

*Experience*



CELEBRATING 55 YEARS

**2019 ANNUAL REPORT**  
**BOF, INC. (A RURAL BANK)**

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# BOF 2019 at a Glance



TOTAL ASSETS

**PhP3.78 Billion**



TOTAL CAPITAL

**PhP633 Million**



TOTAL DEPOSITS

**PhP2.97 Billion**



TOTAL LOANS

**PhP2.58 Billion**

## 19 BRANCHES IN CENTRAL LUZON



# 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 Central Luzon 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.

# ABOUT OUR LOGO



# OUR TAGLINE

It's all about **YOU**

## Message from the Chairperson

A professional portrait of Nina Perpetua Datu-Aguas, the Chairperson of the Board. She is a middle-aged woman with dark, wavy hair, smiling warmly at the camera. She is wearing a bright blue blazer over a white blouse with a black ribbon detail at the neck. Her arms are crossed. The background is a blurred indoor setting with large windows and greenery.

“We should always be work in progress to remain relevant, to grow our bank’s influence and presence and to help move the industry forward.”

Nina Perpetua Datu-Aguas  
Chairperson of the Board

First, allow me to thank and honor our Former Chairman, Liberato “Levy” P. Laus for his mentorship and guidance that propelled BOF to the position and stature it enjoys today. BOF is reflective of his strong influence within the business community, his mentorship and his work ethics. His untimely loss leaves a void but he continues to be with us as we move ahead and allow his values and beliefs to continue to inspire and drive us in BOF.

In much the same way, let us honor the legacy left behind by the founders of BOF whose entrepreneurial spirit and sense of mission live on in each one of us and in the lives of the people we serve. As an institution, BOF has for over 50 years, brought economic prosperity and gave our communities and customers access to banking services and our employees meaningful jobs. Let it be said that the rural areas are made stronger because of us and our presence there.

I accepted the BOF Chair position, as a personal mission and a challenge -- to support financial inclusion, we must continue to find ways to make banking services available and accessible in our communities on reasonable terms. A vision that is bold and elusive at the same time.


Our job today is to build and define our contribution to the writing of the fresh pages of the BOF success story in this new decade. As we look ahead and define our strategic way forward, we need to decide on our priorities and tactical actions to get to our desired state. We should always be true to our core business values of prioritizing customer experience, safeguarding our financial assets, caring for our people and protecting our reputation.

That said, one that weighs heavily on all industries and businesses, big and small is Technology.

Technology provides us with rich information, stretches and broadens our runways and opens up fresh borderless horizons. Jasmine in Aladdin had the magic carpet, we have technology, our whole new world. The premise of each revolution has been that it improved human life. Thus, more than ever, technology demands all of us to stretch beyond our early and easiest conceptions as we all are now, unintended, digital and global citizens.

Tomorrow waits for no one. We should always be work in progress to remain relevant, to grow our bank’s influence and presence and to help move the industry forward. Let us continue to nourish and nurture our imagination; please do not edit nor neuter your ambitions.

Again, I am happy and thankful to be part of the BOF family.

  
NINA PERPETUA DATU-AGUAS  
Chairperson of the Board



CELEBRATING 55 YEARS

## Message from the President and CEO



“Today, we are blessed to have grown to be a trusted and innovative rural bank not only in Pampanga but also in Central Luzon and even nationwide.”

Teresa David-Carlos

President and CEO



2019 was a record year for BOF as we have achieved new milestones while celebrating our 55th year of creating value for our stakeholders.

As we trace our roots back to 1964, with just PhP 288,000 in paid up capital, BOF has truly come a long way to where it is now, 55 years later.

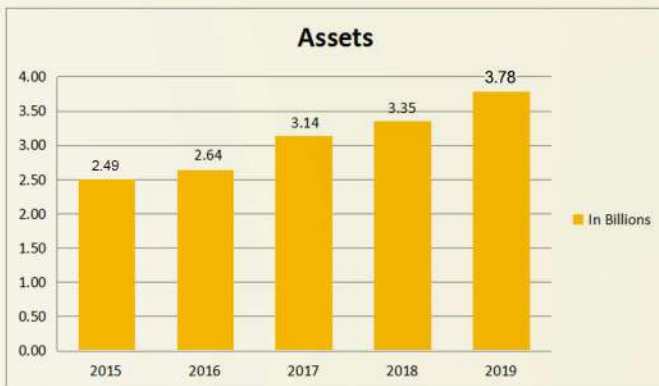
Below are the highlights of our operations for the year ending December 31, 2019, with comparative figures for the last five years (2017-2019).

FINANCIAL HIGHLIGHTS			
PARTICULARS	2017	2018	2019
NET INCOME	50,443,950	50,860,202	62,384,966
CAPITAL	547,514,615	586,532,148	633,331,132
RETURN ON EQUITY	9.73%	8.67%	10.23%
TOTAL RESOURCES	3,142,142,179	3,349,507,002	3,786,592,948
RETURN ON ASSETS	1.79%	1.52%	1.75%
LOAN PORTFOLIO	2,306,951,159	2,381,419,648	2,583,037,734
DEPOSIT LIABILITIES	2,258,548,279	2,585,170,707	2,977,090,374
PAST DUE	158,566,053	129,666,058	111,386,166
PAST DUE RATIO	6.93%	5.48%	4.34%
NPL	138,966,868	85,138,893	85,683,458
NPL RATIO	6.07%	3.60%	3.34%

## FINANCIAL PERFORMANCE

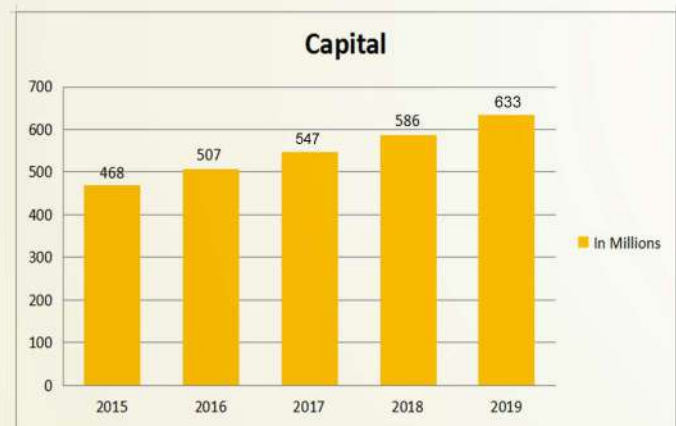
### ASSETS

As of December 31, 2019, our total assets stood at PhP3.78 billion, which resulted to an increase of PhP437 million or 13.05% growth compared to our 2018 assets of PhP3.35 billion.



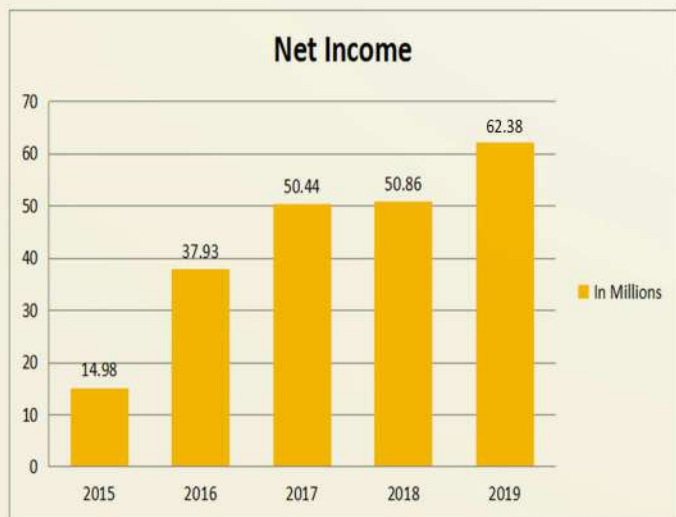
### CAPITAL

BOF's Net Worth by the end of 2019 stood at PhP633 million, which is more than 15 times greater compared to the BSP requirement of PhP40 million for Rural Banks with offices outside the National Capital Region (NCR) with 11 to 50 branches. This gave us an increase of PhP46 million or an 7.98% growth from our 2018 record of PhP586 million.



### INCOME

Our Net Income After Tax grew to PhP 62.38 million in 2019 from PhP 50.86 million in 2018 and has achieved a 22.66% increase. Despite stiff industry competition, BOF's sustained efforts resulted in increase in net income.

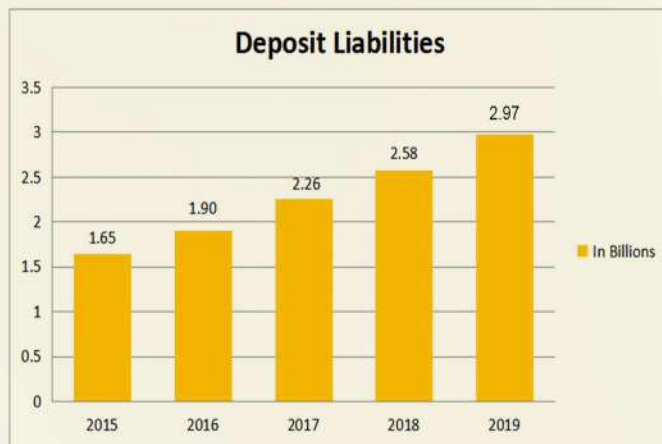


## Message from the President and CEO

### DEPOSIT

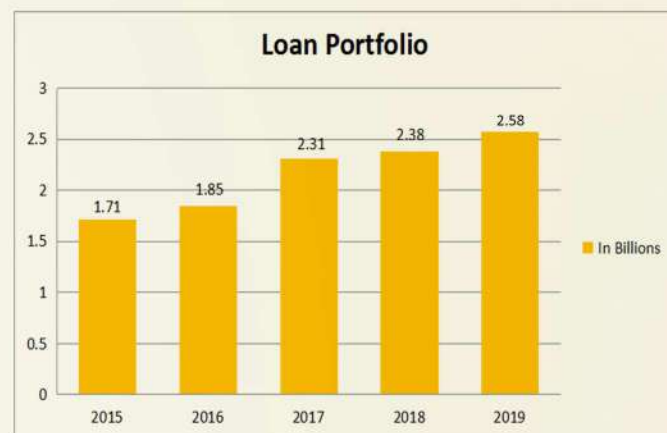
For our deposit liabilities, we have a total of 56,802 accounts with an increase of 3,408 or 6.38% as of December 31, 2019. Our 2018 record shows that we have 53,394 accounts, while in 2017, we had 49,297 accounts.

