



 **Porac Bank**

2025

ANNUAL REPORT

BANKING BEYOND BRANCHES

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CORPORATE PROFILE

Porac Bank is a closed family bank founded by Primo and Servillana David, Marciano Dizon, Mamerto De Mesa, Irmelo David, Vicente David, and Juan Cuyugan in 1968 to help the communities around Porac reach their financial goals. Five decades later, Porac Bank witnessed a continued growth under the leadership of the four founders and their families. The sincere commitment of the four founders to serve the financial needs of their people has become the single most important legacy the founders have handed over to the succeeding generations.

The importance of heritage has cultivated seasoned experts and leaders from the four families to wit: David, Dizon, De Mesa, and Cuyugan. This, coupled with a customer-centric culture and a roster of dynamic professionals/ individuals certainly set Porac Bank apart from the competition pushing it further to become one of the leading rural banks in Central Luzon.

Today, Porac Bank has expanded its branch network throughout the busiest and most progressive towns and cities of Pampanga and Tarlac including Angeles City, Mabalacat City, City of San Fernando, and the towns of Magalang, Porac, Arayat, Mexico, Floridablanca, Sta. Rita, Concepcion, Tarlac and Tarlac City, Tarlac. The bank offers traditional banking products viz. regular passbook savings, checking account, time deposit, and loans for commercial, consumption, housing, and Agri/Agra purposes. With a total of sixteen branches, Porac Bank hopes to widen its reach and move its doors closer to the unbanked and underserved people in Central Luzon.

VISION

To be the preferred community bank in Central Luzon driven by generational relationships and shared growth.

MISSION

We are Porac Bank. We are in the business of fulfilling the aspirations of our stakeholders and building communities in Central Luzon. We provide prompt financial services to individuals of varied interests, thriving MSMEs through our customer-oriented professionals who are responsive, caring, and open to the needs of our clients. We are driven to be competitive to sustain growth and stability, prudent in the management of our resources, steadfast in developing diversified businesses. We uphold to protect the interest of our clients, employees, and shareholders with integrity, fairness, and honesty in all our dealings. We partner with our employees in building a progressive and profitable banking institution by fostering a working environment that recognizes individual worth and rewards outstanding performance.

CORE VALUES

We believe in *Malasakit* –a long-held Filipino virtue that is deeply embedded in our culture and what sets us apart from the competition. It is what drives us to do business on a personal level in that we consider our employees and clients as if they are part of our own family. It is the proclivity to always go the extra mile and do more than what is expected of us, of true altruism extended to secure the best interest of the bank and its stakeholder. We are Porac Bank and we are driven with *Malasakit*.

Malasakit cultivates positive relationships. *Malasakit* resonates with our people. It is what has allowed us to build and maintain generational relationships; one that goes beyond mere business and employee-employer connection.

Malasakit drives Excellence. *Malasakit* best describes the common and inherent desire among our people to provide banking solutions that will foster shared growth for the bank, the employees, the clients and the community it operates in. It is the consciousness that prods us to continuously seek better ways to help our stakeholders make the best possible financial decisions.

Malasakit drives Integrity. *Malasakit* is naturally exuded by our people towards the bank and its stakeholders. It fuels our commitment to upholding strong business ethics.

MESSAGE FROM THE CHAIRPERSON

Amid continued political and economic uncertainty and challenging financial conditions, Porac Bank demonstrated resilience, discipline, and strategic clarity. More importantly, 2025 signaled the beginning of a fundamental shift in how we serve our customers—moving Porac Bank beyond the limits of physical branches and toward a more accessible, technology-enabled future.

As part of our strategic priorities in 2025, Porac Bank embraced a dual expansion approach—strengthening its presence in communities through its branch network while simultaneously pioneering digital access. This approach allows us to continue serving our existing communities while also reaching new and emerging client segments. By combining personal branch-based service with digital convenience, we are preparing our clients today and the clients of the future for a redefined rural banking experience.

I extend my sincere appreciation to the members of the Board, Management and all employees whose dedication, professionalism, and focus made these achievements possible. Your efforts have been instrumental in executing our strategic plan responsibly while maintaining the highest standards of service and compliance.

As we reflect on 2025, it will be remembered as a transition year—the year Porac Bank began its journey beyond branches and laid the foundation for a broader digital future. With the continued trust of our stockholders, customers, and partners, we look forward to building a stronger, more accessible, and future-ready Porac Bank.

BENJAMIN C. DIZON, M.D
CHAIRPERSON



MESSAGE FROM THE PRESIDENT

The year 2025 marked a pivotal transition for Porac Bank—from strategic planning to disciplined execution. Following the development and approval of our five-year strategic plan in 2024, the past year was focused on translating vision into action amid an evolving and challenging operating environment for the banking sector, particularly rural banks.

Globally, economic conditions in 2025 remained uncertain. While inflation showed signs of easing, geopolitical tensions, climate-related risks, and uneven global recovery continued to affect financial markets. Domestically, the Philippine banking industry operated within a shifting monetary landscape as the Bangko Sentral ng Pilipinas gradually reduced key policy rates to stimulate economic activity. While this easing provided opportunities for renewed lending and investment, it also placed pressure on margins and heightened competition—especially for rural banks navigating rising operating costs and accelerating digital disruption.

Against this backdrop, Porac Bank commenced the initial implementation of its five-year strategic roadmap, anchored on sustainable growth, operational efficiency, prudent risk management, and expanded access to financial services. The execution phase required careful prioritization—balancing day-to-day banking operations with strategic investments designed to strengthen the Bank's long-term competitiveness.

As we look back on 2025, it is clear that this was not a year of dramatic change, but one of measured progress—a year where foundations were strengthened, systems were put in place, and strategic directions began to take tangible form. These efforts position Porac Bank to better navigate future uncertainties and seize opportunities as economic conditions evolve.

Building on this momentum, Porac Bank moves forward with confidence—guided by its five-year strategic plan, supported by a resilient organization, and committed to delivering sustainable value to our customers, communities, and stockholders.

LOURDES CONNIE C. TAYAG
PRESIDENT/CEO



FINANCIAL HIGHLIGHTS

TOTAL ASSETS **2.84B**
8.95% ⬆️

TOTAL DEPOSIT LIABILITIES **2.26B**
8.75% ⬆️

TOTAL LOAN PORTFOLIO **1.31B**
20.99% ⬆️

NET INCOME **61.34M**
29.71% ⬆️

ROE 13.97% 17.49% ⬆️
from 2024

ROA 2.26% 18.95% ⬆️
from 2024

Profitability

2025 **2024**

Total Net Interest Income	200,054,657.00	172,051,892.00
Total Non-Interest Income	32,312,062.00	25,996,727.00
Total Non-Interest Expenses	166,250,708.00	147,195,406.00
Pre-provisioning Profit	66,116,011.00	50,853,213.00
Allowance for Credit Losses	37,178,709.00	56,722,513.00
Net Income	61,338,893.00	47,289,885.00

Selected Balance Sheet Data

Liquid Assets	1,309,606,783.00	1,396,859,078.00
Gross Loans	1,311,465,806.00	1,083,976,657.00
Total Assets	2,835,357,235.00	2,602,554,102.00
Deposit Liabilities	2,262,546,549.00	2,080,573,953.00
Total Equity	500,079,116.00	377,942,225.00

Selected Ratios

Return on Equity	13.97%	11.89%
Return on Assets	2.26%	1.90%
Total Capital Adequacy Ratio	25.25%	21.02%

Per Common Share

Basic Net Income per share	16.26	15.64
Diluted Net Income per share	16.26	15.64
Book Value per share	132.54	125.02

Others

Cash Dividends Declared	10,581,064.00	10,581,064.00
Headcount	209	184
Officers	49	45
Staff	160	139

In 2025, Porac Bank has fortified its financial resilience, delivering strong and consistent performance, driven by robust asset growth, healthy capital adequacy, and disciplined risk management. Our strategic initiatives and steadfast commitment to operational excellence, have yielded sustainable profitability and positioned the Bank on a solid foundation for continued growth.

Our growth momentum strengthened as Net Interest Income expanded by 16.28% to PHP200.05M surpassing prior year's PHP172.05M, driven by disciplined margin management and accelerated loan portfolio growth. Non-interest income grew by an impressive 24.29%, rising from PHP26.00M to PHP32.31M, exemplifying the bank's successful optimization of its diversified portfolio of fee-based products, improved financial planning services and maximizing cross-selling opportunities. The 12.95% increase in Non-Interest Expenses amounting to PHP166.25M, represents our strategic investments in strengthening our digital pivot and manpower to propel our transformation and fortify our platform for future growth.

The Bank's pre-provision profit rose sharply by 30.01%, increasing from PHP50.85M in 2024 to PHP66.12M in 2025, underscoring its strong earnings generation capacity despite elevated cost pressures.

Porac Bank's strategic execution in 2025 delivered an exceptional performance, achieving a milestone Net Income of PHP61.34M, a remarkable 29.71% increase over last year's profit of PHP47.29M. This achievement highlights our strong financial foundation and relentless pursuit for sustainable growth in a dynamic environment.

Despite a modest drop in Liquid Assets from PHP1.40B to PHP1.31B, the bank continues to maintain a solid liquidity foundation, reinforcing our ability to navigate evolving market conditions with confidence.

