December 31, 2018

(With Comparative Figures for 2017)

(In Philippine Peso)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	71,065,173	71,002,357
Adjustments for:		
Gain on sale of investment properties	(38,813,309)	(61,605,265)
Depreciation and amortization	25,799,873	25,984,145
Provision for credit losses	23,462,126	24,631,732
Interest income	(10,338,008)	(7,514,687)
Interest expense	3,045,779	3,413,746
Unrealized loss on investment at FVPL	1,575,032	374,041
Gain on sale of bank premises, furniture, fixtures and equipment	(571,998)	(128,570)
Operating cash flows before working capital changes	75,224,668	56,157,499
Changes in operating assets and liabilities		
Decrease (increase) in:		
Loans and receivables	(156,083,566)	(474,185,254)
Other assets	(3,680,432)	2,842,283
Increase in:		
Deposit liabilities	326,622,428	354,795,669
Other liabilities	(5,802,819)	1,535,698
Cash generated from (used) in operations	236,280,279	(58,854,105)
Interest received	9,001,372	6,658,168
Interest paid	(3,345,059)	(2,685,717)
Income tax paid	(16,788,227)	(14,541,055)
<i>Net cash from (used) in operating activities</i>	231,838,483	(69,422,709)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investment properties	66,160,276	117,985,758
Additional investment in financial assets at amortized cost	(20,000,000)	(40,000,000)
Acquisition of bank premises, furniture, fixtures, and equipment	(6,473,096)	(14,293,675)
Proceeds from disposal of bank premises, furniture, fixtures, and equipment	572,000	143,232
<i>Net cash from investing activities</i>	40,259,180	63,835,315
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of borrowings	175,000,000	292,339,000
Payment of borrowings	(327,339,000)	(197,898,459)
Dividends paid	(11,462,442)	(9,584,413)
<i>Cash from (used in) financing activities</i>	(163,801,442)	84,856,128
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH	18,910	(56,234)
NET INCREASE IN CASH	108,315,131	79,212,500
CASH AT BEGINNING OF YEAR	553,195,118	473,982,618
CASH AT END OF YEAR	661,510,249	553,195,118

Special Feature 1

Community Involvement 2018: Helping Public Schools

The spirit of giving back has always been at the very heart of BOF. Our approach to corporate social responsibility is dedicated to finding solutions whilst tailoring our community support to achieve the most impact. While solutions may change, BOF's core values of Competence, Accountability, Responsibility, Integrity, Nurturing and God-driven (CARING) endure, consistently guiding us as we give back to the communities where we do business.

(1 & 2) Chairs, Tables and Stand Fans for Lacquios Elementary School Arayat, Pampanga. And Cub-Cub Daycare Center, Cub-Cub, Capas, Tarlac

As a highly reputable and caring bank which is grounded in sustainability, BOF has shown so much commitment towards improving the quality of life of people in its catchment areas. With the increase in the number of students every school year, public schools face the problem of accommodating the population of students per classroom. On June 28, 2018 and April 25, 2018, two Corporate Social Responsibility activities were held at Lacquios Elementary School in Arayat, Pampanga and Cub-Cub Daycare Center in Capas, Tarlac respectively. Both spearheaded by BOF's President and CEO, Ms. Teresa David-Carlos, BOF donated chairs, tables and standfans to the chosen schools. With the bank's donation, learning will be more conducive and convenient for the students.



(1) Lacquios Elementary School, Arayat, Pampanga



(2) Cub-Cub Daycare Center, Cub-Cub, Capas, Tarlac

(3) Cleaning Materials and Outdoor Plants for San Gabriel Elementary School

Flooding in and around public schools is a constant hazard in the Philippines especially in a low-lying area like Macabebe, Pampanga. San Gabriel Elementary School is one of the public schools often cancelled classes because of flood from heavy rainfall. In view of BOF's legacy of giving back to communities covered by its branches, we held another Corporate Social Responsibility (CSR) activity this time for the benefit of the students of the said school. On December 5, 2018, BOF donated cleaning materials to help the school clean up after flood. Outdoor plants were also given to replace the ones damaged by flood.



(3) San Gabriel Elementary School, Macabebe, Pampanga

Special Feature 2

Clients' Success Stories



Customer For Life

Mariano D. Gomez

Farm Owner

"IF THERE'S A MILL, THERE'S A WAY." The Pampanga Sugar Mills (PASUMIL), built in the sprawling fields of Del Carmen, Floridablanca, Pampanga, was the first-ever modern sugar mill in the province where one of BOF's very first clients, Mr. Gomez worked after his high school graduation as a lab personnel in 1953. As a Commerce student at Guagua National Colleges, it was during that time where he was already held responsible for holding and keeping the planter's book.

With the sugar industry reaching its peak, Mr. Gomez himself decided to start his own plantation while he was currently employed at PASUMIL. As opportunity for growth arises, he realized that he needed more resources to keep the operations going. During those times, there were only limited banks within the locale of Del Carmen and in 1964, Bank of Florida was established, making Mr. Gomez as one of the bank's first ever customers.

Mr. Gomez enthuses about how BOF has helped him over the years. "Malaki ang pasasalamat ko sa BOF. I was 32 years old then when I first opened my account at your branch in Del Carmen and BOF continues to extend a loan for me to grow my business up to now," he says.

For him, BOF will always have a special place in his heart as he remembers the late Mr. Ladislao S. David who was also a planter back in the days. Being in the business for a long time, he also noted the value of relationships between customers. "Because of BOF, I became very close with the late Mr. David. Lahat ng serbisyong kailangan ko, binibigay nila kaya naman kung ano ang maitutulong ko sa kanila, ay binibigay ko din", he says.

Mr. Gomez also praises BOF's incredible and hassle-free service when it comes to attending his needs especially when it comes to processing of loans. "Mabilis ang pagprocess at pag-release", as he recalls. It was also through BOF that he was able to expand his farm up to 22 hectares which was enough to send his three children to good universities and finish with prestigious degrees.



A Part of Life

Aurora S. Bacani

Business Owner

Aurora S. Bacani is a General Merchandise wholesaler in heart of Guagua, Pampanga. As for someone who has an entrepreneurial mindset, Aurora started seeking for other business opportunities but much to her surprise, she found herself in a difficult situation when the businesses she had put up did not turn out well due to unforeseen circumstances.

With great determination, she aimed at making a big comeback after her failed business attempts. In her searching, she found a bank that recognized and understood the concerns of small and medium business owners, and she discovered it in BOF. Very timely, it was also during that time when BOF had a lot for sale in Guagua which paved its way to Aurora's current success.

"Kailangan ko ng bodega dahil madalas lumubog noon at apektado ang mga tinda ko. Buti nalang ay mayroong lot for sale ang BOF. Through BOF, mabilis inayos ang mga documents ko, nakapag-renew din ako ng loan at nakapagpagawa ako ng mga stalls ko sa lot na nabili ko sa BOF", Aurora recalls.

Despite the low rates offered by other banks to her, BOF remained competitive therefore gaining her trust and loyalty to the bank. With the help of BOF, she was able to keep up and expand her businesses. As of today, she owns a couple of commercial buildings within the area of Guagua.

She also credits one of BOF's Senior Relationship Manager, Arden John Fajardo for being so hardworking and attentive to her needs. "Si John, masipag talaga", she recounts.

She also mentioned how BOF played a major role in her life as an entrepreneur and as a mother. It was indeed part of her life as it became the source of her livelihood. The bank has molded Aurora's business from just being a simple bakery supplies store to having multiple businesses and stalls for rent.

"Ang BOF, mabilis. Kapag may problema, inaayos agad. Parang part na sila ng buhay mo. Yung mga anak ko tapos ng MedTech, Accounting at Nursing ng dahil sa BOF", she says.



Building a Beautiful Tourist Destination

Mula De Victoria Hidden Farm Resort (Mula)

Nestled in the heart of Sto. Tomas, Pampanga and just 20 minutes away from the City of San Fernando, is Mula De Victoria Hidden Farm Resort. Named as an exclusive haven for nature lovers, this quaint leisure has all that is needed to give "staying in" a picture of a vacation – with modern-styled villas, spacious private pools, and a relaxing and tranquil environment.

According to Mr. Josefino "Jong" Naguit Jr., one of the owners of the resort, the property was initially intended for relaxation and a place for families and friends to stay, relax and enjoy the nature - a manifestation of the resort's name with "Mula" which means lot and Victoria being the name of his mother.

However, it was during the house blessing where one of the guests commended the place, having the idea of renting it for a birthday party. From then on, the Naguit family thought of developing the property, converting it from being an agricultural lot to a commercial lot.

During the process, the Naguit family decided to apply for a loan from different banks but were not fortunate enough to be granted, until they decided to apply at BOF.

"Under process pa noon ang conversion ng Mula from being an agricultural lot. We applied loans from different banks pero hindi kami pinayagan except BOF. Mabilis ang processing sa kanila at kapag nag-request ka ng additional funds, mabilis din ang release", he said.

Jong noted that Mula started with just one villa three years ago and continued with the expansion as time goes by with the help of BOF.

"Nagumpisa kami sa isang villa siguro three years ago, and then after matapos ang isang villa at nag-click, nag-reapply pa kami ng panibagong loan para sa panibagong villa. Pagkatapos ng isa pang villa, patuloy pa din kaming binibigyan ng BOF ng additional credit line hanggang matapos ang buong MDV."

