



**2020 ANNUAL REPORT**  
**RESILIENCY AMIDST CHALLENGES**





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## ABOUT THIS 2020 ANNUAL REPORT

# Resiliency Amidst Challenges

We Face. We Stand. We Conquer.

BOF is not new when it comes to challenges. We have encountered many challenges that the business have brought to us, and we championed them. We take pride in our ability to adapt with the situation and create meaningful and feasible solutions to rise above - that is how we stand in different crises for fifty seven (57) years.

We do not fear challenges, what we fear is being mediocre. We continue to improve our systems internally and externally to provide the best banking experience and customer service to our clients. Likewise, we continue to develop the professional skills of our employees to cope with the ever-changing business landscape. In the midst of the situation, we have our goals in mind to adapt and improve.

BOF acknowledged the role and importance of transparent reporting in the company, and BOF believes that transparency is the key to sustain and strengthen the trust of our customers, investors, regulators, and employees. Hence, this report is written to cater to our stakeholders' need of information regarding the performance of the bank in the year 2020.

This annual report was made following the guidelines set by the Bangko Sentral ng Pilipinas (BSP).

All presented tables, including audited financial statements in this report, are based on consolidated figures within the year 2020.

BOF knows how important your feedback is. If you have queries, concerns, or feedbacks, please contact us at [customercare@bankofflorida.ph](mailto:customercare@bankofflorida.ph). You may also contact our Marketing and Communications Department at (0917) 512 2897.



# BOF 2020 at a Glance



TOTAL ASSETS

PhP4.04 Billion



TOTAL CAPITAL

PhP678 Million



TOTAL DEPOSITS

PhP3.23 Billion



TOTAL LOANS

PhP2.76 Billion

## 20 BRANCHES IN CENTRAL LUZON



# **BOF** CORPORATE BANK OF FLORIDA PROFILE

**Bank of Florida (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 catalyzed Pampanga countryside development and growth.

BOF has set itself apart from its competition through an in-depth understanding of the clients' needs, superior grassroots-customer approach, which stems from its desire to preserve, cultivate and protect the heritage and rich culture, not just that of Central Luzon, but the Filipino nation as well.

For more than five (5) decades, BOF has always been quick to embrace innovation making it an industry leader while maintaining its rich history.

## **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





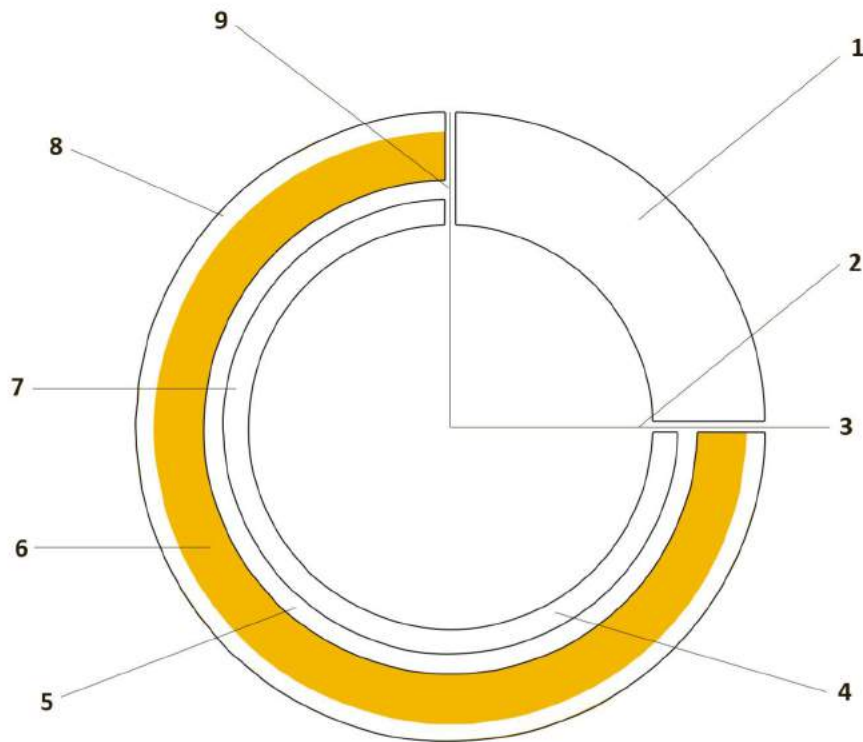
## THE BOF RING LOGO

The BOF logo is comprised of the BOF RING as its main element with textmarks B and F beside it. The BOF RING was derived from the famous Kapampangan folk song "Atin Cu Pung Singsing," which is one of the cultural trademarks of Pampanga.

The Ring in the logo represents the Kapampangan culture. Over the years, the Kapampangan culture somehow gradually faded like the "Amanung Sisuan," the Kapampangan music and the Kapampangan traditional games.

Having the Ring in the logo symbolizes the need to act in restoring and preserving the Kapampangan culture. More than that, the preservation of the nation's culture in general is important for BOF.

With this new thrust, BOF's ways of being, its community relations activities, its customer service and its direction will now be more attuned to the Filipino's way of life.



1. Spiritually, God is above all of us. Organizational wise, Ladislao Sibal David, as founder of the House of David Group.
2. The sun rises from the east which invites luck and positive vibes.
3. Our Direction going UP and doing it the RIGHT way.
4. Brown reflects the rural area/land (areas we serve), trees (our direction on environmental awareness), Filipinos as a brown race. Brown being a distinct color, not commonly used in the bank industry could also be a marketing tool in itself.
5. Invisible Hand, Our Culture, Our Service, Our Social Initiative, Our Faith that binds us with the community we serve.
6. Symbolizes the community we serve to.
7. Symbolizes our valued clients.
8. Symbolizes our employees, our dearest BOF Family.
9. Our Goal of being a Regional Champion in the Northern part of the country.



**“The operative word and virtue is HOPE. Together, we paddle along a steady stream of hope and avoid the rough waters of doubt. Together we build confidence, and with God's grace, we can say that this too shall pass, come out stronger and wiser and look back to this remarkable time of our lives as a Great Teacher.”**



## Message from the **CHAIRPERSON**

The year 2020 of the Covid Pandemic will forever define our lives and the new decade. Never before has anyone imagined nor experienced a world of confinement, lockdowns for the reason of public health, and for an extended period. Our circumstances gave us time to reflect on what matters most, as individuals and as a financial institution. Our presence, words, joys, sadness, laughter, and tears reached the internet and allowed us to safely come together to uplift, inspire, support one another, and celebrate significant milestones like birthdays of family, colleagues, and friends. I must admit that it was a year of overwhelming challenges and not one for the faint-hearted. The pandemic caught everyone by surprise globally. No one country or business was spared. Many corporate giants are facing the crisis of failure, thousands of companies went bankrupt, unemployment is at a record high, and an unseen level of lives lost in a year worldwide.

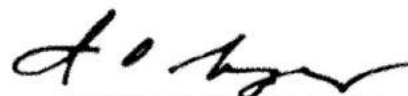
I was advised that if your company is still standing and there are no layoffs, please treat your company and customers with respect, care, and gratitude. Despite what may seem overwhelming, given the nature of our business and the need to support the financial and banking system, by God's grace, we are thriving, and we can support everyone financially, professionally, and emotionally. Indeed, we are blessed, and we are in a very good place. 2021 is a recovery year, but it will not be easy. The terrain will continue to be precarious and uncertain. We do not have a light switch that we can turn on and off. Vaccines and medical solutions, stronger customer appetite, and increased demand for goods and services are among the vital few that are needed to restore economic activity.

We may be running scared and wavering in our confidence. Where do we find the strength to persevere? From my own experience, the answer is often found within, not outside. We dig inner and deeper, and at the same time, find the courage to release ourselves from our perceived limitations. Let us find our purpose and strength so we can re-grow and flourish again. Let us stay focused and embrace discipline.

To all our clients and customers, we are deeply grateful for the trust, loyalty, and support. To all our employees, let me say this, your Board of Directors stands proud on your shoulders that despite your challenges, you remain committed, worked long hours, and adjusted so fast given the circumstances. Your "malasakit" for our bank clients and customers is praiseworthy.

One final word about our BOF: I think about how the values are embraced and lived and how deep spirituality is ingrained in our culture and evident among our Directors, Officers, and Employees. Spirituality is a powerful force that serves as our anchor through all the challenges we face because of Covid.

We continue to pray for everyone made helpless and hopeless by the pandemic and help out when we can. Again, I thank God that you are safe with your families.



**NINA PERPETUA DATU-AGUAS**  
Chairperson of the Board



## Message from the **PRESIDENT AND CEO**

I want to open this message by honoring every individual who played their part in navigating the challenging year of 2020 with BOP. Our BOP human capital is one of the reasons why we are faring through the pandemic-stricken situation with less friction. Their unrivalled effort and dedication to embody the BOP values have proven that we are blessed with excellent colleagues who are Competent, Accountable, Responsible, with Integrity, Nurturing, and God-driven as we embrace our core values of “CARING”. I wish to extend my sincerest and heartfelt gratitude.

2020 has been quite a challenging year for everyone. We have met several critical events from human laws to natural challenges such as politics, sovereignty, conflicts, volcanic eruptions, typhoons, and the COVID-19 pandemic. These events have shaken the

Philippines. Despite these, the Filipino people remained strong and continued persevering to overcome what life has to offer.

### **INTO THE PANDEMIC-STRICKEN WORLD**

BOP, as an essential financial institution, has remained open and has served the people during the extensive community quarantine. To keep our clients and employees safe from the COVID-19 threat, we have installed thermal scanners, non-contact sanitation points, and shield barriers in our BOP branches. The number of people who can transact inside the bank’s premises was also limited. Through this, we can continue our banking transactions with the minimal risk of contracting the virus. We would like to reiterate that the safety and welfare of everyone is our utmost priority, and we will continue



to implement these measures until we are safe to be lenient.