The Bank's Gross Loans accounted to an impressive 20.99% surge transcending previous year's PHP1.08B, providing higher yields on the asset side. Total bank wide-loan production increased from PHP303.78 million in 2024 to an unprecedented PHP724.84 million in 2025, representing an incremental growth of PHP421.06 million or more than 139.61% year-on-year. This dramatic expansion reflects improved sales execution, stronger market penetration, and enhanced productivity across the sales organization. The Allowance for Credit Losses declined by 34.46%, from PHP56.72 M to PHP37.18 M, as a result of strengthened asset quality, effective risk management, and a more advantageous macroeconomic environment.

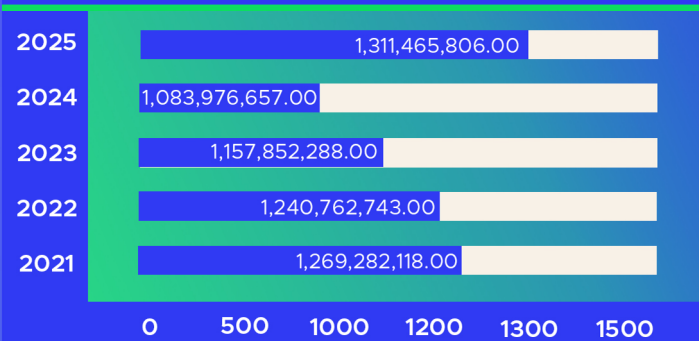
In 2025 Porac Bank expanded its Total Assets to PHP2.84 billion, an 8.95% increase from PHP2.60B in 2024 marking a year of strong financial stewardship. Substantial growth in Deposit Liabilities yielded an impressive 8.75% rise, from PHP2.08B in 2024 to PHP2.26B in 2025, steered by strong market confidence, effective execution of targeted deposit mobilization initiatives and the successful expansion of our branch network. Notably, Total Equity remained solid at PHP500.08M by the end of 2025, reflecting a strong 32.32% increase, highlighting the bank's strong capital position.

Porac Bank capped this banner year with a Return on Equity at 13.97%, while maintaining a stable Return on Assets of 2.26%. We enter 2026 with a strong balance sheet, supported by an exceptional capital strength of 25.25% Capital Adequacy Ratio.

STATEMENT OF FINANCIAL POSITION

LOAN PORTFOLIO

(IN MN PHP)



DEPOSIT LIABILITIES

(IN MN PHP)



CAPITAL STRUCTURE AND CAPITAL ADEQUACY

	2025	2024
Computation of Qualifying Capital		
A. Tier 1 Capital		
Core Tier 1 Capital		
Paid-Up Capital - Ordinary	377,316,100.00	302,316,100.00
Retained Earnings	131,267,492.00	84,911,058.00
Other Comprehensive Income	(8,504,476.00)	(9,284,933.00)
Deductions from Core Tier 1 Capital		
Deffered Tax Asset, Net of Deffered Tax Liability	(4,043,903.00)	(3,591,885.00)
Defined Benefit Pension Fund Assets (Liabilities)	(17,324,170.00)	(18,076,514.00)
Total Tier 1 Capital	478,711,043.00	356,273,826.00
A.2 Tier 2 Capital		
General Loan Loss Provisions	12,130,299.00	15,477,261.00
Total Tier 2 Capital	12,130,299.00	15,477,261.00
TOTAL QUALIFYING CAPITAL	490,841,342.00	371,751,087.00
Risk Weighted Assets		
Capital Requirements for Credit Risks	1,691,402,879.00	1,530,745,785.03
Capital Requirements for Market Risk	-	-
Capital Requirements for Operational Risks	252,456,662.00	237,783,247.98
Risk-Based Capital Adequacy :Ratio	25.25%	21.02%
Tier 1 Capital Ratio	24.63%	20.15%

RURAL BANK OF PORAC (PAMPANGA), INC. COMPARATIVE STATEMENT OF FINANCIAL POSITION

	As at December 31	
	2025	2024
ASSETS		
Cash and Other Cash Items (Note 6.1)	P 36,303,522	P 27,485,384
Due from BSP (Note 6.2)	52,846,662	17,561,152
Due from other Banks (Note 6.2)	172,418,530	301,521,928
Debt Securities at Amortized Cost (Note 7)	1,048,038,069	1,050,290,614
Loans & Receivable, Net (Note 8)	1,297,425,294	1,044,432,093
Bank Premises, Furniture, Fixtures and Equipment, Net (Note 9)	106,976,353	96,620,361
Investment Properties (Note 10)	88,673,979	34,155,628
Deferred Tax Asset (Note 23)	4,043,903	3,591,885
Other Assets (Note 11)	28,630,923	26,895,057
TOTAL ASSETS	2,835,357,235	2,602,554,102
LIABILITIES & SHAREHOLDERS' EQUITY		
LIABILITIES		
Deposit Liabilities (Note 12)	2,262,546,549	2,080,573,953
Accrued Interest, Taxes and Other Expenses Payable (Note 13)	12,124,737	11,640,664
Other Liabilities (Note 14)	60,606,833	132,397,260
TOTAL LIABILITIES	2,335,278,119	2,224,611,877
SHAREHOLDERS' EQUITY		
Ordinary Share Capital (Note 15.1)	377,316,100	302,316,100
Retained Earnings - Free (Note 15.2)	124,245,298	77,888,864
Retained Earnings - Reserve	7,022,194	7,022,194
Cumulative Remeasurement Loss on Defined Benefit Cost (OCI) (Note 18)	(8,504,476)	(9,284,933)
TOTAL SHAREHOLDERS' EQUITY	500,079,116	377,942,225
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	P 2,835,357,235	P 2,602,554,102
BOOK VALUE PER SHARE	P 132.54	P 125.02

See accompanying Notes to Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

RURAL BANK OF PORAC (PAMPANGA), INC. STATEMENTS OF INCOME

	For the Years Ended December 31	
	2025	2024
INTEREST INCOME		
Loans & Receivables (Note 8)	P 153,221,257	P 137,839,961
Due from Other Banks (Note 6)	4,375,237	5,605,227
Debt Securities at Amortized Cost (Note 7)	59,196,333	42,072,087
TOTAL INTEREST INCOME	216,792,827	185,517,275
INTEREST EXPENSE		
Savings Deposits (Note 12)	1,775,485	1,659,450
Demand Deposits (Note 12)	377,741	315,660
Time Deposits (Note 12)	10,103,581	7,112,991
Bills Payable	153,333	-
Lease Liability	4,328,030	4,377,282
TOTAL INTEREST EXPENSE	16,738,170	13,465,383
NET INTEREST INCOME	200,054,657	172,051,892
PROVISIONS FOR CREDIT LOSSES	2,540,035	597,219
NET INTEREST INCOME AFTER PROVISION	197,514,622	171,454,673
OTHER INCOME (Note 16)	32,312,062	25,996,727
TOTAL INCOME BEFORE OPERATING EXPENSES	229,826,684	197,451,400
OTHER OPERATING EXPENSE		
Compensation and Fringe Benefits (Note 17)	86,498,525	74,712,044
Other Operating Expenses (Note 19)	44,969,211	43,306,453
Taxes and Licenses (Note 25)	6,440,031	6,315,726
Depreciation and Amortization (Note 20)	23,717,501	19,708,893
Fees and Commission	4,625,440	3,152,290
TOTAL OPERATING EXPENSE	166,250,708	147,195,406
NET INCOME BEFORE INCOME TAX	63,575,976	50,255,994
INCOME TAX EXPENSE (Note 23)	2,237,083	2,966,109
NET INCOME AFTER INCOME TAX	61,338,893	47,289,885
Items that will not be reclassified to profit or loss in subsequent period		
Remeasurement gains/(losses) on defined benefit plans (Note 18)	780,457	2,092,958
TOTAL COMPREHENSIVE INCOME	P 62,119,350	P 49,382,843
EARNINGS PER SHARE	P 16.26	P 15.64

See accompanying Notes to Financial Statements.

STATEMENT OF CHANGES IN EQUITY

RURAL BANK OF PORAC (PAMPANGA), INC. STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY For the Years Ended December 31, 2025 and 2024

	ORDINARY SHARE CAPITAL (Note 15.1)	RETAINED EARNINGS - FREE (Note 15.2)	RETAINED EARNINGS - RESERVE FOR HEALTHCARE FUND	CUMULATIVE REMEASUREMENT LOSS ON DEFINED BENEFIT COST (Note 18)	Total
Balance at January 1, 2025	P 302,316,100	P 77,888,864	P 7,022,194	P (9,284,933)	P 377,942,225
Total comprehensive income for the year	-	61,338,893	-	780,457	62,119,350
Provisions and Adjustments	-	(4,401,395)	-	-	(4,401,395)
Issuance Stock Dividends (Note 15.3)	75,000,000	-	-	-	75,000,000
Issuance of Cash Dividends (Note 15.3)	-	(10,581,064)	-	-	(10,581,064)
Balance at December 31, 2025	P 377,316,100	P 124,245,298	P 7,022,194	P (8,504,476)	P 500,079,116
Balance at January 1, 2024	P 302,316,100	P 119,785,736	P 7,022,194	P (11,377,891)	P 417,746,139
Total comprehensive income for the year	-	47,289,885	-	2,092,958	49,382,843
Provisions and Adjustments	-	(3,605,693)	-	-	(3,605,693)
Issuance of Cash Dividends (Note 15.3)	-	(10,581,064)	-	-	(10,581,064)
Declaration of Stock Dividends (Note 15.3)	-	(75,000,000)	-	-	(75,000,000)
Balance at December 31, 2024	P 302,316,100	P 77,888,864	P 7,022,194	P (9,284,933)	P 377,942,225

STATEMENT OF CASH FLOWS

OPERATIONAL HIGHLIGHTS

Executing the Strategy, Strengthening the Franchise

In 2025, Porac Bank's Branch Banking Group delivered a year of strong and purposeful execution as we began implementing our five-year strategic plan. Despite a challenging operating environment for the banking sector, the Bank achieved significant growth in loan production while advancing a major branch expansion program. These accomplishments strengthened our balance sheet, expanded our market presence, and reinforced the foundation for long-term, sustainable growth.