The owner said that they will continue to innovate and improve Mula, as they are committed to provide guests with unparalleled service and accommodation to ensure that each visit is a memorable one.

Jong also noted that they have future expansion plans very soon, guests can expect better resort facilities as they are currently planning to add more amenities like villas and a waterpark. In line with this, Mula will continue to establish its nurturing relationship with BOF in terms of loans.

"For the past three years, na-sustain ng BOF ang mga needs namin dito para madevelop pa lalo ang Mula. Soon, balak namin magtayo ng Waterpark for the public especially for walk-in guests kaya patuloy padin ang loans namin sa BOF. Possible lots to be leased will be up to 20 years", he explained.

Special Feature 3

Employee Engagement



BOF has always been an employee-focused company that is committed and passionate in engaging its people at all levels. The ability to attract, retain and develop our employees continues to be a key to our continued success. We are devoted in creating a great environment to work for our employees with opportunities to grow, develop and make a difference.

At BOF, we start building future leaders right from the beginning of our people's careers. We provide structured seminars, trainings and workshops (STWs) to entry-level employees and continue to ensure our middle and senior management have ample training and career development opportunities to constantly enhance themselves and hone their skills and expertise.

We have an integrated approach to developing talent with equal opportunities for all. Our talent development initiatives are built upon the "Policy on Rewards, Recognition and Incentives or PPRI". Through experiential learning such as job rotations and work-based projects; exposure in the form of observing, coaching, mentoring and networking sessions with leaders; and education through workshops and training, our people are able to make big leaps in terms of growth and development, and progress in their careers.

Aside from our PPRI program which regularly acknowledges the company's top performers, BOF also allocates an annual budget for professional training and team building of its over 160 employees in the bank's eighteen (18) branches located across Central Luzon.

Team building activities are essential for better employer-employee relations because it is all about the most important asset of our business – our employees. This helps in building bridges across departments as it allows employees to have fun, therefore getting employees to be more engaged.

In our continued support for our work-life balance principle at BOF, we have conducted our annual company outing together with our parent company on May 26, 2018 which was dubbed as 2018 House of David Group Annual Team Building – FUN (Fun, Unite, Nurturing) or HDG-AT-FUN at the Sinagtala Farm Resort in Barangay Tala, Orani, Bataan.



2019 Strategic Planning and Team Building at the Las Casas Filipinas de Acuzar in Bagac, Bataan on November 30 to December 1, 2018

Another activity was held last November 30 and December 1, 2018. BOF conducted its 2019 Strategic Planning and Team Building at the Las Casas Filipinas de Acuzar in Bagac, Bataan. The objective of the workshop was to review and refine the overall strategy, identify key success factors and challenges in 2018 in order to achieve our targets and plans for 2019. A teambuilding activity was also conducted the next day.

Over the years, to be Central Luzon's Bank of Choice is a deeply rooted statement in our vision statement. With BOF being a leading workplace, we ensure that as an organization, we maximize the full potential of our workforce through practices that demonstrate effective employees, recruitment, engagement and retention. As an employer, providing a stimulating and rewarding workplace and being an equal opportunity employer for our staff both men and women is most important.



2018 House of David Group Annual Team Building – FUN (Fun, Unite, Nurturing) or HDG-AT-FUN at the Sinagtala Farm Resort in Barangay Tala, Orani, Bataan. May 26, 2018

Special Feature 4

BOF Partnerships



PSMEDC Chairperson, Ms. Teresa David-Carlos, during her presentation of the council's Accomplishment Report for the FY 2017-2018 and Action Plan FY 2018-2019



Officers and members of the PSMEDC and some MSMEs at DTI Negosyo Center in Rizal Province



Launching of Kapatid Mentor Micro Entrepreneurs (KMME) Program April 5, 2018 at Otel Pampanga



DTI Central Luzon's MSMED Councils Conference last February 20, 2018 with Teresa David-Carlos as Chairperson of Pampanga Small and Medium Enterprises Development Council (PSMEDC)

For almost 54 years, BOF strengthens its thrust to deepen its partnerships with different business-oriented organizations. This has become a huge impact for the bank to further enrich its history for 2018.

We have sustained our partnership with the Department of Trade and Industry (DTI) and Pampanga Small and Medium Enterprises Development Council (PSMEDC) for 11 years to uplift our mission in spurring the economic growth of Micro, Small and Medium Enterprises (MSMEs) in the country. BOF President and CEO, Ms. Teresa David-Carlos has been the PSMEDC Chairperson since July 2007.

Fueled by a burning desire to support more MSMEs, BOF continues to collaborate with DTI and PSMEDC in their undertakings through core group meetings, action planning activities, various projects and symposium learning programs which are very much aligned with BOF's vision.

One of its program is the "Kapatid Mentor Micro Entrepreneurs" (KMME) in collaboration with the Philippine Center in Entrepreneurship (PCE). The program aims to help microenterprises scale up their businesses through coaching and mentoring. On June 28, 2018, the second batch of mentees celebrated their graduation under the KMME Program.

With the approval of President Rodrigo Roa Duterte per RA 6977 or the Magna Carta for Micro, Small and Medium Enterprises (MSMEs), PSMEDC has shared its 5-year Development Plan for 2017-2022. The organization believes that by 2022 there are, "More globally competitive MSMEs that are regionally integrated, resilient, sustainable and innovative thereby performing as key drivers of inclusive Philippine economic growth."

PSMEDC developed three (3) focus areas to live up to its vision and which are aligned with BOF's strategic objectives. These are as follows:

Focus Area 1: Business Environment	Focus Area 2: Business Capacity	Focus Area 3: Business Opportunities
1.1. Improved business climate 1.2. Improved access to finance	2.1. Enhanced management and labor capabilities 2.2. Improved access to technology and innovation	3.1. Improved access to market

Partnership with PAMCHAM



Our partnership with Pampanga Chamber of Commerce and Industry, Inc. (PamCham) has been nurtured throughout the years. With its primary target to boost countryside development, PAMCHAM lives up to its mission up to this day through its business matching activities. PAMCHAM's mission statement is as follows, "To promote the capability and ability of our homegrown experts and resources that can eventually compete in both the local and international market."

With the thrusts and passion to help Pampanga boost its local industry, our President and CEO, Ms. Teresa David-Carlos has been one of the founding directors of PamCham since 2003.

PAMCHAM also becomes steadfast in becoming an effective single voice of commerce and industry and catalyst in priming countryside business in the province through its projects, relevant business advocacies, active business promotions and corporate social responsibility (CSR) programs that have been implemented to transform the local economy to one that is vibrant, competitive and globally integrated. Through our loans, financing literacy orientations and other activities targeting MSMEs, we at BOF strive to be a strong foundation that will contribute to achieve PamCham's Vision and Mission.

On May 17, 18 and 19, 2018, the 27th North Luzon Area Business Conference (NLABC) was hosted and organized by PamCham at the LausGroup Event Centre, City of San Fernando, Pampanga. This is a much anticipated event wherein stakeholders of compelling influence and authority, prominent business leaders and members of the local chamber of commerce and industry coming from the four regions of North Luzon, key government officials, members of the academe, civic organizations and other business associations are gathered together.

Awards & Recognition

BOF was recognized as one of three most outstanding "Employer of the Year" in Luzon by The People Management Association of the Philippines (PMAP) during the 42nd PMAP Awards held on May 24, 2018, at the Venus Parkview Hotel in Baguio City.

Spearheaded by BOF President and CEO, Teresa David-Carlos, Senior Executive Vice President Susan David-Nunga, Senior Vice President - Administrative Group Cecile G. Escalante, and Human Resources Head Lee Ann S. Delfin, BOF was conferred the exemplar award which was another milestone for the bank on its 54th year.



People Management Association of the Philippines (PMAP)
May 24, 2018 at Baguio City

BOF focuses on creating an engaged and healthy workforce by staying true to its values of being a CARING bank where employees feel valued, connected and are able to grow in their personal and professional capacity and capability.

Part of its priorities include future-proofing the employees and equipping them with the right skills and knowledge to stay ahead of the curve, so as to create better business outcomes and promote productivity.

We want to reiterate our mission of ensuring utmost client satisfaction at all times, and more importantly, to deliver consistent and satisfactory returns to our shareholders, as we also continue to build lasting partnership with our key stakeholders advocating social responsibility.

On April 14, 2018, the Ateneo Family Business Development Center (AFBDC) of the Ateneo De Manila University's John Gokongwei School of Management (ADMU JGSOM), has recognized the House of David Family as one of its top ten (10) awardees during the Philippine Family Business Awards event.

The House of David Group (HDG) is owned and managed by the House of David Family from the town of Guagua, Pampanga and was founded during the 1960s by their patriarch, the late Mr. Ladislao Sibal David (LSD), also known as "Papa Choy".



Ateneo Family Business Development Center (AFBDC) at the Ateneo De Manila University's John Gokongwei School of Management (ADMU JGSOM) April 14, 2018

Among HDG's subsidiaries include the House of David Investment and Management Corporation (HDIMC), House of David Realty and Development Corporation (HDRDC), DA Market Securities, Inc., (DMSI), Mary the Queen College (Pampanga), Inc., BOF, Inc. (A Rural Bank) and House of David Foundation Inc, its Corporate Social Responsibility arm.