As we provide our best services to our clients, we also made sure that our BOF Family members are supported from the economic repercussions brought to us by the pandemic. We have provided financial assistance to BOF employees such as payment of 25% of the 13th-month pay in advance, reimbursement of incremental transportation expenses, and special allowance for employees who reported to work during the Enhanced Community Quarantine (ECQ). Aside from the financial assistance, we also adopted Flexible Working Arrangements (FWA), and we reduced our banking and office hours to secure and protect our employees from the virus.

During these trying times, everyone needs compassion, and in every circumstance may these remain in our hearts: Faith, Hope, and Love.

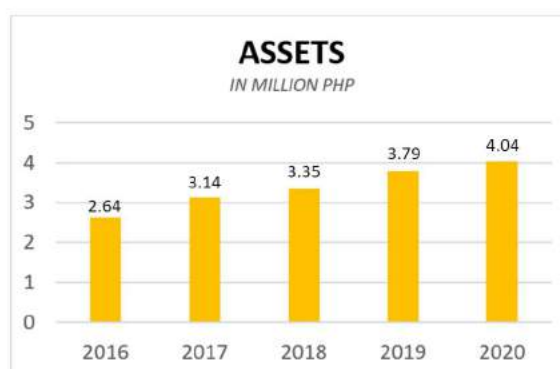
### BOF's FINANCIAL PERFORMANCE

Despite the economic crisis that the pandemic has brought, BOF's financial performance showcased some positive outputs. For instance, since face-to-face banking was limited, it opened opportunities for online payment transactions to flourish. Below are the highlights of our performance in the calendar year 2020 comparing to the data for 2018 and 2019:

FINANCIAL HIGHLIGHTS IN MILLION PHP			
PARTICULARS	2018	2019	2020
NET INCOME	51	62	44
CAPITAL	587	633	678
RETURN ON EQUITY	8.67%	10.23%	6.76%
TOTAL RESOURCES	3,350	3,787	4,043
RETURN ON ASSETS	1.52%	1.75%	1.13%
LOAN PORTFOLIO	2,381	2,583	2,763
DEPOSIT LIABILITIES	2,585	2,977	3,227
PAST DUE	130	111	166
PAST DUE RATIO	5.48%	4.34%	6.07%
NPL	85	86	134
NPL RATIO	3.60%	3.34	4.89%

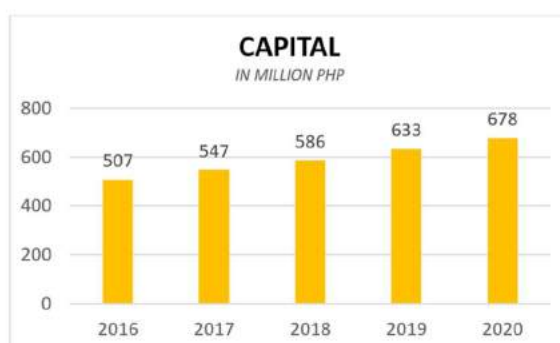
### ASSETS

As the year 2020 ended, our total assets stood at PhP4.04 billion, which resulted to an increase of PhP256 million or 6.78% growth compared to our 2019 assets of PhP3.79 billion.



### CAPITAL

BOF's net worth at the end of 2020 was recorded at PhP678 million with an increase of 7.01% or PhP44 million compared to 2019's PhP633 million. BOF's net worth is still 16 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.



### DEPOSIT

Despite our negative growth in our income for 2020, the number of deposit accounts that we have acquired shows promising result that we will harvest for the next coming years. As we fare through the lockdown-stricken 2020, our total deposit liabilities have increased and recorded an uptrend by the end of 2020.

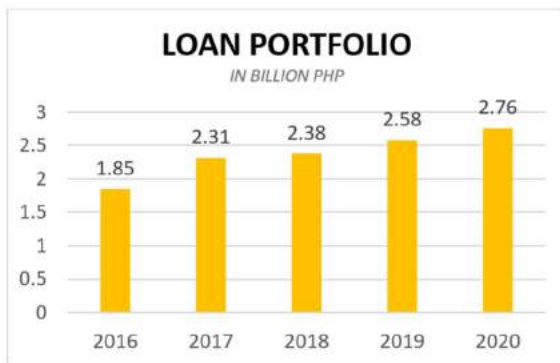
By December 31, 2020, BOF stood at PhP3.23 billion in terms of deposits, which is 8.39% higher comparing to 2019's PhP2.98 billion. This increase translates to PhP249 million growth in our deposits, and we maintain a continuous positive trend in our deposit liabilities.

(see graph on the next page)



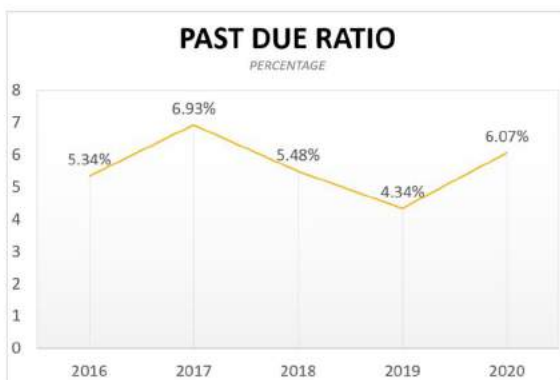
#### LOAN PORTFOLIO

For BOF's loan portfolio, we closed at PhP2.76 billion by December 31, 2020. We remain to be on the top of our graph after garnering a growth of 6.99% or PhP180 million compared to 2019's record of PhP2.58 billion.



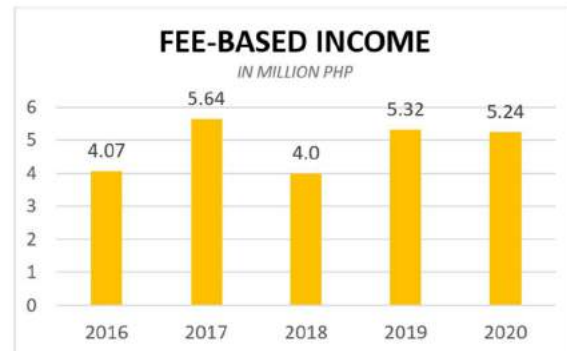
#### PAST DUE RATIO

On the other hand, our past due ratio increased in 2020, breaking away from our good standing from 2019 which was only at 4.34%. The increase in our past due ratio was an effect of the pandemic and other economic challenges that we have faced in 2020.



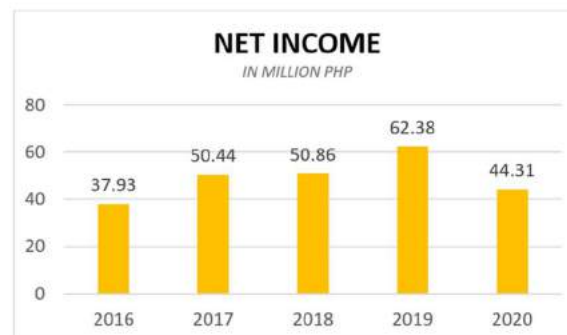
#### FEE-BASED PRODUCTS AND INCOME

Our fee-based income also had a slight decrease of 1.60% from 2019's PhP5.32 million to our 2020 fee-based income of PhP5.24 million. The difference records an amount of PhP 85,280. BOF's fee-based income are comprised of bank commissions from MoneyGram, PELCO, BDO Remit, Insurance, ECPay, PESONet, and ATMs. Other contributions on this are service charges on Loans, Current Accounts, and Savings Accounts.



#### NET INCOME

The COVID-19 pandemic has brought unprecedented impact to different business industries including the banking industry. Likewise, BOF as rural bank, has experienced the economic effect of the pandemic in its income. In 2020, BOF experienced a 28.97% decrease on its Net Income. This has been BOF's lowest net income since 2017. Meanwhile, we expect to bounce back as the Philippine economy reopens gradually in 2021.



#### BOF RANKINGS

BOF remains to be one of the top-performing rural banks in 2020 per BSP's data as of December 31, 2020. BOF remains to be in the top 10 among 441 for the ranking of rural and cooperative banks (RCBs) in the country.



NATIONAL RANKING (out of 441)	
ASSETS	Rank 8
CAPITAL	Rank 9
DEPOSITS	Rank 8
LOANS	Rank 8

On the other hand, BOF remains strong to be one of the best ranking banks in Central Luzon in terms of Assets, Capital, Deposits, and Loans.

REGIONAL RANKING (out of 71)	
ASSETS	Rank 2
CAPITAL	Rank 2
DEPOSITS	Rank 2
LOANS	Rank 3

Despite the challenges that we have faced in 2020, we remained to be among the top performing rural banks not just in Central Luzon but in the country. We ranked among the top 10 best performing RCBs in the country in terms of Assets, Capital, Deposits, and Loans. On the other hand, we are ranked second in terms of Assets, Capital, and Deposits, and third in loans among the 71 RCBs in Central Luzon.

These recognitions inspire us to work harder to become not just a regional champion, but to be a model in the rural banking industry in the country.

BOF's Angeles City branch welcomed the new year with a brand-new location as it relocated to T-Square Building, Sto. Domingo, Angeles City, in January 2020.

#### **BOF's 20th BRANCH**

Despite the pandemic, BOF reached another milestone by opening its 20th branch on December 10, 2020, in the Municipality of Bacolor, Pampanga. BOF is the only bank that serves the people of Bacolor.



Photo taken during the ribbon cutting ceremony of BOF Bacolor Branch Office.