Our total deposits as of December 31, 2019 stood at PhP2.97 billion. This gave us an increase of PhP392 million or a 15.16% growth from our 2018 record of PhP2.58 billion and 2017 record of PhP2.26 billion.



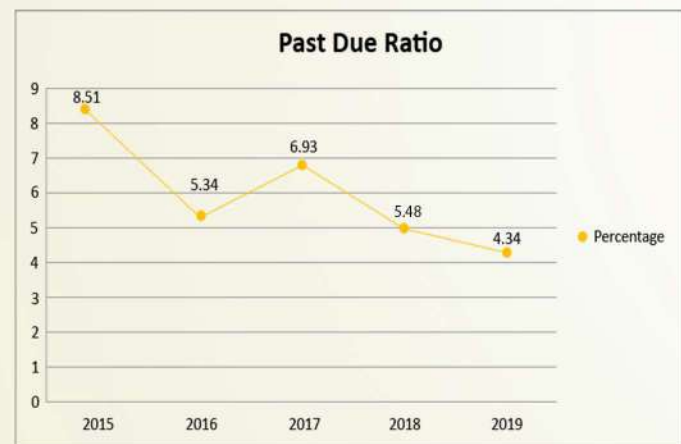
### LOAN PORTFOLIO

Our loan portfolio as of December 31, 2019 stood at PhP2.58 billion. This gave us an increase of PhP201 million or an 8.47% growth compared with our 2018 record of PhP2.36 billion and 2017 record of PhP2.30 billion.



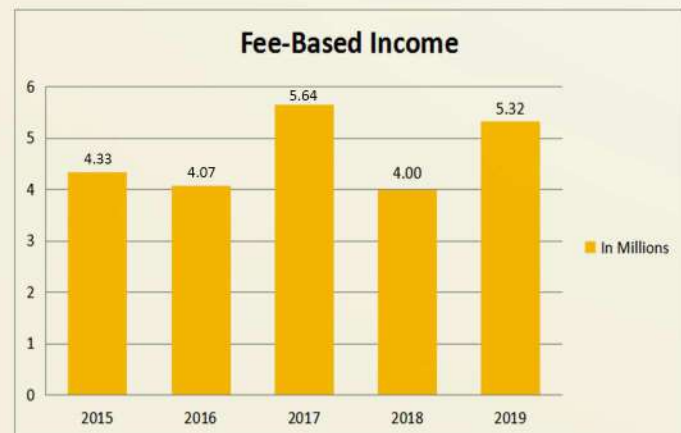
### PAST DUE RATIO

Our past due ratio for 2019 was 4.34%, a decrease of 1.14% compared to our past due ratio in 2018 which was at 5.48%. This is so far BOF's best ratio since our 2014 consolidation with the Bank of Lubao. BOF's 4.34% past due ratio is also remarkably in excellent standing if measured against the Rural Bank Industry average of 13.47% and Thrift Bank Industry average of 8.34% based on BSP data as of December 2019.



### BOF's FEE-BASED PRODUCTS AND INCOME

For 2019, our Fee-based income was PhP5.32 million an increase of PhP1.32 million as compared to our fee-based income of 2018 amounting to PhP4.00M. Fee-based income comprises of Bank Commissions from Moneygram, Pelco, BDO Remit, Insurance, EcPay, PESONet and ATMs. Other contributors on this fee-based income are the Service Charges on Loans, Current Accounts and Savings Accounts.



**BOF RANKINGS**

The following are BOF’s national ranking among 451 rural and cooperative banks as per BSP data as of December 31, 2019.

Total Assets	Rank 9
Total Capital	Rank 10
Total Deposits	Rank 7
Total Loans	Rank 9

Today, we are blessed to have grown to be a trusted and innovative rural bank not only in Pampanga but also in Central Luzon and even nationwide.

**DIGITAL TRANSFORMATION**

In 2019, we have welcomed the swift entry of digitalization, which has been altering our clients’ expectations, needs and behaviors. To support these evolving client trends, we will invest mindfully in the necessary infrastructure in the next coming years and ensure that our human capital are equipped to perform effectively in a digital age to cover financial inclusion. As we confront a rapidly-evolving world, we also kept on embracing change in every possible way in order to thrive.

The evolving needs of our clients have fueled our desire to improve and provide more efficient products and services. Our application to be a Clearing subscriber was approved by the Philippine Clearing House Corporation (PCHC) and we started Direct Clearing on May 2, 2019. We have also launched PESONet, an electronic fund transfer service that enables clients to easily and safely send or receive money to other bank accounts on August 19, 2019 making us the 1st rural bank participant in Central Luzon.

In addition, we also plan to offer Instapay, an electronic retail payment system which is in real-time, hopefully in 2020. This will allow our clients to transfer funds instantly to other participating BSP supervised banks and non-bank e-money issuers in the Philippines.

**PARTNERSHIPS AND NEW PRODUCTS**

In 2019, BOF has partnered with the Home Guaranty Corporation (HGC), a government-owned corporation, which is authorized to operate guaranty programs on housing loans under Republic Act No. 8763. With this, BOF is able to apply for a Retail Guaranty Line where housing mortgage loans and installment receivables may be enrolled with the HGC for guaranty coverage. On June 1, 2019, we launched ‘Home Loan’, our newest loan product, tailor-fitted to the needs and current spending capabilities of our clients.

In support of BSP’s thrust of financial inclusion, BOF has also added a Basic Deposit Account (BDA) in our deposit products which will take effect in January 2020 and is designed to meet the need of the unbanked for a low-cost and no-frills account to help provide a high quality of life for all Filipinos.

And in our thrust to improve our credit review process, we also signed a Memorandum of Agreement with the Credit Information Corporation (CIC), a government-owned and controlled corporation organized by virtue of Republic Act No. 9510 in October 2019 to gain access to more than 9 million unique data subjects and 80 thousand companies or corporations. We also commenced the onboarding process with the TransUnion Information Solutions, Inc., (TransUnion), a CIC accredited Credit Information Bureau which will provide BOF with valuable credit related decision support services.

**BRANCH NETWORK**

With BOF’s steady growth and development, we were also able to grow our number of branches to nineteen (19) when we opened our Guagua Branch Lite (GBL) on August 29, 2019. This is BOF’s second branch in Guagua in order to serve more Cabalens in the nearby areas.

We have also been approved by BSP to open a branch in Bacolor, Pampanga, an unbanked municipality to date. In addition to Bacolor, we have also included Bataan in our expansion plans along with our digital initiatives to better serve the community and promote financial inclusion.

## Message from the President and CEO

### 55<sup>th</sup> ANNIVERSARY CELEBRATION

Recognizing that BOF would not be where we are today without the support of all our stakeholders, we ensured that our 55th anniversary celebration was centered on our most valuable asset, our clients. Together with all the people who contributed to our success, BOF held its 55th anniversary thanksgiving celebration with the theme 'Experience BOF's Love' on June 27, 2019 at the LausGroup Events Centre, Pampanga.

### BSP AWARD

BOF has been conferred with "Consistency in Prudential Reporting" during the Awarding Ceremony and Appreciation Lunch for BSP Stakeholders held at the Cafetorium of the BSP on July 10, 2019. This recognition is one of the results of BOF's unwavering efforts to support and collaborate with BSP in delivering quality service to our stakeholders.

### GOING FORWARD

Amid all the challenges we faced, I am very proud to close 2019 with our heads held high and our hearts filled with the best memories of relentless service, strengthened partnerships and continuous growth.

We will be strengthening our financial inclusion advocacy by conducting financial literacy programs to encourage productive expenditure, promote saving as well as entrepreneurship in different areas in Central Luzon.

And as we celebrated 55 years of unparalleled success, BOF will continue its commitment of providing a next level banking experience through innovative technology, better products and personalized services in Central Luzon.

  
TERESA DAVID-CARLOS  
President and CEO



(L-R) Bruce J. Tolentino - BSP Monetary Board Member, Jose Paolo D. Carlos - BOF Executive Vice President, Teresa David-Carlos - BOF President and CEO, and Benjamin E. Diokno - BSP Governor



(L-R) Teresa David-Carlos - BOF President and CEO, Benjamin E. Diokno - BSP Governor and Susan Jesusa David-Nunga - BOF Senior Executive Vice President

# Financial Highlights

	<b>2019</b>	<b>2018</b>
<b>Profitability</b>		
Total net interest income	201,375,306	183,655,177
Total non-interest income	83,403,467	72,446,133
Total non-interest expenses	170,542,302	161,574,011
Pre-provision profit	114,236,471	94,527,299
Allowance for credit losses	27,292,985	23,462,126
Net income	62,384,966	50,860,202
<b>Selected Balance Sheet Data</b>		
Liquid Assets	972,303,891	741,428,199
Gross Loans	2,583,037,734	2,381,419,648
Total Assets	3,786,592,948	3,349,507,002
Deposits	2,977,090,374	2,585,170,707
Total Equity	633,331,132	586,532,148
<b>Selected Ratios</b>		
Return on Equity	10.23%	8.67%
Return on Assets	1.75%	1.52%
Capital Adequacy Ratio	16.31%	16.80%
<b>Others</b>		
Cash dividends declared	12,000,912	12,000,912
Headcount		
Officers	41	40
Staff	130	123
Total	171	163
Tier 1 Capital	604,879,994	556,579,613
Tier 2 Capital	34,638,602	34,856,501
Total Qualifying Capital	639,518,596	591,436,114
Capital requirements for credit risk	3,631,613,364	3,249,661,919
Capital requirements for operational risk	289,151,814	270,306,263
Tier 1 Capital Adequacy Ratio	15.43%	15.81%
Total Capital Adequacy Ratio	16.31%	16.80%

# Statements of Management's Responsibility for Financial Statements

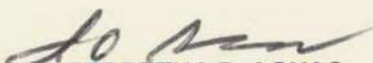
The Management of **BOF, INC. (A RURAL BANK)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, 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.