Aside from integrating the right values and professionalism in all HDG dealings, giving back will always be a part of their lives. To quote, the House of David Family Mission Statement: "We are a grateful and loving family working and growing together to create and share success in service of the community." The family core values called **LIGHTS** are as follows: **L**-Loving, **I**-Innovative, **G**-God-centered, **H**-Humility, **T**-Trustworthy, **S**-Solidarity.

Risk Management Framework

Risk Management Culture and Philosophy

BOF recognizes the existence of risk in banking sector, that if disregarded could bring adverse impact on the capital, earnings or viability of the bank which may result to imposition of constraints on bank's ability to meet its goal. As a growing institution, we may face challenges associated with risks, but with our Board of Directors (BOD) who oversees the plans and strategies of the bank as well as the management of risk, and Senior Management who effectively implement policies and procedures related to risk management, we can identify, monitor and mitigate potential risk.

Risk Appetite and Strategy

BOF has identified its top five (5) potential risks together with their respective risk champions and designates to ensure that such are being monitored and mitigated and enable the bank to continue business operations.

Risk	Description	Risk Champions	Risk Designates
1. Credit Sales and Credit Process	<p>Credit risk generally arises from counterparty's failure to meet the terms of any contract or otherwise perform as agreed, all activities where success depends on counterparty, issuer or borrower performance and when funds are extended, committed, invested, or otherwise exposed through actual or implied contractual agreements, whether reflected on or off the balance sheet.</p> <p>Credit risk is not limited to the loan portfolio. It is the inability to review and analyze requests for credit to determine likelihood of repayment, in accordance to BOF's Five (5) Cs (Capacity, Capital, Collateral, Character and Condition).</p>	<p>1.1. EVP II for Lending Group (LG)</p> <p>1.2. Credit Management Group (CMG) Head</p>	<p>1.1.1. Loans Department Head</p> <p>1.2.1. Credit Services Department Head</p>
2. Competitiveness	<p>Competitiveness risk arises from the inability and non-performance of the Bank to identify its brand and/or Unique Selling Proposition (USP), sell, offer and develop products and services, in relation to the ability and performance of the competitors in the area of operations.</p>	<p>2.1. Administrative Group (AG) Head</p>	<p>2.1.1. Marketing Department (MkD) Head</p>
3. Business Continuity Plan (BCP)	<p>BCP risk arises from the failure to undertake appropriate advanced planning related to critical processes to ensure the ability to recover and maintain business operations in the event of a disruption due to physical or natural circumstances;</p>	<p>3.1. Branch Banking Group (BBG) Head</p> <p>3.2. Accounting and Treasury Group (ATG) Head</p>	<p>3.1.1. Chief Internal Auditor (CIA)</p> <p>3.2.1. Treasury Department (TrD) Head</p>
4. Information Technology Department (ITD) -Management and Continuity	<p>IT management risk arises from failure to prioritize technology initiatives and effectively allocate and direct IT resources in order to achieve the strategic corporate goals and objectives; and</p>	<p>4.1. Information Technology Department (ITD) Head</p>	<p>4.1.1. ITD Officer</p>
5. Human Resources -Recruitment and Retention	<p>This is the failure to recruit and retain qualified employees to ensure optimal staffing levels in a balanced workforce environment.</p>	<p>5.1. Human Resources Department (HRD) Head</p>	<p>5.1.1. HRD Officer</p>

AML governance and culture

BOF has established its risk-based Money Laundering and Terrorist Financing Prevention Program (MTPP) which is geared towards the promotion of high ethical and professional standards to prevent the bank of being used, intentionally or unintentionally, for money laundering and terrorist financing activities. Along with the MTPP are the Policies and Procedures which shall be the guide of the Senior Management and employees in combating Money Laundering/Terrorist Financing (ML/TF) and to ensure that associated risks such as reputational, operational, and compliance risks are identified, assessed, monitored, mitigated and controlled.

The program embodied the detailed procedures on compliance and implementation of the major requirements of AMLA:

1. Customer identification

BOF has a Board approved Policies and Procedures in identifying and verifying the true identity of its client including the risk assessment criteria for clients based on the different factors such as the nature of the service or product to be availed of by the customers and the purpose of the account or transaction; Background and Source of funds/nature of business activities; Public or high profile position of the customer or its directors/trustees, stockholders, officers and/or authorized signatory; Country of origin and residence or operations or fact that a customer came from a high risk jurisdiction; The existence of suspicious transaction indicators; Linked accounts/ services to be availed; Watch list of individuals and entities engaged in illegal activities or terrorist related activities as circularized by Bangko Sentral ng Pilipinas (BSP), Anti-Money Laundering Council (AMLC), and other international entities or organizations such as the Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury and United Nations Sanctions List; Such other factors, e.g., the amount of funds to be deposited by a customer or the size of transactions, and regularity or duration of the transaction, as the covered person may deem reasonable or necessary to consider in assessing the risk of a customer to ML/TF.

2. Record keeping and retention

All identification and transaction records of clients are maintained and safely stored as long as the account exists, including all unusual or suspicious patterns of account activity whether or not a Suspicious Transactions Report (STR) was filed with the Anti-Money Laundering Council (AMLC). BOF maintains and safely stores as well the identification and transaction records of closed and terminated accounts for five (5) years from the date of transaction.

3. Covered and Suspicious transaction reporting

Concerned Groups, Departments and Strategic Banking Units (GDS) identify all Covered Transactions (CTs) and Suspicious Transactions (STs) and are reported to the Compliance Office for submission to the AMLC. The Bank ensures that identification, monitoring and reporting mechanism is in place to ascertain that reports are submitted within the prescribed period.

Anti-Money Laundering (AML) Seminars and Training Program

BOF's Annual AML training program aimed at providing all its responsible officers and personnel with efficient, adequate and continuous education to enable them to fully and consistently comply with all their obligations in accordance with the AMLA, as amended, and its RIRR.

Seminars and Trainings are given to the following:1. Newly hired officers and employees including Top Management (TM) at least once-a-year which include awareness of their respective duties and responsibilities under the Money Laundering/Terrorism Financing Prevention Program (MTPP) particularly on customer identification process, record keeping requirements and CT and ST reporting and ample understanding of the internal processes including the chain of command for the reporting and investigation of suspicious and money laundering activities.

Annual refresher seminar among the Board, Top Management and bank employees in order to ensure that the Board, officers and staff are informed of new developments and issuances related to the prevention of money laundering and terrorism financing.

Corporate Governance

Corporate Governance System

The Corporate Governance System consists of the organizations, people, functions, responsibilities, policies, and principles established by BOF that promotes good corporate governance.

Compliance with Corporate Governance starts with the Board of Directors (BOD) who, collectively, is primarily and ultimately responsible for ensuring the attainment of the goal of good governance.

Selection Process for Board and Senior Management

Members of Board of Directors are selected from a broad pool of qualified candidates. Non-executive directors, which include Independent Directors is comprised of majority of the Board of Directors to promote the independent oversight of management by the Board of Directors. Directors and Senior Management are selected in accordance with section 132 and 138 of the Manual of Regulations for Banks (MORB).

The Board Overall Responsibility

The Board of Directors (BOD) exercises its corporate powers, conducts its business, and controls all bank's property.

The BOD has the following expressed powers, subject to Bangko Sentral ng Pilipinas (BSP) rules and regulations:

1. To elect from among themselves the Chairman of the Board and such officers, to appoint and, if necessary, define the powers and duties of such other officers as the Board may deem proper and necessary, all of whom need not be members of the Board;
2. To approve the bank's objectives and strategies and to oversee the implementation thereof;
3. To approve and oversee the implementation of policies governing major areas of banking operations;
4. To approve the risk governance framework and to oversee the implementation thereof;
5. To appoint/select key members of senior management and heads of control functions and to approve a sound remuneration and other incentives policy for personnel;
6. To consistently conduct the affairs of the institution with a high degree of integrity;
7. To constitute committees to increase efficiency and allow deeper focus in specific areas;
8. To purchase or otherwise acquire for the corporation, rights or privileges which the corporation is authorized to acquire at such price and at such terms and conditions and for such consideration as it shall from time to time see fit;
9. To pay for any property or rights to be acquired by the corporation either wholly or partly in money or in stocks, bonds, debentures, or other securities of the corporation;
10. To borrow money for the corporation and for such purpose issue mortgage and chattel mortgage certificates, buy and sell them for its own account or for the account of others, or accept and receive them in payment or as amortization of its loan;

11. To exercise such other powers as shall be necessary in the performance of its duties;
12. To define the bank's corporate culture and values.

