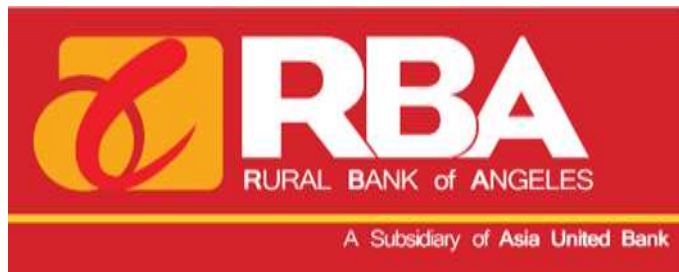


# 2021 Annual Report





# RBA BRANCHES



## REGION I

- Mangatarem, Pangasinan
- Asingan, Pangasinan
- Mangaldan, Pangasinan
- Alaminos, Pangasinan
- Dingras, Ilocos Norte
- Bantay, Ilocos Sur
- San Fernando City, La Union

## REGION II

- Solano, Nueva Vizcaya
- San Mateo, Isabela
- Roxas, Isabela
- Ilagan, Isabela
- Tuguegarao, Cagayan
- Alcala, Cagayan
- Camalaniugan, Cagayan
- Cabarroguis, Quirino

## REGION III

- Angeles City, Pampanga
- Dau, Mabalacat, Pampanga
- Magalang, Pampanga
- Sta. Ana, Pampanga
- Apalit, Pampanga
- Lubao, Pampanga
- City of San Fernando, Pampanga
- Capas, Tarlac
- Gerona, Tarlac
- Gapan City, Nueva Ecija
- Cabanatuan City, Nueva Ecija
- Guimba, Nueva Ecija
- Science City of Muñoz, Nueva Ecija
- Baler, Aurora
- Tabuk City, Kalanga



# Table of Contents

---

<b>4</b>	<b>Company Profile</b>
<b>9</b>	<b>President's Message</b>
<b>10</b>	<b>President's Report</b>
<b>18</b>	<b>Financial Summary/Financial Highlights</b>
<b>20</b>	<b>Financial Condition and Results of Operation</b>
<b>21</b>	<b>Risk Management Framework Adopted</b>
<b>24</b>	<b>Corporate Governance</b>
<b>38</b>	<b>Corporate Information</b>
<b>54</b>	<b>Audited Financial Statements with Auditor's Opinion</b>



# Company Profile

---

**Rural Bank of Angeles** was established on August 26, 1952 and started its operations on January 31, 1953. It's the 6th Rural Bank in the Philippines and first in Pampanga. In April 2009, Rural Bank of Angeles was formally acquired by Asia United Bank, a universal bank under the Rebisco Group. Obtaining the Rural Bank allows AUB to continuously build its growing network of branches nationwide and offer a wide range of banking products and services to serve the needs of the agricultural sector as well as the middle and small market segments specially in the countryside.



services.

**Rural Bank of Angeles** now plays an integral part to increase its customers and market reach especially in Pampanga, Tarlac, Nueva Ecija, Pangasinan, Ilocos, Nueva Vizcaya & Isabela. It has 30 branches with a vision of becoming the Rural Bank of choice, known for financial strength and superior delivery of innovative products and services. The Bank provides clients' ultimate rural banking experience with a premium on personalized services. It continuously explores better opportunities to respond to its growing clients' needs with the introduction of more timely, relevant and innovative products and

# Bank's Vision and Mission

---

## **OUR VISION**

The objective of Rural Bank of Angeles' ("RBA") to become the country's "Rural Bank of Choice" exemplifies its consistent vision to be the preferred financial services provider of clients in the rural and agricultural areas of the country. As the rural banking arm of Asia United Bank ("AUB"), RBA devotes its resources to cater the banking requirements of sectors otherwise unserved or unattended by commercial and universal banks. Thus, serving the unbanked communities in rural areas.

## **OUR CORE VALUES AND MISSION**

We shall be guided by our chosen corporate values of Commitment, Integrity, Excellence, Leadership and Teamwork in:

- promoting comprehensive rural development with the end in view of attaining a more equitable distribution of opportunities and income
- expanding productivity as a key to raising the quality of life, especially the underprivileged
- to make needed credit available and readily accessible in the rural areas on reasonable term

## BRANDING

We are committed to be the Rural Bank of choice known for financial strength and superior delivery of innovative products and services driven towards total customer satisfaction.

Financial stability manifested by a strong capital position and growth in total resources, profitability, portfolio quality.

Proactive in the development of products and services that will satisfy all current and emerging market needs.

Customer satisfaction will be the primary consideration in every activity that we undertake (raison d'être).

## RBA AT GLANCE



RBAI established August 26, 1952.

Started operations on January 31, 1953

6th Rural Bank in Philippines and 1st in Pampanga

22 Jan 09: Monetary Board Resolution No. 135 places RBA under Prompt Corrective Action for failure to improve liquidity position and service withdrawals.

July 2009

- Monetary Board Resolution No. 955 approval in principle AUB purchase of RBAI
- AUB Audit Group and Transition Team parallel management control over RBA operations

July 17 to August 24, 2009

- Share Purchase Agreement signed witnessed by BSP officials
- Preparation for RBA re-opening

August 28, 2009

- **125 Million Equity Infusion**

September 2009

- Start of deposit servicing and regular banking operations
- **2<sup>nd</sup> tranche of P125 Million New Equity**

October 29, 2009

- Monetary Board Resolution No. 1555 approval of AUB acquisition of RBA

Sept. 22 – Dec. 7, 2009

- **P100 Million Additional Equity** in various amounts to support RBA operations (withdrawals)

December 15, 2009

- AUB Board of Directors meeting formalizing the RBA organization

January 15, 2010

- **1<sup>st</sup> RBA Credit Committee for Micro Finance** 7 accounts approved

September 16, 2010

- **P70 Million Additional Equity**
- **Completes the P420 Million Capital Infusion** under Monetary Board Resolution No. 1555

August 4, 2011

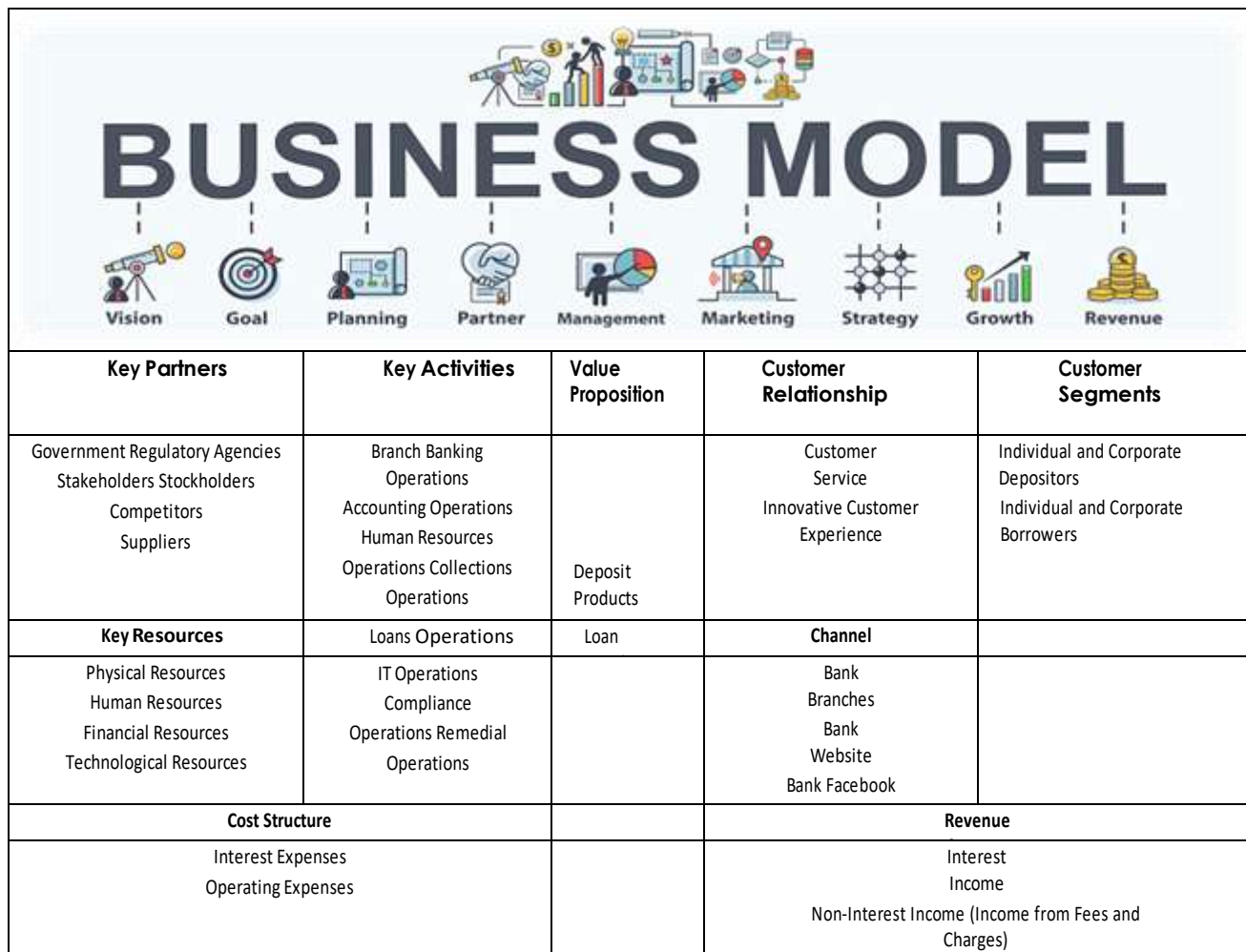
- **Approval to establish 5 MBOs**

October 2013

- **Approval In Principle to purchase all assets and assume the liabilities of the Cooperative Bank of Pampanga (CPAMP)**
- **P50 Million Capital Infusion** - Start of serving of CPAMP depositors
- Board Resolution No. 1662 approval of RBA acquisition of Cooperative Bank of Pampanga

November 4, 5, 2013

- **P150 Million Additional Capital Infusion**
- PDIC Board Resolution No. 2013-10-215, Approval In Principle of the acquisition of CPAMP with Financial Assistance under the SPCB Plus Program



The bank’s business model illustrates the key components in the overall performance of the bank such as the Key Partners, Key Activities, Key Resources, Value Proposition, Customer Relationship, Channels, Customer Segments, Cost Structure and the Revenue Streams. Key Partners are the network of partners and suppliers that are essential to perform the key activities of the bank with the utilization of the key resources, key partners, key activities and key resources comprise the cost structure of the bank.



Value Proposition defines the two main products that the bank provides to its customers such as the deposit and loan products. Customer relationship exhibits the type of service that the bank’s offers to its clients through the use of the bank channels to reach its customer segments. These are revenue generating channels to sustain the daily banking operation.



# President's Message

---

Rural Bank of Angeles started 2021 with greater optimism for an improved health and safety situation with the availability of COVID vaccines, lesser restrictions on movement and travel, and a better economic climate. However, the year proved to be as challenging as the previous year as more severe strains of COVID continued to affect communities served by the bank.

At the same time, a number of bank personnel were stricken by the virus hampering branch operations. To the credit of RBA's officers and staff, the bank managed to rise above the difficulties by continuing to deliver services conforming with the high expectations of our clients, partners, management, shareholders and the public in general.

RBA managed to overcome the difficulties and prevailing economic situation to end the year with profits reasonably near target. While total loans volume dropped by 23.67 % as expected and interest income was lower by 24.86 % compared to the previous year, the bank managed to register a net income after tax of P109.43 M with a return on average equity of 18.43 % or higher than industry rate of 8.36% as of December 31, 2021 based on BSP data.

The bank compensated with better collections allowing for minimal loan loss provisioning and focused efforts on recoveries from written off accounts to help improve the bottomline. Significantly and despite the not so favorable business environment, RBA managed to reduce past due by P85 Million combined for all loan product types. Likewise, the efficient use of resources lead to reduction of operating expenses.

Anticipating a better 2022, the bank also set the stage for the expansion of its operations in new areas, first, with moves to relocate existing branches to the provinces of Bulacan and Apayao. Second, the submission of an applications to acquire the licenses and assumption of assets and liabilities for 3 Branch Units in Southern Luzon, specifically, in Oriental Mindoro. This will be RBA's first foray outside of Central and Northern Luzon. The expansion once fully implemented in 2022 will allow the bank to increase it Agricultural Loans portfolio and create new market for Teacher's Loans.