#### **DIGITAL TRANSFORMATION**

One of the most important components of our future success will be how well we adapt to the digital age and accelerate our progress towards our long-term goals. This year, we have started our Digital Transformation through the following:

##### **1. Digitization of Documents: Avison Scanners**

In line with the Anti-Money Laundering Council (AMLC) Resolution Nos. 149 and 191 relative to digitization of customer records and identification of beneficial owners, BOF has provided twenty-four (24) scanners in 2020 which were assigned to twenty (20) SBUs, Accounting Department (AcD), Secretariat, Remedial Management Department (RMD) and Loans Administration Department (LAD), to ensure the security and integrity of the customers' records database.

##### **2. Signed contract with NSEL for Cloud CBS**

On August 20, 2020, BOF signed the contract with Nucleus Software Export Limited (NSEL) NSEL for the latest Core Banking System in cloud which is the FinnOne Neo. With this, we can provide the latest banking services to our clients such as ATM, Instapay and PesoNet.

##### **3. Processing of SSS through PesoNET**

BOF clients can now receive their SSS benefits and loan proceeds directly to their BOF accounts thru PESONet by enrolling on the SSS Portal.

We also have re-launched our SSS Pensioners Loan on October 1, 2020 to help SSS Pensioners obtain their needed cash for medicine or other emergencies/ personal needs.

#### 4. BancNet (membership Approval)

On November 5, 2020, BancNet has approved our application as an Alliance Member. BOF can now avail of its Switch Outsourcing services. This is an important step for the live implementation of BOF as a Network participant this year.

#### 5. Data Leakage Protection System

Digital Transformation goes hand in hand with Data protection especially in the banking industry. As we have more access to data, the more we must be in strict compliance with Republic Act 10173 or the "Data Privacy Act of 2012". This is a key concern to protect the people we serve.

Our Executive Management has approved various security solutions to protect our data. This includes the following:

- 5.1. Firewalls
- 5.2. Endpoint Security

With our eagerness to go digital, it is also essential to secure our systems from the external threats. One way is by having our Firewalls in place. Our firewalls can:

- 5.1. Monitor the network traffic;
- 5.2. Stop virus attacks;
- 5.3. Prevent hacking;
- 5.4. Stop spyware; and
- 5.5. Promote privacy

We also have invested in endpoint security which aims to secure endpoints or entry points of end-user devices such as desktops and laptops from being exploited by malicious software (malwares) and cybersecurity threats. Examples of the common malware includes viruses, worms, spyware, adware and ransomware.

#### ACKNOWLEDGEMENT

Once again, I would like to express my gratitude to every member of the BOF Family. The unforeseen predicament that we have faced and facing has pushed us beyond our limitations to aim for the best decision. Now, the sky is our limit to our endless cognitions to thrive amidst the pandemic. Your role in this success is vital. I am proud that my BOF Family is the epitome of our core values and are open to look ahead to work together. To our dear stakeholders and clients, you are inspiration to do more and do better. We will continue to provide you the best banking experience. Thank you very much to your usual heart-warming support to BOF.

  
TERESA-DAVID CARLOS  
President and CEO



# Financial Highlights

BOC

BANK OF

## FINANCIAL HIGHLIGHTS

	<u>2020</u>	<u>2019</u>
<b>Profitability</b>		
Total net interest income	206,058,625	201,375,306
Total non-interest income	78,177,396	83,403,467
Total non-interest expenses	163,364,215	170,542,302
Pre-provision profit	120,871,806	114,236,471
Allowance for credit losses	65,448,791	27,292,985
Net income	44,310,006	62,384,966
<b>Selected Balance Sheet Data</b>		
Liquid Assets	1,121,660,892	972,303,891
Gross Loans	2,763,483,617	2,583,037,734
Total Assets	4,043,366,133	3,786,592,948
Deposits	3,226,723,585	2,977,090,374
Total Equity	677,716,099	633,331,132
<b>Selected Ratios</b>		
Return on Equity	6.76%	10.23%
Return on Assets	1.13%	1.75%
Capital Adequacy Ratio	16.05%	16.31%
<b>Others</b>		
Cash dividends declared	None	12,000,912
Headcount		
Officers	45	41
Staff	129	130
Total	174	171

## Capital Structure and Adequacy

	<b>2020</b>	<b>2019</b>
Tier 1 Capital	634,399,603	604,879,995
Tier 2 Capital	31,049,163	34,638,602
<b>TOTAL QUALIFYING CAPITAL</b>	<b>665,448,766</b>	<b>639,518,597</b>
Credit Risk-Weighted Assets	3,825,768,938	3,631,613,364
Operational Risk-Weighted Assets	320,978,269	289,151,814
Market Risk-Weighted Assets	-	-
<b>TOTAL RISK-WEIGHTED ASSETS</b>	<b>4,146,747,207</b>	<b>3,920,765,178</b>
<b>TIER 1 CAPITAL ADEQUACY RATIO</b>	<b>15.30%</b>	<b>15.43%</b>
<b>TOTAL CAPITAL ADEQUACY RATIO</b>	<b>16.05%</b>	<b>16.31%</b>

	<b>2020</b>	<b>2019</b>
<b>Total Tier 1 Capital</b>		
Paid-up Common Stock	386,732,320	386,526,320
Paid-up Preferred Stock	-	206,000
Additional Paid-up Capital	33,166,673	33,166,673
Retained Earnings	201,049,974	138,939,967
Undivided Profits	44,310,006	62,384,966
<b>GROSS AMOUNT</b>	<b>665,258,973</b>	<b>621,223,926</b>
Deductions:		
Deferred Tax Asset Net of Deferred Tax Liabilities	30,859,370	16,343,931
<b>TOTAL TIER 1 CAPITAL</b>	<b>634,399,603</b>	<b>604,879,995</b>

	<b>2020</b>	<b>2019</b>
<b>Total Tier 2 Capital</b>		
Appraisal Increment Reserve-Bank Premises	14,649,328	14,824,237
General Loan Loss Provision	16,399,835	20,020,365
<b>GROSS AMOUNT</b>	<b>31,049,163</b>	<b>34,844,602</b>
Deductions:		
Sinking Fund for Redemption of Preferred Shares	-	206,000
<b>TOTAL TIER 2 CAPITAL</b>	<b>31,049,163</b>	<b>34,638,602</b>

# Statement 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, 2020 and 2019, 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, 2020 and 2019, 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**  
Chairman of the Board

  
**TERESA D. CARLOS**  
President and CEO

  
**RONA Q. BINUYA**  
Treasurer

Signed this 5th day of April 2021.



# UHY M.L. Aguirre & Co., CPAs

## INDEPENDENT AUDITOR'S REPORT

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

Phone +63 2 8555 0834  
Email ask@mlaguirre.org  
Web 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, 2020 and 2019, 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, 2020 and 2019, 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.

*Report on the Supplementary Information Required Under Revenue Regulations and BSP Circular 1074*

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, Revenue Regulations 34-2020 and BSP Circular 1074 to the financial statements are presented for purposes of filing with Bureau of Internal Revenue and the Bangko Sentral ng Pilipinas, respectively, and are 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 2019, 2020, 2021, 2022 and 2023

SEC Group B Accreditation No. 0373-F

December 18, 2018 valid until December 17, 2021

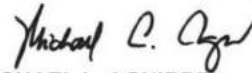
NEA Accreditation No. 2020-12-00069

December 11, 2020 valid until December 10, 2023

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 2019, 2020, 2021, 2022 and 2023

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. 8555624

Issued on January 16, 2021

Makati City

April 5, 2021  
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, 2020 and 2019

(In Philippine Peso)

	Notes	2020	2019
<b>ASSETS</b>			
Cash and other cash items	9	53,207,744	41,482,790
Due from Bangko Sentral ng Pilipinas	10	81,490,188	106,457,507
Due from other banks	10	848,940,247	742,346,342
Financial assets at fair value through profit or loss	11	17,680,943	16,695,482
Financial assets at amortized cost	12	120,341,770	65,321,770
Loans and other receivables - net	13	2,606,445,467	2,493,558,937
Bank premises, furniture, fixtures and equipment- net	14	88,147,235	89,015,198
Right-of-use asset - net	15	36,241,263	35,915,797
Investment properties - net	16	123,413,352	146,928,343
Deferred tax assets	29	37,961,961	23,321,018
Other assets - net	17	29,495,963	25,549,764
<b>TOTAL ASSETS</b>		<b>4,043,366,133</b>	<b>3,786,592,948</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
Deposit liabilities	18	3,226,723,585	2,977,090,374
Bills payable	19	30,000,000	80,000,000
Income tax payable		12,658,743	10,123,657
Dividends payable	22	3,027,760	3,085,823
Deferred tax liabilities	29	7,102,591	6,977,087
Lease liabilities	20	39,306,526	37,517,662
Retirement liabilities	25	7,418,952	4,276,537
Other liabilities	21	39,411,877	34,190,676
<b>TOTAL LIABILITIES</b>		<b>3,365,650,034</b>	<b>3,153,261,816</b>
<b>STOCKHOLDERS' EQUITY</b>			
Capital stock- common	22	386,732,320	386,526,320
Capital stock- preferred	22	-	206,000
Additional paid-in capital	22	33,166,673	33,166,673
Revaluation surplus		14,649,328	14,824,237
Remeasurement losses on retirement liabilities	25	(2,717,031)	(2,717,031)
Surplus free		245,884,809	201,324,933
<b>NET STOCKHOLDERS' EQUITY</b>		<b>677,716,099</b>	<b>633,331,132</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>4,043,366,133</b>	<b>3,786,592,948</b>