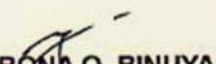
The Board of Directors is responsible for overseeing the Bank's financial reporting process.

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**, the independent auditor appointed by the stockholders for the years ended December 31, 2019 and 2018, has audited the financial statements of the Bank in accordance with Philippine Standards on Auditing, and in its reports to the stockholders has expressed its opinion on the fairness of presentation upon completion of such audit.

  
**NINA PERPETUA D. AGUAS**  
Chairperson of the Board

  
**TERESA D. CARLOS**  
President and CEO

  
**RONA Q. BINUYA**  
Treasurer

Signed this 28<sup>th</sup> day of April 2020

# Independent Auditor's Report



## INDEPENDENT AUDITOR'S REPORT

1806 Cityland  
Pasong Tamo Tower  
2210 Chino Roces Ave.  
Makati City  
Metro Manila, 1231  
Philippines

Phone +63 2 555 0834  
Email [ask@mlaguirre.org](mailto:ask@mlaguirre.org)  
Web [www.mlaguirre.org](http://www.mlaguirre.org)

Stockholders and Board of Directors  
**BOF, Inc. (A Rural Bank)**  
Mc Arthur Hi- way, Dolores  
City of San Fernando, Pampanga

### *Opinion*

We have audited the financial statements of **BOF, Inc. (A Rural Bank)** (the "Bank"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years 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, 2019 and 2018, and its financial performance and cash flow for the years then ended in accordance with Philippine Financial Reporting Standards – (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.

### *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 Philippine Financial Reporting Standards – (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.

### *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.

## Independent 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

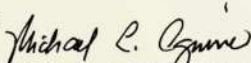
July 17, 2017 valid until July 16, 2020

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. 8126052

Issued on January 07, 2020

Makati City

April 28, 2020

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, 2019 and 2018  
(In Philippine Peso)

	2019	2018
<b>ASSETS</b>		
Cash and other cash items	41,482,790	43,575,760
Due from Bangko Sentral ng Pilipinas	106,457,507	81,530,706
Due from other banks	742,346,342	536,403,783
Investments at fair value through profit or loss	16,695,482	14,596,180
Financial assets at amortized cost	65,321,770	65,321,770
Loans and receivables - net	2,493,558,937	2,307,943,263
Bank premises, furniture, fixtures and equipment- net	89,015,198	85,948,710
Right-of-use asset- net	35,915,797	-
Investment properties- net	146,928,343	164,253,006
Deferred tax assets	23,321,018	21,303,701
Other assets- net	25,549,764	28,630,123
<b>TOTAL ASSETS</b>	<b>3,786,592,948</b>	<b>3,349,507,002</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Deposit liabilities	2,977,090,374	2,585,170,707
Bills payable	80,000,000	140,000,000
Income tax payable	10,123,657	1,391,621
Dividends payable	3,085,823	2,607,377
Deferred tax liability	6,977,087	6,486,624
Finance lease liability	37,517,662	-
Retirement liability	4,276,537	-
Other liabilities	34,190,676	27,318,525
<b>TOTAL LIABILITIES</b>	<b>3,153,261,816</b>	<b>2,762,974,854</b>
<b>STOCKHOLDERS' EQUITY</b>		
Capital Stock- common	386,526,320	386,526,320
Capital Stock- preferred	206,000	206,000
Additional paid-in capital	33,166,673	33,166,673
Revaluation surplus	14,824,237	15,135,458
Remeasurements for net defined benefit liability	(2,717,031)	-
Surplus- free	201,324,933	151,497,697
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>633,331,132</b>	<b>586,532,148</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>3,786,592,948</b>	<b>3,349,507,002</b>

# Statements of Comprehensive Income

For The Years Ended December 31, 2019 and 2018  
(In Philippine Peso)

	2019	2018
<b>INTEREST INCOME</b>		
Loans and receivables	238,336,931	211,618,488
Due from other banks	13,473,565	7,594,223
Investments at fair value through profit or loss	706,562	700,174
Financial assets at amortized cost	2,448,590	2,043,611
	<b>254,965,648</b>	<b>221,956,496</b>
<b>INTEREST AND FINANCE CHARGES</b>		
Deposit liabilities	49,675,031	35,255,540
Borrowed funds	1,983,039	3,045,779
Finance lease	1,932,272	-
	<b>53,590,342</b>	<b>38,301,319</b>
<b>NET INTEREST INCOME</b>	<b>201,375,306</b>	<b>183,655,177</b>
Impairment losses	27,292,985	23,462,126
<b>NET INTEREST INCOME AFTER IMPAIRMENT LOSSES</b>	<b>174,082,321</b>	<b>160,193,051</b>
Other income	83,403,467	72,446,133
<b>TOTAL OPERATING INCOME</b>	<b>257,485,788</b>	<b>232,639,184</b>
<b>OPERATING EXPENSES</b>	<b>170,542,302</b>	<b>159,998,979</b>
<b>OTHER EXPENSES</b>	<b>-</b>	<b>1,575,032</b>
<b>PROFIT BEFORE INCOME TAX</b>	<b>86,943,486</b>	<b>71,065,173</b>
<b>PROVISION FOR INCOME TAX</b>	<b>24,558,520</b>	<b>20,204,971</b>
<b>NET INCOME</b>	<b>62,384,966</b>	<b>50,860,202</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>	<b>(2,583,650)</b>	<b>158,243</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>59,801,316</b>	<b>51,018,445</b>

# Statements of Changes in Stockholders' Equity

For The Years Ended December 31, 2019 and 2018  
(In Philippine Peso)

	Common Share Capital	Preferred Share Capital	Additional Paid-in Capital	Revaluation Surplus	Remeasurements for net defined benefit liability	Surplus Free	Total
Balance at January 1, 2018	386,526,320	206,000	33,166,673	15,504,690	-	112,110,932	547,514,615
Net income	-	-	-	-	-	50,860,202	50,860,202
Other Comprehensive Income	-	-	-	(369,232)	-	527,475	158,243
Dividends declared	-	-	-	-	-	(12,000,912)	(12,000,912)
<b>Balance at December 31, 2018</b>	<b>386,526,320</b>	<b>206,000</b>	<b>33,166,673</b>	<b>15,135,458</b>	<b>-</b>	<b>151,497,697</b>	<b>586,532,148</b>
Balance at January 1, 2019	386,526,320	206,000	33,166,673	15,135,458	-	151,497,697	586,532,148
Application of PAS 19	-	-	-	-	(2,717,031)	(779,753)	(3,496,784)
January 1, 2019 as restated	386,526,320	206,000	33,166,673	15,135,458	(2,717,031)	150,717,944	583,035,364
Net income	-	-	-	-	-	62,384,966	62,384,966
Other comprehensive income (loss)	-	-	-	(311,221)	-	444,602	133,381
Prior period adjustment	-	-	-	-	-	(221,667)	(221,667)
Dividends declared	-	-	-	-	-	(12,000,912)	(12,000,912)
<b>Balance at December 31, 2019</b>	<b>386,526,320</b>	<b>206,000</b>	<b>33,166,673</b>	<b>14,824,237</b>	<b>(2,717,031)</b>	<b>201,324,933</b>	<b>633,331,132</b>

# Statements of Cash Flows

For The Years Ended December 31, 2019 and 2018  
(In Philippine Peso)

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	86,943,486	71,065,173
Adjustments for:		
Gain on sale of investment properties	(43,886,675)	(38,813,309)
Depreciation and amortization	30,658,200	25,799,873
Provision for credit losses	27,292,985	23,462,126
Interest income	(16,628,717)	(10,338,008)
Interest expense	3,915,311	3,045,779
Unrealized (gain)/ loss on investment at FVPL	(2,079,484)	1,575,032
Retirement expense	779,753	-
Prior period adjustment	(221,667)	-
Gain on sale of bank premises, furniture, fixtures and equipment	(669,998)	(571,998)
Adjustments in Bank premises, furniture and equipment	(8,784)	-
Operating cash flows before working capital changes	86,094,409	75,224,668
Increase in operating assets:		
Loans and receivables	(226,554,606)	(156,083,566)
Other assets	(4,409,206)	(3,680,432)
Increase (decrease) in operating liabilities:		
Deposit liabilities	391,919,667	326,622,428
Other liabilities	6,728,766	(5,802,819)
Net cash generated from operations	253,779,030	236,280,279
Interest received	15,137,960	9,001,372
Interest paid	(2,156,686)	3,345,059
Income tax paid	(13,991,717)	(16,788,227)
<i>Net cash generated from operating activities</i>	252,768,587	231,838,483
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of investment properties	65,960,000	66,160,276
Additional investment in financial assets at amortized cost	-	(20,000,000)
Acquisition of bank premises, furniture, fixtures, and equipment	(12,705,184)	(6,473,096)
Proceeds from disposal of bank premises, furniture, fixtures, and equipment	670,000	572,000
<i>Net cash generated from investing activities</i>	53,924,816	40,259,180
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from availment of borrowings	200,000,000	175,000,000
Payment of borrowings and leasing liabilities	(266,374,729)	(327,339,000)
Dividends paid	(11,522,466)	(11,462,442)
<i>Net cash used in financing activities</i>	(77,897,195)	(163,801,442)
<b>EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH</b>	(19,818)	18,910
<b>NET INCREASE IN CASH</b>	228,776,390	108,315,131
<b>CASH AT BEGINNING OF YEAR</b>	661,510,249	553,195,118
<b>CASH AT END OF YEAR</b>	890,286,639	661,510,249

# Client Testimonials



## Loyalty is Royalty

George R. Manalastas  
Business Owner

George R. Manalastas, owner of the GRM Hardware and Construction Supply, has been a valued client of BOF for over 20 years. Founded by their father in 1993, his business was originally stationed in Porac, Pampanga before it was transferred to Floridablanca, Pampanga.