RBA also laid the foundation to expand and diversify its loan product offerings by putting in place the necessary processes and personnel for an effective Teacher's Loan campaign, integrate financial technologies in all facets of bank operations including loan solicitation and generation, processing and approval and collection. The bank will also continue its expansion in new areas where it sees potential for growth and opportunities to leverage on its experience and expertise, marketing partnerships and other advantages in offering crop production, machinery and trading and other Agricultural Loans.

Finally, RBA will continue to work closely and receive guidance from its parent, Asia United Bank. In particular, the bank will obtain assistance with respect to Risk Management, Financial and Tax Management and Information Technology. This will afford the bank better and faster opportunities for the expansion of its business and growth of assets while ensuring the necessary controls and processes are in place for sustained and efficient growth.

April 29, 2022 at Angeles City, Pampanga.



**Atty. Rainer T. Defante**  
President

# President's Report

## Loan Portfolio

Loan Type	2021	2020
Agricultural	1.695B	2.227B
Micro Finance	18.678M	37.669M
Commercial	16.896M	30.828
Dep-Ed Salary Loans	31.471M	11.194M

RBA ended 2021 with a total loan portfolio of P1.766B (after recording write-offs totalling P62.170M) or lower than the previous year's total of P2.307B by P541M.

The decrease in of the loan portfolio is mainly due to the reduction in Agricultural Loans (less P532M year-on-year). Recognizing the high incidence of default for small crop loans live stocks (piggery, fishpond and poultry) the bank modified is approving parameters. At the same time, lower demand for machinery loans were observed. In previous years, machinery loans was the driver for RBA's growth of its loan portfolio.

As in the previous year, processing of Micro Finance and Commercial loans were limited to clients providing basic goods and services and loans and selected renewals for other business types. The outstanding balances also decreased as loans were mostly granted at reduced amounts taking into account the lower earning capacity of clients.

DepEd Salary Loans increased almost by 300% to P31.471M but still below target due to the limited opportunity to market with schools limited to online sessions.

With lockdowns effected for most of the year, business, travel, and other activities were mostly restricted leading to difficulty in processing loans or lower loan demands.

	Target	Actual	Variance	Remarks
Agri Loans	2.8B	1.695	-39%	- Stricter guidelines in the processing and approval of small crop loans – palay and corn – let to reduction by about 300M - Limitations on releases of livestock, poultry and fishpond loans due to high incidence of default reduced OB by 200M - Lower demand for machineries specially during the last half of the year was also observed hence reduction by 50% of loan releases.
MF Loans	50M	18.678	-63%	- With community quarantines remaining in effect in varying degrees, the bank opted to be prudent with MF Loans. - Loan releases by and large are limited to clients offering or selling basic goods and services and selected renewals for other business types with reduced amounts.
DepEd Loans	50M	31.471	-38%	- OB increased by P20M year-on-year. - The bank had limited opportunity to market salary loans to teachers as classes were still limited to online.

## Agricultural Loans

2018		2019		2020		2021	
Number	OB	Number	OB	Number	OB	Number	OB
13,520	1.995 B	13,898	2.456 B	13,684	2.227 B	14,333	1.695 B

For the year, the bank released a total of 6,336 accounts with a total loan amount of P1.267 (compared to P1.982B in 2020 and P2.959B in 2019).

2021	No. of Accounts	Amount
Jan	603	88,849,000.00
Feb	438	96,780,000.00
Mar	366	136,623,000.00
Apr	334	87,730,000.00
May	721	141,247,000.00
June	996	170,641,000.00
Jul	543	89,147,000.00
Aug	299	49,375,000.00
Sept	241	91,829,000.00
Oct	317	73,212,000.00
Nov	726	128,398,000.00
Dec	752	110,875,000.00
<b>Total</b>	<b>6,336</b>	<b>1,267,123,000.00</b>

As stated earlier, the bank modified its approving parameters for agricultural loans to address growing delinquency for loan types with high incidence of default. Based on observed reasons for default, the bank required verifiable proof of land tenancy, standardized farm plans, pre-defined household expenditures and, with AGFP Guaranty payments delayed, required properties for safekeeping for new loans. This led to reduction of crop loans to about P300M. On the other hand, limitations on the releases of livestock, poultry and fishpond loans reduced OB by 200M.

Machinery Loans accounted for 41% of the loans booked in 2021 (compared to 37% last year). Outstanding balance of machineries loans is 66.35% of the portfolio. Payment Rating of Machinery Loans remains at 99% while past due is at 1.33%:

2021	No. of Accounts	Amount
Jan	31	25,119,000.00
Feb	45	41,820,000.00
Mar	88	81,153,000.00
Apr	70	54,560,000.00
May	86	62,177,000.00
June	97	70,216,000.00
Jul	32	23,477,000.00
Aug	22	17,720,000.00
Sept	59	56,420,000.00
Oct	40	35,187,000.00
Nov	51	40,088,000.00
Dec	32	23,570,000.00
<b>Total</b>	<b>653</b>	<b>531,507,000.00</b>

## Micro Finance Loans

2018		2019		2020		2021	
Number	OB	Number	OB	Number	OB	Number	OB
3,424	136.943 M	3,125	94.922 M	2,521	37.669 M	9,155	18.667 M

The Micro Finance clients are among the hardest hit sector due the lockdowns and cessation of business operations. At this point, businesses are still recovering and most clients are encountering difficulties meeting payments due to lower sales.

Hence, we have proceeded with utmost caution on lending to this sector. The bank reduced the number of MF Account Officers to 6 (from as high as 15 in previous years) and limited releases to loan renewals at reduced amount for most of the year.

For the year, total releases only amounted to P53.4M (P62.565M in 2020 and P308.4M in 2019). But past due significantly decreased by P15M.

2021	No. of Accounts	Amount
Jan	31	3,000,000.00
Feb	39	3,400,000.00
Mar	70	6,610,000.00
Apr	42	4,600,000.00
May	51	4,770,000.00
June	54	4,920,000.00
Jul	39	2,930,000.00
Aug	36	2,985,000.00
Sept	53	5,164,000.00
Oct	36	3,315,000.00
Nov	51	4,875,837.13
Dec	70	6,835,000.00
<b>Total</b>	<b>572</b>	<b>53,404,837.13</b>

## DepEd Teacher's Loan

For the year, the bank booked and released 195 account totaling P29.768M (with only 53 accounts amounting to P8.410M last year). Due to suspension or deferment of opening of classes, there were limited opportunities to market the salary loan program to teachers.

The bank had to resort to social media marketing, cross selling and branch and client referrals to generate applications. The offer of straight 7.5% interest rate per annum regardless of term made RBA's product attractive to teachers. All these paved the way for steady growth of the portfolio.

Hence, OB grew to P31.471 from P11.194 at the end of 2020.

2021	No. of Accounts	Amount
Jan	1	220,000.00
Feb	1	50,000.00
Mar	21	2,190,000.00
Apr	9	1,290,000.00
May	14	1,190,000.00
June	9	1,840,000.00
Jul	26	5,840,000.00
Aug	21	3,145,000.00
Sept	27	3,915,000.00
Oct	16	2,715,000.00
Nov	24	3,587,900.00
Dec	26	3,786,000.00
<b>Total</b>	<b>195</b>	<b>29,768,900.00</b>



## Income

2018	2019	2020	2021
100,475 M	23,487 M	168.58 M	109.43M

RBA's total net income is at P109.43M or lower than last year's total of P181.143M.

Note that the income last year was aided by the gain of P95.576M from the sale of government securities acquired thru the PDIC FA. Without last year's one time gain, this year's income matches last year's profit.

	Target	Actual	Variance	Remarks
Income	127M	109.43M	-17.57%	The bank's lower income may be attributed to the lower interest income as a result of the decline in the agricultural loans volume. Interest income for the year at P302.51M is lower by 40.87% vs budget and 24.86% compared to last year.

The bank compensated with lower operating expenses (-31% vs budget), better collection (P85M reduction in past due) resulting to loan provision (with excess booked provisions of P63M) and recoveries (P25M).

A partial reversal of the excess provisions of close to P63M (as of November 30 and expected to increase end of December due to substantial reduction of past due) would have allowed the bank to meet income target.

## Deposits

2018		2019		2020		2021	
Number	Amount	Number	OB	Number	OB	Number	OB
35,077	1.956 M	38,987	2.366	37,735	2.259 B	35,716	1.954 B

RBA's deposit levels fell by P305M to P1.954M as RBA turned down clients request for placements due to lower demand for loans.

Average cost of deposits declined from 3.63% to 1.69%.

The bank's interest expense at P36.593M is lower by P30M compared to last year and lower by 31M versus budget due to the lesser volume.

## Assets

2018	2019	2020	2021
2.685 B	3.773 B	3.042 B	2.768 B

As against last year, total resources of RBA decreased by P274M year-on-year, mainly due to the decrease in deposit liabilities by P300M as the bank declined deposits due to lower loan demands. As against budget, 2021 figure is lower than P925M.

## Past Due and Recoveries

### COMPARATIVE PAR PER LOAN TYPE

Loan Product	2021	2020	INC/DEC
AGRI	257,198,858	311,772,926	(54,574,068)
MICRO	1,938,887	17,176,080	(15,237,193)
COMMERCIAL	2,771,046	18,045,272	(15,274,226)
Total	261,908,791	346,994,278	(85,085,487)

The bank managed to reduce past due by P85M combined for all loan products. The bank focused on collection during the year with all BMs were charged to be more hands-on in managing their portfolio and held accountable for past due accounts of Account Officers.

Year on year, Agri Loans PAR was reduced by P54.574M to only P257.198M (from December 2020's figure of P311.772) after recording write-offs of P47.991M. But even without considering the write-offs in assessing of collection performance, the bank's Agricultural Loans PAR still decreased by P6.582M year-on-year with 10 consecutive months of past due reduction.

For Micro Finance Loans, the PAR in absolute numbers fell below pre-pandemic levels. PAR was reduced from P17.176M to P13.566 prior to booking write-offs or an improvement of P3.61M. After recording write-offs, PAR is not only P1.938M.

Meanwhile, recoveries helped improved our bottom line with P25.886 collected and recognized as income (slightly higher than last year total of P25.618M):

2021	Recoveries
January	663,893.14
February	5,097,448.93
March	3,386,371.23
April	1,937,407.94
May	2,023,345.02
June	1,712,835.80
July	907,510.00
August	1,737,010.17
September	1,033,750.00
October	1,094,546.70
November	960,627.98
December	5,332,181.94
Total	25,886,928.85

## Branches & Personnel

2018	2019	2020	2021
27 Regular Branches	30 Regular Branches	30 Regular Branches	28 Regular Branches

At the end of 2021, RBA closed for relocation 2 branches – Dau and Apalit – due to poor lending performance and asset quality. This led to higher loan provisioning and losses for these 2 branches. The areas of assignment of the 2 branches have increasingly become urbanized and no longer fits the bank’s overall scheme to grow its agricultural loans portfolio.

But by January 28, 2022, RBA will be replacing the 2 Branches with the opening of branches in Alcala, Pangasinan and Echague, Isabela. These are agricultural areas with potential for growth.

For 2022, RBA will continue to assess and rationalize branch operations and move to areas with better prospects for Agricultural and DepEd Salary Loans. RBA has targeted the Provinces of Apayao, Bulacan and Abra as new areas of operations with either branch relocation or utilization of existing approved licenses.

RBA Branches currently has presence in the provinces of Pampanga, Tarlac, Nueva Ecija, Pangasinan, Nueva Vizcaya, Isabela, Cagayan, Quirino, Ilocos Sur, Ilocos Norte, Laz Union and Aurora. But RBA has customers practically the entire Central and Northern Luzon.

The acquisition of CURB’s Branches in Mindoro has been approved by the PDIC but remains pending with the BSP. In the meantime, RBA has been monitoring collections of the branches while recommending collection strategies, conducted personnel evaluation and training, and prepared backroom support, systems assessment and arrangement telcos for takeover of the branches once approved.

To serve its loan and deposit clients, RBA now has 415 personnel. This is down by 29 personnel from last year’s head count due to reassessment of functionalities to save on cost and the separation of a number of non-performing employees.