Chairman of the Board

The Chairman of the Board has the following duties:

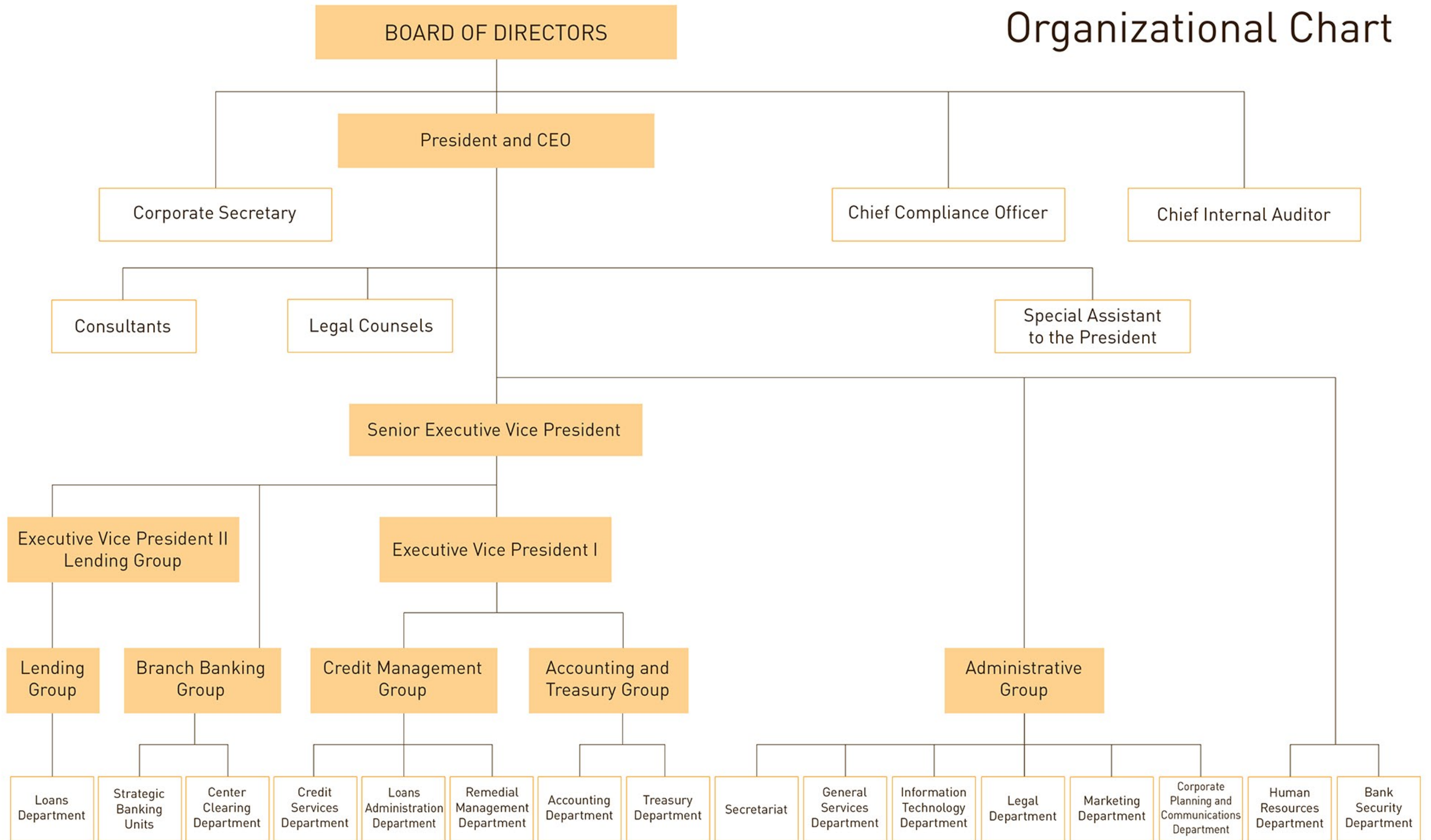
1. Provides leadership in the board of directors;
2. Ensures that the board takes an informed decision;
3. Maintain liaison between the stockholders, and the Board of Directors and the President and CEO;
4. Presides and opens the Stockholders and the Board meetings at the time at which the Stockholders/Board is to meet, in regular or special meetings calling the members to order;
5. Submits jointly with the President and CEO an annual report of the corporation's operations to the stockholders at their annual meetings;
6. Exercises such other powers and performs such other duties as prescribed for the Office of the Chairman in BOF's by-laws;
7. Other duties as may be delegated by the Board of Directors.

Description of the role and contribution of executive members of the board;

The Executive Committee, which is composed of executive members of the Board, was appointed to be a part of the permanent organization of the corporation. It shall, in the interim between meetings of the Board, exercise all the powers of that body in the management and direction of the affairs of the corporation to assure prompt and speedy action and solution to important matters without the need for a board meeting except for the following:

1. Approval of any action for which shareholders' approval is also required;
2. Filling of vacancies in the board;
3. The amendment or repeal of by-laws or the adoption of new by-laws;
4. The amendment or repeal of any resolution of the board which by its express terms is not so amendable or repealable;
5. A declaration of cash dividends to the stockholders; and
6. Any other exception expressly provided by the Corporation Code of the Philippines.

Organizational Chart





Board of Directors

(Sitting L-R)

Liberato P. Laus, Teresa David-Carlos

(Standing L-R)

Engr. Jesus S. Nicdao, Atty. Ma. Fides Andin-Balili, Atty. Elfren P. Hipolito Jr., Susan Jesusa David-Nunga, Atty. Carmelino M. Roque, Yolanda David-Aguila, Jose Paolo D. Carlos



Liberato P. Laus
Chairman of the Board
Filipino, 68 years old

Liberato "Levy" P. Laus has been a member of the Board of Directors of BOF, Inc (A Rural Bank) since 2003 and was elected Chairman in May 2018.

He was the former President of San Fernando Jaycees Senate in 1985, San Fernando "Cabalen" Jaycees in 1988 and San Fernando Chamber of Commerce & Industry Inc., in 2003. Between the years 2001 to 2003, he served as the Director for Bases Conversion & Development Authority and BCDA Management & Holdings Co., Inc. He served as President and CEO of Clark Development Corporation from 2006 to 2008, Vice Chairman of Clark International Airport Corporation in 2008, and Board Member of the Subic/Clark Advisory Development Council in 2008. He was also the President of JCI Senate North Luzon in 2009. He was previously a Board of Trustee of Don Bosco Academy Pampanga in 2012 and San Beda Alumni Foundation Inc., and an independent director of Anvaya Cove Beach and Nature Club.

Concurrently, Mr. Laus serves as the Chairman of the San Fernando Pampanga Heritage Foundation and JCI Senate Phil. Inc. (Economic Affairs). He is also the Chairman and CEO of the Laus Group Holdings Inc., Corporate Guarantee & Insurance Co., Inc., and Carworld, Inc. and the Chairman Emeritus of the Pampanga Chamber of Commerce and Industry, Inc.

Mr. Laus graduated from San Beda College in Manila with a degree in Bachelor of Science in Commerce (BSC) Major in Management.



Teresa David-Carlos
President and CEO
Filipino, 61 years old

Ms. Teresa David-Carlos was elected to the Board of Directors in 1982, became President of Bank of Florida in 1987, President/Chief Executive Officer in 1998 and Chairman/ President in May 2012. She was the Chairman/President on January 01, 2014 and was elected as the President and CEO of BOF on May 29, 2018.

She previously held two positions at the Junior Philippine Institute of Accounts (JPIA) as Treasurer for the fiscal year 1976-1977 and as Auditor for the fiscal year 1977-1978. She also became President of Pampanga Federation of Rural Banks (PFRB) in 1989, President of Guagua Bankers Association (GBA) in 1993, Treasurer of the Bankers Association of San Fernando (BASF) for the fiscal year 1995-1996, and Treasurer of the Rural Bankers Association of the Philippines (RBAP) for the fiscal year 2000-2001.

She was also the President of Confederation of Central Luzon Rural Banks (CCLRB) for the fiscal year 2006-2007, Director/Treasurer of Pampanga Chamber of Commerce and Industry, Inc. (PamCham) from September 2003 to present. She is also the Chairman of Pampanga Small and Medium Enterprises Development Council (PSMEDC) from 2007 to present.

At present, she sits as the Chairperson of the House of David Investment and Management Corporation, Mary the Queen College (Pampanga), Inc. and the House of David Foundation, Inc. She also sits as Director of House of David Realty and Development Corporation.

Ms. Carlos is a Certified Public Accountant and she holds a Bachelor of Science in Commerce degree major in Accounting from St. Scholastica's College.



Susan Jesusa David-Nunga
Senior Executive Vice President
Filipino, 60 years old

Ms. Susan Jesusa D. Nunga was elected to the Board of Directors of BOF Inc., (A Rural Bank) in 1989. She became the Special Assistant to the President in the same company in 2003, Chief Financial Officer in 2010, Senior Executive Vice President II from April 01, 2011 to April 30, 2013, Senior Executive Vice President III from May 01, 2013 to December 31, 2013, and a Director and Senior Executive Vice President IV from January 1, 2014 to present.

She previously held the following positions as Director and Corporate Secretary of Crown Bank Inc., in 1988 and Consultant in 1993, Trustee at Mary the Queen Academy of Pampanga Inc., from 2000 to 2014, Chairman of Mary the Queen College (Pampanga), Inc., from 2011 to 2013 and a Trustee of the House of David Foundation, Inc. She was also the Secretary and President of Pampanga Federation of Rural Banks (PFRB) in 2005 and 2006, respectively, Secretary of the Confederation of Central Luzon Rural Banks (CCLRB) for the fiscal year 2006 to 2007, and Director of Rural Bankers Association of the Philippines (RBAP) for the fiscal year 2015-2016.

At present, she is the Chairperson of House of David Realty and Development Corporation (HDRDC) and Director of House of David Investment and Management Corporation (HDIMC).

Ms. Nunga holds a Bachelor of Science in Commerce degree Major in Accounting from St. Scholastica's College.



Yolanda David-Aguila
Special Assistant to the President
Filipino, 54 years old

Ms. Yolanda D. Aguila became a member of the Board of Directors of BOF in 2003. She was formerly a member of the Board of Trustees at the Mary the Queen Academy of Pampanga, Inc. from 2000 to 2014 and now a member of the Board of Trustees of Mary the Queen College (Pampanga), Inc.