With the help of BOF, his business grew from providing trucking services and concrete to supplying hardware and construction materials in Central Luzon. The bank has been his partner in providing necessary financial services not only in his business but even for personal matters.

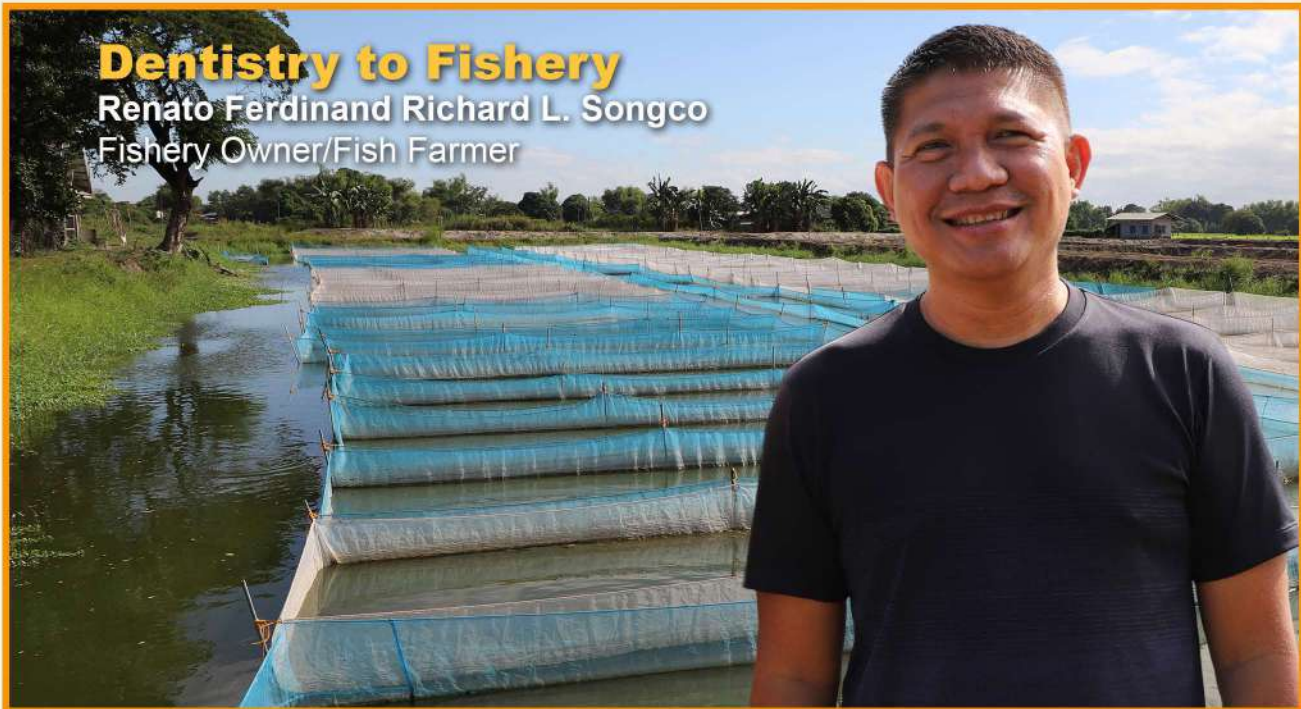
Mr. Manalastas emphasized that being with BOF also encouraged him to save. "Nag-eexpand ang negosyo dahil malaking tulong rin yung nakakapag-save ka lalo na dito sa BOF. Hindi na nahihirapan kung magkulang man yung pondo mo, anytime mapupunan mo at hindi ka mahihirapan." he added.

One of BOF qualities' that he admires is its personalized services. As a businessman who is always on-the-go, BOF's fast processing allows him to save time and transact hassle-free.

Mr. Manalastas thanked BOF for helping him succeed and for being a lucky charm in his business. "Isa siyang malaking tulong sa negosyo. Higit sa lahat para sa 'kin may kasama siyang swerte dahil dito ako nag-start. Sa ngayon dito pa rin, patuloy pa rin at nakikita ko na mas magaan pa rin ang pagbangko sa Bank of Florida." he enthused.

After 20 fruitful years with BOF, he still vowed to stay loyal as he deemed BOF on par with other commercial banks given the quality of service that he has experienced throughout the years.

# Client Testimonials



Small steps can lead one to greater success. This is exactly what happened to Dr. Renato Ferdinand Richard L. Songco, a fish farmer in Guagua, Pampanga and BOF's valued client since 2013. Considering farming as his true calling, he left his career as a licensed dentist and shifted into the agriculture sector.

Dr. Songco's fishery business focuses in producing Tilapia. He started with one hectare of land and a PhP5,000 capital in 1996.

As a novice fish farmer then, he faced financial and operational challenges. But with much passion and perseverance, he gained more knowledge and learned the skills needed to perfectly maneuver the intricacy of fish farming. His hard work and determination paid off as every harvest of Tilapia earned him good income. His business then slowly flourished and increased in size.

For Dr. Songco, BOF is his go-to bank when opportunities for expansion knocked at his door.

The bank has provided financial assistance for his operation and expansion projects.

Even though other banks tried to woo him, Dr. Songco felt that they cannot top BOF in terms of its personalized services. He considers BOF his business partner since the bank is always quick to help him with his financial needs. "Ako kasi kapag gusto kong mag-expand, si BOF agad ang naiisip ko eh. Nabibigay talaga nila yung needs ko," Dr. Songco added.

Aside from flexible terms and fast processing of loans, BOF also has genuine care for its clients which enabled Dr. Songco to take risks and progress with his ventures. "Si BOF 'pag nakikita niyang okay yung negosyo mo, siya pa yung mag-eencourage sayo na mag-expand," he added.

With hundreds of hectares of fisheries in Guagua and Sasmuan Pampanga, he now began to venture in goat farming and piggeries.

# Client Testimonials



Mr. Gheric P. Manaloto and his wife, Mrs. Rizalyn Manaloto, business partners and co-owners of RMM Cold Storage and Meat Shop, have been BOF's valued clients since 2014.

What started with a simple meat trading business in Angeles City in 2009, grew to become a prominent Cold Storage and Meat Shop brand in North and Central Luzon.

When the couple first started their trading business, they were surprised that it took off more than what they had expected. Without hesitation, they rode on the business growth momentum and explored importing opportunities to meet with potential suppliers abroad.

As Mr. Manaloto recalled, "Nung pumunta kami sa Singapore may dala kaming pera. Tinanong namin yung mga permits, kung ano ba yung kailangan. Pag-uwi namin ng Pilipinas within two months naayos namin. Sa una, one container muna eh tyempo naman na maganda yung kita. Tapos sunod-sunod na rin yung mga opportunities na pumapasok."

In their pursuit to improve business operations, he noticed that they incurred huge transportation and storage rental expenses.

That sparked the idea of having their own storage units and other related services to be a self-sustaining business. Since then, they branched out from meat trading to cold storages, trucking services and a construction firm.

Mr. Manaloto acknowledged the help of BOF in their company's continuous expansion and management of cash flow. "Yung mga loans from BOF napupunta sa mga produkto rin namin."

BOF's fast loan processing and approval supported Mr. Manaloto on his business expansion plans. With much assurance and security, they have considered BOF as their trusted bank.

Mr. Manaloto also commended BOF for being accessible to consumers and clients, helping entrepreneurs like him to pursue their dreams for their businesses. "Magandang partner si BOF kasi napapalago yung perang pinapahiram sa 'min, so BOF kami," he added.

At present, RMM Cold Storage and Meat Shop manages 2 cold storages, one small meat-processing plant and 14 meat shops. The couple also manages other ventures such as the ZSN Trucking, GPM Realty, 30 Dragon Development Corporation and an upcoming hardware company.