# Financial Highlights

FINANCIAL INFORMATION / DATA	CURRENT YEAR 2021	PREVIOUS YEAR 2020
<b>Profitability</b>		
Total Net Interest Income	312,278,931	440,340,663
Total Non-Interest Income	101,741,872	192,181,064
Total Interest Expenses	36,593,925	80,647,963
Pre-provision Profit	114,503,339	190,964,007
Allowance for Credit Losses	16,737,339	60,593,434
Net Income	109,426,800	168,582,031
<b>Selected Balance Sheet Data</b>		
Gross Loans	1,762,431,449	2,309,725,068
Total Assets	2,756,468,866	2,993,303,231
<b>Minimum Required Data</b>		
Deposits	1,953,869,680	2,253,139,955
Total Equity	629,295,873	519,869,073
<b>Selected Ratios</b>		
Return on Average Equity	18.43%	38.37%
Return on Average Assets	3.68%	5.13%
Capital Adequacy Ratio	18.93%	16.40%
Net Income per Share	24	37
Book Value	137	113



### Total Assets (in thousand pesos)



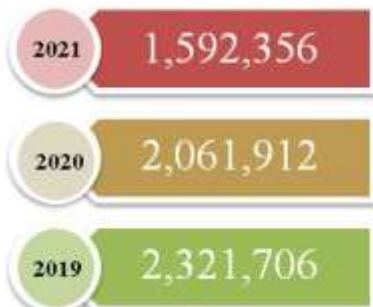
### Total Deposits (in thousand pesos)



### Total Shareholders' Equity (in thousand pesos)



### Total Loans and Receivables (in thousand pesos)



### Total Net Income (in thousand pesos)



# Review of Operations and Results of Operations

---

RBA took cognizance of the difficult conditions brought about by the extended and repeated community quarantines. With these restrictions on general activities and movement caused slowdown in the economy and overall demand for goods and services. Such situation hinders the abilities of loan borrowers to meet their obligations as the same fall due. RBA like any other financial institution is not immune to such scenario.

Consequently, RBA for the year 2021 opted to take one step backward in its loan operations so to speak with an intention of taking 2 steps forward with its loan bookings with better managed portfolio and lower past due ratio in the succeeding year. The bank is proceeding with abundance of caution by mostly offering loans only to clients providing essential goods and services while selectively renewing loans at lower amounts for other business types. It also recalibrated and constricted its approval parameters for loan segments which historically incurs the highest payment defaults.

This action translated to decreasing trend in some financial indicators such as assets, loans and deposits, yet the bank is developing its net income and stockholders' equity in robust and sustainable position. The bank's net income for the year ended at P109.43M or 85% of target despite significant reductions in loan volume and in interest income. The bank compensated with better collections and recoveries resulting to minimal loan provisioning and tighter control on expenses resulting to substantial savings.

Still for the year, RBA has a significant share in the agricultural machinery financing business with tie-ups and marketing arrangements with major distributors and dealers in the Philippines. It remains poised to meet all demands for machinery loans entering the new year specially with the opening of new markets in Mindoro, Apayao and Bulacan (following the scheduled start of operation of new branches).

Moreover, in the last quarter of 2021, in order to diversify and expand its loan product offerings RBA started to revive its microfinance and other business loans operations. Further, it bolstered its frontline complement and backroom support for the financing of teacher's loans in tie up with Department of Education (DepEd). This is essentially a new loan product of the bank coming in to the year and is expected to compensate for any reduction in agricultural loans given the lower demand brought about by prevailing market conditions, e.g., higher fuel and fertilizer costs.

# Risk Management

---

Risk is inherent in our business and demands us to identify, assess and manage our risks by allotting our capital and resources in an economical and appropriate manner with necessary safeguards and controls. The Bank faces both financial and non-financial risks which must be identified to all extent possible and with contingencies in place. Financial risks arise from the use of financial instruments and include credit risk, market risk and liquidity risk.

## Risk Management Structure

The Bank through its own BOD is ultimately responsible for oversight of the Bank's risk management process which involves identifying, measuring, analyzing, monitoring and controlling risks. The BOD has the overall responsibility for the Bank's risk management process. Supporting the BOD in this function is the Senior Management (SM). The SM is responsible for ensuring that there are adequate policies and procedures for conducting risk taking activities on both long-range and day-to-day basis. This responsibility includes:

- Ensuring that there is clear delineation of lines of responsibility for managing risk, appropriately structured limits on risk taking, effective internal controls and a comprehensive risk reporting process; and
- Ensuring that all appropriate approvals were obtained and that adequate operational procedures and risk control systems are in place.

The SM is assisted in these functions by the Internal Audit Group of the Parent Bank. The Internal Audit Group undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the SM.

## Credit Risk

Credit risk is the risk of financial loss to the Bank if a counter party to a financial instrument fails to meet its contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for industry concentrations, and by monitoring exposures in relation to such limits. Management of credit risk is the principal responsibility of the Credit Committee and other individual credit approvers delegated with authorities by the BOD. The role of the Credit Committee and other credit approvers is to ensure that the credit risk policies are strictly complied with when approving loan proposals.

## ***Management of credit risk***

The Bank faces potential credit risks every time it extends funds to borrowers, commits funds to counterparties or invests funds to issuers (e.g., investments securities issued by government entities). The Bank manages credit risk by setting limits for individual and group of borrowers. The Bank also monitors credit exposures and continually assesses the credit worthiness of counterparties. In addition, the Bank obtains security by entering into agreements (e.g., collateral agreements) which include, among others, real estate, chattel and guarantees with counterparties to limit the exposure

## **Market Risk**

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes.

## **Interest Risk**

Interest rate risk arises from the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Parent Bank, through its Treasury Group, assists the Bank to monitor interest rate risk by providing the Bank the quotes and other relevant information on a weekly basis. As of December 31, 2021 and 2020, the Bank has no exposure to interest rate risk since its financial instruments are not subject to floating interest rate.

## **Liquidity Risk**

Liquidity risk is the risk that the Bank will not be able to meet its obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged funding sources with its Parent Bank in addition to its core deposit base, manages with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required. The Bank maintains short-term deposits with a stable bank that can be easily liquidated in the event of unforeseen interruption of cash flow. The Bank considers its investment positions in managing its liquidity risk. The high-yielding securities, which are relatively easy to liquidate in the event a fund need arises, are used to match the duration profile of the deposits.

The Bank has a committed line of credit that it can access to meet liquidity needs. In addition, the Bank maintains a statutory deposit with the BSP which is above the required 2.00% for demand, savings, and time deposits statutory reserve.

## Money Laundering and Terrorism Financing

In the present time, **Money Laundering and Terrorism Financing (ML/TF)** establishes intolerable disturbance to every Banking and Financial Institutions worldwide.

In the global market place, Money Laundering is a significant problem that caused great alarm both in local and international banking community due to the attempted use of financial institution to launder money that resulted in much stricter laws and increased in penalties. In contemplation of possible occurrence thereof, Rural Bank of Angeles (RBA) established controls and organizational behaviour whereby threats of ML/TF can be easily detected and prevented. In line with this, the bank established a committee charter, headed by the Compliance Office. The said committee monitors and oversight all the respective branches as to compliance to the regulation and programs of the company. Also, it implements ML/TF Prevention Program to the Head Office Units including all the branches and evaluates the compliance of respective units thereof.



### Anti-Money Laundering Committee

- The AML Committee shall have the following duties and responsibilities: (i) Provides oversight over the institution's implementation of the MLPP; (ii) Evaluate and deliberate customer suspicious transactions elevated by the Compliance Office; (iii) Review and approve updating of AML/CFT policies and procedures; and (iv) Issue directives/memos to business unit or individual to at least mitigate if not totally eliminate AML Risk Exposure.
- The AML Committee Charter was revised in August 2021 as well as the member of the committee. Members are as follows: i. Eugene P. Ramos (*Compliance Officer*); ii. Operations Head (*Jacqueline RVillaroman*); iii. VP/Accounting Head (Nomer A. Crisostomo (+)); iv. Branch Operations Officer (*Gerabell B. Barawid*); and v. IT Head (*Leonard C. David*).

The Committee had conducted two (2) meetings in 2021.

List of Members prior to the Revision	No. of Attendance and No. of Meetings Held	Percentage
Ms. Zenaida Librea	0	0%
Eugene P. Ramos	2	100%
Jacqueline R. Villaroman	2	100%
Gerabell B. Barawid	2	100%
Leonard C. David	1	50%



# Corporate Governance

This structure is composed of stakeholders, directors and management contribute to promote the balancing of interests and protection of various interests – public and private. Towards this end, effective disclosure is required with reports that are accurate, prompt and useful on information on company policies, practices and results. This will provide greater investor, depositor and creditor protection and preservation and even enhancement of the bank's license, capital, assets and overall business



To illustrate, the bank has a standing Audit committee composed of 3 Directors, among others, wherein all significant risk related, issues, major violations of policies and procedures, as well as incidents of fraud are reported for proper guidance, advise and other disposition of the board. Moreover, as a subsidiary of AUB, its Risk Management committee – also a board level committee – performs oversight function on the credit and operations risks exposure of the bank.

Key to enhancement of the governance structure is the adoption of best practices

RBA recognizes that effective corporate governance serves the best interests of the bank, its shareowners, depositors and other interests. Effective corporate governance enhances the bank's capacity to achieve strategic goals and manage risks by ensuring that all stakeholders can hold directors to account as their representatives. In turn, directors will be obligated to hold management responsible for the sound operation of business and achievement of goals.

reflective of times and demands of business. With this perspective; the bank adopts the following practices in corporate governance.

### **Selection process for the Board and Senior Management**

Only Filipino citizens are eligible for election to the Board. The regular term of a director shall be from the date of his election to the regular annual meeting of the stockholders of the Bank or until his successor shall have been elected and qualified to take his place at said annual meeting.

Unless a director shall sooner resign, be removed from office or becomes unable to act by reason of death, disqualification, or otherwise he shall hold office during the term for which elected and until his successor is elected and qualified. No Director, officer, employee or agent of the Bank shall in any manner directly or indirectly, participate in the deliberation, or the determination of any bank matter affecting his pecuniary interest, or the pecuniary interests of any enterprise in which he is directly or indirectly interested.

A member of the Board of Directors or its deliberation or determination of any matter with respect to which he is disqualified. When a member of any committee is disqualified, the remaining members who are directors may select another director to serve in the place of the disqualified member.

The Bank's Board of Directors exercises an overall oversight in ensuring effective corporate governance to serve the beneficial interests of its stockholders and stakeholders.

Exercising effective corporate governance practices are the best tool to promote good governance,thus, safeguarding the beneficial interests of the Bank and its stockholders and stakeholders.

**Board's  
Responsibility**

**Description of the Role  
and Contribution of  
Executive and Non-  
Executive**

**Executive Officers**

The executive officers of the Bank are the President, Vice President, Corporate Secretary, Cashier or Treasurer, and Bank Managers who shall be elected by a majority vote of the entire membership of the Board of Directors at its first meeting held after the annual stockholders meeting and at such other times during the year as be required to fill vacancies or as may be otherwise be delegated to the President.

**President**

The President shall be the Chief Executive Officer of the Bank. He shall see to it that all orders and resolutions of the Board of Directors, all orders of the Monetary Board of the Bangko Sentral ng Pilipinas, and all rules and regulations of the Bank are carried into effect, and shall exercise such other powers and perform such other duties as are prescribed for the Office of the President in the by-laws.

**Vice President**

The Vice-President shall exercise the powers, authority and duties of the President during the absence or inability to act of the latter.

**Secretary**

The Secretary shall provide for the keeping of the records of the Bank and shall have the custody of the seal of the corporation, the Secretary shall, in addition, exercise such other powers and perform such other duties are prescribed for the Office of the Secretary in the by-laws, and all other duties pertaining to that Office, and such other duties as may be prescribed from time to time to the Board of Directors.

**Bank Managers**

The Board of Directors may provide for the position of the Bank Managers who shall have, subject to the control of the Board of Directors, general management of the business affairs of the Bank.

**Other Officers, Employees**

The Board of Directors may elect or employ and, subject to the general supervision of the Monetary Board, fix the compensation of such other officers, employees, and agents as the Board of Directors may deem necessary, to perform such duties as may be prescribed from time to time by the Board of Directors.

## Chairman of the Board

The Chairman of the Board provides leadership to the Board and its committees. He presides at and conducts the meetings of the stockholders and the board of directors with the right to vote. He calls meetings of stockholders and convenes the board of directors whenever he deems it necessary either on his own initiative or upon request of the president. The Chairman likewise exercises such powers and performs all duties customarily incidental to said office and as maybe prescribed by the board of directors from time to time.

RBA promotes the strong independence of the Board and has appointed two Independent Directors, defined as those holding no interests or relationships with the Bank, the controlling shareholders, or the Management that would influence their decisions or interfere with their exercise of independent judgement.