# Statements of Comprehensive Income

For The Years Ended December 31, 2020 and 2019  
( In Philippine Peso )

	Notes	2020	2019
<b>INTEREST INCOME</b>			
Loans and receivables	13	230,773,991	238,336,931
Due from other banks	10	14,468,800	13,473,565
Financial assets at fair value through profit or loss	11	706,562	706,562
Financial assets at amortized cost	12	3,594,891	2,448,590
		<b>249,544,244</b>	<b>254,965,648</b>
<b>INTEREST AND FINANCE CHARGES</b>			
Deposit liabilities	18	41,026,305	49,675,031
Borrowed funds	19	371,875	1,983,039
Lease liabilities	20	2,087,439	1,932,272
		<b>43,485,619</b>	<b>53,590,342</b>
<b>NET INTEREST INCOME</b>		<b>206,058,625</b>	<b>201,375,306</b>
PROVISION FOR CREDIT AND IMPAIRMENT LOSSES	23	65,448,791	27,292,985
<b>NET INTEREST INCOME AFTER PROVISION FOR CREDIT AND IMPAIRMENT LOSSES</b>		<b>140,609,834</b>	<b>174,082,321</b>
OTHER INCOME	24	78,177,396	83,403,467
<b>TOTAL OPERATING INCOME</b>		<b>218,787,230</b>	<b>257,485,788</b>
<b>OPERATING EXPENSES</b>	26	<b>163,364,215</b>	<b>170,542,302</b>
<b>PROFIT BEFORE INCOME TAX</b>		<b>55,423,015</b>	<b>86,943,486</b>
<b>PROVISION FOR INCOME TAX</b>	29	<b>11,113,009</b>	<b>24,558,520</b>
<b>NET INCOME</b>		<b>44,310,006</b>	<b>62,384,966</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>74,961</b>	<b>(2,583,650)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>44,384,967</b>	<b>59,801,316</b>



# Statements of Changes in Stockholders' Equity

For The Years Ended December 31, 2020 and 2019  
(In Philippine Peso)

	Notes	Capital stock- common	Capital stock- preferred	Additional Paid-in Capital	Revaluation Surplus	Remeasurement losses on retirement liabilities	Surplus Free	Total
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	25					(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	36	-	-	-	-	-	(221,667)	(221,667)
Dividends declared	22	-	-	-	-	-	(12,000,912)	(12,000,912)
Balance at December 31, 2019		386,526,320	206,000	33,166,673	14,824,237	(2,717,031)	201,324,933	633,331,132
Balance at January 1, 2020		386,526,320	206,000	33,166,673	14,824,237	(2,717,031)	201,324,933	633,331,132
Net income		-	-	-	-	-	44,310,006	44,310,006
Redemption of preferred shares	22	206,000	(206,000)	-	-	-	-	-
Other comprehensive income (loss)		-	-	-	(174,909)	-	249,870	74,961
Balance at December 31, 2020		386,732,320	-	33,166,673	14,649,328	(2,717,031)	245,884,809	677,716,099

# Statements of Cash Flows

For The Years Ended December 31, 2020 and 2019

(In Philippine Peso)

	Notes	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		55,423,015	86,943,486
Adjustments for:			
Provision for credit and impairment losses	23	65,448,791	27,292,985
Gain on sale of investment properties	16,24	(39,783,817)	(43,886,675)
Depreciation and amortization	28	24,624,584	30,658,200
Interest income	10,11,12	(18,770,253)	(16,628,717)
Additions to lease liabilities	20	7,259,589	-
Retirement benefit expense	25,26	3,142,415	779,753
Interest expense	19,20	2,459,314	3,915,311
Adjustments in bank premises, furniture and equipment	14	(1,942,094)	(8,784)
Unrealized gain on financial assets at fair value through profit or loss	11,24	(579,307)	(2,079,484)
Prior period adjustment	35	-	(221,667)
Gain on sale of bank premises, furniture, fixtures and equipment	24	-	(669,998)
Operating cash flows before working capital changes		97,282,237	86,094,409
Increase in operating assets:			
Loans and receivables		(178,166,672)	(226,554,606)
Other assets		(3,691,066)	(4,409,206)
Increase in operating liabilities:			
Deposit liabilities		249,633,211	391,919,667
Other liabilities		5,221,202	6,728,766
Net cash generated from operations		170,278,912	253,779,030
Interest received		18,727,788	15,137,960
Interest paid		(389,097)	(2,156,686)
Income tax paid		(19,946,458)	(13,991,717)
<i>Net cash generated from operating activities</i>		168,671,145	252,768,587
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additional investment in financial assets at amortized cost	12	(55,020,000)	-
Acquisition of bank premises, furniture, fixtures, and equipment	14	(6,767,224)	(12,705,184)
Proceeds from disposal of investment properties	16	44,490,000	65,960,000
Proceeds from disposal of bank premises, furniture, fixtures, and equipment	14	-	670,000
<i>Net cash generated from (used in) investing activities</i>		(17,297,224)	53,924,816
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of borrowings	19	(110,000,000)	(260,000,000)
Payment of leasing liabilities	20	(7,558,164)	(6,374,729)
Dividends paid	22	(58,063)	(11,522,466)
Proceeds from availment of borrowings	19	60,000,000	200,000,000
<i>Net cash used in financing activities</i>		(57,616,227)	(77,897,195)
<b>NET EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH</b>		(406,154)	(19,818)
<b>NET INCREASE IN CASH</b>		93,351,540	228,776,390
<b>CASH AT BEGINNING OF YEAR</b>		890,286,639	661,510,249
<b>CASH AT END OF YEAR</b>		983,638,179	890,286,639

# BOF Clients' Stories

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## JAIME SALE: FROM GUARDING THE POND TO FISHING THE BLESSINGS

Mr. Jaime Sale is the owner and proprietor of the well-known JMS Aquafarm in Arayat, Pampanga. His aquafarm measures to 300 hectares of fish ponds where he raises his tilapia and tilapia fingerlings, the primary products of his business. The aquafarm is supplying tilapia to Nueva Ecija and Pampanga. The business is producing its own breed of tilapia; hence, Mr. Sale assures that their tilapia and fingerlings are the best quality of tilapia that you can have. He has studied and learned the secrets of the fishing industry in his years of experience and perseverance to produce the best quality that he can give to his customers.

JMS Aquafarm is one of BOF's valued clients. And according to Mr. Sale, BOF played a crucial role in his success in the aquafarming industry. "BOF helped me to grow my business to where it is now," said Mr. Sale. "BOF is very easy to transact with, and they help their clients thoroughly. This is what I really like about BOF," he added. But before reaching his success, Mr. Sale started from a very humbling pre-success story.

Mr. Sale started his journey as a security guard and a caretaker of a fish farm. While doing his duty, he learned the way of the fisherfolk and built connections with the businessmen and suppliers that visit the fish farm that he is safeguarding. And when he saw the opportunity, Mr. Sale grabbed it and started his own with several fish ponds. After five (5) years in the business, Mr. Sale felt the need to expand his business and seek for the help of BOF to help him finance his aquafarm. Since then, the JMS Aquafarm grew on a steady pace. He was able to expand several fish ponds to 300 hectares of aquafarm. "BOF helped me to expand," Mr. Sale stated.

Today, the surname Sale is an epitome of success in Arayat, where his aquafarm is located, and in his hometown in Candaba, Pampanga. Though he may be successful, he never forgets to look back from where he started and gives back to those who helped him when he was just starting.



"When you plan to start a business, you should be brave. At the same time, you should know the business that you are going to enter," said Mr. Sale. "It is not ideal to enter a business just because you see that other people are being successful in it," he added.

As per Mr. Sale, starting a business has never been easy, but his secret to never forget his grassroots and give thanks to God for all the blessings that he is receiving. He believes that conducting a business does not end with making profit, but with extending help to other people to serve as a medium of blessings to make other people's lives better. "I believe that if you are helpful, the flow of blessings will continue," said Mr. Sale.

Mr. Sale is a valued client to BOF, who embodies the BOF values. Our relationship with JMS Aquafarms has reached many lives through the good and pure heart of Mr. Jaime Sale.





## JANETTE MUNGCAL: BUILDING A BUSINESS WITH FIVE BLOCKS AND PERSEVERANCE

Ms. Janette Mungcal is the owner of JJJ General Merchandise in Floridablanca, Pampanga. Her joyful attitude towards her business is well-loved and appreciated by her customers and the community, making her business the top-choice when it comes to the people with different needs.

Ms. Mungcal's story with BOF started when she was in high school. BOF has been a regular entry in her life's story until she decided to open her business. According to her, her idea to start a business when her previous employers decided where to migrate. She initially planned to open her business in the central public market of Floridablanca; however, the rent was quite expensive for her who was just starting a business. With her perseverance to continue to open her own business, she saw the opportunity to continue the unfinished store of her brother-in-law, which was just built with five concrete blocks by then. "I asked my brother-in-law if I can just pay what they have spent on the initial construction of the store. After we agreed on the payment terms, we started to finish the construction of the store," said Ms. Mungcal.

"I started with just several items. I settle on what I can buy for the meantime, and I don't make any debt just to fill my store," she narrated. Eventually, Ms. Mungcal's store grew until the time came, she needs to acquire a vehicle for her business. "I needed a car to support my business, and I went to BOF for an auto loan," she stated. Today, Ms. Mungcal have already acquired three (3) vehicles through the BOF Auto Loan. "What's good with BOF is that it is convenient for me. I don't have to go that far because the Floridablanca branch office is near me," said Ms. Mungcal.

For Ms. Mungcal, the way BOF personnel communicate and build relationship with their customers greatly affects her business. Building rapport is an essential ingredient in a successful business, this is exactly what she likes about the customer service of BOF.