RURAL BANK OF PORAC (PAMPANGA), INC. STATEMENTS OF CASH FLOWS

	For the Years Ended December 31	
	2025	2024
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	P 63,575,976	P 50,255,994
Adjustment to reconcile Net Income to Net cash provided by operating activities:		
Depreciation/Amortization (Note 20)	23,717,501	19,708,893
Prior Period Adjustments (Note 15.2)	(4,401,395)	(1,512,735)
Non-cash adjustments on FFE	-	448,765
Income from Asset Acquired (Note 16)	(22,493,338)	(13,851,467)
Provisions (Note 8)	2,540,035	597,219
Non-cash adjustment on Allowance for credit losses (Note 8)	-	-
Non-cash adjustment on Investment Properties (Note 10)	-	-
Interest Income (Note 6, 7 & 8)	(216,792,827)	(185,517,275)
Interest Expense	16,738,170	9,088,101
Operating income before working capital adjustments	(137,115,878)	(120,782,505)
Decrease/(Increase) in:		
Loans & Receivables (Note 8)	(255,533,236)	67,781,900
Other Assets (Note 11)	(2,488,210)	271,563
Right of Use Asset	-	(1,257,112)
Increase / (Decrease) in current liabilities		
Deposit liabilities (Note 12)	181,972,596	213,803,294
Accrued interest, taxes & other liabilities (Note 13)	373,490	(4,255,717)
Other liabilities (Note 14)	132,745	(65,337)
Cash generated from (used in) operations	(212,658,493)	155,496,086
Income Taxes paid/withheld	(2,689,101)	(3,115,415)
Interest received (Note 6, 7 & 8)	216,792,827	185,517,275
Interest paid	(12,299,557)	(9,088,101)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(10,854,324)	328,809,845
CASH FLOW FROM INVESTING ACTIVITIES		
Net (Additions) Disposals of Debt Securities at Amortized Cost (Note 7)	2,252,545	(257,980,134)
Cash payments on Investment Properties (Note 10)	(68,525,365)	(6,040,408)
Cash receipts from Investment Properties (Note 10)	34,968,000	13,851,467
Cash payments on Premises, Furniture, & Equipment (Note 9)	(19,058,726)	(18,056,278)
Retirement benefit asset	1,532,801	(1,352,998)
NET CASH USED IN INVESTING ACTIVITIES	(48,830,745)	(269,578,351)
CASH FLOW FROM FINANCING ACTIVITIES		
Cash Disbursements on Cash Dividends (Note 15.3)	(10,581,064)	(10,581,064)
Payment of leasing liabilities	(14,733,617)	(7,138,047)
NET CASH USED IN FINANCING ACTIVITIES	(25,314,681)	(17,719,111)
NET (DECREASE) INCREASE IN CASH & CASH EQUIVALENTS	(84,999,750)	41,512,383
CASH & CASH EQUIVALENTS - BEGINNING	346,568,464	305,056,081
CASH & CASH EQUIVALENTS - ENDING	P 261,568,714	P 346,568,464

See accompanying Notes to Financial Statements.



BRANCH EXPANSION AND MARKET PENETRATION

A key operational milestone in 2025 was the successful opening of three new branches in carefully selected locations—Manibaug in Porac, Sta. Rita in Pampanga, and Calulut in San Fernando. Positioned within high-growth commercial and residential corridors, these branches enabled the Bank to extend its reach closer to our customers and communities. As of December 31, 2025, the newly established branches generated aggregate deposit liabilities of PHP 67.95 million, reflecting strong market acceptance and early customer trust. From the outset, these branches contributed meaningfully to client acquisition, deposit mobilization, and loan generation, reinforcing the Bank's funding base and validating our continued investment in physical expansion alongside our digital initiatives.

PRODUCT INNOVATION AND CUSTOMER-CENTRIC OFFERINGS

Product innovation also remained a central focus in 2025 as we introduced new offerings designed to deepen customer engagement and promote financial inclusion. We launched Tiered Savers Plus, a savings deposit product that rewards customers with higher interest rates as account balances grow, encouraging disciplined savings and long-term relationships. In the same year, Porac Bank partnered with the Credit Information Corporation to roll out a Direct-to-Consumer credit report service, providing customers with secure and direct access to their personal credit information. This initiative empowers individuals to better understand their financial standing and promotes responsible borrowing behavior.

BANKING BEYOND BRANCHES: MOBILE BANKING SOFT LAUNCH

One of the most significant achievements of 2025 was the soft launch of Porac Bank Mobile Banking App which marks our first major step toward delivering banking services beyond the confines of our physical branches. This initiative represents Phase 2 of our digital transformation, made possible through the support of the Asian Development Bank FIT Program. The initial rollout enabled customers to securely access their existing accounts through biometric or password authentication, view savings, checking, and special savings accounts in real time, monitor transactions, and review detailed account information at their convenience.

In addition, customers are now able to view loan account details and amortization schedules instantly, apply for loans directly through the mobile application, and make loan payments quickly and securely. The platform also supports internal fund transfers, bill payments, mobile top-ups, and external fund transfers via PESONet. While InstaPay is not yet available, the groundwork for this real-time transfer facility was laid in 2025 and is targeted for full implementation as part of our broader rollout in 2026.

The introduction of the Porac Bank Mobile App represents a critical transition in our operating model. It allows us to expand our reach, improve service efficiency, and prepare the organization for a more seamless and digital customer experience, while preserving the personal trust and close community relationships that define our rural banking roots. This milestone clearly positions 2025 as the year we began moving decisively toward "Banking Beyond Branches."

• **ADB FIT FORUM – MAY 23, 2025**

Porac Bank proudly participated in the Asian Development Bank's Fintech for Inclusion Transformation (FIT) Forum: "Celebrating Progress and Inspiring Change" held last May 23, 2025 at the Joy-Nostalg Hotel and Suites, Manila. We are honored to be recognized as a grant recipient—an affirmation of our commitment to inclusive digital transformation in banking.



IT DEPARTMENT ACCOMPLISHMENTS 2025

In 2025, the IT Department successfully delivered key initiatives that strengthened the Bank's cybersecurity posture, operational stability, and technology readiness. These accomplishments supported the Bank's commitment to secure banking operations, improved service reliability across branches, and ensured readiness for business growth and regulatory expectations.

• **STRONGER CYBERSECURITY PROTECTION**

- Implemented improvements to strengthen monitoring and protection of the Bank's systems against cyber threats and unauthorized access.
- Adopted better tools and processes to detect security incidents early and respond more efficiently.
- Improved data protection across Bank-issued computers through stronger security safeguards.

• **IMPROVED BUSINESS CONTINUITY AND DISASTER RECOVERY READINESS**

- Established and enhanced the Bank's **Disaster Recovery capability**, ensuring operations can continue and recover faster during unexpected disruptions.
- Strengthened backup protection through improved storage and recovery systems, supporting secure and reliable retrieval of important data.
- Successfully conducted the Enterprise-wide Business Continuity Plan (BCP) Testing on December 19, 2025, validating readiness of key teams, critical systems accessibility, and recovery procedures.

• **BETTER SYSTEM STABILITY AND INFRASTRUCTURE RELIABILITY**

- Improved system reliability and performance by strengthening core IT infrastructure, resulting in more dependable access to Bank systems and services.
- Continued modernization of workstations to ensure the Bank remains updated, supported, and protected against outdated technology risks.

• **MODERNIZED BANK EMAIL AND COLLABORATION SERVICES**

- Migrated the Bank's email and collaboration platform from an on-premise system to a cloud-based system to improve reliability, scalability, and service continuity.
- Improved stability and availability of email services, supporting uninterrupted internal communication and day-to-day operations.
- Enabled a more secure and efficient messaging environment to better support staff coordination and



• **MORE RELIABLE BRANCH CONNECTIVITY AND BACKUP INTERNET SUPPORT**

- Upgraded internet connectivity of the Head Office and branches to support faster and more stable access to cloud and online services.
- Deployed backup internet devices in branches to ensure continuous connectivity during primary service interruptions.
- Supported IT readiness of new branches through structured and secure network implementation.