## Independent Directors

Based on the definition of an Independent Director in Section 38 of the Securities Regulation Code of the Securities and Exchange Commission (SEC), RBA's present Board consists of two highly respected Independent Directors Justice Adolfo S. Azcuna, former Associate Justice of the Supreme Court and Atty. Federico S. Quimbo a Filipino politician who formerly represented Marikina's 2nd Legislative District in the House of Representatives of the Philippines.

## Member of the Board and Board Level Committees

Title of Class	NAME	CITIZENSHIP	POSITION	YEARS OF SERVICE	PERCENTAGE OF SHARES
Common	Abraham T. Co	Filipino	Chairman	12	.000021819%
Common	Jacob C. Ng	Filipino	Director/Treasurer	12	.000021819%
Common	Justice Adolfo S. Azcuna	Filipino	Director	10	.000021819%
Common	Manuel A. Gomez	Filipino	Director	3	.000021819%
Common	Atty. Rainer T. Defante	Filipino	Director/President	6	.000021819%
Common	George T. Chua	Filipino	Director	12	.000021819%
Common	Atty. Romero Federico S. Quimbo	Filipino	Independent Director	1	.000021819%
Common	Herminia C. Musico	Filipino	Director	12	.000021819%

## Board Qualification

The business affairs of the bank shall be conducted under the supervision and control of Board of Nine (9) directors. The holders of common stock entitled to vote shall elect such directors in the manner provided in Section 31 of Republic Act -1459, whose qualifications shall be subject to the approval of the Monetary Board of Bangko Sentral ng Pilipinas. Only Filipino citizens are eligible for election to the Board. The regular term of a director shall be from the date of his election to the regular annual meeting of the stockholders of the Bank or until his successor shall have been elected and qualified to take his place at said annual meeting. Unless a director shall sooner resign, be removed from office, or becomes unable to act by reason of death, disqualification, or otherwise, he shall hold office during the term for which elected and until his successor is elected and qualified.

The President and the Vice-President of the bank must be must be directors, the secretary or the cashier need not be a director or stockholder of the bank, but he must be a citizen and resident of the Philippines. The offices of the president and vice-president may not be combined with each other or with any other office or offices. No individual shall be eligible to become or be a salaried officer or employee if he is also or becomes a candidate for, or holder of, any public office which is remunerative.

## Audit Committee

As a subsidiary of Asia United Bank (AUB), the Bank has availed several services from its parent bank and that includes the Internal Audit functions. The internal auditor shall have full, free and unrestricted access to all company activities, records, property and personnel. The internal auditor shall report directly to the Audit Committee of the Parent Bank and Board of Directors of RBAI.

## Changes in the Board of Directors

On 24 September 2021, the BOD selected and elected Atty. Romero Federico S. Quimbo as one of the Independent Director of RBAI.

On 22 July 2021, a vacancy in the BOD resulted from the resignation of Ms. Zenaida Librea which was accepted during the board meeting.

On the same date, Justice Adolfo Azcuna (Ret) was appointed by the Board as a Regular Director to hold office for the unexpired term of Ms. Librea. Justice Azcuna's already spent 9 years as Independent Director and may no longer be designated as such.

RBA is endeavouring to fill the post of a second Independent Director with a candidate who can immensely contribute at board level discussions and management while bringing the required expertise and experience is agricultural financing, which is presently the main line of business of the bank.

## Board Meeting Attendance

DIRECTORS	Total Number of Attendance	Percentage
1 Mr. Abraham Co	12	100%
2 Mr. Jacob Ng	11	92%
3 Atty Romero Quimbo	10	83%
4 Justice Adolfo Azcuna	11	92%
5 Atty. Rainer T. Defante	12	100%
6 Mr. George T. Chua	12	100%
7 Mr. Manuelito Gomez	12	100%
8 Ms. Zenaida Librea (resigned)	5	42%
9 Ms. Herminia Musico	12	100%

### Performance Assessment Program

The Corporate Governance Committee (CGC) of the parent Bank expanded the implementation of the self-assessment process to its subsidiaries. The CGC is responsible for ensuring the Board's effectiveness and due observance of corporate governance principles and guidelines. It oversees the periodic performance evaluation of the Board and its committees

An annual self-rating is being conducted to measure the performance of each Member of the Board and its Management by accomplishing a Self-Assessment Questionnaire. The parameters for the assessment of the President and CEO will be provided by the Chairman of the Board, respectively.

Self-assessment Questionnaire includes questions on the following:

- Performance of Individual Board Members
- Fulfilment of the Board's Key Responsibilities
- Quality of Board – Management Relationship
- Effectiveness of Board Processes and Meetings
- Board Structure

The above-mentioned evaluation gives us notion on the performance of the Director. This Assessment and the evaluation give us the glimpse of responsibilities of the Director and identify the strength and areas of improvement and it help us also to set goals for more effective performance.



RBA gives importance to its employee's continuous growth and development, from its Top Management down to the Rank and File employees. The Bank believes that it is essential to its employees to provide trainings, seminars, and other developmental exercises to improve the knowledge, skills, and abilities of its people. Therefore, the company invested and carefully evaluated the continuous Learning Programs to support their employee's developmental needs.

## Orientation and Education Program



In June 2019, the Bank formulated and implemented its **Educational Assistance Program** to provide learning opportunities for its employees to improve their personal and career development. In line with this, the bank provides reimbursement for tuition/registration fees for the approved educational activities based on scholastic ratings obtained. This is to encourage professionalism and assist the RBA employees to be more effective and efficient in their current position, and preparing for their possible career advancement, and to increasing adaptability to new ideas and innovation. This will also help the employees to reach their educational goals especially those who are undergraduates.

## Retirement and Succession Policy

RBA recognizes the frameworks should be in place for an effective and orderly succession of Directors with collective knowledge, skills and experience necessary for the Board to effectively govern. Towards this end the following objectives are identified:

1. Identify the required knowledge, skills and experience at a full Board level to effectively fulfill the Board's legal role and responsibilities.
2. Ensure an appropriate balance across the Board.
3. To achieve continuity through a smooth succession of Directors that balances perspective and independence.
4. To satisfy best practice within the legal and regulatory framework.

The Bank ensures the core competencies, as established and revised by the board from time to



time will remain the primary criteria for assessing individual Director candidates for replacement of retiring members. To be eligible for consideration for recommendation to the Board, all potential Director Candidates shall be required to satisfy a minimum threshold of competencies to be established on an annual basis by the board.

In addition to identifying the best qualified candidates, the Board shall also seek to achieve an appropriate balance of skills, expertise, attributes, and backgrounds at a full Board composite level specifically considering banking experience, labor and management expertise, financial and accounting background, risk management know how, information technology capabilities, law and regulatory exposure as well as integrity, probity, and independence.

## Remuneration Policy

No compensation shall be paid any director as such, but the director of the bank may be allowed reasonable honoraria for attendance all meetings and also reasonable expenses incurred in connection thereto. Salaries of the executive officers of the Bank shall be fixed by the Board of Directors.

## Policies and Procedures on Related Party Transactions

The Bank acknowledges that transactions between and among related parties are essential for the financial, commercial and economic welfare of the Bank and to the related group where the Bank belongs with. The Bank is allowing related party transactions (RPTs) provided that these should be exercised on an arm's length basis. This is to ensure that related party transactions (RPTs) are utilized to ensure both parties in the deal are acting in their own interest and are not subject to any pressure from the other party. Furthermore, the Bank implements appropriate oversight and exercises effective control mechanisms for managing said exposures of non-bank financial subsidiaries and affiliates. These appropriate oversight and effective control mechanisms are utilized to prevent abuses that can cause unfavorable impact to the Bank and its depositors, creditors, suppliers, and other vital stakeholders.

In ensuring that the related party transactions are carried out in a sound and prudent manner, attesting integrity and compliant with the necessary laws and regulations to protect the benefits of depositors, creditors and other essential stakeholders, the Bank's Board of Directors have the overall responsibility and oversight. Thus, the Bank's Board of Directors observes and implements corporate good governance in dealing with RPTs to ensure that these are handled on an arm's length basis and that no stakeholder is unjustly treated.

## Self-Assessment Function

Rural Bank of Angeles Inc. has established internal controls and systems in various areas of its operations to protect it from risks innate in its business. The Internal Audit Group (IAG) of the parent, Asia United Bank, evaluates the effectiveness of these control systems and

compliance programs, and recommends measures to improve governance, risk management, and internal control processes.

The IAG conducts regular reviews of Rural Bank of Angeles Inc. (RBA) branches and other operating units. Independent Compliance Testing is conducted to ensure compliance with anti-money laundering and terrorism financing rules and other regulatory requirements.

The Bank's compliance function is monitored by the parent's Compliance Group (CG). The Unit Compliance Officer of RBA conducts random compliance testing to develop a compliance culture across the ranks. A reporting process helps the Chief Compliance Officer (CCO) detect any regulatory infractions.

The CCO of the parent conducts review of progress of compliance testing performed by the Unit Compliance Officer of the Rural Bank of Angeles, Inc. The CCO also continues to regularly update all Unit Compliance Officers and Internal Audit Officers on recently issued regulatory requirements.

1. Providing easy and convenient access within premises to persons with disability and senior citizens.

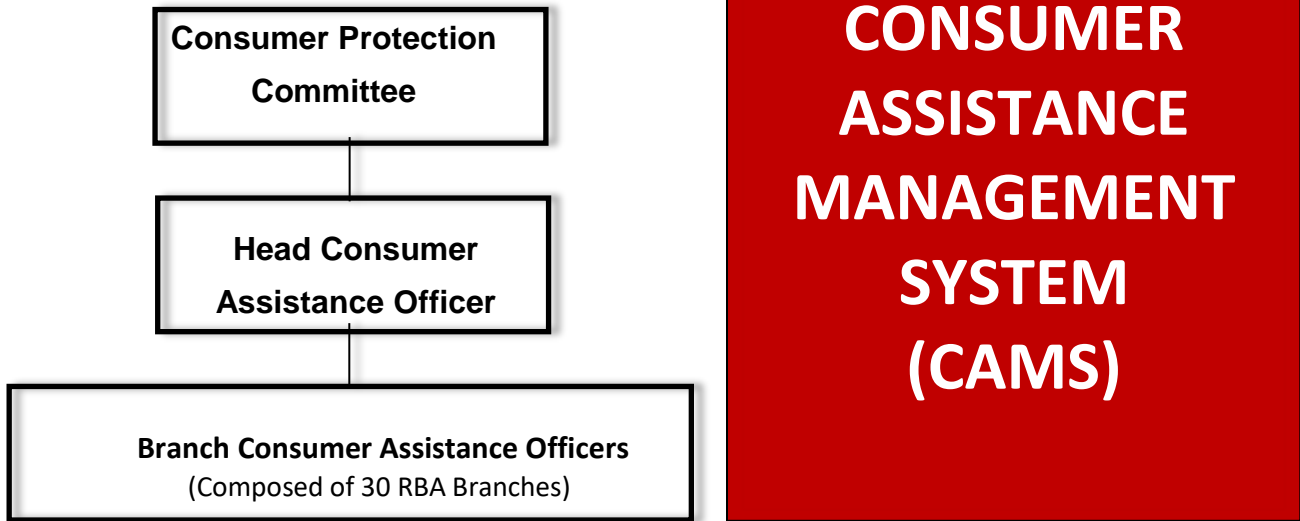


Each branch has this “Priority Lane” designated for persons with disability (PWDs), pregnant women and senior citizens which is located in front of the teller’s booth. This is in compliance with providing easy and convenient access within premises to persons with disability and senior citizens.

2. The Bank ensures that all bank documents such as Customer Information Forms (CIF), loan application forms and other related updating forms are clearly understood and reasonable consistent with the consent and notification requirements of the Data Privacy Act.

3. Consumer protection policy guidelines. The bank established a Consumer Assistance Management System to properly handle consumer complaints/concerns in accordance to the directive of the Financial Consumer Protection .

## A. Consumer Assistance Group (CAG)



### Roles of Consumer Assistance Group

- a. Monitor consumer assistance process;
- b. Track the progress and development of resolutions;
- c. Identify and evaluate the nature of complaints, to determine its complexity and to recommend long term solutions to avoid recurrence;
- d. Collate the received complaints on a monthly basis, including the nature and the applied resolutions. Reporting template will be provided;

### Function of Head Consumer Assistance Officer (HCAO)

- a. The Productivity and Process Officer will act as the HCAO;
- b. The HCAO serves as the hub who is responsible in receiving, designating consumer complaints and communicating responses to consumers;
- c. He/she will be the primary responsible to monitor the consumer assistance process;
- d. Keep track identify, and analyze the nature of complaints and recommend solutions to avoid recurrence through the assistance of the Branch-CAO;
- e. Ensure immediate escalation of any significant complaint to concerned unit of the bank.
- f. Responsible in accessing and managing the official consumer concerns email address: [consumercare@rba.com.ph](mailto:consumercare@rba.com.ph) to properly record and respond to any concern immediately.