As a bank client, Ms. Mungcal loves how BOF handles her transactions. "I love how BOF personnel transact with their clients, they are friendly," she stated.

JJJ General Merchandise has been trusting BOF since it started in March 2013. Its owner, Ms. Janette Mungcal, attests to the quality service that BOF is providing to clients like her. "BOF has been big help to me. It is close to me, and I am comfortable transacting with them. They are very good in making relationship with their clients, and they have good communication," said Ms. Mungcal.

As a proof of a satisfied customer, Ms. Mungcal refers BOF to other people and share her experience as a valued client of the bank.

"With BOF, I never experienced a bad customer service," Ms. Mungcal concluded.





## NERISSA MALIT-GANIA: AN HONEST BUSINESS WILL BE BLESSED

Mrs. Nerissa Malit-Gania is the owner of R'MACJ Trading in Lubao, Pampanga. Her products are ingredients which could be used to mix animal feeds, and others that may apply.

For Mrs. Gania, the secret ingredient to the success of her business is pure honesty. This is her business virtue since she started doing business. On top of that is God. "I let God steer my business," said Mrs. Gania. "God is the reason why we stayed in business," she added. In ones honesty, there will be blessing. The business of Mrs. Gania has lived up to these values and produced positive outputs for her.

Mrs. Gania also boasts about how BOF helped her to sustain her business, especially during the trying times. BOF has been her partner since she started doing business. "BOF is a very good help for me, especially when I am planning to buy properties," she stated. As for her, she prefers going to rural banks like BOF because of the client-friendly and easy transaction that it offers. She also prefers BOF when applying for loans because of BOF's fast approval on loans. "For me, loans are good, as long as you use the money that you have loaned practically," said Mrs. Gania. "And when I am applying for a loan in BOF, I like that you can transact and communicate directly to their managers," she added. Another thing that Mrs. Gania liked about BOF is how its employees treat her with respect, and how they give her a welcoming treatment.

"I would like to congratulate BOF for its 56 years of service," said Mrs. Gania. She also pointed how BOF lives to its tagline 'It's all about you' and provides customer with the best banking experience. She wishes for BOF to continue to build good relationships with its clients.

Aside from her trading business, Mrs. Gania's husband also opened an automotive shop, and they manage other businesses as well.





# Risk Management Framework


# Risk Management Framework

## RISK MANAGEMENT CULTURE AND PHILOSOPHY

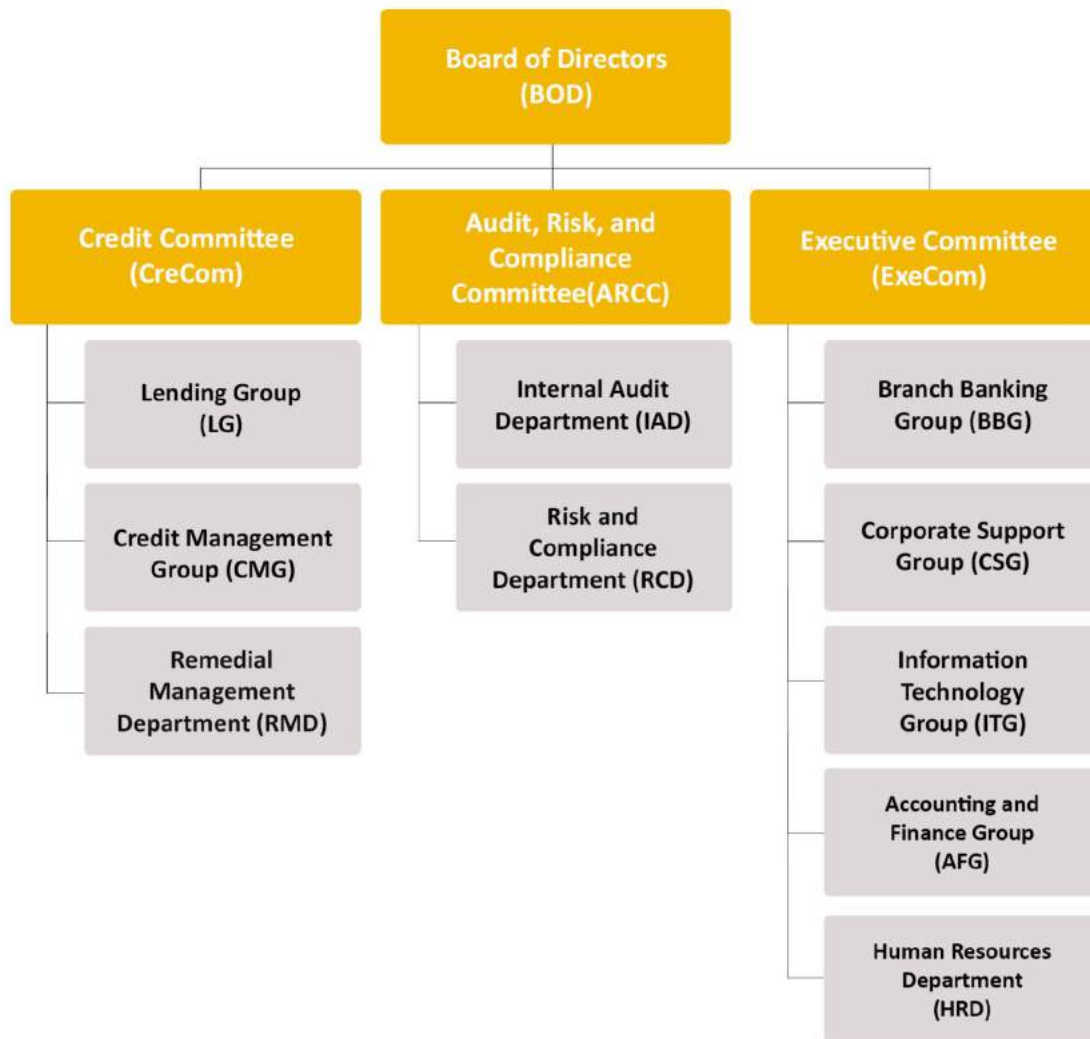
BOF recognizes the existence of risk in the banking sector, that if disregarded it could bring adverse impact on the capital, earnings or viability of the bank which may result to imposition of constraints on bank's ability to meet its goal. As a growing institution, we may face challenges associated 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 Management who effectively implement policies, guidelines, and procedures related to risk management, we can identify, monitor and mitigate potential risks.

## RISK APPETITE 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.

 <b>RISK</b>	 <b>DESCRIPTION</b>	<b>RISK CHAMPIONS</b>	<b>RISK DESIGNATES</b>
<b>1. Credit Sales &amp; Credit Process</b>	<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. Executive Vice President (EVP) for Lending Group (LG)</p> <p>1.2. Credit Management Group (CMG) Head</p>	<p>1.1.1. Lending Group (LG) Head</p> <p>1.2.1. Credit Services Department (CSD) Head</p>
<b>2. Competitiveness</b>	<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 for Marketing and Communications Department (MCD)</p>	<p>2.1.1. Marketing and Communications Department (MCD) Head</p>
<b>3. Business Continuity Plan (BCP)</b>	<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. Information Technology Group (ITG) Head</p> <p>3.2. Accounting &amp; Finance Group (AFG) Head</p>	<p>3.1.1. Branch Banking Group (BBG) Head</p> <p>3.2.1. Treasury Department (TrD) Head</p>
<b>4. Information Technology - Management &amp; Continuity</b>	<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. Information Technology Group (ITG) Head</p>	<p>4.1.1. Information Technology Department (ITD) Head</p>
<b>5. Human Resources - Recruitment &amp; Retention</b>	<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) Manager</p>

## RISK GOVERNANCE STRUCTURE



### RISK MANAGEMENT PROCESS

Risk Management is inherent to each and every employee of BOF and is being applied in their own respective positions in the bank, guided by the policies, guidelines, and procedures duly approved by the Board of Directors and/or the Executive Committee.

To ensure that said policies, guidelines, and procedures are being effectively implemented, the Internal Audit Department (IAD) and Risk and Compliance Department (RCD) conducts 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.



## ANTI-MONEY LAUNDERING (AML) GOVERNANCE AND CULTURE

BOF has established its risk-based Money Laundering and Terrorist Financing Prevention Program (MLTFPP) 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 MLTFPP are the Policies, Guidelines, and Procedures which shall be the guide of the Executive Management and employees in combating Money Laundering/Terrorist Financing (ML/TF) and to ensure that associated risks such as reputational, operational, and compliance risks are identified, assessed, monitored, mitigated, and controlled.

The program embodied the detailed procedures on compliance and implementation of the major requirements of the Anti-Money Laundering Act (AMLA):

### 1. Customer identification

BOF has a Board approved Policies, Guidelines, and Procedures in identifying and verifying the true identity of its client including the risk assessment criteria for clients based on the different factors such as the following:

- 1.1. Nature of the service or product to be availed of by the customers and the purpose of the account or transaction;
- 1.2. Background, source of funds and/or nature of business activities;
- 1.3. Public or high profile position of the customer or its directors/trustees, stockholders, officers and/or authorized signatory;
- 1.4. Country of origin and residence or operations or the fact that a customer came from a high risk jurisdiction;
- 1.5. The existence of suspicious transaction indicators;
- 1.6. Linked account or services to be availed;
- 1.7. 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
- 1.8. Such other factors, e.g., the amount of funds to be deposited by a customer or the size of transactions, and regularity or duration of the transaction, as the covered person may deem reasonable or necessary to consider in assessing the risk of a customer to ML/TF.

### 2. Record keeping and retention

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

### 3. Covered and Suspicious transaction reporting

Concerned Groups, Departments and Strategic Banking Units (GDS) identify all Covered Transactions (CTs) and Suspicious Transactions (STs) and are reported to the 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.