# Risk Management Framework

## Risk Management Culture and Philosophy

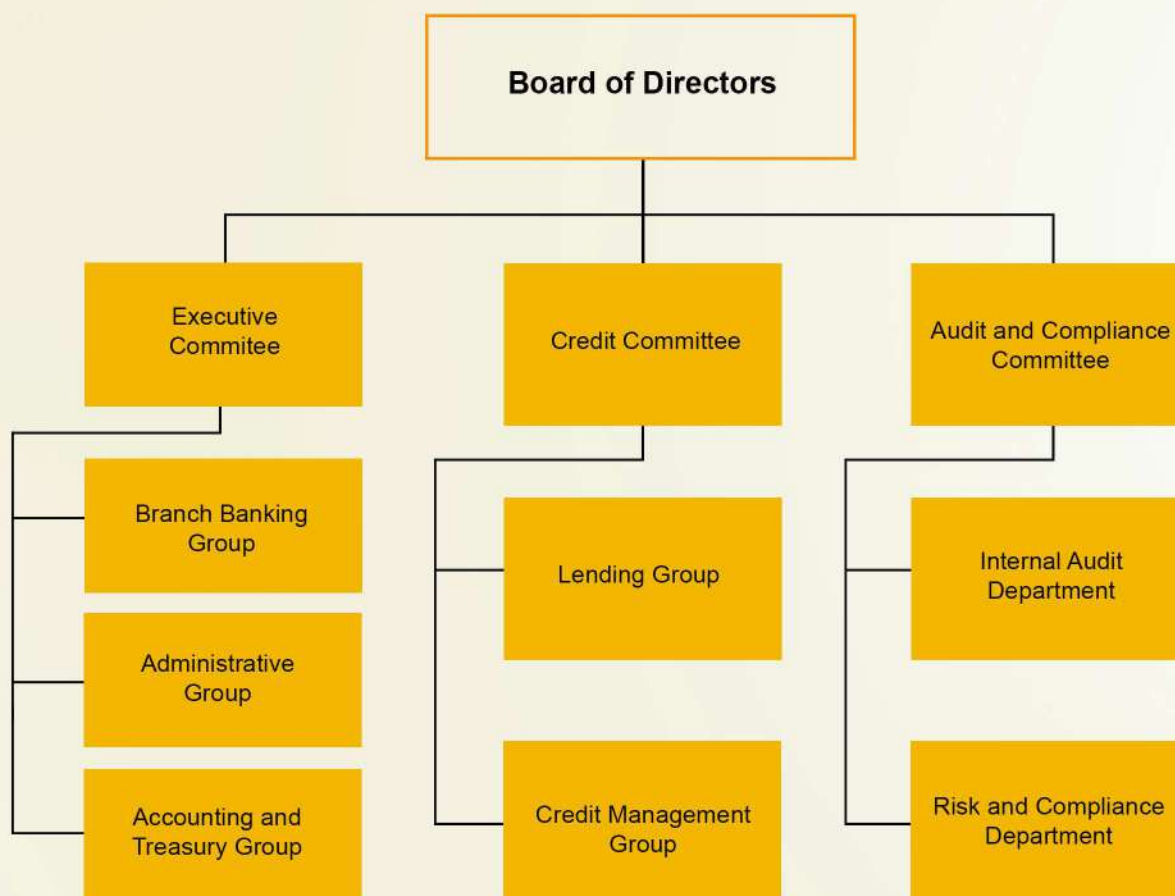
BOF recognizes the existence of risk in banking sector, that if disregarded could bring adverse impact on the capital, earnings or viability of the bank which may result to imposition of constraints on bank's ability to meet its goal. As a growing institution, we may face challenges associated with risks,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

## 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. Lending Group (LG) Head</p> <p>1.2. Credit Management Group (CMG) Head</p>	<p>1.1.1. Loans Department (LD) Head</p> <p>1.2.1. Credit Services Department (CSD) Head</p>
2. Competitiveness	<p>Competitiveness risk arises from the inability and non-performance of the Bank to identify its brand and/or Unique Value Proposition (UVP), 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. Executive Vice President (EVP)</p>	<p>2.1.1. Marketing and Communications (MCD) 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 circumstance.</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 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.</p>	<p>4.1. Administrative Group (AG) Head</p>	<p>4.1.1. Information Technology Department (ITD) Head</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. Human Resources Department (HRD) Officer</p>

## Risk Governance Structure



## Risk Management Process

Risk Management is inherent to each and every personnel of the bank and is being applied in their own respective positions in the bank, guided by the Policies and Procedures (PaPs) duly approved by the Board of Directors and Executive Committee, respectively.

To ensure that said PaPs are being effectively implemented, the Internal Audit Department (IAD) and Risk and Compliance Department (RCD) conduct audit and compliance testing. Through these, risk can be identified and measured, allowing the bank to improve and enhance risk mitigation and control.

Enhancements on the risk management process can be recommended by any Group, Department and Strategic Banking Unit (GDS) through the Board Level Committees for approval of the Board of Directors. The Board of Directors approves enhancements and new risk strategies with the aim to effectively manage risk without sacrificing the bank's profits.

## AML governance and culture

The bank 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 Executive and Senior Management and personnel 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:

### A. Customer identification

The bank has an 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:

1. The nature of the service or product to be availed of by the customers and the purpose of the account or transaction;
2. Background, source of funds and nature of business activities;
3. Public or high profile position of the customer or its directors/trustees, stockholders, officers and/or authorized signatory and beneficial owners of non-individual clients;
4. Country of origin and residence or operations or fact that a customer came from a high risk jurisdiction;
5. The existence of suspicious transaction indicators; Linked accounts and services to be availed;
6. 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; and
7. Such other factors, e.g., the amount of funds to be deposited by a customer or the size of transaction, 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.

### B. 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 Transaction Report (STR) was filed with the Anti-Money Laundering Council (AMLC). The bank maintains and safely stores as well the identification and transaction records of closed and terminated accounts for five (5) years from the date of closure.

### **C. 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 Risk and Compliance Department (RCD) 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) Seminar and Training Programs**

The bank'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 Revised Implementing Rules and Regulations (RIRR).

Seminars and Trainings are given to newly hired personnel including the Executive Management (EM) which include awareness of their respective duties and responsibilities under the Money Laundering/Terrorism Financing Prevention Program (ML/TFPP) particularly on customer identification process, record keeping requirements and CTs and STs 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 is conducted among the Board, Executive Management and all bank personnel in order to ensure that all are informed of new developments and issuances related to the prevention of money laundering and terrorism financing.

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## Corporate Governance

### **Corporate Governance System**

The Corporate Governance System consists of the organizations, people, functions, responsibilities, policies and procedures established by the bank 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 of Directors (BOD) and Executive Management**

Members of Board of Directors are selected from a broad pool of qualified candidates. Non-Executive Directors (NEDs), which include Independent Directors (IDs) are comprised of majority of the BOD to promote the independent oversight of management by the BOD. BOD and Executive 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 properties.

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

1. To elect from among themselves the Chairperson 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 and select key members of executive 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; and
12. To define the bank's corporate culture and values.

## Chairperson of the Board

The Chairperson 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 or the Board are 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 Chairperson in BOF's by-laws; and
7. Other duties as may be delegated by the Board of Directors.

Board Composition					Number of Meetings in 2019		
Name	Type of Directorship	No. of years as Director	No. of Shares	Percentage of Shares	Attended	Total Meetings	Percentage
1. Nina Perpetua D. Aguas * <sub>1</sub>	Non-executive Director	4 mos.	1	0.000003%	4	4	100%
2. Teresa David-Carlos	Executive Director	37	4,107,730	10.62730%	12	12	100%
3. Susan Jesusa David-Nunga	Executive Director	30	2,868,961	7.42242%	12	12	100%
4. Yolanda David-Aguila	Non-executive Director	16	3,113,998	8.05637%	12	12	100%
5. Engr. Jesus S. Nicdao	Non-executive Director	4	1	0.000003%	11	12	92%
6. Atty. Elfren P. Hipolito, Jr.	Non-executive Director	4	1	0.000003%	11	12	92%
7. Jose Paolo D. Carlos	Executive Director	3	12,209	0.031586%	12	12	100%
8. Atty. Ma. Fides A. Balili	Non-executive Director	2	1	0.000003%	11	12	92%
9. Jaime P. Panganiban * <sub>2</sub>	Executive Director	8 mos.	1	0.000003%	8	8	100%
10. Liberato P. Laus * <sub>3</sub>	Non-executive Director	16	48	0.000124%	2	4	50%
11. Carmelino M. Roque * <sub>4</sub>	Non-executive Director	5	10,455	0.027049%	4	4	100%
12. Reynaldo S. David * <sub>5</sub>	Non-executive Director	4 mos.	2,591,065	6.703463%	4	4	100%

Notes:

1. Nina Perpetua D. Aguas became member since August 2019.
2. Jaime P. Panganiban was elected in May 2019
3. Liberato P. Laus served as member of the Board until April 2019.
4. Carmelino M. Roque served as member of the Board until April 2019.
5. Reynaldo S. David served as member of the Board from May to August 2019.

## **Audit and Compliance Committee (ACC)**

### **A. Authority**

1. It is responsible for overseeing Executive 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. Has the authority to access all bank records, documents, books of accounts and information it needs to properly carry out its responsibilities;
3. Has 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.

### **B. Responsibilities**

1. It 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. It shall be responsible for setting-up of the Internal Audit Department (IAD) and Risk and Compliance Department (RCD) for the appointment of the Chief Internal Auditor (CIA) and Chief Compliance Officer (CCO) who shall both report directly to ACC. It shall also be responsible in setting-up the salaries, remunerations and other benefits of the CIA and CCO.
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 bank's internal controls, including financial, operational, and compliance controls, and risk management, is conducted at least annually;
4. It 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. It shall take all necessary measures, or ensure that the Executive Committee shall take all necessary measures, to provide the appropriate resources and staffing that would enable IAD and RCD 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. It shall ensure that the internal audit function maintains an open communication with the Executive Management, the External Auditors, and the supervisory authority;
8. It shall ensure and recommend to the BOD any penalties under Policy on Discipline (POD) and/or for any violation on the Good Corporate Governance;
9. It 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 Members		Number of Meetings in 2019		
Name	Position	Attended	Total No. of Meetings	Percentage
1. Atty. Ma. Fides A. Balili	Chairperson/Independent Director	4	5	80%
2. Engr. Jesus S. Nicdao * <sup>1</sup>	Member	2	2	100%
3. Atty. Elfren P. Hipolito, Jr.	Member/Independent Director	5	5	100%
4. Reynaldo S. David * <sup>2</sup>	Member	2	2	100%
5. Atty. Carmelino M. Roque * <sup>3</sup>	Member	1	1	100%

Notes:

1. Engr. Jesus S. Nicdao became ACC Member since September 2019.
2. Mr. Reynaldo S. David was an ACC Member from May to August 2019.
3. Atty. Carmelino S. Roque was an ACC Member until April 2019.

### Executive Committee (ExeCom)

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.