**Function of Branch Consumer Assistance Officer (BCAO)**

Business Units or the first lines of defense are the primary people exposed to customer service functions; they are responsible of the following:

- a. Ensure that all customers’ concerns are properly addressed;
  - b. Compliance to the Consumer Assistance Management Systems policies and procedures;
  - c. Reports all the customers’ concerns on a regular basis.
- The bank shall assign the Service Officer (SO) to act as the Consumer Assistance Officer in the Branch.

**B. Consumer Assistance Process and Timeline**

The Rural Bank of Angeles, Inc. (RBA) processes the received complaints as fast as it could. However, the Bank will adopt the turn-around time set by the Circular to ensure the consistency of response to be provided. See the following timeline:

ACTIVITY	SIMPLE *	COMPLEX *
Acknowledgment	Within 2 days	Within 2 days
Processing and resolution (assess, investigate and resolve)	Within 7 days	Within 45 days
Communication of Resolution	Within 9 days	Within 47 days

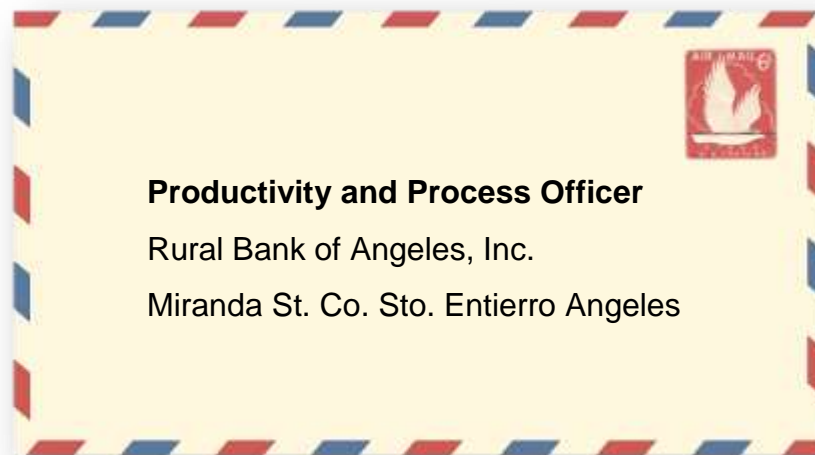
- *This is also applicable to Telephone/SMS and E-mail acceptance of complaint*
  - *All periods are reckoned from the date of receipt of complaint*



### C. Complaint Recording and Data Management

**The RBA use different channels to received consumer complaints as shown in the procedure in handling complaints.**

1. For Walk-in / Personal visit to Head Office and/or Branches, the customer should Fill-out the Customer Complaint Form, specify and detail completely the complaint/concerns.
2. Postal – complainant may send letter to:



3. Electronic Capturing of Complaints / Data Management System Complainant may call or text the mobile number or send a message to the provided email address.

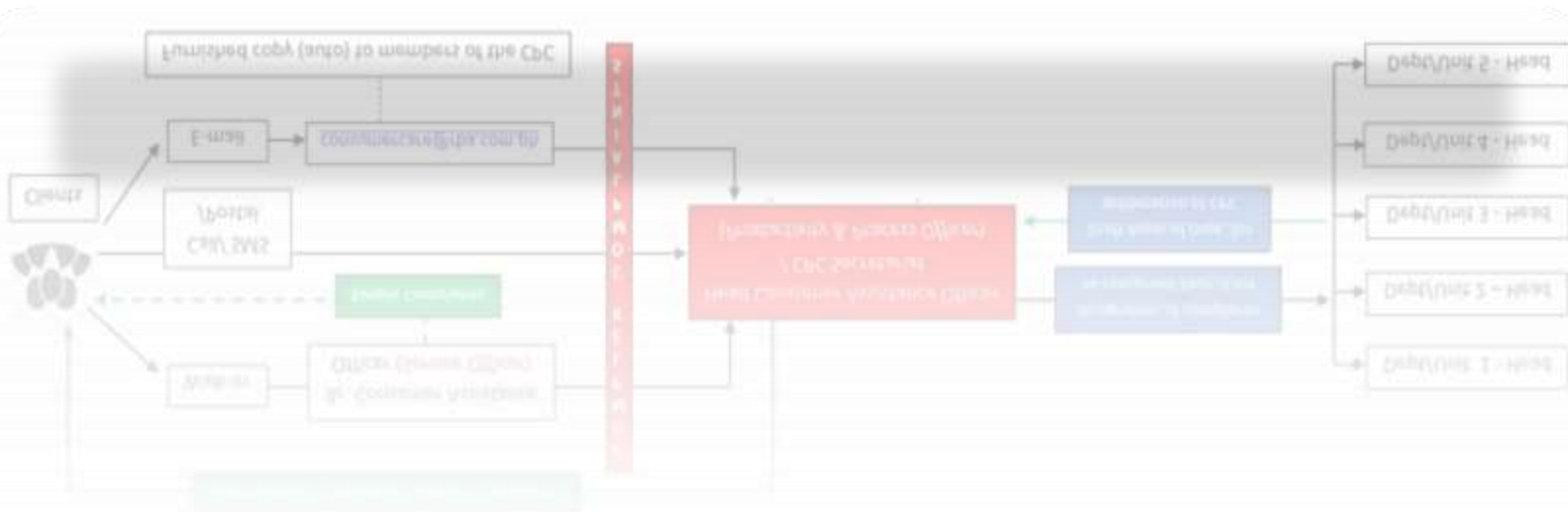
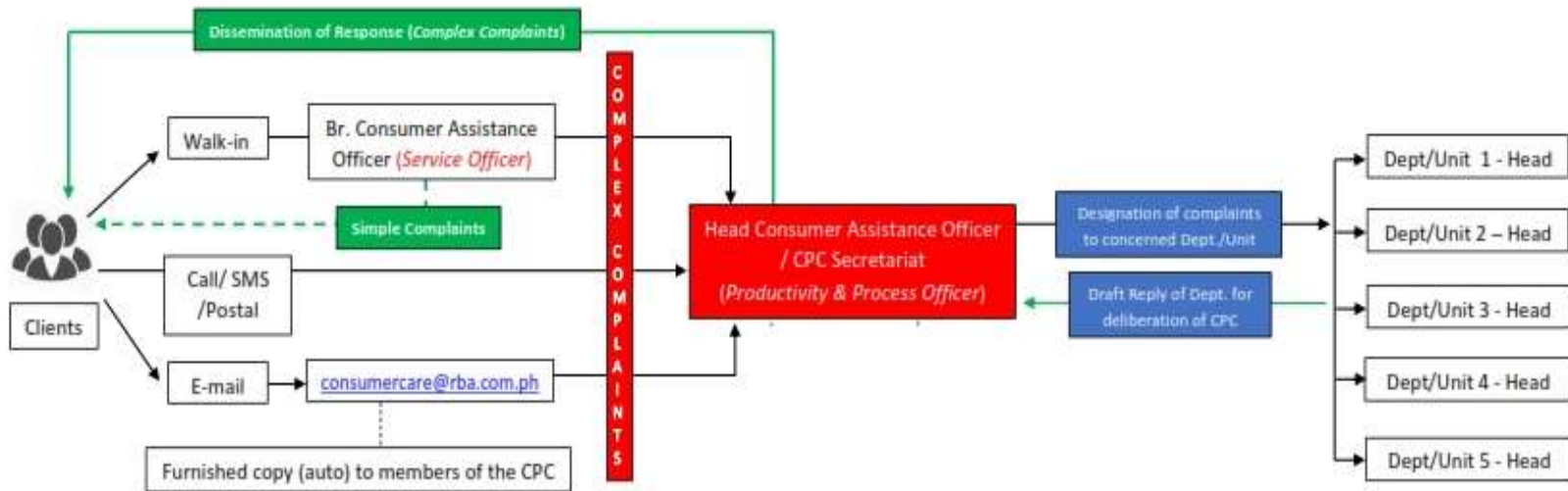