### 4. Anti-Money Laundering (AML) Seminars and Training Program

BOF's annual AML Seminars and training programs aimed at providing all its responsible officers and employees 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, Trainings, and Workshops (STWs) are given to the following:

- 4.1. Newly hired officers and employees including Executive Management (EM), at least once-a-year, which include awareness of their respective duties and responsibilities under the Money Laundering/Terrorism Financing Prevention Program (MLTFPP) particularly on customer identification process, record keeping requirements and CT and ST reporting and ample understanding of the internal processes including the chain of command for the reporting and investigation of suspicious and money laundering activities.
- 4.2. Annual refresher seminar among the Board of Directors, Executive Management, Senior Management, and employees in order to ensure that they are informed of new developments and issuances related to the prevention of money laundering and terrorism financing.

# Corporate Governance

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BANK OF



# Corporate Governance

## CORPORATE GOVERNANCE SYSTEM

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

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

## SELECTION PROCESS FOR BOARD AND EXECUTIVE MANAGEMENT

Members of Board of Directors are selected from a broad pool of qualified candidates. Non-executive directors, which include Independent Directors are comprised of majority of the Board of Directors to promote the independent oversight of management by the Board of Directors. Directors 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 property.

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

1. To elect from among themselves the 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/select key members of Executive Management and heads of control functions and to approve a sound remuneration and other incentives policy for employees;
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 define the bank's corporate culture and values; and
12. To exercise such other powers as shall be necessary in the performance of its duties.

## 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/Board is to meet, in regular or special meetings calling the members to order;
5. Submits jointly with the President and CEO an annual report of the corporation's operations to the stockholders at their annual meetings;
6. Exercises such other powers and performs such other duties as prescribed for the Office of the Chairperson in BOF's by-laws; and
7. Other duties as may be delegated by the Board of Directors.

## BOARD OF DIRECTORS

Board Composition					Number of Meetings in 2020		
Name	Type of Directorship	No. of years as Director	No. of Shares	Percentage of Shares	Attended	Total Meetings	Percentage
1. Nina Perpetua D. Aguas	Non-Executive Director	1.5	1	0.000003%	13	13	100%
2. Teresa David-Carlos	Executive Director	38	4,107,730	10.62730%	13	13	100%
3. Susan Jesusa David-Nunga	Executive Director	31	2,868,961	7.42242%	13	13	100%
4. Yolanda David-Aguila	Non-Executive Director	17	3,113,998	8.05637%	13	13	100%
5. Engr. Jesus S. Nicdao	Non-Executive Director	5	1	0.000003%	13	13	100%
6. Atty. Elfren P. Hipolito, Jr.	Non-Executive Director	5	1	0.000003%	13	13	100%
7. Jose Paolo D. Carlos	Executive Director	4	12,209	0.031586%	13	13	100%
8. Atty. Ma. Fides A. Balili	Non-Executive Director	3	1	0.000003%	13	13	100%
9. Jaime P. Panganiban	Executive Director	2	1	0.000003%	13	13	100%

## BOARD-LEVEL COMMITTEES

### AUDIT, RISK, AND COMPLIANCE COMMITTEE (ARCC)

#### A. Authority of the ARCC

1. It is responsible for overseeing the 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, internal policies, efficiency, effectiveness of operations, and safeguarding of assets.
2. It has the authority to access all bank records, documents, books of accounts, and information it needs to properly carry out its responsibilities; and
3. It has explicit authority to investigate any matter within its terms of reference; full access to and cooperation by management, 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 of the ARCC

1. 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;
2. It shall take all necessary measures, or ensure that the Executive Management shall take all necessary measures, to provide the appropriate resources and staffing that would enable internal audit and compliance department to achieve its objectives;
3. It shall ensure that arrangements are in place for the independent investigation, appropriate follow-up action, and subsequent resolution of complaints;
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;
5. 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;
6. It shall take all necessary measures, or ensure that the Executive Management shall take all necessary measures, to provide the appropriate resources and staffing that would enable the Internal Audit Department (IAD) and Risk and Compliance Department (RCD) to achieve its objectives;
7. It shall ensure that arrangements are in place for the independent investigation, appropriate follow-up action, and subsequent resolution of complaints;
8. It shall ensure that the internal audit function maintains an open communication with the Executive Management, the external auditors, and the supervisory authority;
9. It shall ensure and recommend to the Board of Directors any penalties under Policy on Discipline (POD) and/or for any violation on the Good Corporate Governance; and
10. 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, Risk, and Compliance Committee Members		Number of Meetings in 2020		
NAME	POSITION	Attended	Total No. of Meetings	Percentage
1. Atty. Ma. Fides A. Balili	Chairperson/Independent Director	6	6	100%
2. Engr. Jesus S. Nicdao	Member	6	6	100%
3. Atty. Elfren P. Hipolito, Jr.	Member/Independent Director	6	6	100%



## EXECUTIVE COMMITTEE (ExeCom)

The Executive Committee, which is composed of executive members of the Board, was formed to be a part of the permanent organization of the corporation. It shall, in the interim between meetings of the Board of Directors, 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 2020		
Name	Position	Attended	Total No. of Meetings	Percentage
1. Teresa David-Carlos	Chairperson	51	51	100%
2. Susan Jesusa David-Nunga	Member	48	51	94%
3. Jaime P. Panganiban	Member	51	51	100%
4. Jose Paolo D. Carlos	Alternate Member	49	51	96%

## CREDIT COMMITTEE (CreCom)

The Credit Committee (CreCom) is composed of four (4) members 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 2020		
Name	Position	Attended	Total No. of Meetings	Percentage
1. Teresa David-Carlos	Chairperson	88	92	96%
2. Susan Jesusa David-Nunga	Member	85	92	92%
3. Jose Paolo D. Carlos	Member	85	92	92%
4. Jaime P. Panganiban	Alternate Member	91	92	99%

## 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 DATU-AGUAS

*Filipino, 68*

**Chairperson  
of the Board**



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 a 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**

*Filipino, 63*

**President  
and CEO**

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 and 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 Director/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 and Director/Treasurer of Pampanga Chamber of Commerce and Industry, Inc. (PamCham) from September 2003 to present. She is also the Chairperson of Pampanga Micro, Small, and Medium Enterprises Development Council (PMSMEDC) from 2007 to present, and Board of Trustee of Domus Pastorum Foundation, Inc. from June 01, 2019 to present.

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

Ms. Carlos is a Certified Public Accountant, and she finished her Bachelor of Science in Commerce, Major in Accounting degree at St. Scholastica's College in 1978.



**SUSAN JESUSA  
DAVID-NUNGA**

*Filipino, 62*

**Senior Executive  
Vice President**

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 was the 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.





Ms. Yolanda David-Aguila became a member of the Board of Directors of BOF in 2003. She is presently a member of the Board of Trustees of Mary the Queen College (Pampanga), Inc. (MQC)

She currently serves BOF as a Director, and she was also the Special Assistant to the President from 2014 to March 2021. 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), Director of Pendulum Development Corporation (PDC), and Trustee of the House of David Foundation, Inc. (HDFI).

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



**ENGR. JESUS  
S. NICDAO***Filipino, 67***Director**

Engr. Jesus S. Nicdao was elected to the Board of Directors of BOF on May 21, 2015. He served as 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 the 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 the franchisee of several outlets of Jollibee and Chowking outlets in Central and Northern Luzon. He is a graduate of Bachelor of Science, Major in Electrical Engineering from the Mapua Institute of Technology.



Atty. Elfren P. Hipolito, Jr. is an Independent Director of BOF since May 2015. He was a former Trial Attorney at the Office of the Solicitor General, 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 the President of the family-owned Dau Trading Corporation, and Vice President of Dau Realty and Development Corporation.

Atty. Hipolito obtained his Bachelor of Arts degree major in Economics, cum laude, from San Beda College in 1980 and a Bachelor of Laws degree from Ateneo de Manila University in 1984. He took and passed the Philippine Bar Examinations in the same year with a general weighted average of 83.88%.





**JOSE PAOLO  
DAVID CARLOS**

*Filipino, 29*

**Director/  
Executive Vice  
President**

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 & Finance Group since January 2018.

He was the President of Pampanga Federation of Rural Banks (PFRB) for fiscal year 2018-2019 and is currently an Adviser for fiscal year 2020-2021. He also served as Secretary of the Confederation of Central Luzon Rural Banks (CCLRB) for fiscal year 2018-2019 and as P.R.O. for fiscal year 2020-2021.

Prior to joining BOF, Mr. Carlos was Chief Financial Officer of House of David Realty and Development Corporation (HDRDC). He was also a member of the Board of Directors of DA Market Securities, Inc. (DMSI), and was a Financial Reporting Analyst at Citibank in Makati City. Moreover, he is a Licensed Real Estate Broker, a Licensed Real Estate Appraiser, and a Licensed Non-Life Insurance Agent.

He holds a Bachelor of Arts degree Major in Management Economics and Minor in Financial Management from Ateneo de Manila University. He also finished his Master of Business Administration at the Ateneo Graduate School of Business.





**ATTY. MA. FIDES  
A. BALILI**

*Filipino, 65*

**Independent Director**

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**

*Filipino, 59*

**Executive Vice  
President**

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 at Holy Angel University with a degree in Bachelor of Science in Business Administration.



Atty. Peter Paul S. Maglalang is the 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. He earned his Law Degree at the University of the East.