She currently serves BOF as a Director and Special Assistant to the President. From 1986 up to present, she sits as a Director of House of David Realty and Development Corporation and House of David Investment & Management Corporation.

Ms. Aguila graduated with a degree in Bachelor of Science, major in Management from St. Scholastica's College.



Atty. Carmelino M. Roque
Non-Executive Director
Filipino, 84 years old

Atty. Carmelino M. Roque served as a member of the Board of Directors of BOF since 2008. He was a former Mayor of Guagua, Pampanga from 1964-1967 and a Provincial Board Member from 1980-1986. He was also a former Corporate Secretary for Bank of Lubao (A Rural Bank) from 2005 to 2013.

Currently, he is the legal consultant of the BOF since 1987 and a member of the Audit and Compliance Committee.

He graduated with a degree in Bachelor of Laws from Far Eastern University.



Engr. Jesus S. Nicdao
Non-Executive Director
Filipino, 65 years old

Engr. Jesus S. Nicdao was elected to the Board of Directors of BOF on May 21, 2015. He held a position as Executive Director of the Department of Trade and Industry Bureau of Import Services in 1994, became an OIC – Mayor for the Municipality of Guagua, Pampanga from 1986 to 1987, Director of Clark Development Corporation from 2001 to 2004, Chairman-Director of Clark Electric Development Corporation from 2001 to 2004, and Director of Clark International Airport Corporation from 2004 to 2010.

He was the President and currently Vice Chairman of the Pampanga Chamber of Commerce and Industry, Inc., Endowment and Major Gifts Adviser of the Rotary Foundation and President of the Help & Assistance for Rotary Philippine Districts since 2004.

Engr. Nicdao is a Franchisee of 40 Jollibee, Chowking, Greenwich and Mang Inasal stores. Concurrently, he is also the Chairman and CEO of Sattlink Broadband System and One Gray Builders and Construction Company.

He is a graduate of Bachelor of Science Major in Electrical Engineering from Mapua Institute of Technology.



Atty. Elfren P. Hipolito, Jr.
Independent Director
Filipino, 58 years old

Atty. Elfren P. Hipolito, Jr. is an Independent Director of BOF since May 2015. He was a former Trial Attorney at the Office of the Solicitor General, and former Director of the following corporations: Clark Development Corporation, Clark Water and Sewerage Corporation, and Past President of Metro Angeles Chamber of Commerce & Industry, Inc., (MACCII).

At present, he is the Managing Partner of the Hipolito Tuazon Villanueva Law Offices, based in Angeles City. He is also member of the Board of Trustees and Corporate Secretary of Holy Angel University, Inc., and a member of its Executive Committee. A member of the Board of Directors and Audit Committee of the Clark Electric and Distribution Corporation. A Director and Corporate Secretary of MACCII. A Trustee and Corporate Secretary of the Cultural and Educational Foundation of Angeles, Inc. Atty. Hipolito is also President of the family-owned Dau Trading Corporation and Vice President of Dau Realty and Development Corporation.

Atty. Hipolito obtained his Bachelor of Arts degree major in Economics, cum laude, from San Beda College in 1980 and a Bachelor of Laws degree from Ateneo de Manila University.



Jose Paolo D. Carlos
Director / Executive Vice President I
Filipino, 27 years old

Jose Paolo D. Carlos has served as a member of the Board of Directors of BOF since July 2016. He joined the bank as Assistant Vice President in July 2016 and is currently the Executive Vice President I overseeing the Credit Management Group and Accounting & Treasury Group since January 2018.

He is the President of the Pampanga Federation of Rural Banks (PFRB) for fiscal year 2018-2019 and is the Secretary of the Confederation of Central Luzon Rural Banks (CCLRb) for fiscal year 2018-2019.

Prior to joining BOF, Mr. Carlos was the Chief Financial Officer of House of David Realty and Development Corporation. He was also a member of the Board of Directors of DA Market Securities, Inc. and was a Financial Reporting Analyst at Citibank N.A. in Makati City. He is also a Licensed Real Estate Broker and a Licensed Real Estate Appraiser.

He holds a Bachelor of Arts degree, Major in Management Economics and Minor in Financial Management from Ateneo de Manila University and is currently taking up his MBA at the Ateneo Graduate School of Business.



Atty. Ma. Fides A. Balili
Independent Director
Filipino, 63 years old

Atty. Ma. Fides Andin-Balili was a member of the Board of Directors of BOF since January 2018 and was appointed as an Independent Director and became a member of the Audit and Compliance Committee (ACC) in 2018. Currently, she is a Professor at the De La Salle University College of Law since 2016 and is the Senior Tax Counsel at the Esguerra & Blanco Law Offices. She is also a Fellow of the Institute of Corporate Directors (ICD).

Atty. Andin-Balili was also a former Tax Partner of the SyCip, Gorres, Velayo (SGV) & Co, where she worked for 36 years until her retirement in June 2016.

She earned her Bachelor of Law Degree at the University of the Philippines College of Law.



Atty. Peter Paul S. Maglalang
Corporate Secretary
Filipino, 47 years old

Atty. Peter Paul S. Maglalang is the current Corporate Secretary of BOF.

Atty. Maglalang is a former law professor at the East Central Colleges School of Law. He previously served as Legal Officer I, Trial Attorney III and Trial Attorney V at the Department of Agrarian Reform (DAR) from 1997 to 2002 before he entered the private practice of his profession and became one of the partners of the Maglalang Lagman and Maglalang Law Office. At present, he is the Managing Partner of their law firm.

As a member of the Integrated Bar of the Philippines Pampanga Chapter, he was elected and served as PRO from 2007 to 2009, Secretary from 2009 to 2011, and Vice President from 2011 to 2013. Eventually, he became the Chapter President from 2013 to 2015.

He earned his Law Degree at the University of the East.

Board Composition

Name	Type of Directorship	No. of Years as Director	No. of Shares	% of shares
1. Liberato P. Laus	Non-executive Director	15	48	0.000124%
2. Teresa David-Carlos	Executive Director	36	4,059,228	10.501815%
3. Susan Jesusa David-Nunga	Executive Director	29	2,868,961	7.422421%
4. Yolanda David-Aguila	Executive Director	15	3,065,497	7.930888%
5. Atty. Carmelio M. Roque	Non-executive Director	10	10,455	0.027049%
6. Engr. Jesus S. Nicdao	Non-executive Director	3	1	0.000003%
7. Atty. Elfren P. Hipolito, Jr.	Non-executive Director	3	1	0.000003%
8. Jose Paolo D. Carlos	Executive Director	2	27	0.000070%
9. Atty. Ma. Fides A. Balili	Non-executive Director	1	1	0.000003%

Audit and Compliance Committee (ACC)

Authority of the ACC

1. The ACC is responsible for overseeing senior management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations and safeguarding of assets.
2. Have the authority to access all bank records, documents, books of accounts and information it needs to properly carry out its responsibilities;
3. Have an explicit authority to investigate any matter within its terms of reference, full access to and cooperation by management and full discretion to invite any director or executive officer to attend its meetings and adequate resources to enable it to effectively discharge its functions.

Responsibilities of the ACC

1. The ACC shall provide watchful supervision over the institution's Financial Reporting and control and internal and external audit functions, and compliance to various regulatory agencies' rules and regulations as well as risk management;
2. The ACC shall be responsible for setting-up of the Internal Audit Department (IAD) and for the appointment of the Chief Internal Auditor (CIA) and Chief Compliance Officer (CCO) who shall both report directly to ACC. The ACC shall also be responsible in setting-up the salaries, remunerations and other benefits of the CCO and the CIA.
3. It shall monitor, review and evaluate the adequacy and effectiveness of the internal control system and shall ensure that a review of effectiveness of the institution's internal controls, including financial, operational, and compliance controls, and risk management, is conducted at least annually;

4. The ACC shall establish and maintain mechanisms by which officers and staff 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;
5. The ACC shall take all necessary measures, or ensure that the Execom shall take all necessary measures, to provide the appropriate resources and staffing that would enable internal audit and compliance department to achieve its objectives;
6. It shall ensure that arrangements are in place for the independent investigation, appropriate follow-up action, and subsequent resolution of complaints.
7. The ACC shall ensure that the internal audit function maintains an open communication with the senior management, the external auditors, and the supervisory authority.
8. The ACC shall ensure and recommend to the BOD any penalties under Policy on Discipline (POD) and/or for any violation on the Corporate Good Governance
9. The ACC shall establish an Anti-Money Laundering (AML) reporting mechanism to ensure that the Board of Directors (BOD) and Management are appropriately, comprehensively and timely apprised of relevant AML issues and concerns, as well as the status of actions taken and adequately documenting discussions thereon.