0918-967-9452

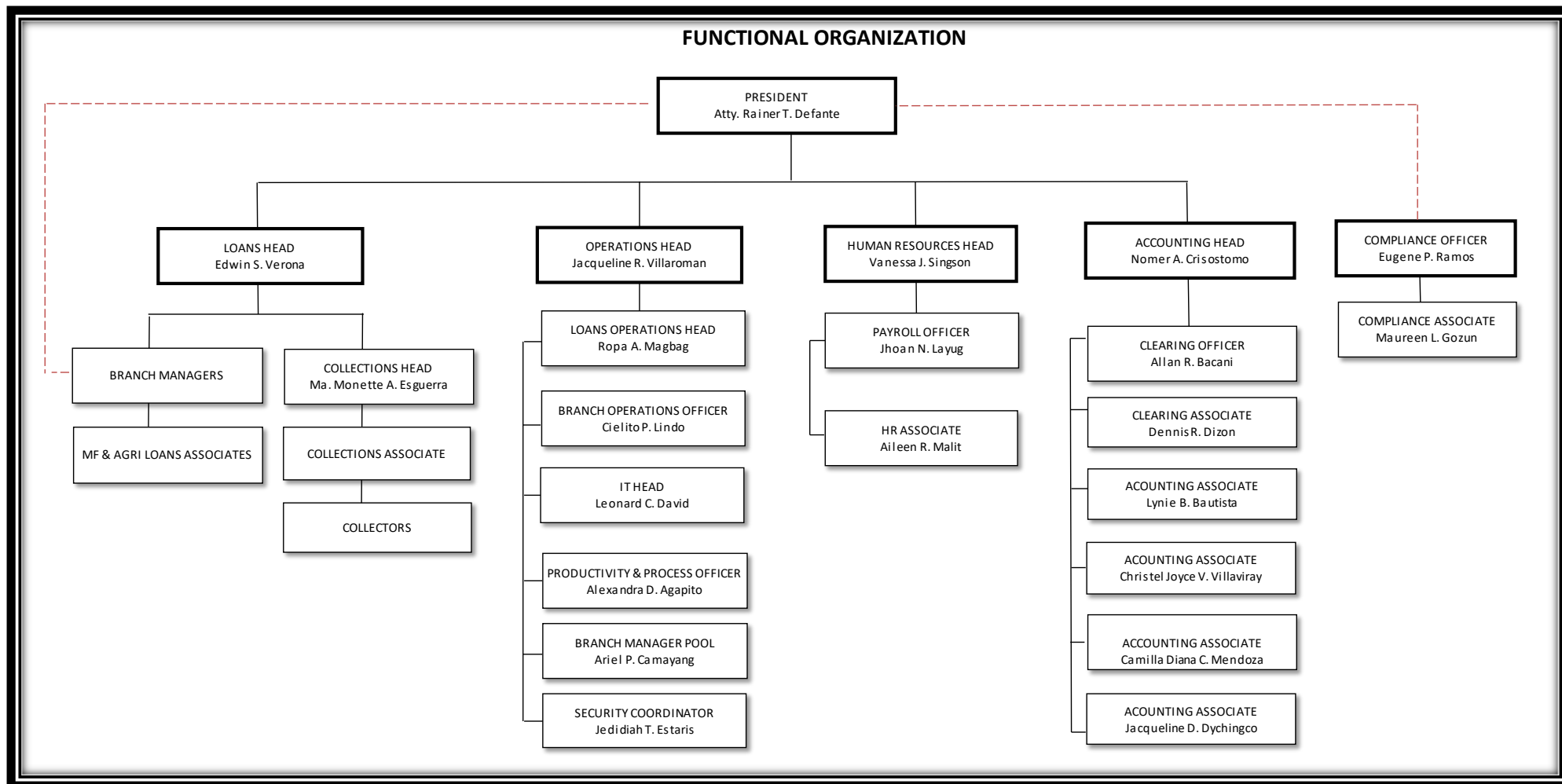


customercare@rba.com.ph

## **CONSUMER COMPLAINT PROCESS FLOW**



# Corporate Information







No.	Code	Branches	Province	Address	Date Opened	Landline Number	Mobile Number	Contact Person	Branch E-mail Address
1	501	Main	Pampanga	Miranda St. Corner Sto. Entierro St. Angeles City	31-Jan-53	(045) 598-0022	9190665517	Vanessa Cano	<a href="mailto:main@rba.com.ph">main@rba.com.ph</a>
2	503	Dau	Pampanga	Angelique Square Bldg. McArthur Highway, Dau Mabalacat Pampanga	1-Jan-95	(045) 625-0384	9190665518	Jay Pascual	<a href="mailto:dau@rba.com.ph">dau@rba.com.ph</a>
3	504	Capas	Tarlac	Poblacion Sto. Rosario Capas Tarlac	1-Jan-96	(045) 925-0472	9190665519	Allan David	<a href="mailto:capas@rba.com.ph">capas@rba.com.ph</a>
4	505	Magalang	Pampanga	Mun-Lac Bldg. Morales St. San Pedro Magalang Pampanga	1-Jan-95	(045) 435-0996	9190665520	Roberto Dela Rosa	<a href="mailto:magalang@rba.com.ph">magalang@rba.com.ph</a>
5	506	San Fernando	Pampanga	LNG Bldg. McArthur Highway Dolores San Fernando Pampanga	1-Mar-11	(045) 455-3839	9190665521	Edly Ibay	<a href="mailto:sanfernando@rba.com.ph">sanfernando@rba.com.ph</a>
6	510	Apalit	Pampanga	R and L Bldg. McArthur Highway San Vicente Apalit Pampanga	31-Aug-12	(045) 652-0026	9190665523	Ramil Manabat	<a href="mailto:apalit@rba.com.ph">apalit@rba.com.ph</a>
7	514	Lubao	Pampanga	Sta. Cruz Lubao Pampanga	31-Oct-14	(045) 971-7624	9190665524	Archie John Magtoto	<a href="mailto:lubao@rba.com.ph">lubao@rba.com.ph</a>
8	515	Sta. Ana	Pampanga	San Joaquin Sta Ana Pampanga	18-Jun-15	(045) 409-9661	9190665526	Lemuel Peralta	<a href="mailto:staana@rba.com.ph">staana@rba.com.ph</a>
9	516	Gapan	Nueva Ecija	Tinio St. Brgy. San Vicente Gapan Nueva Ecija	18-Jun-15	(044) 958-7796	9190665527	Odee Abello	<a href="mailto:gapan@rba.com.ph">gapan@rba.com.ph</a>
10	517	Gerona	Tarlac	Poblacion 3 Gerona Tarlac	28-Oct-16	(045) 628-1678	9190665528	Ariel Ramos	<a href="mailto:gerona@rba.com.ph">gerona@rba.com.ph</a>
11	518	Cabanatuan	Nueva Ecija	Maharlika Highway Brgy. Quezon District Cabanatuan City Nueva Ecija	28-Oct-16	(044) 951-0192	9190665529	Eric Tarape	<a href="mailto:cabanatuan@rba.com.ph">cabanatuan@rba.com.ph</a>
12	519	Munoz	Nueva Ecija	Noli G. Wisco Bldg. T. Delos Santos St., Brgy. Poblacion West, Science City of Muñoz, Nueva Ecija.	15-Jul-16	(044) 940-7492	9190665530	Eduard Fernandez	<a href="mailto:munoz@rba.com.ph">munoz@rba.com.ph</a>
13	520	Mangatarem	Pangasinan	Along National Road, Brgy. Umanga, Mangatarem, Pangasinan	7-Nov-16	(075) 632-8762	9190665531	Michael Abante	<a href="mailto:mangatarem@rba.com.ph">mangatarem@rba.com.ph</a>
14	521	Asingan	Pangasinan	L. SOLORIA ST., cor T. Victorio St., Poblacion East, Asingan, Pangasinan	16-May-17	(075) 636-4435	9190665532	Arlene Masagca	<a href="mailto:asingan@rba.com.ph">asingan@rba.com.ph</a>
15	522	Solano	Nueva Vizcaya	#3 Agbayani Building Gaddang St. Poblacion North Solano Nueva Ecija	28-Jul-17	(078) 321-0230	9190665534	Alexander Nuesa	<a href="mailto:solano@rba.com.ph">solano@rba.com.ph</a>
16	523	San Mateo	Isabela	#National Highway Brgy. 1 Poblacion San Mateo Isabela	8-Mar-18	(078) 363-3665	9190665536	Ronadette Cortez	<a href="mailto:sanmateo@rba.com.ph">sanmateo@rba.com.ph</a>
17	524	Roxas	Isabela	#Taganaa St. Vira Roxas Isabela	8-Mar-18	(078) 642-0718	9190665537	Edmund Pascual	<a href="mailto:roxas@rba.com.ph">roxas@rba.com.ph</a>
18	525	Mangaldan	Pangasinan	Banaong West Mangaldan Pangasinan	25-Jul-18	(075) 523-3421	9190665538	Christine Austria	<a href="mailto:mangaldan@rba.com.ph">mangaldan@rba.com.ph</a>
19	526	Alcala	Cagayan	Centro Norte, Alcala Cagayan	1-Oct-18	n/a	9190665539	Teofilo Nipas	<a href="mailto:alcala@rba.com.ph">alcala@rba.com.ph</a>
20	527	Camalaniugan	Cagayan Valley	Aglipay St. Bulala, Camalaniugan, Cagayan	1-Oct-18	(078) 377-5245	9190665540	Lorenza Sabiano	<a href="mailto:camalaniugan@rba.com.ph">camalaniugan@rba.com.ph</a>
21	528	Ilagan	Isabela	National Highway, Baligatan, Ilagan City, Isabela	12-Nov-18	(078) 262-9022	9190665541	Limuel Galabay	<a href="mailto:ilagan@rba.com.ph">ilagan@rba.com.ph</a>
22	529	Cabarroguis	Quirino	Purok 4, Mangandingay Cabarroguis, Quirino	12-Nov-18	(078) 374-5788	9190665542	Phil Bryan Barrientos	<a href="mailto:cabarroguis@rba.com.ph">cabarroguis@rba.com.ph</a>
23	530	Tuguegarao	Cagayan Valley	Luna Ext., Ugac Highway, Ugac Sur, Tuguegarao City	5-Dec-18	(078) 377-5569	9190665543	Robert Magalag	<a href="mailto:tuguegarao@rba.com.ph">tuguegarao@rba.com.ph</a>
24	531	Guimba	Nueva Ecija	Units 3 and 4 JCB Bldg. Cawayun Bugtong, Guimba Nueva Ecija	2-May-19	(072) 486-2920	9190665546	Hernanie Reyes	<a href="mailto:guimba@rba.com.ph">guimba@rba.com.ph</a>
25	532	Alaminos	Pangasinan	Sabaro, Poblacion, Alaminos City, Pangasinan	20-Jun-19	(075) 523-0240	9190665547	Bernabe Manlincon	<a href="mailto:alaminos@rba.com.ph">alaminos@rba.com.ph</a>
26	533	Tabuk	Kalinga	Brgy. Bulanao Norte, Tabuk City, Kalinga	11-Jun-19	(074) 627-5504	9190665548	Edmundo Daguio	<a href="mailto:tabuk@rba.com.ph">tabuk@rba.com.ph</a>
27	534	Dingras	Ilocos Norte	1st Unit (Left) Exponent Commercial Space Rental, Brgy. Guerrero, Dingras Ilocos	24-May-19	(077) 600-0264	9190665549	Richardson Peralta	<a href="mailto:dingras@rba.com.ph">dingras@rba.com.ph</a>
28	535	Bantay	Ilocos Sur	Bulag East, Bantay, Ilocos Sur	4-Jun-19	(077) 604-3775	9190665560	Eddie Galeso	<a href="mailto:bantay@rba.com.ph">bantay@rba.com.ph</a>
29	536	San Fernando	La Union	Brgy. Sevilla, San Fernando, La Union	9-Nov-19	(072) 619-5548	9190662324	Roy Duculan	<a href="mailto:launion@rba.com.ph">launion@rba.com.ph</a>
30	537	Baler	Aurora	Bonifacio St. Brgy. Suklayin, Baler Aurora	9-Nov-19	n/a	9190662321	Rorie Lagat	<a href="mailto:baler@rba.com.ph">baler@rba.com.ph</a>

## MAJOR STOCKHOLDERS

Title of Class	Name	Citizenship	% of Ownership
Common		Filipino	99.54%
Preferred			

# Key Officers

	Name	Position	Birthday	Age	Nationality
	<b>Atty. Rainer T. Defante</b>	President	November 25, 1972	49	Filipino
					<ul style="list-style-type: none"> <li>• Graduated with the degree of Bachelor of Laws from San Beda University and was admitted to the Philippine Bar in 1998.</li> <li>• Holds the rank of Senior Vice President in Asia United Bank and has been seconded to RBA as President since August 2015.</li> <li>• With over 25 years of combined experience in banking and legal advisory and litigation.</li> <li>• Oversees the overall banking operations and implementation of policies and strategic objectives set forth by the Board of Directors of the bank.</li> </ul>
	<b>Edwin S. Verona</b>	Loans Head	November 16, 1973	48	Filipino
					<ul style="list-style-type: none"> <li>• Holds the degree of BS Nursing obtained from Nueva Ecija College in 1994.</li> <li>• Joined RBA on February 2016 with the rank of Vice-President.</li> <li>• With 18 years of experience in banking specifically in loans and marketing.</li> <li>• Assumes the overall management and supervision of loan solicitation, bookings and documentation of all loan products.</li> </ul>
	<b>Jacqueline R. Villaroman</b>	Operations Head	July 23, 1976	45	Filipino
					<ul style="list-style-type: none"> <li>• Graduated with the degree of BS Accountancy from Araullo University in 1997.</li> <li>• Joined RBA on March 2019; with the rank of Assistant Vice-President.</li> <li>• Over 20 years of combined experience in sales and branch operations; 18 years of which was with a Savings Bank.</li> <li>• Exercises control over loans processing, credit investigation, branch operations, IT and General Services.</li> </ul>
	<b>Adora V. Santos</b> (replacement of Mr. Nomer Crisostomo (+))	Accounting Head	January 2, 1978	43	Filipino
					<ul style="list-style-type: none"> <li>• Graduated from College of the Immaculate Conception in 1999 with a degree in BS Accountancy. Obtained license as a Certified Public Accountant in 2000.</li> <li>• Has joined RBA on February 2022 with the rank of Vice-President.</li> <li>• Over 20 years of combined experience in accounting, audit, compliance and operations; with regular and consultancy engagements; 14 years of which was with Rural Banks and Cooperative Banks.</li> <li>• Responsible for all aspects of accounting and finance including planning and control, tax planning, internal and regulatory reporting and budget analysis.</li> </ul>





**Vanessa J. Singson** Human Resources Head November 11, 1986 35 Filipino

- Holds the degree of BS Nursing obtained from Holy Angel University in 2007.
- Joined RBA on January 2015 and holds the rank of Manager.
- With 8 years of experience in human resources related jobs, particularly in training, recruitment, compensation and benefits and organizational development.
- Supervises human resources operations and administration.



**Ma. Monette A. Esguerra** Collections Head August 27, 1973 48 Filipino

- Holds the degree of BS Accountancy obtained from University of Assumption in 1994.
- Has been with RBA since September 2010 and currently with the rank of Assistant Manager
- With 11 years of combined experience in branch operations, loans processing, documentation, policies and procedures.
- Responsible for the over-all supervision and administration of loans operations.



**Ropa A. Magbag** Loans Operations Head October 28, 1988 33 Filipino

- Holds the degree of BS Business Administration obtained from Angeles University Foundation in 2009.
- Has been with RBA since September 2010 and currently with the rank of Assistant Manager
- With 11 years of combined experience in branch operations, loans processing, documentation, policies and procedures.
- Responsible for the over-all supervision and administration of loans operations.



**Leonard C. David** IT Head October 4, 1988 33 Filipino

- Graduated with the degree of BS Information Technology from Don Honorio Ventura Technological State University in 2010.
- Employed with RBA since February 2011 with the rank of Assistant Manager.
- With 11 years of experience in IT operations, data management, bank systems and procedures.
- Responsible for all IT related operations.



**Eugene P. Ramos** Compliance Officer April 29, 1980 41 Filipino

- Graduated with the degree of BS Accountancy from Araullo University in 2002.
- Joined RBA on September 2019 and now has the rank of Manager.
- With 19 years of combined experience in audit, financial control, operations and risk management.
- Conducts the compliance activities of the Bank to ensure operations are properly controlled and in compliance with internal control standards, policies and regulatory requirements.