As a member of the Integrated Bar of the Philippines Pampanga Chapter, he was elected and served as PRO from 2007-2009, Secretary from 2009-2011 and Vice President from 2011-2013. Eventually, he became the Chapter President from 2013-2015. He also served as Commissioner of the Bar Discipline from 2015 to 2017. He was recently elected as the Governor for IBP Central Luzon Region and he will serve as such until June 30, 2023.





## Executive Committee

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



## Credit Committee

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



## **Audit, Risk, and Compliance Committee**

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



## Executive Management



**PRESIDENT AND  
CHIEF EXECUTIVE  
OFFICER**

**Teresa David-Carlos**  
Filipino, 63

**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 2011 - present
- Director, 1987 - present

**House of David Realty and Development Corporation**

- Director, 1986 - present

**Mary the Queen College (Pampanga), Inc.**

- Chairperson, June 2003 - present
- Trustee, 2003 - present

**House of David Foundation, Inc.**

- Chairperson, March 2011 - present
- Trustee, 1993 - present



**SENIOR EXECUTIVE  
VICE PRESIDENT**

**Susan Jesusa  
David-Nunga**  
Filipino, 62

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

- Director/Senior Executive Vice President, January 01, 2014 - present

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

- Senior Executive Vice President, 2011 - 2013
- Chief Financial Officer, 2010
- Special Assistant to the President, 2003
- Director, 1989 - 2013

**House of David Realty and Development 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, 59

**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, 29

**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, 50



**ASSISTANT  
VICE PRESIDENT  
CHIEF COMPLIANCE  
OFFICER  
DATA PROTECTION  
OFFICER**

**Erlisa M. Banag**  
Filipino, 45



**SENIOR  
VICE PRESIDENT -  
INFORMATION  
TECHNOLOGY GROUP**

**Cecile G. Escalante**  
Filipino, 46



**ASSISTANT  
VICE PRESIDENT -  
CREDIT MANAGEMENT  
GROUP**

**Albert R. Aguilar**  
Filipino, 47



**VICE PRESIDENT -  
CORPORATE  
SUPPORT GROUP**

**Nida S. Lao**  
Filipino, 49



**ASSISTANT  
VICE PRESIDENT -  
HUMAN  
RESOURCES  
DEPARTMENT**

**Marissa L. Castro**  
Filipino, 55



**VICE PRESIDENT -  
LENDING GROUP**

**Grace D. Castro**  
Filipino, 45



**ASSISTANT  
VICE PRESIDENT  
CHIEF INTERNAL  
AUDITOR**

**Marylene M.  
Pachejo**  
Filipino, 44

## PERFORMANCE ASSESSMENT PROGRAM

Performance management is a process that provides feedback, accountability, and documentation for performance outcomes. It helps employees to channel their talents toward organizational goals. Clear goals and expectations are set based on the balanced scorecard to ensure personal and professional goals are monitored and achieved. The balanced scorecard indicates the strategic objectives of each Group/Department/Strategic Banking Unit (GDS) that are supported by initiatives, projects, activities, and key operational processes, measured by key performance indicators (KPIs). These, and behavioral KPIs based on Core Values contribute to the achievement of the organization's high-level goals.

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

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. Performance appraisal for Board of Directors is done annually.

## ORIENTATION AND EDUCATION PROGRAM

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

The bank provides a copy of the general responsibility of the Board of Directors, the specific duties, responsibilities of a Director upon boarding.

Newly appointed directors are also provided an orientation program of at least eight (8) hours, conducted by an institution accredited by the Bangko Sentral ng Pilipinas (BSP). Directors shall have an annual continuing education of at least four (4) hours relevant in carrying their duties and responsibilities.

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

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

## RETIREMENT AND SUCCESSION POLICY

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

Minimum age for a director is set at twenty five (25) years old and retirement age is set at seventy five (75) years of age. The Board of Directors may opt to waive the required retirement age to any director, if an exception is deemed necessary to the best interest of the bank.

Independent directors may only serve the bank for a maximum cumulative term of nine (9) years reckoned for 2012, but may continue to serve as a Regular Director.



## 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.
3. Normal retirement age of Executive Management and other employees is sixty-five (65) years old, but they have the option to retire upon the attainment of the age of sixty (60) years old or more, but not beyond sixty-five (65) years old.

## SUCESSION PLANNING

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

## REMUNERATION POLICY

### REMUNERATION POLICY AND STRUCTURE FOR EXECUTIVE AND NON-EXECUTIVE DIRECTORS

The Executive Directors of the bank receive compensation in the form of salaries and allowances, bonuses and per diem for attendance to Board meetings while Non-Executive Directors (NEDs) receive per diem for attendance to board meetings and board-level committee meetings.

### REMUNERATION POLICY FOR SENIOR MANAGEMENT

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



## POLICIES, GUIDELINES, AND PROCEDURES ON RELATED PARTY TRANSACTIONS

### RELATED PARTY TRANSACTION

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

### DISCLOSURE AND REPORTING

BOF adequately discloses in the Annual Report, if applicable, the overarching policies, guidelines, 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 deposit 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 Board of Directors. In case the parties involved in the transactions are both supervised by the BSP, only the lessor, in case of a lease contract, or the party engaging/requesting for the services of the other bank, in case of contracts other than the lease contract, shall submit the report.

## MATERIAL RELATED PARTY TRANSACTIONS FOR THE YEAR 2020

Type	Related Counterparty	Amount	Term
1. Contract of Lease	House of David Realty and Development Corporation	PhP244,832.00/month	25 years
2. Health Maintenance Organization (HMO) Insurance Premium	Insular Health Care, Inc.	PhP1,444,210.00	1 year
3. Comprehensive Retirement Group Plan	Insular Life Assurance Company, Ltd.	PhP7,828,864.54	5 years
4. Credit Transactions	None	N\A	N\A

## SELF-ASSESSMENT FUNCTION

### SCOPE OF INTERNAL AUDIT

1. All processes, systems, units and activities fall 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 policies, guidelines, procedures and systems of safeguarding the bank's physical and information assets;
4. Review of the compliance system and the implementation of established policies, guidelines 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 and Senior Management, officers and employees. 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, guidelines, and procedures. Compliance is to be regarded as a means of enhancing profitability within the limitation of regulatory requirements and good business practices.

### REVIEW PROCESS TO ENSURE THE EFFECTIVENESS AND ADEQUACY OF THE INTERNAL CONTROL SYSTEM

The Audit, Risk, and Compliance Committee (ARCC) has been established by the Board of Directors to oversee the financial reporting, internal and external audit functions and compliance to regulatory agencies' rules and regulations. The ARCC is likewise responsible in monitoring, reviewing and evaluating the adequacy and effectiveness of the internal control system. Under the supervision of the ARCC are the Chief Internal Auditor (CIA) and Chief Compliance Officer (CCO) who regularly review the effectiveness of the internal control system and validate the compliance with rules and regulations through regular audit and compliance testing, respectively. Results of the validation are directly reported to the ARCC and resolutions and actions taken thereon are presented to the Board of Directors 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 the BSP's Manual of Regulations for Banks (MORB). Distribution of the dividends shall be on or before the Annual Stockholders' meeting.

For 2020, there was no dividend declaration due to the COVID-19 pandemic.

# CONSUMER PROTECTION PRACTICES

## FINANCIAL CONSUMER PROTECTION PRACTICES

1. The paramount goal of BOF is to provide excellent, committed, transparent, fair, honest, and dedicated services to its clients that will translate into prestige, profitability and stability. Its primary objective in designing its Policy on Consumer Protection is to protect the financial rights of its clients.
2. The Board of Directors, Executive, and Senior Management are responsible for developing consumer protection strategies and establishing an effective oversight over BOF's consumer protection programs.

## RESPONSIBILITIES OF THE BOARD OF DIRECTORS (BOD)

1. It has the ultimate responsibility for the level of customer risk assumed by BOF. Accordingly, the Board of Directors 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 that 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 in 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 necessary in the performance of its duties.



**RESPONSIBILITIES OF THE EXECUTIVE MANAGEMENT**

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

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

**CONSUMER ASSISTANCE MANAGEMENT SYSTEM**

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

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

1. Receiving and acknowledging complaints/concerns;
2. Investigating and resolving complaints;
3. Responding to inquiries; and
4. Timeliness of report.

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

**MAJOR STOCKHOLDERS OWNING MORE THAN 20% AS OF DECEMBER 31, 2020**

Name	Citizenship	Percentage
House of David Investment and Management Corporation (HDIMC)	Filipino	40.108%

# CORPORATE SOCIAL INITIATIVES

Despite the restrictions of immersing to our communities because of the pandemic, BOF remains faithful to its mission to contribute and improve its communities through community project that inspires hope and courage to people. Our goal to develop our communities for social good creates a ripple that will reach more lives.



## DONATION TO OPLAN KONTRA COVID-19 PROJECT

On June 10, 2020, BOF participated to the City of San Fernando, Pampanga's OPLAN KONTRA COVID-19 where BOF donated essential items like face masks, face shields, gloves, and ready-to-eat goods to support the COVID-19 response team of the city.