• **CYBERSECURITY AWARENESS AND EMPLOYEE TRAINING**

- Conducted a **Cybersecurity Awareness Training in October 2025**, strengthening employees' knowledge of safe computing practices, cyber threats, and responsible handling of Bank systems and data.



• **IMPROVED GOVERNANCE, DOCUMENTATION, AND COMPLIANCE SUPPORT**

- Strengthened IT documentation and reporting to support audits, internal reviews, and regulatory compliance requirements.
- Completed the Bank's IT asset inventory and initiated reconciliation with Accounting records for improved accountability and planning.

• **STRENGTHENED ACCESS CONTROLS TO CRITICAL BANKING SYSTEMS**

- Implemented stronger access protection for core banking system users through security enhancements that reduce risk of unauthorized transactions.
- Supported user access review initiatives to ensure employees have the appropriate system access based on job role and operational needs.

HR PROGRAM/MILESTONE 2025

• **RECRUITMENT AND TALENT ACQUISITION**

HR successfully onboarded 46 new employees during the year, with several hires strategically deployed to the Bank's three newly established branches. These additions strengthened workforce capacity and infused the plantilla with fresh perspectives and competencies. Based on established performance standards and evaluation protocols, three probationary employees did not meet the criteria for regularization, demonstrating the Bank's commitment to merit-based employment decisions and quality hiring standards.

Throughout 2025, the Bank maintained strong partnerships with key universities across Pampanga, serving as a sustainable talent pipeline for recruitment and internship programs. This initiative supported both immediate staffing requirements and long-term talent succession planning, while reinforcing the Bank's employer branding efforts.

• **EMPLOYEE TRAINING AND DEVELOPMENT**

Employee development remained a core HR priority, with 37 targeted trainings, seminars, and webinars conducted throughout the year, seven of which were internally facilitated.

These initiatives enhanced employee competencies, strengthened organizational capability, and positively impacted performance and engagement, particularly in areas of leadership, values alignment, compliance, and operational effectiveness.

Structured job shadowing programs were also implemented and continuously refined to prepare high-potential employees for succession and higher responsibilities, underscoring the Bank's commitment to career progression and leadership readiness. In 2025, HR successfully facilitated job shadowing for nine staff members and five Management Trainees and Sales Officers. Additionally, in the fourth quarter of 2025, HR launched and implemented the newly developed Management Training Program for the newly hired Management Trainee of the Sta. Rita Branch, laying the foundation for a standardized leadership development framework across the organization.

• EMPLOYEE ENGAGEMENT AND SATISFACTION

HR further strengthened employee engagement in 2025 by cultivating a culture grounded in excellence, collaboration, and performance accountability. Monthly recognition programs for Field Deposit Collectors and Branch Managers/Sales Officers were sustained, while Quarterly Recognition for Outstanding Branch and Corporate Personnel was introduced using clearly defined, measurable performance metrics, ensuring transparency and alignment with organizational goals.

While long-standing traditions such as the Annual Christmas Party and Get-Together and the Annual Bowling Competition continued to foster camaraderie, the Bank, through the HR Department, also introduced new engagement initiatives, including the Annual President's Run and Semi-Annual Employee Appreciation and Team-Bonding Activities. These initiatives were strategically designed to strengthen employee morale, reinforce organizational values, and promote cross-functional engagement, ultimately supporting improved performance outcomes.



• EMPLOYEE WELL-BEING AND WORK-LIFE BALANCE

Recognizing that work-life balance is a key consideration for its predominantly young professional workforce, HR continued to foster an inclusive, supportive, and employee-centered work environment. In 2025, targeted health, wellness, and well-being initiatives were implemented, including structured employee appreciation activities and health-focused programs, to reinforce the Bank's commitment to sustaining a healthy, engaged, and productive workforce.

• OPTIMIZING HR TECHNOLOGY AND SYSTEMS

In alignment with the Bank's digital transformation agenda, HR enhanced its technological capabilities through the full deployment of the Human Resource Information System (HRIS) and optimized the use of digital tools such as JotForm. The self-service portal empowered employees to efficiently manage routine transactions, including leave applications, improving process efficiency, data accuracy, and turnaround time, thereby allowing HR to focus on higher-value, strategic initiatives.

• LEGAL COMPLIANCE AND POLICY UPDATES

HR continued to prioritize regulatory compliance, ensuring that company policies remain aligned with current labor laws and best practices. The Bank, through HR, diligently implemented the newly mandated DOLE wage order and consistently adhered to applicable labor regulations. Moreover, HR actively participated in DOLE seminars and PMAP-led trainings to remain current on labor developments, strengthening internal governance, audit readiness, and risk management capabilities.



• DRIVING ORGANIZATIONAL CHANGE

In response to organizational developments, HR proactively reviewed, updated, and developed job descriptions for newly created and redefined roles, ensuring alignment with the Bank's evolving structure. This initiative enhanced role clarity, strengthened accountability, and improved operational efficiency, supporting clearer performance expectations and smoother interdepartmental coordination.

Moving forward into Calendar Year 2026, the HR Department remains not merely a support function but a strategic partner in advancing the Bank's business objectives. Through sustained, year-round initiatives, anchored on data-driven decision-making, leadership pipeline development, and employee-centered policies, HR continues to cultivate a dynamic, supportive, and high-performance work environment, enabling employees to remain engaged, connected, and motivated while contributing meaningfully to the Bank's continued success.

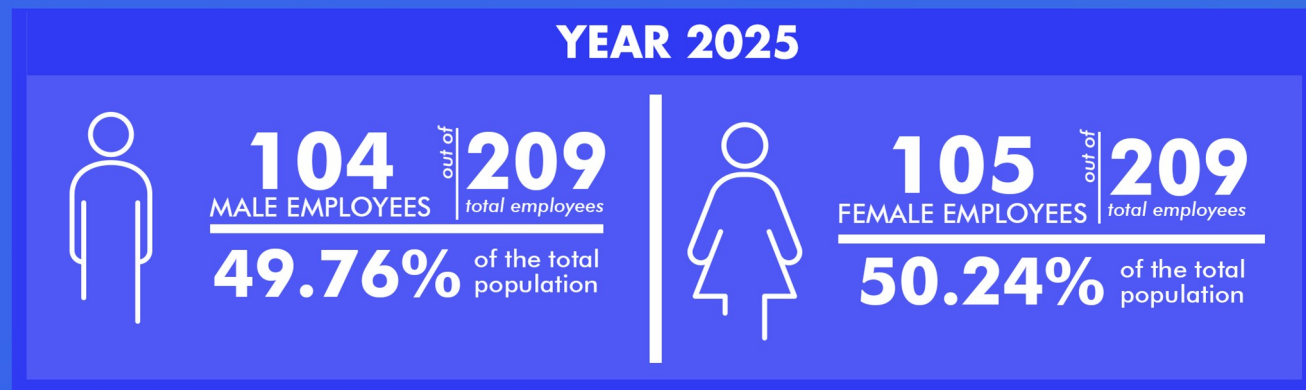


KEEPING GENDER EQUALITY FRONT AND CENTER IN OUR WORK

Recognizing that diversity is our strength, we delve into the initiatives and practices that help ensure every team member feels valued, respected, and empowered, regardless of gender identity. Together, we are creating a workplace that not only reflects the values we stand for but also paves the way for a brighter and more inclusive future.

Male Statistic: The bank concluded the year 2025 with 104 male employees out of 209 total employees, which represents 49.76% of the total population.

Female Statistic: The bank concluded the year 2025 with 105 female employees out of 209 total employees, which represents 50.24% of the total population.



RISK MANAGEMENT

RISK MANAGEMENT FRAMEWORK

The bank's risk management framework encompasses the following theoretical underpinnings:

- Risk should be managed on an ongoing basis which connotes a continuous process of identifying, measuring, controlling, and monitoring risks throughout the life of a transaction. This then provides the bank with adequate information and historical basis to establish effective risk mitigants.
- People remain the bank's greatest and most critical resource to attain success. As such, adherence to the highest ethical standards and best human resource practices along with the provision of continuous training to hone the skills of the employees are imperative for the success of the bank.

RISK APPETITE AND STRATEGY

In line with our belief that success and great rewards are only possible with calculative risk-taking, Porac Bank adopts a conservative approach in accepting and managing risk exposures. The bank has well-defined policies, procedures, and limits in place to dictate its risk-taking activities. These limits are presented, monitored to and periodically evaluated by the board and/or the appropriate Management Committee.

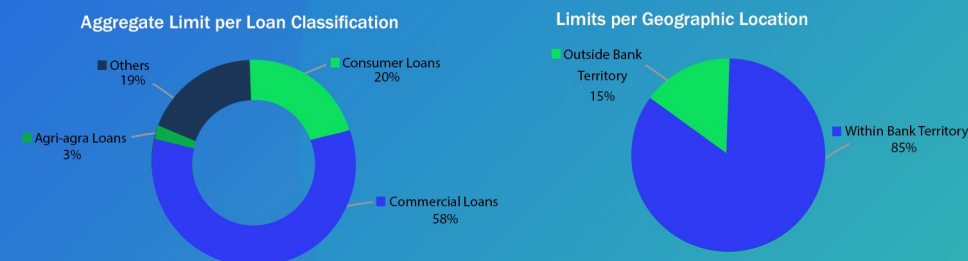
The bank, pursuant to its risk appetite, established an internal single borrower's limit that is lower than the 25% of bank's capital requirement of the BSP. A limit on large exposure for individual borrowers, connected counterparties and its aggregate limit are also in place to effectively manage and monitor risk relative to such.