**Ramsey T. Sibal** Remedial Head June 20, 1969 52 Filipino

- Earned the degree of BS Business Administration in 1990 from Tarlac State University.
- Employed with RBA since March 2015 with the rank of Junior Assistant Manager.
- Over 30 years of combined experience in credit investigation, appraisal and remedial management.
- Handles the over-all supervision of Remedial Management and Appraisal.



## RURAL BANK OF ANGELES

"We are committed to be the Rural Bank of choice known for financial strength and superior delivery of innovative products and services driven towards total customer satisfaction."



Savings Deposit



Checking Account



Time Deposit



Microfinance Loans



Agricultural Loans



Commercial Loans

Your Rural Bank of Choice!

Your Rural Bank of Choice!

# LIST OF PRODUCTS AND SERVICES



**ATING PAUNLARIN ANG INYONG PAGSASAKA**

**Mag apply na ng Agricultural Loan!**

- ✓ Palay Production
- ✓ Corn Production
- ✓ at iba pang mga PANANIM

**ASAHAN ANG MADALI AT MABILIS NA PAG PROSESO NG INYONG AGRICULTURAL LOAN.**



**MGA MAKINARYA BA SA PAGSASAKA ANG HANAP MO?**

**Mag apply na ng AGRICULTURAL MACHINERY LOAN!**

- ✓ ZERO PROCESSING FEE
- ✓ NO HIDDEN CHARGES
- ✓ COMPETITIVE INTEREST RATES
- ✓ MINIMAL DOCUMENTARY REQUIREMENTS
- ✓ FAST APPROVAL
- ✓ HASSLE-FREE APPLICATION AND RELEASE

**Authorized Machinery Dealer:**  
**KUBOTA PHILIPPINES, INC.**

**GARANTISADONG KALIDAD ANG MAKINARYA PARA SA INYONG MAUNLAD NA PAGSASAKA!**



**BUSINESS LOAN**

**FAST APPROVAL**

- ✓ MINIMAL DOCUMENTARY REQUIREMENTS
- ✓ NO HIDDEN CHARGES
- ✓ HASSLE-FREE APPLICATION AND RELEASE
- ✓ ENJOY LOW RATES

www.facebook.com/rbaonlineph [www.rba.com.ph](http://www.rba.com.ph)




**BUSINESS LOAN**

**FAST APPROVAL**

- ✓ MINIMAL DOCUMENTARY REQUIREMENTS
- ✓ NO HIDDEN CHARGES
- ✓ HASSLE-FREE APPLICATION AND RELEASE
- ✓ ENJOY LOW RATES

www.facebook.com/rbaonlineph [www.rba.com.ph](http://www.rba.com.ph)



**TEACHERS' SALARY LOAN**

**AVAIL OF THIS TEACHERS' SALARY LOAN AND ENJOY**

- ✓ FAST APPROVAL
- ✓ MINIMAL DOCUMENTARY REQUIREMENTS
- ✓ NO HIDDEN CHARGES
- ✓ COMPETITIVE INTEREST RATES
- ✓ HASSLE-FREE APPLICATION AND RELEASE

**Documentary Requirements**

- Fully accomplished Application Form
- 3 months latest pay slip (original copies)
- Original and photocopy of Permanent Appointment - At least 1 year in Deptd who hold a permanent appointment and are included in the regular payroll and with an issued employee number, whether assigned at the national, regional, school division, or school level (implementing unit IDB or non-IDB)
- Original and photocopy of Certificate of Current Employment duly signed by the School's Principal
- Photocopy of 2 Valid IDs
- Latest proof of billing
- 2 pcs. 2x2 picture
- For Teachers: Deptd ID and PRD ID
- For Non-Teaching: Deptd ID and any government issued ID
- No required in mothers
- Two (2) character references are required who are also Deptd employees.



**Agri Agra Accreditation**  
**Rural Bank of Angeles, Inc.**  
ARN of ARFI: 20170418-BSP-0015  
Date of Accreditation: 19 April 2017



**ABOUT**

**RURAL BANK OF ANGELES, INC. IS REGULATED BY BANGKO SENTRAL NG PILIPINAS WITH HEADQUARTERS IN ANGELES CITY, PAMPANGA. RBA WAS GRANTED THE AUTHORITY TO OPERATE BY THE MONETARY BOARD OF THE CENTRAL BANK OF THE PHILIPPINES ON JANUARY 31, 1953.**

**ON JULY 17, 2009, RBA WAS ACQUIRED BY ASIA UNITED BANK GIVING RISE TO A DYNAMIC, STABLE AND RELIABLE BANKING INSTITUTION IN THE COUNTRYSIDE. RBA OPERATES THROUGHOUT LUZON WITH 34 BRANCHES COVERING 16 PROVINCES.**

**RBA IS AN ACCREDITED RURAL FINANCIAL INSTITUTION FOR PURPOSES OF IMPLEMENTING THE PROVISIONS OF REPUBLIC ACT (RA) NO. 10000 (AGRI-AGRA CREDIT REFORM ACT OF 2009). IT ACCEPTS INVESTMENTS THROUGH SPECIAL DEPOSIT ACCOUNTS WITH COMPETITIVE RATES AND MAINTAINED FOR THE EXCLUSIVE PURPOSE OF EXTENDING CREDIT TO THE AGRICULTURAL SECTOR AND AGRARIAN REFORM BENEFICIARIES. SUCH INVESTMENTS ARE CONSIDERED ALTERNATIVE COMPLIANCE UNDER RA 10000.**

**FOR ADDITIONAL INFORMATION, PLEASE CONTACT:**  
**VANESSA F. CANO**  
**BRANCH MANAGER**  
**0999-3648-423**  
**VCANO@RBA.COM.PH**

 [www.facebook.com/ruralbankofangeles](http://www.facebook.com/ruralbankofangeles)  [www.rba.com.ph](http://www.rba.com.ph)

P  
A  
R  
T  
N  
E  
R  
  
D  
E  
A  
L  
E  
R  
S  
  
S  
E  
R  
V  
I  
C  
E  
S



# Deposit Products

---

## 1. Regular Savings

### Description:

- An interest-bearing account, which allows deposits and withdrawals the via counter with the use of a passbook.
- Transactions can be done via over the counter on its domicile branch and other RBA branches.
- Uses passbook to monitor transactions.
- Deposits are insured by PDIC up to P500,000 per depositor.

## 2. Basic Savings Account

### Description:

- For low income clients and those that are unserved or underserved by the financial system.
- An interest-bearing account, which allows deposits and withdrawals the via counter with the use of a passbook.
- Transactions can be done via over the counter on its domicile branch and other RBA branches.
- Uses passbook to monitor transactions.
- Maximum balance is not more than Php 50,000, should the depositor exceeds the Php 50,000 maximum balance, the bank should convert the basic deposit to a Regular Savings account subject for additional KYC.
- Deposits are insured by PDIC up to P500,000 per depositor.



### 3. Current Account

#### Description:

##### Individual Account and Corporate Account

- Interest-bearing Checking Account that maximizes the power of account holder's funds by earning interest while checks are issued.
- Deposits and encashments can only be done via over the counter on its domicile branch and other RBA branches.
- Uses passbook to monitor transactions.
- Deposits are insured by PDIC up to P500,000 per deposit.

### 4. Time Deposit

#### Description:

##### A. Regular Time Deposit

##### Description:

- Certificate of deposit (in Peso) with the Bank for a fixed period of time, in return for a fixed interest payable at the end of the term.
- Transactions can be done via over the counter on its domicile branch.
- PDIC insured up to P500,00

Details	Terms
<b>Minimum Initial Placement</b>	10,000.00
<b>Placement Term</b>	30 days up to 360 days
<b>Withholding Tax Rate</b>	20%
<b>Documentary Stamps</b>	Waived
<b>Pre-termination Penalty</b>	Rate back to 0.25%

## 4. Time Deposit

### Description:

#### B. 5 Year Time Deposit

##### Description:

- Interest bearing Certificate of Deposit (in Peso) maintained for a minimum of (5) five years. Interest earned is credited every 35 calendar days.

Interest income earned by the depositor is waived from 20% final tax and documentary stamps, thus, increasing depositor's yield and bank's access to longer-term funding in support of its PDIC insured up to P500,000.00.

Details	Terms
Minimum Initial Placement	50,000.00
Placement	
Term	5 Year Fixed
Withholding	
Tax Rate	waived
Documentary	
Stamps	waived
Pre-termination Policy	a) less than 365 days (1 year below) : 80% of all interest earned b) less than 730 days (1-2 years) : 60% of all interest earned c) less than 1,095 days (2-3 years) :40% of all interest earned d) more than 1,095 days (3-5 years) Subject to Withholding Tax and Documentary Stamps Expenses

## 5. Special Savings Account

### Description:

#### Individual Account and Corporate Account

- An investment passbook account with a fixed deposit balance maintained for a fixed term and rate.
- Pay higher interest rates than other deposit account and competitive with our Time Deposit.
- Passbook serves as certificate of deposit
- Deposits are insured by PDIC up to P 500,000.00 per depositor.

# **Disclosures in the Annual Reports and Published Statement of Condition**

# Capital Structure and Capital Adequacy

## 1. Tier 1 Capital and Breakdown of its Components:

Common Stocks	457,775,100
Preferred Shares	531,100
Additional Paid-In Capital	400,050,000
Retained Earnings	(333,953,038)
Goodwill	66,144,389
Tier 1 Capital	563,151,484

## 2. Tier 2 Capital and Breakdown of its Components:

General Loan Loss Provision Permitted	21,196,750
---------------------------------------	------------

## 3. Total Qualifying Capital 584,348,233

## 4. Capital Requirement for Credit Risk

Risk weighted On-balance sheet assets	2,217,500,212.34
General Loan Loss Provision (in excess of Tier 2)	-
Total Credit Risk-Weighted Assets	2,217,500,212.34

## 5. Capital Requirement for Operational Risk

	YEAR 1	YEAR 2	YEAR 3	AVERAGE
<b>Interest Income</b>	414,378,906.62	582,831,218.63	429,382,711.63	
<b>Interest Expense</b>	44,222,236.20	96,659,687.00	66,674,400.05	
<b>Fees and Commissions Income</b>	3,200,517.33	1,733,291.55	2,951,118.45	
<b>Other Income</b>	47,774,355.36	56,045,618.08	60,389,503.58	
<b>GROSS INCOME</b>	421,131,543.11	543,950,441.26	426,048,933.61	
<b>Total Operational Risk weighted exposures (capital charges factor of 15%)</b>	63,169,731.47	81,592,566.19	63,907,340.04	869,456,823.74

## 6. Capital Ratio

Common Equity Tier 1 Ratio	18.23%
Total Tier 1 Capital Expressed as a Percentage of Total Risk Weighted Asset	18.24%
Total Regulatory Capital Expressed as a Percentage of Total Risk Weighted Asset	18.93%

## Capital Management

### Regulatory Qualifying Capital

The Bank's capital-to-asset ratio (CAR) as of December 31, 2021 and 2020 based on the Basel III risk-based capital adequacy, are shown in the table below (amount in millions):

	2021	2020
Common Equity Tier I Capital	P 562.62	P 440.12
Tier I capital	563.15	440.65
Tier 2 capital	21.20	13.33
Gross qualifying capital	584.35	453.98
Total risk-weighted assets	P3,086.96	P2,767.62

Capital ratios	2021	2020
Common Equity Tier I ratio	18.23%	15.90%
Total tier I capital expressed as a percentage of total risk weighted assets	18.24%	15.92%
Total regulatory capital expressed as a percentage of total risk-weighted assets	18.93%	16.40%

*Note: Year 2020 as reported to BSP*

### Leverage Ratio and Total Exposure Measure

The Bank's BLR and Total Exposure Measure as of December 31, 2021 and 2020, as reported to BSP

	2021	2020
Capital Exposure	P517,569,843	P453,724,583
Divide: Exposure measure	2,716,381,279	2,993,303,231
Leverage ratio	19.05%	15.16%

### Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)

The Bank's LCR as of December 31, 2021 and 2020, as reported to BSP

	2021	2020
Total High Quality Liquid Assets	P273,406,847	P294,622,288
Total net cash flow	151,532,877	164,202,435
LCR	180.43%	179.43%

	2021	2020
Available Stable Funding Ratio	P1,947,575,735	P2,152,959,424
Divide: Required Stable Funding	1,650,2016,323	1,921,388,778
Net Stable Funding Ratio	118.02%	112.05%



## Annex A

**Rural Bank of Angeles, Inc.**  
*(A Subsidiary of Asia United Bank Corporation)*

Financial Statements  
December 31, 2021 and 2020

and

Independent Auditor's Report





SyCip Gorres Velayo & Co.  
6760 Ayala Avenue  
1226 Makati City  
Philippines

Tel: (632) 8891 0307  
Fax: (632) 8819 0872  
ey.com/ph

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders  
Rural Bank of Angeles, Inc.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Rural Bank of Angeles, Inc. (a subsidiary of Asia United Bank Corporation) (the Bank), which comprise the statements of financial position as at December 31, 2021 and 2020, 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 statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

#### Basis for Opinion

We conducted our audits 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 Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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 the financial statements in accordance with PFRSs, 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 misstatement, 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 could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 statements, including the disclosures, and whether the financial statements represent 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.