## DONATION OF SCHOOL SUPPLIES AND HYGIENE MATERIALS

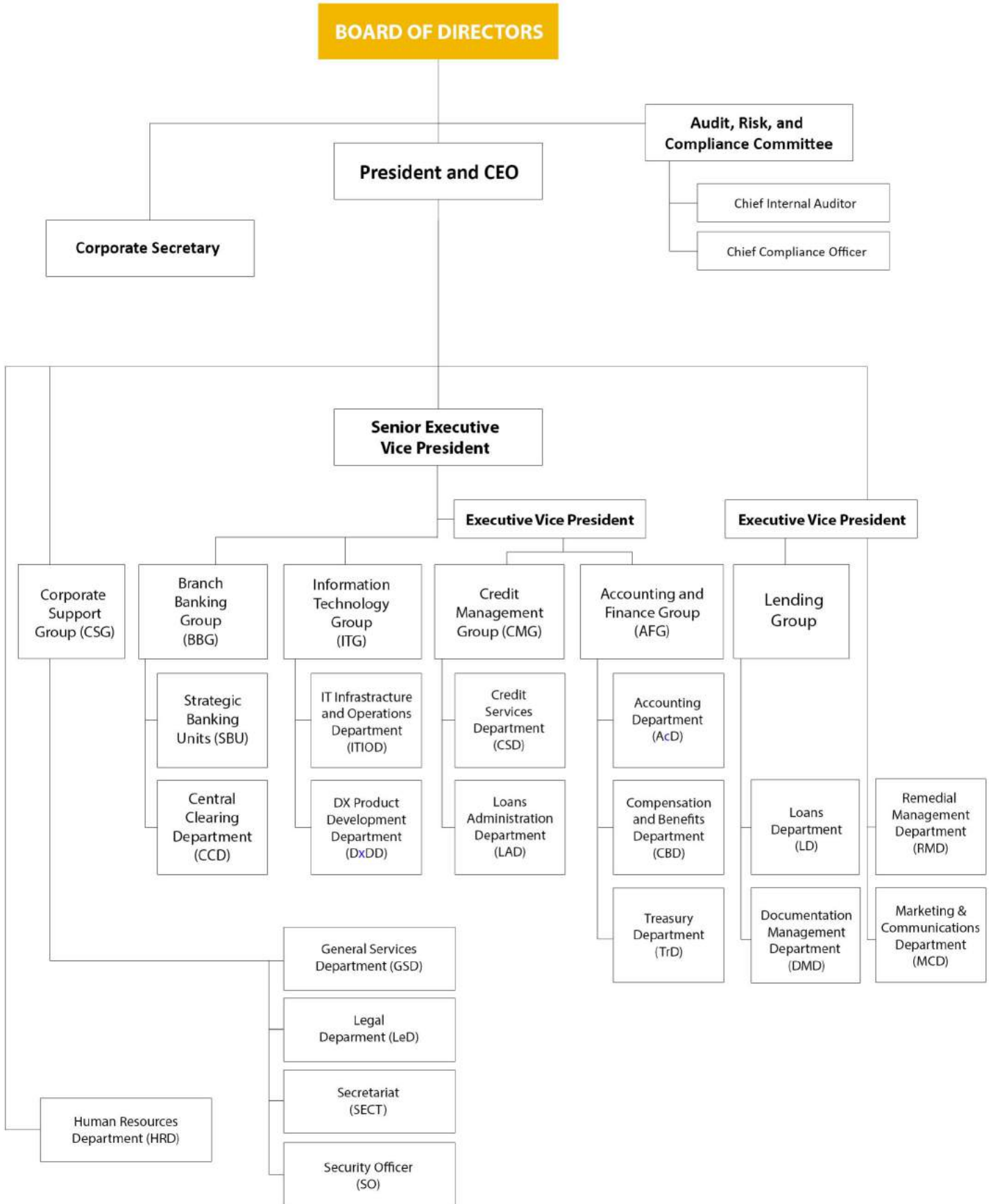
BOF donated school supplies and hygiene materials to Dau Elementary School to support its teachers for the academic needs and maintain a healthy workplace. This activity was held on September 29, 2020.



## DONATION OF PERSONAL PROTECTIVE EQUIPMENT (PPE) AND MEDICAL SUPPLIES

Likewise, BOF donated essential materials to the Municipality of Magalang, Pampanga to help its frontline workers in keeping the community safe from COVID-19. The donation activity was conducted on November 20, 2020.

# ORGANIZATIONAL CHART





## PRODUCTS AND SERVICES

	 <p><b>Guava Basic Savings Account</b> No maintaining balance. Interest-bearing savings account. Maximum of PhP 50,000 account balance.</p>
 <p><b>Apple Kiddie Savings Passbook Account</b> A passbook account with as low as PhP100.00 for newborns to children aged 12 years old.</p>	 <p><b>Mango Prime Time Deposit Account</b> A time deposit account for as low as PhP5,000.00.</p>
 <p><b>Banana Easy Savings Passbook Account</b> A passbook savings account with as low as PhP100.00 for personal accounts and PhP 2,000.00 for corporate accounts.</p>	 <p><b>Orange Premium Checking Account</b> A premium checking account for as low as PhP2,000.00 for personal accounts, and PhP5,000.00 for corporate accounts.</p>

## BOF BANK OF FLORIDA LOAN PRODUCTS



### AGRICULTURAL LOANS

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



### BUSINESS LOANS

- The answer to Small, and Medium Enterprises' (SMEs) needs for working capital to expand their business and purchase commodities.
- Choice of terms from thirty (30) days up to ten (10) years.
- Secured with Real Estate Mortgage (REM).

## **LOAN PRODUCTS**

### **CONSUMER LOANS**

#### 1. **Fast Cash Loan**

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

#### 2. **Auto Loan**

- 2.1. Loan to finance the acquisition of brand-new motor vehicles for business or personal use; and
- 2.2. Easy loan processing.

#### 3. **Housing Loan**

The perfect loan package whether you are buying an existing house, building your own, or renovating.

- 3.1. Fast processing;
- 3.2. Low equity; and
- 3.3. Affordable monthly amortization.

### **OTHER SERVICES**





  
money transfer

  
WESTERN UNION  
MONEY TRANSFER





# 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 Number: (0918) 922-8289  
Customer Care Number: (0917) 548-4665  
Email: [customercare@bankofflorida.ph](mailto:customercare@bankofflorida.ph)  
Website: [www.bof.com.ph](http://www.bof.com.ph)



@officialbofph

- 1. Floridablanca Branch Office**  
Poblacion, Floridablanca, Pampanga  
[floridablanca@bankofflorida.ph](mailto:floridablanca@bankofflorida.ph)  
(045) 970-1069 / (045) 970-0333  
(045) 970-0456  
(0908) 814-1520
- 2. Sto. Tomas Lubao Branch Office**  
Crossing, Sto. Tomas, Lubao, Pampanga  
[stotomaslubao@bankofflorida.ph](mailto:stotomaslubao@bankofflorida.ph)  
(045) 971-6224  
(0908) 814-1509
- 3. Sta. Cruz Lubao Branch Office**  
C. Soto Street, Sta. Cruz, Lubao, Pampanga  
[stacruz@bankofflorida.ph](mailto:stacruz@bankofflorida.ph)  
(045) 971-6333  
(0908) 814-1519
- 4. Sto. Tomas Branch Office**  
San Matias, Sto. Tomas, Pampanga  
[stotomas@bankofflorida.ph](mailto:stotomas@bankofflorida.ph)  
(045) 961-2090  
(0908) 814-1490
- 5. Sta. Ana Branch Office**  
Poblacion, Sta. Ana, Pampanga  
[staana@bankofflorida.ph](mailto:staana@bankofflorida.ph)  
(045) 409-9814  
(0908) 814-1517
- 6. Arayat Branch Office**  
Poblacion, Arayat, Pampanga  
[arayats@bankofflorida.ph](mailto:arayats@bankofflorida.ph)  
(045) 409-9660  
(0908) 814-1554
- 7. San Fernando Branch Office**  
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Dolores, City of San Fernando,  
Pampanga  
[sanfernando@bankofflorida.ph](mailto:sanfernando@bankofflorida.ph)  
(045) 961 1460  
(0908) 814-1487
- 8. Pulilan Branch Office**  
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[pulilan@bankofflorida.ph](mailto:pulilan@bankofflorida.ph)  
(044) 769 3283  
(0908) 814-1516
- 9. Capas Branch Office**  
Poblacion, Capas, Tarlac  
[capas@bankofflorida.ph](mailto:capas@bankofflorida.ph)  
(045) 925 0173  
(0908) 814-1563
- 10. Candaba Branch Office**  
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[candaba@bankofflorida.ph](mailto:candaba@bankofflorida.ph)  
(045) 409 9998  
(0908) 814-1571
- 11. Guagua Branch Office**  
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San Matias, Guagua, Pampanga  
[guagua@bankofflorida.ph](mailto:guagua@bankofflorida.ph)  
(045) 405-0048  
(0908) 814-1521
- 12. Magalang Branch Office**  
Sta. Cruz, Magalang, Pampanga  
[magalang@bankofflorida.ph](mailto:magalang@bankofflorida.ph)  
(045) 866-2334  
(0908) 814-1542
- 13. Dau Branch Office**  
Dau, Mabalacat City, Pampanga  
[dau@bankofflorida.ph](mailto:dau@bankofflorida.ph)  
(045) 624-0008  
(0908) 814-1574
- 14. Sta. Rita Branch Office**  
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[starita@bankofflorida.ph](mailto:starita@bankofflorida.ph)  
(045) 497-0145  
(0908) 814-1489
- 15. Angeles City Branch Office**  
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- 16. Minalin Branch Office**  
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(0908) 814-1512
- 17. Porac Branch Office**  
Barangay Babo Sacan,  
Porac, Pampanga  
[porac@bankofflorida.ph](mailto:porac@bankofflorida.ph)  
(045) 402-4976  
(0908) 814-1513
- 18. Macabebe Branch Office**  
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Macabebe, Pampanga  
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(045) 403-9274  
(0908) 814-1540
- 19. Guagua Branch Lite**  
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[guagua.lite@bankofflorida.ph](mailto:guagua.lite@bankofflorida.ph)  
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(0908) 814-1521
- 20. Bacolor Branch Office**  
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(0908) 814-1539





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**JOSE PAOLO D. CARLOS**  
Advisers

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