Audit and Compliance Committee (ACC)	
Chairman	Atty. Elfren P. Hipolito, Jr. – Independent Director
Members	Atty. Ma. Fides A. Balili – Independent Director Atty. Carmelino M. Roque
Ex-Officio Members	Myrin M. Paguio – Chief Compliance Officer Liza G. Quizon – Acting Chief Internal Auditor

**Directors' Attendance at Board Meetings
For the year 2018**

Name of Directors	Number of Board Meetings	
	Attended	%
1. Liberato P. Laus	12	100%
2. Teresa David-Carlos	12	100%
3. Susan Jesusa David-Nunga	12	100%
4. Yolanda David-Aguila	12	100%
5. Atty. Carmelino M. Roque	12	100%
6. Engr. Jesus S. Nicdao	10	83%
7. Atty. Elfren P. Hipolito, Jr.	12	100%
8. Jose Paolo D. Carlos	12	100%
9. Atty. Ma. Fides A. Balili	12	100%
TOTAL NUMBER OF MEETINGS HELD DURING THE YEAR	12	

**Audit and Compliance Committee (ACC)
For the year 2018**

Members	Number of ACC Meetings	
	Attended	Percentage
Liberato P. Laus ¹	2	100%
Atty. Elfren P. Hipolito, Jr.	6	100%
Atty. Carmelino M. Roque	6	100%
Atty. Ma. Fides A. Balili ²	4	100%
TOTAL NUMBER OF MEETINGS HELD DURING THE YEAR	6	

Notes 1. Liberato P. Laus was ACC Chairman from January to May 2018
2. Atty. Ma. Fides A. Balili became member of ACC in May 2018

**Major stockholders owning more than 20%
As of December 31, 2018**

Name	Citizenship	Percentage
House of David Investment and Management Corporation	Filipino	39.64%



Executive Committee and Credit Committee

(L-R) Susan Jesusa David-Nunga - Member
Jose Paolo D. Carlos - Member
Teresa David-Carlos - Chairman

Audit and Compliance Committee

(Sitting L-R)

Atty. Elfren P. Hipolito, Jr.
- Chairman

Atty. Ma. Fides Andin-Balili - Member
Atty. Carmelino M. Roque - Member

(Standing L-R)

Ex-Officio Members:
Liza G. Quizon

- Acting Chief Internal Auditor
Myrin M. Paguio
- Chief Compliance Officer



Top Management

Standing (L-R)

Susan Jesusa David-Nunga - Senior Executive Vice President
Teresa David-Carlos - President and CEO
Yolanda David-Aguila - Special Assistant to the President

Sitting (L-R)

Atty. Peter Paul S. Maglalang - Corporate Secretary
Jose Paolo D. Carlos - Executive Vice President I
Jaime P. Panganiban - Executive Vice President II



Management Committee



Sitting (L-R) Susan Jesusa David-Nunga - Senior Executive Vice President,
Teresa David-Carlos - President and CEO, Yolanda David-Aguila - Special Assistant to the President

Standing (L-R) Jose Paolo D. Carlos - Executive Vice President I,
Rona Q. Binuya - Senior Vice President - Branch Banking Group, Liza G. Quizon - Acting Chief Internal Auditor,
Grace D. Castro - Loans Department Head, Erlisa M. Banag - Accounting and Treasury Group Head,
Cecile G. Escalante - Senior Vice President - Administrative Group, Myrin M. Paguio - Chief Compliance Officer,
Jaime P. Panganiban - Executive Vice President II - Lending Group
Einar B. Evangelista - Senior Vice President - Credit Management Group (not in the picture)

Executive Officers and Senior Management



PRESIDENT AND CHIEF EXECUTIVE OFFICER

Teresa David-Carlos
61 years old, Filipino

- BOF, Inc. (A Rural Bank)**
 - President and CEO May 2018 - present
 - Chairman/President, 2014 - May 2018
- Bank of Florida, Inc. (A Rural Bank)**
 - Chairman/President, 2012 - 2013
 - President, 1987 - 2012
 - Director, 1982 - 2013
- House of David Investment and Management Corporation**
 - Chairperson, March 2001 - present
- House of David Realty and Development Corp.**
 - Director, 1986 - present
- Mary the Queen College (Pampanga), Inc.**
 - Chairperson, June 2016 - present
- House of David Foundation Inc.**
 - Chairperson, March 2011 - present



SENIOR EXECUTIVE VICE PRESIDENT

Susan Jesusa David-Nunga
60 years old, Filipino

- BOF, Inc. (A Rural Bank)**
 - Director/ Senior Executive Vice President, January 01, 2014 - present
- Bank of Florida, Inc. (A Rural Bank)**
 - Senior Executive Vice President, 2011 - 2013
 - Chief Financial Officer, 2010
 - Special Assistant to the President, 2003
 - Director, 1989 - 2013
- House of David Realty and Development Corp.**
 - Chairperson, 2012 - present
- House of David Investment and Management Corporation**
 - Director, 1987 - present
- Mary the Queen College (Pampanga), Inc.**
 - Trustee, 2003 - present
- House of David Foundation Inc.**
 - Trustee, 1993 - present



EXECUTIVE VICE PRESIDENT II - LENDING GROUP

Jaime P. Panganiban
57 years old, Filipino

- BOF, Inc. (A Rural Bank),**
 - Executive Vice President - Lending Group, January 01, 2014 - present
- Bank of Florida, Inc. (A Rural Bank)**
 - Executive Vice President - Lending Group, 2013
 - Senior Vice President, 2012
 - Vice President - Lending Operations, 2012
- Rural Bank of Angeles Inc.**
 - General Manager, 2007
 - Assistant General Manager, 1998
 - Area Manager, 1995
 - Branch Manager, 1990
 - Loan Officer, 1986



EXECUTIVE VICE PRESIDENT I

Jose Paolo David-Carlos
27 years old, Filipino

- BOF, Inc. (A Rural Bank)**
 - Executive Vice President January 01, 2018 - present
 - Senior Vice President, 2017
 - Director, July 20, 2016 - present
 - Assistant Vice President, 2016
- House of David Realty and Development Corp.**
 - Chief Financial Officer, 2014
- DA Market Securities Inc.**
 - Director, 2013 - 2016
- Citibank, NA**
 - Financial Analyst, 2011 - 2013



SPECIAL ASSISTANT TO THE PRESIDENT

Yolanda David-Aguila
54 years old, Filipino

- BOF, Inc. (A Rural Bank)**
 - Director, May 08, 2014 - present
 - Special Assistant to the President January 01, 2014 - present
- Bank of Florida, Inc. (A Rural Bank)**
 - Director, 2003
 - Special Assistant to the President, 2003
 - Assistant to the President, 1989
- House of David Investment and Management Corporation**
 - Director, 1987 - present
- Mary the Queen College (Pampanga), Inc.**
 - Board of Trustee, 2003 - present
- House of David Realty and Development Corporation**
 - Director, 1986 - present
- House of David Foundation, Inc.**
 - Trustee, 1993 - present



SENIOR VICE PRESIDENT - CREDIT MANAGEMENT GROUP

Einar B. Evangelista
52 years old, Filipino

- BOF, Inc. (A Rural Bank)**
 - Senior Vice President - Credit Management Group February 01, 2018 - present
 - Vice President - Credit Group, 2014
- Bank of Florida Inc. (A Rural Bank)**
 - Vice President - Credit Group, 2013
 - Assistant Vice President - Credit Group, 2004
 - Branch Manager - Branch Operations Group, 1999
 - Assistant Manager - Branch Operations Group, 1998
 - Department Head - Accounting and Management Department, 1996
 - Appraiser, 1996
 - Credit Investigator, 1995



SENIOR VICE PRESIDENT - BRANCH BANKING GROUP

Rona Q. Binuya
48 years old, Filipino

- BOF, Inc. (A Rural Bank)**
 - Senior Vice President - Branch Banking Group February 01, 2018 - present
- Bank of Florida, Inc. (A Rural Bank)**
 - Assistant Vice President II - Branch Operations Group, 2013
 - Internal Audit Group Head, 2001
 - Branch Manager, 1997
 - Branch Cashier, 1995
 - Branch Teller, 1994
 - Accounting Assistant, 1993



SENIOR VICE PRESIDENT - ADMINISTRATIVE GROUP

Cecile G. Escalante
44 years old, Filipino

- BOF, Inc. (A Rural Bank)**
 - Senior Vice President - Administrative Group February 01, 2018 to present
 - Chief Compliance Officer, 2017
 - Chief Internal Auditor, 2014
- Bank of Florida, Inc. (A Rural Bank)**
 - Information and Communications Technology Group Head, 2012
 - Project Manager - Core Banking System, 2009
 - Branch Banking Trainer, 2007
 - Area Business Center Head, 2005
 - Quality Control Officer, 2003
 - Micro Small and Medium Enterprise Assistant, 2002
 - OIC - Arayat Branch Office, 2001
 - OIC - Candaba Branch Office, 2000
 - Posting/Accounting Assistant, 1998
 - Teller / Cashier, 1997

Performance Assessment Program

Performance management is a process that provides feedback, accountability, and documentation for performance outcomes. It helps employees to channel their talents toward organizational goals. Clear goals and expectations are set to ensure personal and professional goals such as Business Key Performance Indicators (KPIs) based on the balanced scorecard and behavioral KPIs based on Core Values contribute to the achievement of the organization's high level goals.

This is also a venue for managers and employees on what are the competencies needed to achieve their goals for their specific tasks and function. In this way, the organization can regularly monitor and communicate the progress and status for high level organizational goals.

Orientation and Education Program

BOF provides relevant Seminars, Trainings and Workshops (STWs) in compliance with regulations and laws issued by the regulatory bodies like Anti-Money Laundering Council (AMLC), Bureau of Internal Revenue (BIR), Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC), Philippine Deposit Insurance Corporation (PDIC) and Credit Information Corporation (CIC), etc.

The Human Resources Department (HRD) conducts Training Need Analysis (TNA) to assess the current training needs of the employees. Based on the outcome of the TNA, the HRD then formulates the relevant STWs to address the training needs as well as to develop the employees' in becoming highly competent professionals.