In addition, the bank set up an aggregate limit per loan classification and geographic location to minimize the risk of concentration for loans. Moreover, the materiality threshold and the aggregate limit for credit grants to and sale/ disposal to or purchase of real estate assets from related parties were set at the same level as DOSRI limits. While the aggregate ceiling for secured loans to DOSRI is 15% of the total loan portfolio, the aggregate limit for loans to related parties is pegged at a more conservative level which only accounts for about 10% thereof.

Also, a maximum aggregate exposure limit for DOSRI and RP is in place subject to periodic monitoring and review. Considering the nature of the transactions classified as "Other RPTs" which are mostly expenditures, the bank has set a conservative materiality threshold reckoned at an aggregate basis per related party per year. Regulatory prudential limits such as the minimum liquidity ratio of 20% and 10% CAR are likewise being observed and monitored periodically.

Types of RPT	Materiality Threshold	SUBLIMIT PER GROUP			Maximum Aggregate Exposure for DOS and RPT
		DOSRI	Related Parties	Per family group of each DOS	
Loan and other credit accommodations	P10 Million	Maximum of 15% of loan portfolio of the Bank	Maximum of P100 Million	Maximum of 12.5 Million per family group of each DOS	P200Million
Sale, disposal or purchase or real estate	P10 Million				
Any other RP transaction	P500,000.00 per RP per year				

LIMITS ON LARGE EXPOSURE	
Individual Borrower	P100Million
Connected Counterparties	P75Million
Aggregate Limit	P650Million



RISK AREAS

Porac Bank faces risks inherent in the banking firm primarily in the form of credit, market liquidity, operational, and legal risk. The Bank's risk management framework is oriented towards the efficient management of these risks.

MARKET RISK

Market risk refers to the risk of loss that the Bank may suffer as a consequence of significant events in the financial market such as changes in monetary policies. The bank's current business activities expose it largely to interest rate risk which covers the volatility of the bank's investments particularly in government bonds. The bank monitors such risk through a price gap analysis which is further augmented by periodic stress testing.

CREDIT RISK

Credit risk is the risk of failure that may result from the borrower's non-observance or neglect to comply with the terms and conditions of the loan agreed upon. Porac Bank manages this risk through:

- Use of internal credit risk rating system for corporate and consumer lending;
- Establishment of limits and strict adherence thereto for the effective management of large exposures, concentration risk as well as exposure to a start-up business, out of the territory, RPT and DOSRI;
- Use of credit manual approved by the Board anchored from BSP Circulars and pronouncement for guidance in the credit workflow process for corporate and individual borrowers;
- Continuous development of credit policies and underwriting process to ensure compliance with the highest standards of due diligence in lending;
- Regular and practical evaluation of the ability of current borrowers to fulfill their financial obligation with the bank throughout the life of such transactions.

FUNDING LIQUIDITY RISK

Funding liquidity risk pertains to the possibility that the Bank may fail to generate the necessary funds to meet its obligations when they become due as well as failure to fulfill large and sudden demands for cash from its depositors without excessive costs. Maturity mismatch between the bank's assets and liabilities exposes the bank to such risk.

To monitor the bank's exposure to liquidity risk, a volume gap analysis is undertaken every month following the Maximum Cumulative Outflow model. To further assess the bank's liquidity position, stress testing is conducted regularly. The bank adheres to a board-approved Contingency Funding Plan to ensure that the bank is ready should a liquidity problem arise.

OPERATIONAL RISK

Poor Board and Management oversight, weak internal control, failed and/or inadequate systems, processes, and people give rise to operational risk. Operational risk encompasses fraud, operational glitches, and strategic risk.

The bank adopts an ongoing approach in managing operational risk as follows:

- Regular monitoring and evaluation of processes, people and systems;
- Implementation of stringent internal control policies;
- Continuous streamlining of business processes;
- Implementation of an effective incident reporting mechanism;
- Periodic risk assessment of the activities and engagements of the bank particularly those considered critical in the day to day operations of the bank;
- Adhering to a board-approved business continuity plan to ensure non-disruption of operations in the face of adversity; and
- Continuous training and development of employees to be further augmented by periodic performance evaluation.

OPERATIONAL RISK REPORTING

It is the thrust of Porac Bank to promote the adoption of an effective risk management system that will enable the sustenance of safe and sound banking operations for the bank.

The Operational Risk Manual embodies a comprehensive guideline in identifying, evaluating, measuring, monitoring, and reporting operational risks associated with the activities conducted by each unit of the bank. These guidelines aim to align the bank's risk management practices with international standards and best practices in the industry. The bank implemented a process of regularly monitoring operational risk profiles and material risk exposures to losses continually. The process takes into account both qualitative and quantitative assessments of exposure to all types of operational risk.

The process likewise assesses the quality and appropriateness of corrective or mitigating actions and ensures that adequate controls and systems are in place to identify and address problems before they become a major concern.

In effect, branches are required to identify, measure and report risk exposures arising from process/ policy infringement, operational lapses, and the like every month. These risks are then, through the Executive Committee, regularly reported to the Board of Directors for evaluation or proper disposition.

LEGAL RISK

Legal risk is often caused by poorly documented transactions resulting in an economic or reputational loss due to regulatory or legal problems. It may also lead to inadvertent or intentional non-compliance with laws, rules, regulations, and ethical norms.

Porac Bank manages legal risk through periodic compliance controls, process standardization, contracts, and documentation requirements. Also, outstanding court cases, contracts, and comparable records are kept centralized to allow for easier supervision and reporting of the same to the Board of Directors.

OVERALL GOVERNANCE

The Board of Directors sets the risk appetite of the Bank. Since the dissolution of the Risk Oversight Committee, the Board has assumed direct and bigger participation in evaluating, enhancing, and even formulating risk strategies together with the appropriate Management Committee, as applicable.

REPORTING AND MANAGING RISK

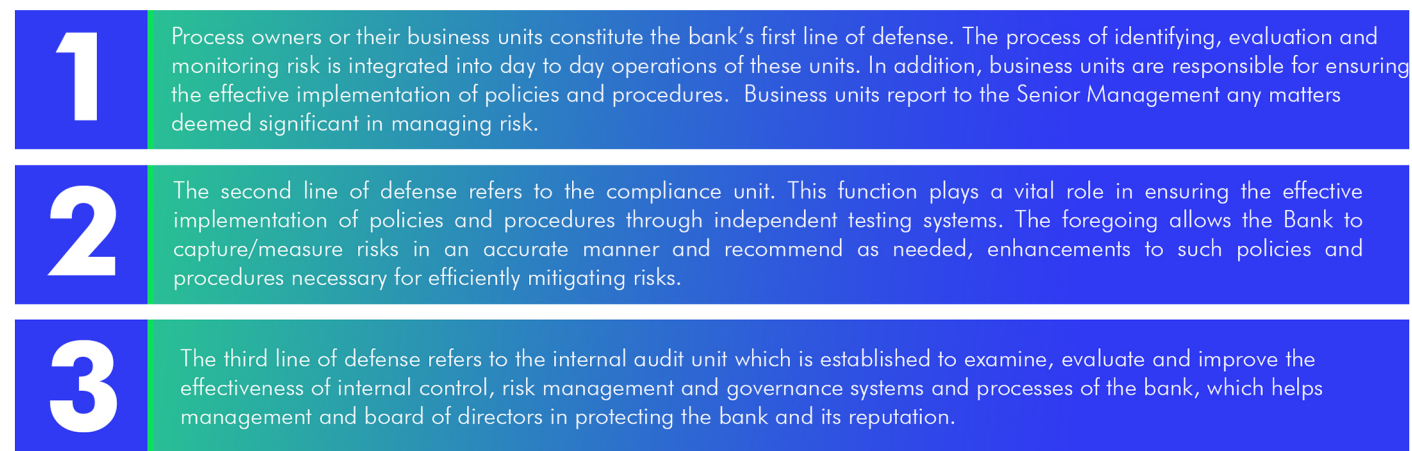
Since the dissolution of the Risk Oversight Committee, the functions of the same were assumed by the Board of Directors which encompasses monitoring and managing of credit, operational, liquidity, interest, legal and reputational risks, among others.

Hence, the Board integrated the following responsibilities in their respective functions:

- Conduct the necessary analyses to allow the same bodies to monitor and manage the Bank's risk profile;
- Formulate strategies for managing and controlling risks;
- Develop policies consistent with the risk management practices of the Bank;
- Review the adequacy of the bank's risk management policies and ensure effective implementation thereof;
- Identify, monitor, and evaluate risk exposure and minimize the possible impact thereof on the Bank.