Executive Committee Members		Number of Meetings in 2019		
Name	Position	Attended	Total No. of Meetings	Percentage
1. Teresa David-Carlos	Chairperson/Executive Director	49	49	100.00%
2. Susan Jesusa David-Nunga	Member/Executive Director	47	49	95.92%
3. Jaime P. Panganiban	Member/Executive Director	46	49	93.88%
4. Jose Paolo D. Carlos	Alternate Member/Executive Director	47	49	95.92%

### Credit Committee (CreCom)

The Credit Committee (CreCom) is composed of three (3) members and one (1) alternate member of the Board of Directors who acts as a loan committee responsible to evaluate, scrutinize and approve and/or recommend the approval or rejection of application for loans. Loans shall be approved subject to the existing lending policy of the bank.

Credit Committee Members		Number of Meetings in 2019		
Name	Position	Attended	Total No. of Meetings	Percentage
1. Teresa David-Carlos	Chairperson/Executive Director	85	88	96.59%
2. Susan Jesusa David-Nunga	Member/Executive Director	81	88	92.05%
3. Jose Paolo D. Carlos	Member/Executive Director	81	88	92.05%
4. Jaime P. Panganiban	Alternate Member/Executive Director	82	88	93.18%

# Board of Directors



**(Standing L-R)**

Jaime P. Panganiban, Engr. Jesus S. Nicdao,  
Jose Paolo D. Carlos, Atty. Elfren P. Hipolito, Jr.

**(Sitting L-R)**

Atty. Ma. Fides Andin-Balili, Teresa David-Carlos, Nina Perpetua Datu-Aguas,  
Susan Jesusa David-Nunga, Yolanda David-Aguila



**Nina Perpetua D. Aguas**  
**Chairperson of the Board**  
**Filipino, 67 years old**

Ms. Nina Perpetua D. Aguas was elected as the Chairperson of the Board effective August 20, 2019. She previously served as an Auditor of SyCip Gorres Velayo & Co. in 1973, a Chief Accountant of Gervel Inc in 1976, Senior Advisor of Quattro Risk Management in 1978 and Regional Credit Officer of Bank of Nova Scotia, Asia-Pacific in 1980.

She was at Citigroup from 1982 to 2008 and held positions as Managing Director and Head of Corporate Center Compliance, New York; Country Business Manager of Global Consumer Group, Philippines; Regional Head of Audit, Asia Pacific and; Regional Head of Quality and Re-engineering, Asia Pacific.

She was former Board Member of Philippine Stock Exchange - Market Integrity Board in 2008. She was also with ANZ Banking Group Ltd. Singapore from 2009 to 2012 and served as Managing Director of Retail Bank Asia-Pacific and Managing Director of Private Bank Asia-Pacific. She served as President and CEO at the Philippine Bank of Communications from 2012 to 2015. She was also an Independent Board of Trustee of The Insular Life Assurance Co., Ltd. from May 2015 to 2016. She is a former Board of Director of Mapfre Insular Insurance Corporation, Shell Company of the Philippines Ltd., and Pilipinas Shell Petroleum in 2016 as well as Philippine Life Insurance Association in 2017.

Concurrently, Ms. Aguas sits as the Executive Chairperson of the Board of The Insular Life Assurance Co., Ltd., Chairperson and President of Insular Foundation, Inc., and Chairperson of Insular Healthcare Inc. She is also a Board of Director of Union Bank of the Philippines (UBP) and City Savings Bank, Member of World Bank Group's Advisory Council on Gender and Development, Board of Trustee of Insurance Institute for Asia and Pacific, and Advisory Board of Ascort Asia Group - Indonesia.

Ms. Aguas is Certified Public Accountant and graduated from University of Santo Tomas with a degree in Bachelor of Science in Commerce, Major in Accounting in 1973.



**Teresa David-Carlos**  
**President and CEO**  
**Filipino, 62 years old**

Ms. Teresa David-Carlos was elected to the Board of Directors in 1982, became the President of Rural Bank of Floridablanca, Inc. (RBF) in 1987, President/Chief Executive Officer in 1998 and Chairperson/President in May 2012. She was the Chairperson/President on January 01, 2014 under the BOF, Inc., a consolidation of Bank of Florida and Bank of Lubao and was elected as the President and CEO of BOF, Inc. 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 served as 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 Chairperson 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 finished Bachelor of Science in Commerce, Major in Accounting from St. Scholastica's College in 1978.

## Board of Directors



**Susan Jesusa David-Nunga**  
**Senior Executive Vice President**  
**Filipino, 61 years old**

Ms. Susan Jesusa David-Nunga was elected to the Board of Directors of Rural Bank of Floridablanca, Inc. in 1989. She sat as 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 from January 1, 2014 to present.

She previously held the following positions as Trustee at Mary the Queen Academy of Pampanga Inc. from 2000 to 2014, Chairperson of Mary the Queen College (Pampanga), Inc. from 2011 to 2013 and 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), Director of House of David Investment and Management Corporation (HDIMC), and Board of Trustee of Mary the Queen College (Pampanga), Inc.

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, 55 years old**

Ms. Yolanda David-Aguila became a member of the Board of Directors of BOF in 2003. She formerly sat as a Board of Trustee at the Mary the Queen Academy of Pampanga, Inc. from 2000 to 2014 and presently a member of the Board of Trustees of Mary the Queen Academy (Pampanga), Inc.

She currently serves BOF as a Director and Special Assistant to the President. From 1986 to present, she sits as a Director of House of David Investment and Management Corporation (HDIMC), Director of House of David Realty and Development Corporation (HDRDC), and a Board of Trustee of Mary the Queen College (Pampanga), Inc.

She has a degree in Bachelor of Science in Commerce Major in Management from St. Scholastica's College.



**Engr. Jesus S. Nicdao**  
**Director**  
**Filipino, 66 years old**

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

He is currently the Chairman of Pampanga Chamber of Commerce and Industry, Inc., Endowment and Major Gifts adviser of the Rotary Foundation, President of Help and Assistance for Rotary Philippine Districts, Inc. and Trustee of the Kapampangan Development Foundation, Inc.

Engr. Nicdao concurrently sits as the Chairman and CEO of the NIDEL Group of Companies, Chairman of Sattlink Broadband System and One Gray Builders and Construction Supply, Inc. He is also the franchisee of 41 Jollibee, Chowking and Mang Inasal outlets.

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



**Atty. Eifren P. Hipolito, Jr.**  
**Independent Director**  
**Filipino, 59 years old**

Atty. Eifren 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, past President of Metro Angeles Chamber of Commerce and Industry, Inc. (MACCII), and former Director of the Clark Development Corporation and Clark Water and Sewerage Corporation.

At present, he is a Senior Partner of the Hipolito Tuazon Cruz Chipeco Law Offices based in Angeles City. He is also a member of the Board of Trustees, the Executive Committee, and Corporate Secretary of Holy Angel University, Inc. 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 Pampanga, Inc. Atty. Hipolito is also President of the family-owned Dau Trading Corporation and 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 in 1984. He took and passed the Philippine Bar Examinations in the same year.

## Board of Directors



**Jose Paolo D. Carlos**  
**Director/Executive Vice President**  
**Filipino, 28 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 overseeing the Credit Management Group and Accounting & Treasury Group since January 2018.

He was the President of Pampanga Federation of Rural Banks (PFRB) for fiscal year 2018 to 2019 and is currently an Adviser for fiscal year 2019 to 2020. He also served as Secretary of the Confederation of Central Luzon Rural Banks (CCLRB) for fiscal year 2018 to 2019.

Prior to joining BOF, Mr. Carlos was 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 in Makati City. Moreover, he is 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 Master of Business Administration at the Ateneo Graduate School of Business.



**Atty. Ma. Fides A. Balili**  
**Independent Director**  
**Filipino, 64 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 the Chairperson of the Audit and Compliance Committee (ACC) in the same year.

She is a former Tax Partner of SyCip, Gorres, Velayo (SGV) & Co., where she worked for 36 years until her retirement in June 2016.

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).

She earned her Bachelor of Law Degree at the University of the Philippines College of Law and has post graduate studies in Management Development Program from the Asian Institute of Management.



**Jaime P. Panganiban**  
**Executive Vice President**  
**Filipino, 58 years old**

Mr. Jaime P. Panganiban was elected as the Executive Vice President of Lending Group from January 01, 2014 to present. He also sat as Senior Vice President of Lending Group of Bank of Florida, Inc. in 2012.

He previously served as President of Pampanga Federation of Rural Banks (PFRB) for the fiscal year 2001 - 2002. He also held positions in Rural Bank of Angeles as Area Manager from 1995 to 2003 and General Manager from 2003 to 2007.

Mr. Panganiban graduated in Holy Angel University with a degree in Bachelor of Science in Business Administration.



**Atty. Peter Paul S. Maglalang**  
**Corporate Secretary**  
**Filipino, 48 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 a partner of the Maglalang Lagman and Maglalang Law Office. Currently, he is the Managing Partner of the 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 also served as Commissioner of the Bar Discipline from 2015 to 2017.