An annual budget for Internal and External Seminars, Trainings and Workshops (STWs) is set as a guide for HRD in implementing the STWs on a monthly basis.

Retirement and Succession Policy

BOF provides Retirement benefits to its employees as mandated by the Philippine Labor Code. The minimum retirement pay shall be equivalent to the employee's 1/2 month salary for every year of service.

Succession planning is in place in order to ensure business productivity at all times, especially for BOF's key officers. It is also a process that will support all business units in identifying critical positions, current and future competencies (i.e., knowledge, skills, abilities and potential for future development) as individuals need to be successful in that position, and assessment of the performance of current talents to fulfill higher levels of roles and responsibilities to ensure business continuity, competitiveness and development.

Remuneration Policy

Remuneration Policy and Structure for Executive and Non-Executive Directors

The Executive Directors of the Bank receive compensation in the form of salaries and allowances, bonuses and per diem for attendance to Board meetings while non-executive members receive per diem for attendance to Board meetings.

Remuneration policy for Senior Management

The remuneration for senior management includes salaries and allowances and bonuses. It is linked to individual performance, based on an annual appraisal of senior management. It also considers the employee's position, role, responsibilities and activities in the bank as well as the risk that the employee takes on behalf of the bank.

Policies and procedures on Related Party Transactions

Related Party Transactions

BOF has in place a Board approved Policy on Related Party Transactions (PRPT) which serves as a guide for Senior Management and employees in identifying and reporting RPTs. Related party transactions shall be allowed by the bank provided that these comply with applicable regulatory limits, requirements and dealings are conducted at arm's length basis. Said transactions shall only be made and entered into, substantially on terms and conditions not less favorable than those with other customers of comparable risks.

Disclosure and reporting

BOF adequately discloses in the Annual Report, if applicable, the overarching policies and procedures for managing RPTs, including managing of conflicts of interest or potential conflicts of interest, responsibilities, nature, terms and conditions, as well as original and outstanding individual and aggregate balances, including off-balance sheet commitments, of material RPTs.

Transactions concerning deposits operations, regular trade transactions involving purchases and sales of debt securities traded in an active market are excluded from the reporting requirement to BSP.

Lease contracts and other similar contracts with recurring payment transactions shall only be reported once, upon approval of said transactions by the BOD. In case the parties involved in the transactions are both supervised by the BSP, only the lessor, in case of a lease contract, or the party engaging/requesting for the services of the other bank, in case of other contracts shall submit the report.

Material Related Party Transactions for the year 2018

Related Counterparty	Transaction Type	Total Amount
Corporate Guarantee Insurance Company (CGIC)	Insurance	PhP 2,139,651.00

Self-Assessment Function

Scope of Internal Audit

1. All processes, systems, units and activities falls within the overall scope of the internal audit function. The scope of internal audit covers the following; Evaluation of the adequacy, efficiency and effectiveness of internal control, risk management and governance systems in the context of current and potential future risks;
2. Review of the reliability, effectiveness and integrity of management and financial information systems;
3. Review of the systems and procedures of safeguarding the bank's physical and information assets;
4. Review of the compliance system and the implementation of establishes policies and procedures; and
5. Review of areas of interest to regulators such as, among others monitoring of compliance with relevant laws, rules and regulations, including but not limited to the assessment of the adequacy of capital and provisions; liquidity level; regulatory and internal reporting.

Risk and Compliance Department (RCD)

The RCD is composed of three (3) personally headed by the Chief Compliance Officer (CCO). The principal function of the CCO is to oversee the design of an appropriate compliance system, promote its effective implementation and address breaches that may arise.

Compliance is not merely the function of the Chief Compliance Officer (CCO) but is a matter of concern of the Board of Directors, Senior Management, Officers and Personnel. It is the direct responsibility of each Group, Department and Strategic Banking Unit (GDS) Head and each staff. It is essential that each director, officer and staff comply with the spirit as well as the set policies and procedures and Compliance is to be regarded as a means of enhancing profitability within the limitation of regulatory requirements and good business practice

Review process to ensure effectiveness and adequacy of the internal control system

The Audit and Compliance Committee (ACC) has been established by the Board to oversee the financial reporting, internal and external audit functions and compliance to regulatory agencies' rules and regulations. The ACC is likewise responsible in monitoring, reviewing and evaluating the adequacy and effectiveness of the internal control system. Under the supervision of the ACC are the Chief Compliance Officer (CCO) and Chief Internal Auditor (CIA) who regularly reviews and validates the compliance with rules and regulations and the effectiveness of the internal control system through compliance testing and regular audit, respectively. Results of the validation are directly reported to the ACC and resolutions and actions to be taken thereon are presented to the Board for approval.

Dividend Policy

The management shall determine the amount of dividends to be declared and recommends the same to the Board of Directors (BOD) for approval. The Board shall ensure that the requirements are in accordance with Manual of Regulations for Banks (MORB). Distribution of the dividends shall be on or before the Annual Stockholders' meeting.

Dividends declared for 2018

Class/Description	No. of Shares	Par Value	Total Dividends
Preferred	20,600	PhP 206,000.00	PhP 912.29
Common	38,652,632	386,526,320.00	12,000,000.00
Total			PhP 12,000,912.29

Consumer Protection Practices

Financial Consumer Protection Practices

The paramount goal of BOF is to provide excellent, committed, transparent, fair, honest and dedicated services to its clients that will translate into prestige, profitability and stability. Its primary objective in designing its Policy on Consumer Protection is to protect the financial rights of its clients.

The Board and Senior Management are responsible for developing consumer protection strategy and establishing an effective oversight over BOF's consumer protection program.

Responsibilities of the Board

1. The BOD has the ultimate responsibility for the level of customer risk assumed by BOF. Accordingly, the Board approves the Bank's overall business strategies and significant policies, including those related to managing and taking customer risks;
2. The BOD takes steps to develop an appropriate understanding of the customer risks the Bank faces through briefings from auditors and experts external to the organization;
3. The board of directors provides clear guidance regarding the level of customer protection risk acceptable to the Bank and ensures that senior management implements the procedures and controls necessary to comply with the policies that have been adopted;
4. The BOD is responsible for developing and maintaining a sound Customer Protection Risk Management System (CPRMS) that is integrated into the over-all framework for the entire product and service life-cycle;
5. Each director has a level of knowledge commensurate with the nature of his or her role in managing the Bank's customer protection program. This can be done through attendance to trainings and seminars, interaction with experts and regulatory personnel knowledgeable to this line;
6. The Board reviews and approves appropriate customer protection policies to limit risks inherent in the Bank's significant business lines, activities, or products, including ensuring effective oversight of any third-party providers that provide products and services for the Bank.
7. The Board periodically reviews and approves customer protection risk exposure limits to conform to any changes in the Bank's strategies and addresses the extent of protection assumed by the customers when new products are introduced.
8. Exercises such other powers as shall be necessary in the performance of its duties.

Responsibilities of the Senior Management

1. Senior Management is responsible for implementing a program to manage the customer compliance risks associated with the Bank's business model, including ensuring compliance with laws and regulations on both a long-term and a day-today basis. Accordingly, management should be fully involved in its activities and possess sufficient knowledge of all major products to ensure that appropriate risk controls are in place and that accountability and lines of authority are clearly delineated;
2. Senior management also is responsible for establishing and communicating a strong awareness of, and need for, effective customer protection risk controls and high ethical standards.

Consumer protection risk management system

BOF's Consumer Protection Risk Management System (CPRMS) is a means by which BOF identify, measure, monitor and control consumer protection risks inherent in its operations. A carefully devised, implemented, and monitored CPRMS provides the foundation for ensuring BOF's adherence to consumer protection standards of conduct and compliance with consumer protection laws, rules and regulations, thus ensuring that BOF's consumer protection practices address and prevent identified risks to BOF and associated risk of financial harm or loss to consumers.

Consumer assistance management system

BOF strives to improve its operations and to extend the best quality of service to its clients, suppliers, affiliates, and companies it deals with. BOF believes that the most effective scheme in coming up with the best services lies in recognizing, understanding and resolving the complaints, comments or concerns of the general public elevated through its Customer Care (C2)

All complaints whether simple or complex, shall be handled by the Consumer Assistance Team (CAT). The CAT shall be responsible for the following:

1. Receiving and acknowledging Complaints/Concerns;
2. Investigating and Resolving Complaints;
3. Responding to inquiries; and
4. Timeliness of report

Customer feedback are recorded and analyzed to improve the system and to enhance personnel capabilities in handling complaints.

Products and Services

DEPOSIT PRODUCTS



Apple Kiddie Savings Passbook Account

"Start saving today!"

Newborns to children aged 12 years old can open a passbook account with as low as PhP100.00.



Banana Easy Savings Passbook Account

"Great savings made easy!"

Open a passbook savings account with as low as PhP100.00 for personal and PhP2,000.00 for corporate account.



Mango Prime Time Deposit Account

"Get excellent returns with a time deposit that bears fruit."

Open a time deposit account for as little as PhP5,000.00.



Orange Premium Checking Account

"A reliable and hassle-free way to manage money."

Open a premium checking account for as low as PhP2,000.00 for personal accounts, and PhP5,000.00 for corporate accounts.

LOAN PRODUCTS



Fast Cash Multi-Purpose Loan

"The perfect loan for immediate cash needs."