**Report on the Supplementary Information Required Under Bangko Sentral ng Pilipinas (BSP)  
Circular No. 1074 and Revenue Regulations No. 15-2010**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under BSP Circular No. 1074 in Note 28 and Revenue Regulations 15-2010 in Note 30 to the financial statements is presented for purposes of filing with the BSP and Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of Rural Bank of Angeles, Inc. (a subsidiary of Asia United Bank Corporation). 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.

SYCIP GORRES VELAYO & CO.

*Miguel U. Ballelos Jr.*

Miguel U. Ballelos, Jr.

Partner

CPA Certificate No. 109950

Tax Identification No. 241-031-088

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 109950-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-114-2022, January 20, 2022, valid until January 19, 2025

PTR No. 8853488, January 3, 2022, Makati City

April 28, 2022



**RURAL BANK OF ANGELES, INC.**  
**(A Subsidiary of Asia United Bank Corporation)**

**STATEMENTS OF FINANCIAL POSITION**

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and Other Cash Items	<b>₱24,351,253</b>	₱19,343,744
Due from Bangko Sentral ng Pilipinas (Notes 6 and 13)	<b>45,395,905</b>	76,197,200
Due from Other Banks (Notes 6 and 24)	<b>660,584,744</b>	402,487,713
Investment Securities at Amortized Cost (Note 7)	<b>203,803,063</b>	199,231,344
Loans and Receivables (Note 8)	<b>1,592,356,466</b>	2,061,912,148
Property and Equipment (Note 9)	<b>35,173,979</b>	47,725,746
Investment Properties (Note 10)	<b>76,838,938</b>	74,182,508
Right-of-use Assets (Note 21)	<b>20,019,709</b>	27,949,917
Goodwill (Note 11)	<b>66,144,392</b>	66,144,392
Other Assets (Note 12)	<b>31,800,417</b>	18,128,519
<b>TOTAL ASSETS</b>	<b>₱2,756,468,866</b>	2,993,303,231
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Deposit Liabilities (Notes 13 and 24)	<b>₱1,953,869,680</b>	₱2,253,139,955
Bills Payable (Notes 14 and 24)	<b>54,304,864</b>	63,553,791
Accrued Taxes, Interest and Other Expenses (Note 15)	<b>49,619,529</b>	60,874,548
Lease Liabilities (Note 21)	<b>24,252,278</b>	31,952,215
Income Tax Payable (Note 23)	–	11,638,725
Other Liabilities (Notes 16)	<b>45,126,642</b>	52,274,924
<b>TOTAL LIABILITIES</b>	<b>2,127,172,993</b>	2,473,434,158
<b>EQUITY</b>		
Common Stock (Note 18)	<b>457,775,100</b>	457,775,100
Preferred Stock (Note 18)	<b>531,100</b>	531,100
Additional Paid-in Capital	<b>400,050,000</b>	400,050,000
Deficit	<b>(229,060,327)</b>	(338,487,127)
<b>Total Equity</b>	<b>629,295,873</b>	519,869,073
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱2,756,468,866</b>	₱2,993,303,231

*See accompanying Notes to Financial Statements.*



**RURAL BANK OF ANGELES, INC.**  
**(A Subsidiary of Asia United Bank Corporation)**

**STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Years Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<b>INTEREST INCOME</b>		
Loans and receivables (Note 8)	<b>₱302,513,549</b>	₱402,622,792
Due from other banks (Notes 6 and 24)	<b>5,881,758</b>	1,822,878
Investment securities at amortized cost (Note 7)	<b>3,883,624</b>	23,440,899
Others (Note 14)	<b>—</b>	12,454,094
	<b>312,278,931</b>	440,340,663
<b>INTEREST EXPENSE</b>		
Deposit liabilities (Notes 13 and 24)	<b>34,191,488</b>	61,109,717
Lease liabilities (Note 21)	<b>1,760,742</b>	2,211,525
Bills payable (Note 14)	<b>641,695</b>	17,326,722
	<b>36,593,925</b>	80,647,964
<b>NET INTEREST INCOME</b>	<b>275,685,006</b>	359,692,699
Service charges	<b>38,451,927</b>	37,693,348
Gain on sale of investment securities at amortized cost (Note 7)	<b>—</b>	96,118,110
Miscellaneous (Note 19)	<b>63,289,945</b>	58,369,606
<b>TOTAL OPERATING INCOME</b>	<b>377,426,877</b>	551,873,763
<b>OPERATING EXPENSES</b>		
Compensation and fringe benefits (Notes 22)	<b>129,080,347</b>	138,359,231
Depreciation and amortization (Notes 9, 10, 12 and 21)	<b>32,771,221</b>	35,680,125
Taxes and licenses	<b>28,644,437</b>	37,675,263
Provision for credit and impairment losses (Notes 8, 10 and 12)	<b>16,737,339</b>	60,593,434
Security and janitorial services	<b>10,525,875</b>	9,790,270
Insurance	<b>8,656,152</b>	14,977,289
Fuel and lubricants	<b>9,212,461</b>	8,906,556
Postage, telephone and telegraph	<b>6,400,652</b>	6,669,770
Repairs and maintenance	<b>3,361,566</b>	3,766,132
Power, light and water	<b>3,346,377</b>	3,309,498
Stationeries and supplies	<b>2,682,742</b>	3,012,875
Rent (Note 21)	<b>1,498,037</b>	1,009,844
Professional fees	<b>1,401,246</b>	1,584,128
Entertainment, amusement and recreation	<b>139,241</b>	118,248
Miscellaneous (Note 20)	<b>8,465,846</b>	35,457,093
<b>TOTAL OPERATING EXPENSES</b>	<b>262,923,538</b>	360,909,756
<b>INCOME BEFORE INCOME TAX</b>	<b>114,503,339</b>	190,964,007
<b>PROVISION FOR INCOME TAX</b> (Note 23)	<b>8,613,293</b>	23,840,885
<b>NET INCOME</b>	<b>105,890,046</b>	167,123,122
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Item that will not be reclassified to profit or loss in subsequent periods:</i>		
Gain on remeasurement of retirement obligation (Note 22)	<b>3,536,754</b>	1,458,909
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱109,426,800</b>	₱168,582,031

See accompanying Notes to Financial Statements.





**RURAL BANK OF ANGELES, INC.**  
(A Subsidiary of Asia United Bank Corporation)

**STATEMENTS OF CHANGES IN EQUITY**

	Preferred Stock (Note 18)	Common Stock (Note 18)	Additional Paid-in Capital	Deficit	Remeasurement of Retirement Obligation (Note 22)	Total
<b>Balance at January 1, 2021</b>	<b>₱531,100</b>	<b>₱457,775,100</b>	<b>₱400,050,000</b>	<b>(₱338,487,127)</b>	<b>₱-</b>	<b>₱519,869,073</b>
Net income for the year	-	-	-	105,890,046	-	105,890,046
Other comprehensive income for the year	-	-	-	-	3,536,754	3,536,754
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>105,890,046</b>	<b>3,536,754</b>	<b>109,426,800</b>
Gain on remeasurement of retirement obligation transferred to deficit	-	-	-	3,536,754	(3,536,754)	-
<b>Balances at December 31, 2021</b>	<b>₱531,100</b>	<b>₱457,775,100</b>	<b>₱400,050,000</b>	<b>(₱229,060,327)</b>	<b>₱-</b>	<b>₱629,295,873</b>
Balance at January 1, 2020	₱531,100	₱457,775,100	₱400,050,000	(₱507,069,158)	₱-	₱351,287,042
Net income for the year	-	-	-	167,123,122	-	167,123,122
Other comprehensive loss for the year	-	-	-	-	1,458,909	1,458,909
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>167,123,122</b>	<b>1,458,909</b>	<b>168,582,031</b>
Loss on remeasurement of retirement obligation transferred to deficit	-	-	-	1,458,909	(1,458,909)	-
<b>Balances at December 31, 2020</b>	<b>₱531,100</b>	<b>₱457,775,100</b>	<b>₱400,050,000</b>	<b>(₱338,487,127)</b>	<b>₱-</b>	<b>₱519,869,073</b>

See accompanying Notes to Financial Statements



**RURAL BANK OF ANGELES, INC.**  
**(A Subsidiary of Asia United Bank Corporation)**

---

**STATEMENTS OF CASH FLOWS**

	<b>Years Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>₱114,503,339</b>	₱190,964,007
Adjustments for:		
Depreciation and amortization (Notes 9, 10, and 12)	<b>32,771,221</b>	35,680,125
Provision for credit and impairment losses (Notes 8 and 10)	<b>16,737,339</b>	60,593,434
Gain on foreclosure of investment properties (Notes 10 and 19)	<b>(16,037,953)</b>	(6,361,223)
Retirement expense (Note 22)	<b>3,319,383</b>	3,277,493
Loss (Gain) on sale of investment properties and chattels (Notes 10, 12 and 19)	<b>925,670</b>	(3,464,428)
Interest expense on bills payable	<b>641,695</b>	–
Gain on sale of property and equipment (Notes 9 and 19)	<b>(71,688)</b>	(20,000)
Gain on sale of investment securities at amortized cost	–	(96,118,110)
Loss on pre-termination of bills payable (Note 11)	–	25,056,859
Amortization of premium on investment securities at amortized cost	–	593,190
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Loans and receivables	<b>401,110,405</b>	189,440,770
Other assets	<b>(3,042,041)</b>	3,724,856
Increase (decrease) in:		
Deposit liabilities	<b>(299,270,275)</b>	(113,223,540)
Accrued taxes, interest and other expenses	<b>(11,255,018)</b>	5,729,118
Other liabilities	<b>(8,691,653)</b>	(11,204,665)
Net cash generated from operations	<b>231,640,425</b>	284,667,886
Income taxes paid	<b>(20,252,018)</b>	(22,079,316)
Net cash generated from operating activities	<b>211,388,407</b>	262,588,570
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from maturities/sale of:		
Investment properties and chattels (Notes 10 and 12)	<b>46,569,139</b>	14,196,305
Property and equipment (Note 9)	<b>112,474</b>	60,000
Investment securities at amortized cost	–	1,103,123,297
Acquisitions of:		
Investment securities at amortized cost	<b>(4,571,719)</b>	(547,624,720)
Property and equipment (Note 9)	<b>(2,693,657)</b>	(4,439,301)
Net cash provided by investing activities	<b>39,416,237</b>	565,315,581
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from bills payable, net of related documentary stamp tax (Notes 23 and 26)	<b>300,000,000</b>	699,795,034
Payments of bills payable (Notes 23 and 26)	<b>(309,890,622)</b>	(1,302,831,550)
Payments of lease liabilities (Notes 21 and 26)	<b>(8,610,777)</b>	(10,044,986)
Net cash used in financing activities	<b>(18,501,399)</b>	(613,081,502)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>232,303,245</b>	214,822,649

*(Forward)*



	<b>Years Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		
Cash and other cash items	<b>19,343,744</b>	21,559,777
Due from Bangko Sentral ng Pilipinas	<b>76,197,200</b>	76,966,368
Due from other banks	<b>402,487,713</b>	184,679,863
	<b>₱498,028,657</b>	₱283,206,008
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		
Cash and other cash items	<b>24,351,253</b>	19,343,744
Due from Bangko Sentral ng Pilipinas	<b>45,395,905</b>	76,197,200
Due from other banks	<b>660,584,744</b>	402,487,713
	<b>₱730,331,902</b>	₱498,028,657
<b>OPERATIONAL CASH FLOWS FROM INTEREST</b>		
Interest received	<b>₱307,655,478</b>	₱404,478,305
Interest paid	<b>₱39,963,282</b>	₱86,603,473

*See accompanying Notes to Financial Statements.*