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

## Executive Committee



(L-R) Jaime P. Panganiban - Member, Susan Jesusa David-Nunga - Member  
Jose Paolo D. Carlos - Alternate Member, Teresa David-Carlos - Chairperson

## Audit and Compliance Committee



(L-R) Myrin M. Paguio - Ex-officio Member / Chief Internal Auditor, Atty. Ma. Fides Andin-Balili - Chairperson,  
Engr. Jesus S. Nicdao - Member, Erlisa M. Banag - Ex-officio Member / Chief Compliance Officer,  
Atty. Elfren P. Hipolito, Jr. - Member



## Credit Committee



(L-R) Susan Jesusa David-Nunga - Member , Jose Paolo D. Carlos - Member, Jaime P. Panganiban - Alternate Member, Teresa David-Carlos - Chairperson

## Management Committee



(L-R) Cristy C. Completo - Accounting and Treasury Group Officer-In-Charge, Rona Q. Binuya - SVP - Branch Banking Group, Janette G. Lagazo - Human Resources Department Head, Grace D. Castro - Assistant Vice President - Loans Department, Jaime P. Panganiban - Executive Vice President, Teresa David-Carlos - President and CEO, Susan Jesusa David-Nunga - Senior Executive Vice President, Jose Paolo D. Carlos - Executive Vice President, Cecile G. Escalante - SVP - Administrative Group, Erlisa M. Banag - Chief Compliance Officer (Ex-officio Member), Myrin M. Paguio - Chief Internal Auditor (Ex-officio Member), Albert R. Aguilar - Credit Management Group Head

# Executive Management



**PRESIDENT AND  
CHIEF EXECUTIVE  
OFFICER**

**Teresa David-Carlos**  
Filipino, 62

**BOF, Inc. (A Rural Bank)**

- President and CEO, May 2018 - present
- Chairperson/President, 2014 - May 2018

**Bank of Florida, Inc. (A Rural Bank)**

- Chairperson/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 Corporation**

- 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**  
Filipino, 61

**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 - 013
- Chief Financial Officer, 2010
- Special Assistant to the President, 2003
- Director, 1989 - 2013

**House of David Realty and Development Corporation**

- 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**

**Jaime P. Panganiban**  
Filipino, 58

**BOF, Inc. (A Rural Bank),**

- Executive Vice President
- January 01, 2014 - present

**Bank of Florida, Inc. (A Rural Bank)**

- Executive Vice President, 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**

**Jose Paolo D. Carlos**  
Filipino, 28

**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 Corporation**

- Chief Financial Officer, 2014

**DA Market Securities Inc.**

- Director, 2013 - 2016

**Citibank, NA**

- Financial Analyst, 2011 - 2013

# Senior Management



## SENIOR VICE PRESIDENT - BRANCH BANKING GROUP

**Rona Q. Binuya**  
Filipino, 49

### BOF, Inc. (A Rural Bank)

- Senior Vice President Branch Banking Group, February 01, 2018 - present
- Treasurer, May 23, 2019 - 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**  
Filipino, 45

### 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
- Branch OIC, 2000
- Posting/Accounting Assistant, 1998
- Teller / Cashier, 1997



## ASSISTANT VICE PRESIDENT - LOANS DEPARTMENT

**Grace D. Castro**  
Filipino, 44

### BOF, Inc. (A Rural Bank)

- Asst. Vice President Loans Department January 2014 - December 2019

### Bank of Florida, Inc. (A Rural Bank)

- Loans and Discount Dept. Head, 2005
- Area Business Cluster Head, 2003
- OIC-San Fernando Branch, 2000
- Department Head-Property Management Dept. and Legal Dept., 1998
- Accounting Assistant, 1997
- Posting Assistant, 1996



## ASSISTANT VICE PRESIDENT - CHIEF COMPLIANCE OFFICER

### DATA PROTECTION OFFICER

**Erlisa M. Banag**  
Filipino, 44

### BOF, Inc. (A Rural Bank)

- Data Protection Officer, June 2019 to present
- Chief Compliance Officer, May 2019 to present
- Accounting and Treasury Group Head, January 2015 to May 2019

### Bank of Florida, Inc. (A Rural Bank)

- Treasury Department Head, February 2007 to December 2014



## ASSISTANT VICE PRESIDENT - CREDIT MANAGEMENT GROUP

### CHIEF SECURITY OFFICER

**Albert R. Aguilar**  
Filipino, 46

### BOF, Inc. (A Rural Bank)

- Credit Management Group Head February 2019 to present
- Chief Security Officer, February 2019 to present
- Remedial and Asset Recovery Group Head, 2016
- Remedial Management Department Head, 2015

## **Performance Assessment Program**

Performance management is a process that provides feedback, accountability, and documentation for performance outcomes. It helps personnel 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 score card 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 personnel 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.

Performance of the Board of Directors are being assessed based on the responsibilities expected of them and their adherence to corporate governance as per BSP circular 969.

## **Orientation and Education Program**

The bank 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 personnel. 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 personnel 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**

The bank provides Retirement benefits to its personnel as per Republic Act No. 7641 (RA 7641) as mandated by Philippine Labor Code Article 302.

### **For Directors:**

The bank shall set the retirement age at seventy five (75) years of age. The Board may opt to waive this requirement to any Director if a waiver deems necessary to the best interest of the bank.

### **Retirement Benefits:**

1. Directors, who are not employed by the bank, are not eligible to receive any retirement benefits.
2. Directors, who are employed by the bank, are eligible for regular retirement benefits as per Retirement Plan of the bank.

Succession planning is in place in order to ensure business productivity at all times, especially for the bank'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**

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. The remuneration for Executive Management includes salaries and allowances and bonuses. It is linked to individual performance, based on an annual appraisal of Executive Management.

### **Policies and Procedures on Related Party Transactions**

#### **Related Party Transaction**

The bank has in place a Board approved Policy on Related Party Transactions (PRPT) which serves as a guide for Executive Management and personnel 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**

The bank 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 or requesting for the services of the other bank, in case of other contracts shall submit the report.

**Material Related Party Transactions for the Year 2019**

Type	Related Counterparty	Amount	Term
1. Lease for Guagua Branch Lite	House of David Realty and Development Corporation	PhP22,630.50/month	7 years and 10 months
2. Lease for BOF Billboard	House of David Realty and Development Corporation	PhP44,490.60/month	3 years
3. Purchase of Vehicle	LausGroup of Companies	PhP2,400,000.00	n/a
4. Insurance	Corporate Guarantee Insurance Corporation	PhP1,103,986.90	n/a
5. Purchase of Gasoline	Carworld Caltex, Inc.	PhP56,122.77	n/a
6. Credit Transactions	none	n/a	n/a

**Self-Assessment Function**

**Internal Audit Department**

The Internal Audit Department (IAD) is composed of five (5) personnel headed by the Chief Internal Auditor. It constitutes the third line of defense in the system of internal control.

**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 established 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) personnel 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, Executive Management, Officers and all 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 Internal Auditor (CIA) and Chief Compliance Officer (CCO) who regularly reviews and validates the compliance with rules and regulations and the effectiveness of the internal control system through regular audit and compliance testing, 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 Executive Management shall determine the amount of dividends to be declared and recommends the same to the Board of Directors (BOD) for approval. The BOD 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.

# Corporate Social Initiatives

As we adapt to a rapidly changing world, the bank remains deeply rooted to its core values and committed to the communities it serves.



On March 15, 2019, BOF joined the House of David Foundation Inc. (HDFI) in donating a motorized boat in the municipality of Guagua Pampanga as part of HDFI's 25th anniversary celebration. HDFI is the Corporate Social Initiative arm of the House of David Group wherein BOF is one of its subsidiaries. The boat was to aid in Guagua river rehabilitation project.



On April 24, 2019, BOF partnered with the Municipal Social Welfare and Development (MSWD) to conduct a symposium and training program for the Lubao Association of Persons with Disabilities (PWDs) which was held at Sta. Cruz Multipurpose Gymnasium Sitio Dau, Sta. Cruz, Lubao, Pampanga.



BOF also distributed raincoats and rain boots to seventy (70) students in Saplalad Elementary School (SES), Minalin, Pampanga on August 14, 2019 to show support and encouragement to the students during the rainy season.



# Consumer Protection Practices

## Financial Consumer Protection Practices

1. The paramount goal of the bank 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.
2. The Board and Executive Management are responsible for developing consumer protection strategy and establishing an effective oversight over BOF's consumer protection program.

## Responsibilities of the Board of Directors (BOD)

1. It has the ultimate responsibility for the level of customer risk assumed by BOF. Accordingly, the BOD approves the Bank's overall business strategies and significant policies, including those related to managing and taking customer risks;
2. It 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. It provides clear guidance regarding the level of customer protection risk acceptable to the bank and ensures the Executive Management implements the procedures and controls necessary to comply with the policies that have been adopted;
4. It 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 Seminars, Trainings and Workshops (STWs), interaction with experts and regulatory personnel knowledgeable to this line;
6. It 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. It 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; and
8. It exercises such other powers as shall be necessary in the performance of its duties.

### Responsibilities of the Executive Management (EM)

1. Executive Management is responsible for implementing a program to manage the customer compliance risks associated with the Bank's business model, including ensuring compliance with laws and regulations on both a long-term and a day-to-day basis. Accordingly, the EM 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. EM is also 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

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

### Consumer Assistance Management System

The bank strives to improve its operations and to extend the best quality of service to its clients, suppliers, affiliates, and companies it deals with. It 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) hotline.

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.