RISK MANAGEMENT STRUCTURE

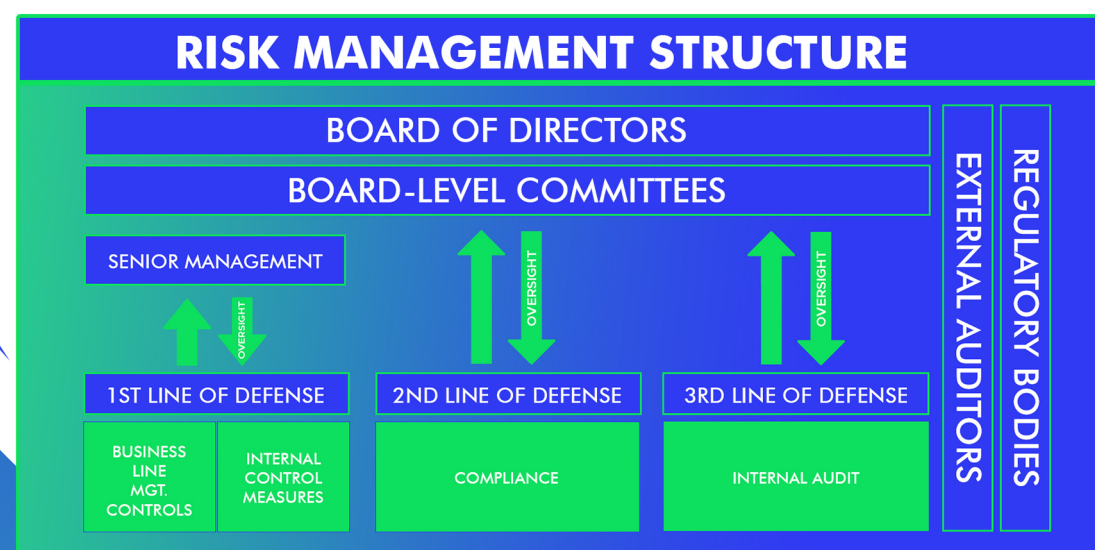
The bank adopts a three-line defense model in managing risks as follows:



Role of the Board of Directors and/or Management Committees. The Board of Directors and/or Management Committees are responsible for establishing and regularly reviewing the risk management framework, structures, limit setting and overall oversight of current and potential risks. The Board of Directors approves the bank's risk strategy and aligns the bank's direction to it. The same body plans and dictates the action to be taken to effectively manage risk.

Role of External Auditors. The External Auditors provides for consistency and accuracy in the application of accounting standards, help identify weakness in internal controls, provide an early warning on issues of supervisory concerns and enhances market confidence and improves the quality of information relied on by the banking supervisor.

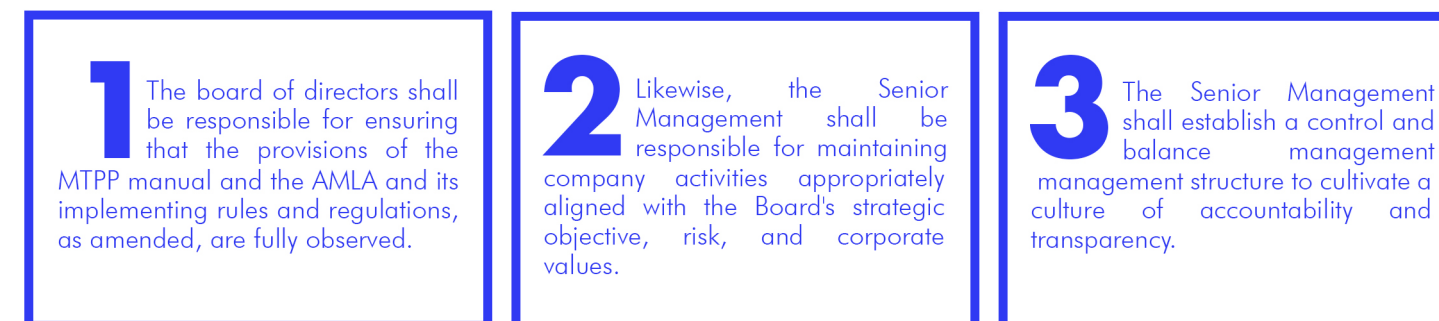
Role of Regulators. The Regulators provide guidance on supervisory expectations for sound corporate governance, perform comprehensive evaluation of the bank's overall corporate governance policies and practices and evaluate implementation.



ANTI-MONEY LAUNDERING

It is the policy of the bank to protect the integrity and confidentiality of bank accounts and ensure that it shall not be used as a money-laundering site or a conduit for the proceeds of unlawful activity. Porac Bank prohibits and actively prevents money laundering and any activity that facilitates money laundering and/or funding of terrorist or criminal activities by promoting high ethical standards and complying with relevant laws, rules, and regulations.

BOARD AND SENIOR MANAGEMENT OVERSIGHT



BASIC PRINCIPLES AND POLICIES TO COMBAT MONEY LAUNDERING AND TERRORIST FINANCING

- Comply with the highest ethical standards to sustain a sound banking system;
- Protect the bank and its stakeholders against potentially malicious individuals and organizations by obtaining adequate information from each client;
- Adopt a sound AML / CFT system to identify, evaluate, monitor and control relevant risks ;
- Promote faithful compliance by institutionalizing shared responsibilities across every member of the organization with existing laws to combat money laundering and terrorist financing;
- Ensure full cooperation with AMLC for the effective implementation and enforcement of the AMLA and its IRR.

AML INITIATIVES FOR 2025

- The Annual AML/TF/PF webinar was attended by all Bank employees and Board members keeping them abreast of the latest AML and TF updates so to ensure that the Bank shall not be used as money laundering site or a conduit for the proceeds of unlawful activity.
- Instituted effective control mechanisms to ensure quality of disposition of possible suspicious transactions and timely periodic scrubbing of customer information for immediate targeted financial sanctions implementation.
- Provided guidelines in formulating clear parameters for the bank's institutional risk assessment.

PORAC BANK BOARD OF DIRECTORS



	No. of Meetings Attended	Total No. of Meetings	%Rating	% to Voting Total Shares*	Shares Held	
Dr. Benjamin D. Dizon	14	14	100%	2.96%	111,828	Direct
Lourdes Connie C. Tayag	14	14	100%	2.39%	90,341	Direct
Wilfred Joseph T. David	14	14	100%	1.63%	61,524	Direct
Alma D. Limjoco	14	14	100%	8.88%	335,104	Direct
Ma. Lourdes De Mesa	10	14	71.43%	0.00%	5	Direct
Anna Claudine T. David	14	14	100%	2.55%	96,109	Direct
Marites C. Limjoco	14	14	100%	4.79%	180,684	Direct
Mary Valerie Joy V. David	14	14	100%	3.35%	126,491	Direct
Mark Primo T. David	14	14	100%	1.63%	61,523	Direct
Charles Vincent D. Sarmiento	13	14	92.86%	1.50%	56,744	Direct
Tristan Leroy A. David	14	14	100%	2.55%	96,282	Direct

*No Indirect Shares. No Major Stockholder who owns more than 20%



BENJAMIN C. DIZON, M.D., 48
Filipino | Chairperson | 6-Year Director

Board Chairperson Benjamin Dizon graduated with a degree in Bachelor of Science in Medical Technology at University of Santo Tomas in 1997 and later earned his degree in Doctor of Medicine in 2001 at University of Santo Tomas. He is currently a Resident Doctor in Ophthalmology at St. Luke's Medical Center, The owner of Dizon Eye and Skin Clinic, he is also a physician at St. Luke's MAB; Clinica Henson and appointed as Company Physician of Porac Bank. He has been a member of the board since March 1, 2019.



LOURDES CONNIE C. TAYAG, 53
Filipino | Executive Director | 15-Year Director

Director/ President Lourdes Connie Tayag is a graduate of St. Scholastica's College in 1993 with a degree in AB Mass Communication. In 2010, she graduated from Holy Angel University with a degree in BS Nursing and later earned her master's degree in Business Administration from Ateneo Graduate School of Business in 2015. Before she was appointed President, she was the Corporate Secretary of the bank from 2001-2009 and has been elected as a member of the board since 2010. She is presently a Director /Treasurer of Sta. Rita College.



WILFRED JOSEPH T. DAVID, 52
Filipino | Executive Director | 11-Year Director

Director Wilfred Joseph T. David graduated from the University of the Philippines in 1993 with a bachelor's degree in Business Management and later earned a degree in Bachelor of Law at Harvardian Colleges in 2004. He is currently one of the SVP for Operations and has been a Director of the bank since 2014.



MARY VALERIE JOY V. DAVID, 52
Filipino | Non-Executive Director | 6-Year Director

Director Mary Valerie Joy V. David graduated from St. Scholastica's College in 1994 with a degree in Bachelor of Science in Hotel and Restaurant Management. She is elected as a member of the board since February 9, 2019. Presently, she is the sole proprietor of IZ Fuel & Save Gas Station and Value Worth General.



ANNA CLAUDINE T. DAVID, 52
Filipino | Non-Executive Director |
Corporate Treasurer | 22-Year Director

Ms. Anna Claudine T. David has been a member of the board since 2003. She graduated from Assumption College in 1993 with a degree in Bachelor of Science in Commerce major in International Business and earned her master's degree in Business Administration from the University of Western Australia. She currently acts as the Director/Senior Vice President of Factset Philippines, Inc.