- Loan for business expansions, house construction or improvement, education, travel, car purchase, and more.
- Loanable amount of PhP50,000.00 to PhP1,000,000.00
- Choice of terms from thirty (30) days up to three (3) years.
- Secured with Real Estate Mortgage (REM).



Agricultural and Countryside Loan (AGRI-AGRA)

"The reliable financing facility for agricultural needs."

- Loan for farming needs like planting, harvesting, gathering; and other agricultural activities like purchasing land, farm machines, equipment, fertilizers, seeds, poultry, livestock, and the like.
- Competitive interest rates.
- Secured with Real Estate Mortgage (REM).



Commercial and Business Loan

"The smart way to grow your business."

- The answer to Small and Medium Enterprises' (SMEs) needs for working capital to expand their business and purchase commodities.
- Choice of terms from thirty (30) days up to seven (7) years.
- Competitive interest rates.
- Secured with Real Estate Mortgage (REM).



Doctors' Loan

"The reliable financing facility for doctors"

- Loan to finance the personal and business needs of individual in the medical profession.
- No collateral.
- Simply fill up the application form, submit requirements and present a copy of PRC ID.
- Low interest rates and easy processing.
- Loans of Php50,000.00 up to Php500,000.00.



Auto Loan

"Owning a car has never been this convenient!"

- Loan to finance the acquisition of brand new motor vehicles for business or personal use.
- Easy loan processing, low interest rates.



Power Cash Loan

"A fast and secure loan to power your dreams"

- Personalized collateral-free multi-purpose loan to meet a borrower's short term and/or personal needs or business related needs.
- Loans of Php30,000.00 up to Php300,000.00.
- Choice of terms of six (6) months up to thirty-six (36) months.
- Easy loan processing, low interest rates.

OTHER SERVICES



- ATM Aquirer
- Foreign Exchange
- Bayad Express (PELCO I Payment)

Branch Directory

Executive Offices:

BOF Building, MacArthur Highway,
Dolores, City of San Fernando, Pampanga
Trunk lines: (045) 963 5188 to 89
(045) 963 5288 to 90
Telefax: (045) 961 7079
Office Mobile No.: (0918) 922 8289
Customer Care No.: (0917) 548 4665
Email: customercare@bankofflorida.ph
Website: www.bof.com.ph

1. Floridablanca Branch Office

Poblacion, Floridablanca, Pampanga
floridablanca@bankofflorida.ph
(045) 970 1069 / (045) 970 0333
(045) 970 0456

2. Sto. Tomas Lubao Branch Office

Crossing, Sto. Tomas,
Lubao, Pampanga
stotomaslubao@bankofflorida.ph
(045) 971 5481 / (045) 971 6224

3. Sta. Cruz Lubao Branch Office

C. Soto Street, Sta. Cruz,
Lubao, Pampanga
stacruz@bankofflorida.ph
(045) 971 6333

4. Sto. Tomas Branch Office

San Matias, Sto. Tomas, Pampanga
stotomas@bankofflorida.ph
(045) 961 2090

5. Sta. Ana Branch Office

Poblacion, Sta. Ana, Pampanga
staana@bankofflorida.ph
(045) 409 9814

6. Arayat Branch Office

Poblacion, Arayat, Pampanga
arayat@bankofflorida.ph
(045) 409 9660

7. San Fernando Branch Office

BOF Bldg., MacArthur Highway,
Dolores, City of San Fernando,
Pampanga
sanfernando@bankofflorida.ph
(045) 961 1460

8. Pulilan Branch Office

Barangay Paltao,
Pulilan, Bulacan
pulilan@bankofflorida.ph
(044) 769 3283

9. Capas Branch Office

Poblacion, Capas, Tarlac
capas@bankofflorida.ph
(045) 925 0173

10. Candaba Branch Office

Poblacion, Candaba, Pampanga
candaba@bankofflorida.ph
(045) 409 9998

11. Guagua Branch Office

MQC Building, Jose Abad Santos Ave.,
San Matias, Guagua, Pampanga
guagua@bankofflorida.ph
(045) 405 0048

12. Magalang Branch Office

Sta. Cruz, Magalang, Pampanga
magalang@bankofflorida.ph
(045) 343 4355 / (045) 866 2334

13. Dau Branch Office

Dau, Mabalacat City, Pampanga
dau@bankofflorida.ph
(045) 624 0008

14. Sta. Rita Branch Office

San Vicente, Sta. Rita, Pampanga
starita@bankofflorida.ph
(045) 497 0145

15. Angeles City Branch Office

Sto. Rosario St., Sto. Rosario,
Angeles City, Pampanga
angelescity@bankofflorida.ph
(045) 322 8182

16. Minalin Branch Office

269 Poblacion, San Nicolas,
Minalin, Pampanga
minalin@bankofflorida.ph
(045) 435 6319

17. Porac Branch Office

Barangay Babo Sacan,
Porac, Pampanga
porac@bankofflorida.ph
(045) 402 4976

18. Macabebe Branch Office

Barangay San Gabriel,
Macabebe, Pampanga
macabebe@bankofflorida.ph
(045) 403 9274



2018 State of the Bank Address
January 27, 2018
Otel Pampanga, City of San Fernando, Pampanga



BOF-ECPay Signing of Memorandum of Agreement
April 18, 2018
BOF Training Room, City of San Fernando, Pampanga



Corporate Social Responsibility: Cub-Cub Daycare Center
April 25, 2018
Brgy. Cub-Cub, Capas, Tarlac



North Luzon Area Business Conference (NLABC)
May 17, 18 and 19, 2018
LausGroup Event Centre, City of San Fernando, Pampanga



2018 HDG-AT-FUN
May 26, 2018
Sinagtala Farm Resort, Orani, Bataan



Corporate Social Responsibility: Lacquios Elementary School
June 28, 2018
Brgy. Lacquios, Arayat, Pampanga

2018



BOF Macabebe Branch Blessing and Inauguration
August 8, 2018
Brgy. San Gabriel, Macabebe, Pampanga



2019 Strategic Planning
November 30 - December 1, 2018
Las Casas Filipinas de Acuzar, Bagac, Bataan



Corporate Social Responsibility: San Gabriel Elementary School
December 5, 2018
Brgy. San Gabriel, Macabebe, Pampanga



HDG Christmas Party
December 15, 2018
Otel Pampanga, City of San Fernando, Pampanga



In Memoriam

Liberato P. Laus

Chairman of the Board

It's all about YOU

(BOF Jingle)

Music and Lyrics by
Ben & Deng Escasa

Mula noon hanggang ngayon
Tayo'y Magkakasama
Partner sa pag asenso
Kabalikat sa progreso
Kabuhayan mo ay gaganda
It's All About You
Here at BOF

Sa Bank of Florida
Ika'y very happy
Together like one family
Sa serbisyo ay panalo
Ang pera mo ay sigurado

Sa Bank of Florida
Ikaw ang bida
Love na love namin kayo
We give service with a smile
It's All About You
Here at BOF

Sa Bank of Florida
Puno ng pag-asa
Pangarap mo'y may katuparan
Kinabukasan ay aalagaan
Tunay Kaming Maaasahan
Salamat sa tiwala nyo
It's All About You
Here at BOF

Annual Report to Stockholders (ARSH) 2018 Committee

Advisers:

Jaime P. Panganiban
Jose Paolo D. Carlos

Chairperson:

Cecile G. Escalante

Members:

Erlisa M. Banag
Myrin M. Paguio
Eirene M. Figueroa
Ethel A. Cachero
Aljun R. Tolentino
Liana Lynn C. Maniacup
Celine C. Cayanan

Photography by:

Ryan F. Puno Professional
Photography Services

Disclaimer:

Presentation of Information

This Annual Report of BOF, Inc. (A Rural Bank) is prepared in accordance with Philippine Financial Reporting Standards and disclosure requirements in the Annual Report (Appendix to Subsec. X190.5 of the Manual of Regulations for Banks (MORB)).

Certain statements in the Annual Report are historical facts and are 'forward-looking' statements that relate to, among other things, BOF's business, result of operations, financial condition, plans, vision and mission, goals and objectives, strategies, future events, target revenues and/or performance, as well as assumptions thereof. These statements are based on BOF's current view with respect to future events and financial performance. By their very nature, forward looking statements involve uncertainties and are subject to certain risks, including, but not limited to, (i) general economic conditions, in particular in BOF's core and niche markets, (ii) changes in the availability of, and costs associated with, sources of liquidity, as well as conditions in the credit market generally, including changes in borrower credit-worthiness, (iii) performance of financial markets, including developing markets, (iv) interest rate levels, (v) credit spread levels, (vi) currency exchange rates, (vii) general competitive factors, (viii) general changes in the valuation of assets, (ix) changes in law and regulations, including taxes, (x) changes in policies of governments and/or regulatory authorities, (xi) changes in law and regulations, including taxes, (x) changes in policies of governments and/or regulatory authorities, (xi) the result of our strategy and objectives, and (xii) the risks and uncertainties as addressed in this Annual Report, the occurrence of which could cause BOF's actual results and/or performance to differ from those predicted in such forward-looking statements and from past results.

The forward-looking statements speak only as of the date hereof. BOF does not undertake any obligation to update or revise forward-looking statements contained in this Annual Report, whether as a result of new information, future events or otherwise. Neither do BOF nor any of its directors, officers, and employees make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

**It's all about
YOU**

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