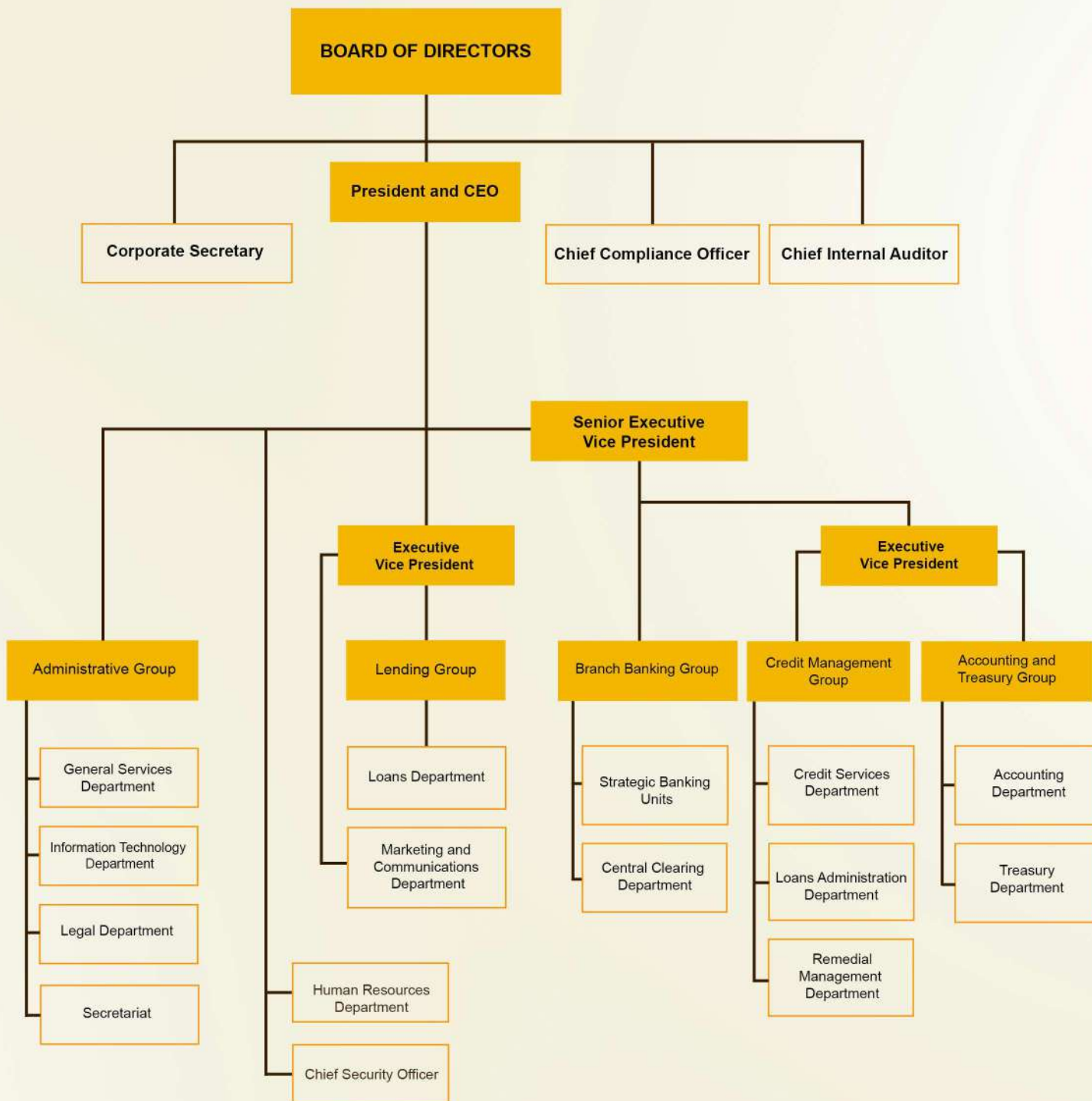
Customer feedback are recorded and analyzed to improve the system and to enhance personnel capabilities in handling complaints.

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### Major stockholders owning more than 20% as of December 31, 2019

Name	Citizenship	No. of Shares	Percentage
House of David Investment and Management Corporation	Filipino-owned Corporation	15,490,465	40.0760%

# Organizational Chart





## CELEBRATING 55 YEARS

BOF held its 55th anniversary celebration on June 27, 2019 at the LausGroup Event Centre, City of San Fernando with the theme "Experiene BOF's LoVe".

It was a memorable occasion showcasing the bank's unique way of catering to its stakeholders, while reminiscing its rich history and celebrating its accomplishments over the last 55 years. The event celebrated with the bank's valued clients, partners, employees and the community it serves.

The event started with a Thanksgiving mass officiated by Archbishop Most Reverend Florentino G. Lavarias, DD.

Moreover, Ms. Lyn I. Javier of Bangko Sentral ng Pilipinas, Mr. Emmanuel E. Barcena of Philippine Clearing House Corporation and Atty. Atlee T. Viray, who represented Honorable Edwin D. Santiago, Mayor of City of San Fernando, gave their congratulatory messages and commended BOF's achievements and success.

Energetic and heart-felt song and dance performances from the Central Luzon Talents, and audio-visual presentations were presented to tell BOF's history and express unending gratitude to its stakeholders.

One of the event highlights was to honor the late BOF Chairman Mr. Liberato "Levy" P. Laus with a Posthumous Award for his 16 years of extraordinary leadership, service and unparalleled support. The night ended with raffle draws along with partying and socialization.





## Valued Clients



"I love BOF because of its effective and efficient service. There, I have no problem with them because of their quick response on our questions to them. So keep it up, Bank of Florida."

Mr. Eduardo Dizon Guerrero



"To BOF, Happy 55th anniversary! Kayo ang kasama ko sa tagal-tagal ng negosyo ko. Salamat sa inyo and more power."

Ms. Regina Isabel Hipol



"Thank you for being an essential part of my financial and business transaction for the past years up to present."

Dr. Ronaldo E. Cuevas



"We felt that we have become a part of the BOF family. Your facilities are very competitive even better than some universal banks. Your staff are very efficient, fast in processing our documents. That is why we recommend BOF to our friends in the industry."

Archt. Nestor S. Mangio



"Congratulations on your 55th year anniversary! Dito sa bangko natin, walang iwanan. Sabay-sabay tayong lalaki dito sa bangko. Thank you!"

Atty. Ernesto D. De Vota



"I am very glad that there is a bank that caters to the needs of the Micro, Small and Medium industries in Pampanga. Kumbaga kapag Pampanga ang sasabihin mo, Sisig masarap. Kapag bangko, Bank of Florida kasi Kapampangang."

Mrs. Myrna C. Bituin



"Thank you for assisting people, establishments, companies in the countryside for the development of our province in Central Luzon."

Rev. Fr. Felino S. Gueco Jr., SDB

# Products and Services

## DEPOSIT PRODUCTS



## LOAN PRODUCTS



**CONSUMER  
LOANS**



**BUSINESS  
LOANS**



**AGRICULTURAL  
LOANS**

- Auto
- Power Cash
- Fast Cash
- Housing

- Commercial
- Industrial
- Real Estate

- Sugarcrop
- Fishpond
- Poultry

## OTHER SERVICES

**PESONet**



**MoneyGram**  
money transfer

**PETNET**  
LASTING PARTNERSHIP • BUILDING SUCCESS  
**WESTERN  
UNION**  
MONEY TRANSFER

**BDO** Remit

**Dollar Exchange**

# Branch Directory

## Executive Office:

BOF Building, MacArthur Highway, Dolores,  
City of San Fernando, Pampanga  
Trunk Lines: (045) 963 5188 to 89  
(045) 963 5288 to 90

Office Mobile No.: (0918) 922 8289  
Customer Care No.: (0917) 548 4665  
Email: [customercare@bankofflorida.ph](mailto:customercare@bankofflorida.ph)  
Website: [www.bof.com.ph](http://www.bof.com.ph)

### 1. Floridablanca Branch Office

Poblacion, Floridablanca, Pampanga  
[floridablanca@bankofflorida.ph](mailto: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](mailto:stotomaslubao@bankofflorida.ph)  
(045) 971 6224

### 3. Sta. Cruz Lubao Branch Office

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

### 4. Sto. Tomas Branch Office

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

### 5. Sta. Ana Branch Office

Poblacion, Sta. Ana, Pampanga  
[staana@bankofflorida.ph](mailto:staana@bankofflorida.ph)  
(045) 409 9814

### 6. Arayat Branch Office

Poblacion, Arayat, Pampanga  
[arayat@bankofflorida.ph](mailto:arayat@bankofflorida.ph)  
(045) 409 9660

### 7. San Fernando Branch Office

BOF Building, MacArthur Highway,  
Dolores, City of San Fernando,  
Pampanga  
[sanfernando@bankofflorida.ph](mailto:sanfernando@bankofflorida.ph)  
(045) 961 1460

### 8. Pulilan Branch Office

Barangay Paltao, Pulilan, Bulacan  
[pulilan@bankofflorida.ph](mailto:pulilan@bankofflorida.ph)  
(044) 769 3283

### 9. Capas Branch Office

Poblacion, Capas, Tarlac  
[capas@bankofflorida.ph](mailto:capas@bankofflorida.ph)  
(045) 925 0173

### 10. Candaba Branch Office

Poblacion, Candaba, Pampanga  
[candaba@bankofflorida.ph](mailto:candaba@bankofflorida.ph)  
(045) 409 9998

### 11. Guagua Branch Office

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

### 12. Magalang Branch Office

Sta. Cruz, Magalang, Pampanga  
[magalang@bankofflorida.ph](mailto:magalang@bankofflorida.ph)  
(045) 866 2334

### 13. Dau Branch Office

Dau, Mabalacat City, Pampanga  
[dau@bankofflorida.ph](mailto:dau@bankofflorida.ph)  
(045) 624 0008

### 14. Sta. Rita Branch Office

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

### 15. Angeles City Branch Office

T-Square Bldg., Sto. Rosario St.,  
Sto. Domingo, Angeles City, Pampanga  
[angelescity@bankofflorida.ph](mailto:angelescity@bankofflorida.ph)  
(045) 963 1280

### 16. Minalin Branch Office

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

### 17. Porac Branch Office

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

### 18. Macabebe Branch Office

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

### 19. Guagua Branch Lite

HD Plaza Promenade, Plaza Burgos,  
Guagua, Pampanga  
[guagua.lite@bankofflorida.ph](mailto:guagua.lite@bankofflorida.ph)  
(045) 961 0602

It's all about  
**YOU**

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**Website:**

www.bof.com.ph

**Annual Report to Stockholders (ARSH) 2019 Committee**

**Advisers**

Jaime P. Panganiban  
Jose Paolo D. Carlos

**Chairperson**

Eirene M. Figueroa

**Members**

Rona Q. Binuya  
Grace D. Castro  
Erlisa M. Banag  
Myrin M. Paguio

Cristy C. Completo  
Liana Lynn C. Maniacup  
Aljun R. Tolentino  
Angela Marie E. Cayanan

**Photography**

Ryan F. Puno Professional  
Photography Services