ALMA D. LIMJOCO, 75
Filipino | Non-Executive Director | 37-Year Director

Director Alma D. Limjoco was first seated as a member of the board of directors of Porac Bank in 1988. She graduated from St. Scholastica's College in 1971 with a bachelor's degree in Commerce. Board Chairperson Limjoco previously served as Branch Manager and President/Chairman of Porac Bank. Currently, she is the Director/Treasurer of Gold Fleuret Corporation, Gold Fleuret Realty and Development, Florida Agri-Business Corporation, and the President/Director of Priser Trading Corporation. She is also the owner of Davlim Property Leasing and a Partner/General Manager of Viewmont Homes Subdivision Co.



MARITES C. LIMJOCO, 57
Filipino | Non-Executive Director | 5-Year Director

Ms. Marites C. Limjoco graduated from St. Scholastica's College with a degree in Business Management. In 2010, she graduated from Dr. Gloria D. Lacson Foundation Colleges with a degree in BS Nursing. Before her appointment as Director on February 8, 2020, she is also a Stockholder of the bank since 1995. She is currently a Director of Sta. Rita College and owner of the LimCor Trading and Constructions.



MARK PRIMO T. DAVID, 47
Filipino | Non-Executive Director | 15-Year Director

Director Mark Primo T. David graduated from Angeles University in 2000 with a degree in BS Computer Science. He has been a member of the board since 2010. He was the Admin Supervisor at the Office of City Administrator —Angeles City. He currently holds the position of Admin Supervisor at the Office of City Administrator, San Juan City and the owner of Mark Primo David Lessor.



TRISTAN LEROY A. DAVID, 46
Filipino | Non-Executive Director | 3-Year Director

Mr. Tristan Leroy David is a long-stockholder of the Bank who was elected as member of the board since August 1, 2022. Mr. David completed his degree BS Management from Angeles University Foundation in Year 2001. He is the incumbent Chairman of Porac Peaceful Garden Memorial Park Corporation and Roy David Arcade Corporation.



CHARLES VINCENT D. SARMIENTO, 46
Filipino | Non-Executive Director | 3-Year Director

Mr. Charles Vincent D. Sarmiento, who formerly held the position of VP for HR and Marketing at Porac Bank, joined the board since April 1, 2022. Mr. Sarmiento graduated in 1997 with a Bachelors of Arts degree in Humanities from De La Salle University. He is currently the President of DANSA Supermarket Incorporated, Treasurer of Priser Trading Corporation and Operating Manager of S and L Memorial Chapels.



NAPOLEON TEDD D. LIMJOCO, 47
Filipino | Corporate Secretary

Mr. Napoleon Tedd D. Limjoco graduated from the University of Asia and the Pacific in 1999 with a degree of Bachelor of Arts in Humanities major in Business Administration. He earned his Master's Degree in Management. He currently holds the position of Senior Vice President for Operations and concurrently acts as Corporate Secretary. He is likewise the Director/ Vice President of Gold Fleuret Corporation, Director/President of Gold Fleuret Realty and Development Corporation and the Director/Vice President of Florida Agribusiness Corporation. He is also a Partner/Assistant Manager of Viewmont Homes Subdivision and a sole proprietor of B&H Fuel Bar.



MA. LOURDES DE MESA, 77
Filipino | Independent Director | 1-year Director

Ms. Lourdes D. De Mesa became the bank's Independent Director in 2025. She holds a Bachelor of Science in Management and Marketing (1970) and an MBA (1974) from De La Salle University.

She previously served as Treasurer of Ace Solid Corporation, Administrator of Magnetic Reso Imaging, Director of CENERTEC Group of Companies, and as a franchise business owner of Smokey's and Mister Donut.

She currently serves as Treasurer of RBM Holdings Incorporated, Director of Pampanga Realty Management, and Chairwoman of ASCCOM Medical Center, bringing broad experience in finance, governance, healthcare, and enterprise management to the Board.

PORAC BANK SENIOR MANAGEMENT



LOURDES CONNIE C. TAYAG, 53
Filipino | President/CEO

She is the President/CEO of Porac Bank since March 2010. She forms part as Chair of the Executive Committee, Credit Committee and Property Management Committee. She is also the Director and Treasurer of Sta. Rita College. Before she was elected President, she was the bank's Corporate Secretary from 2001 to 2010. She obtained a degree in A.B. Mass Communication at St. Scholastica's College in 1993, a Bachelor's degree in Science of Nursing at the Holy Angel University in 2010 and 2015, a Master's Degree in Business Administration at Ateneo Graduate School of Business.



WILFRED JOSEPH T. DAVID, 52
Filipino | SVP for Operations

He currently holds office at Porac Bank as Director/ SVP for Operations. He is a member of various management committees including the Executive Committee, Credit Committee and Property Management Committee. His banking career started in 1992 at Metrobank where he worked as New Accounts until 1993. From 1994-1997 he worked at Far East Bank and Trust Co. as SDD. Before he was appointed SVP for Operations, he held various positions in the bank from 2008 to 2014 including but not limited to Management Trainee, Area Manager and AVP for Operations. He graduated with a degree in Business Management in 1993 at the University of the Philippines. He also obtained a degree in Bachelor of Laws in 2004.



NAPOLEON TEDD D. LIMJOCO, 47
Filipino | SVP for Operations

He currently holds office at Porac Bank as SVP for Operations and Corporate Secretary since 2011 and 2014, respectively. He is a member of various management committees including the Executive Committee, Credit Committee and Property Management Committee. Before he was appointed SVP for Operations, he held various positions in the bank from 2007 to 2014 including but not limited to Area Manager and AVP for Operations. He was elected the President of the Pampanga Federation of Rural Banks from 2010-2011. He also worked at Petron Corporation as Market Analyst from 2000 to 2007. He obtained a Bachelor's degree of Arts in Humanities Major in Business Administration in 1999 at the University of Asia and Pacific and a Master's Degree of Science in Management in 2000.



JEREMY M. SUN, 49
Filipino | IT Operations & Strategy Officer

He was appointed the SVP for IT in July 2014. He graduated with a bachelor's degree in Electronics and Communications Engineering at Holy Angel University in year 2000 and has obtained a certificate for CISCO CERTIFIED NETWORK ASSOCIATE from the University of the Philippines in year 2013. He was a former Network Engineer at the University of the Philippines from 2001 to 2008. After which, he became the Consultant Engineer of the same institution from 2008 to 2012. From year 2006 to 2012, he worked at the Philippine General Hospital as Consultant Engineer.



FRANCEL PIA D. PENA, 45
Filipino | VP for Property Management

She was appointed the VP for Property Management in 2014. She graduated in 2002 with a bachelor's degree in Science of Family and Life Development and took post graduate studies and earned her degree Master of Arts in Reading Education at Philippine Normal University.



EMILY L. GUANZON, 55
Filipino | Chief Compliance Officer

She graduated in 1991 with a degree in BSBA major in Accounting at the Holy Angel University and passed the CPA licensure examination in the same year. She currently holds senior management position as Chief Compliance Officer since June 05, 2014. Prior to said appointment, she held various positions in the bank including Cashier/ OIC, Bookkeeper, Internal Auditor.

PORAC BANK EXECUTIVE OFFICERS



CYNTHIA C. GUTIERREZ, 58
Filipino | AVP for H.R & Admin

She was first hired as the HRD head in 1997 until 2014 from which she was appointed the AVP for HR/Admin. She graduated Magna Cum Laude from Angeles University Foundation in 1988 with a degree in Bachelor of Science in Commerce major in Economics. She took postgraduate studies of Business Administration in the same school.



ANA TERESA M. BANAWA, 61
Filipino | Internal Auditor

She graduated with a degree in BSBA Major in Accounting at the Holy Angel University in 1985. She became a Certified Public Accountant in Year 1987. She was initially hired by the bank as Assistant Auditor in 2011 until she was appointed the Internal Audit Head on October 05, 2015.



DAISY MALLARI, 32
Filipino | Chief Accountant

She was initially hired as Audit Staff in June 2016 then designated as Senior Auditor in July 2018. Her appointment as Chief Accountant was confirmed on April 16, 2023. She graduated from University of Assumption with the degree BS Accountancy in 2015 and granted with CPA licensure in June 2016.



RICA MAE S. ORBE, 30
Filipino | Executive Assistant

She was initially hired as Teller for Nepo Branch then after 3 months, she was designated as Treasury Assistant in June 2018. She was promoted as Executive Assistant in July 2022. She graduated from Holy Angel University with the degree BS Accounting Technology.



VERONICA M. ESPAÑOL, 27
Filipino | Credit Operations & Collections Manager

She graduated with a degree in Bachelor of Science in Accounting Technology at Systems Plus College Foundation in 2019. She was initially hired by the bank as Credit Operations Specialist 2019 until she was appointed as the Credit Operations and Collection Manager on March 15, 2021.



KATRINA MAE J. ARANAS, 27
Filipino | Chief Lending Officer

She earned her degree in Accountancy from Angeles University Foundation in 2020. She joined Porac Bank that same year as a Credit Analyst, and steadily progressed to Assistant Loan Officer before being appointed as Loan Officer in 2024. Her growth reflects her dedication and strong foundation in credit and lending operations.



PAUL JOHN P. JARANILLA, 33
Filipino | AVP for Organizational Development

He was appointed as the bank's AVP for Organizational Development in 2021. He was initially hired as Admin Staff/ Reliever in September 2013 and not long after, was promoted to Organizational Development Manager in 2018. He graduated from Holy Angel University in 2013 with a degree in BS Accounting Technology and obtained a Master's Degree in Business Management in 2016.



ZOREN G. CAPITULO, 32
Filipino | Financial Planning & Investment Head

He earned his degree in Accountancy from the University of the Assumption in 2015 and passed the CPA licensure examination in the same year. He joined Porac Bank in 2017 as a Senior Auditor and was appointed as Independent Credit Reviewer in 2019. On August 2, 2024, he was promoted to Financial Planning and Investment Head, bringing with him a strong background in audit, credit review, and financial analysis.



ANGEL NATHANAELLE M. PINPIN, 41
Filipino | Branch Sales Head

She earned her Bachelor of Science degree in Applied Economics from De La Salle University in 2004. She began her banking career at Porac Bank in 2007 as a Credit Analyst, a position she held for two years. She then joined Bank of Commerce, where she gained a decade of valuable experience in branch operations, sales, and client relationship management. On August 12, 2024, she returned to Porac Bank and assumed the role of Branch Sales Head.



KHATE O. GADDI, 27
Filipino | Branch Operations Head

She earned her Bachelor of Science in Agricultural Business from Pampanga State University in 2019. She later completed her Master of Business Administration at Don Honorio Ventura State University in 2024. Her journey with Porac Bank began in 2018 as an On-the-Job Trainee. After graduating, she officially joined the bank as a Teller at the Magalang Branch. In 2021, she became a Branch Service Associate, and in 2022, she was promoted to Branch Operations Officer. In February 2024, she was appointed Branch Manager of the Magalang Branch. By December 2, 2024, she took on a bigger role as the Bank's Branch Operations Head.

AUDIT AND COMPLIANCE COMMITTEE



FUNCTIONS

Chairperson: Ma. Lourdes De Mesa
Members: Mark Primo T. David
 Benjamin C. Dizon
Alternate: Anna Claudine T. David

The Audit and Compliance Committee is responsible in reviewing internal control and risk management systems as well as compliance with existing laws, rules and regulations.

ACCOMPLISHMENTS

- The Audit and Compliance Committee has continually reinforced the effective performance of its mandate by providing Management and the Board of Directors with informed perspective and impartial insight on governance framework, risk management practices and internal controls.
- Demonstrated strong regulatory compliance through the prompt and effective resolution of Bangko Sentral ng Pilipinas (BSP) Reports of Examination (ROE)."
- Enhances risk management and governance by providing advisory services within a proactive audit framework that is aligned with strategic objectives.
- Performs comprehensive bank wide risk assessments that utilizes an auditable entity framework to ensure risk-based coverage and systematic prioritization of all branches and business units.
- Conducts independent investigations to establish a factual foundation for administrative proceedings.
- Actively implemented initiatives to further enhance and expand its processes, reinforcing its commitment to sustained operational efficiency and the successful realization of its digitization objectives.
- Provided oversight on disclosures, ensuring the Annual Report reflects transparency, accuracy, and regulatory compliance.

	No. of Meetings Attended	Total No. of Meetings	% Ratings
Ma. Lourdes De Mesa	6	6	100%
Mark Primo T. David	6	6	100%
Benjamin C. Dizon	6	6	100%

PROPERTY MANAGEMENT COMMITTEE



FUNCTIONS

Chairperson: Lourdes Connie C. Tayag
Members: Napoleon Tedd D. Limjoco
 Wilfred Joseph T. David
 Francel Pia D. Peña

The Property Management Committee defines the pricing objective for ROPA and other assets of the bank and sets out plan to dispose the same to support the bank's profitability target.

ACCOMPLISHMENTS

- Approved strategies to facilitate the successful disposal of long-standing ROPA items or those that have been with the bank for more than 5-years.

	No. of Meetings Attended	Total No. of Meetings	% Ratings
Lourdes Connie C. Tayag	2	2	100%
Wilfred Joseph T. David	2	2	100%
Napoleon Tedd D. Limjoco	2	2	100%
Francel Pia D. Peña	2	2	100%

NOMINATION COMMITTEE



FUNCTIONS

Chairperson: Benjamin C. Dizon
Members: Lourdes Connie C. Tayag
 Anna Claudine T. David
 Tristan Leroy A. David
 Charles Vincent D. Sarmiento

The nominations committee is responsible for the approval and review of criteria, qualification, selection and continuing education of the Directors, senior management, their successors and other appointments that require board approval.

ACCOMPLISHMENTS

- Evaluated and recommended the suitably qualified candidates to become Directors, successors and executive officers;
- Conducted an annual evaluation on the overall effectiveness of the Board of Directors, Management Committees and Senior Management.
- Recommend directors to serve on the committees of the Board.

	No. of Meetings Attended	Total No. of Meetings	% Ratings
Benjamin C. Dizon	2	2	100%
Lourdes Connie C. Tayag	2	2	100%
Anna Claudine T. David	2	2	100%
Tristan Leroy A. David	2	2	100%
Charles Vincent D. Sarmiento	2	1	50%

COMPENSATION COMMITTEE



FUNCTIONS

Chairperson: Lourdes Connie C. Tayag
Members: Wilfred Joseph T. David
 Anna Claudine T. David

The Compensation committee reviews the remuneration of directors and officers to ensure that compensation is aligned with the Bank's culture, strategy and its business landscape.

ACCOMPLISHMENTS

- Reviewed and approved the proposed amendment(s)/ enhancement(s) in the Compensation and Benefits Program of the Bank;
- Reviewed and approved the proposed amendment(s)/ enhancement(s) in the Incentive, Rewards and Recognition Program of the Bank;
- Reviewed and deliberated the granting of salary adjustment of officers and employees.

	No. of Meetings Attended	Total No. of Meetings	% Ratings
Lourdes Connie C. Tayag	1	1	100%
Wilfred Joseph T. David	1	1	100%
Anna Claudine T. David	1	1	100%

EXECUTIVE COMMITTEE



FUNCTIONS

Chairperson: Lourdes Connie C. Tayag
Members: Napoleon Tedd D. Limjoco
 Wilfred Joseph T. David

The Executive Committee acts as the highest decision-making body second to the board for matters concerning operations, security, human resources, budgeting and business planning, among others.

ACCOMPLISHMENTS

- Facilitated the implementation of the strategic plans for the year 2025.
- Approved and endorsed to the board new and amended policies relative to Financial Consumer Protection, Outsourcing Policy, Personnel Manual etc.
- Successfully implemented an AWS Cloud based secondary back-up server
- Reviewed and approved Business Continuity Program for 2025.
- Reviewed and approved several programs for employee engagement and well-being.

	No. of Meetings Attended	Total No. of Meetings	% Ratings
Lourdes Connie C. Tayag	12	12	100%
Napoleon Tedd D. Limjoco	12	12	100%
Wilfred Joseph T. David	12	12	100%

CREDIT COMMITTEE



FUNCTIONS

Chairperson: Lourdes Connie C. Tayag
Members: Napoleon Tedd D. Limjoco
 Wilfred Joseph T. David
 Francel Pia D. Peña

The Credit Committee reviews, approves and endorses applications, policies and reports relating to the Bank's credit granting function. The Committee ensures that credit transactions with DOSRI as well as Related Party Transactions are conducted at arm's length.

ACCOMPLISHMENTS

- Introduced special loan rates for top borrowers of the bank
- Amended the bank's loan concentration limits to be in line with the current volume of loans
- Streamlined the process of turnover of loan documents from branch to credit department specifically for Easy Cash and AGFP loans
- Renewed the bank's guarantee line with Phil Guarantee - AGFP
- Successfully released loans for totaling Php723,950,020 for the year 2025

	No. of Meetings Attended	Total No. of Meetings	% Ratings
Lourdes Connie C. Tayag	50	51	98.04%
Wilfred Joseph T. David	51	51	100.00%
Napoleon Tedd D. Limjoco	48	51	94.00%
Francel Pia D. Peña	50	51	98.04%

CORPORATE GOVERNANCE

The Board of Directors of Porac Bank recognizes the importance of good corporate governance and corporate social responsibility in promoting and strengthening the trust of its stakeholders and believes that good corporate governance and corporate social responsibility will enhance shareholder value.

To be the Bank of Choice for our Customers, Shareholders, Employees, and Community, the Board will conduct itself in accordance with the highest standard of ethical conduct as well as in accordance with the laws of the land, for the best interests of its stakeholders.

It is the thrust of Porac Bank to align its policies and procedure on Corporate Governance vis-a-vis the issued BSP Circular 1129.

COMPOSITION

The business affairs of Porac Bank are conducted under the supervision and control of eleven (11) directors or board members, including one (1) independent director pursuant to Section 15 and 17 of R.A. No. 8791

SELECTION

For its board selection process, the Board will take into consideration candidates with at least one area of significance (e.g. banking, business, marketing, technology, public service, human resources, finance, accounting, law, the management or management consulting ability to contribute to deliberations of the Board; ability to exercise sound business judgment; ability to think strategically; with demonstrated leadership experience, with a high level of professional skill and integrity, as well as other appropriate personal qualities.

The Nominations Committee will propose candidates to be elected as a director in order to replace a vacant position. Proposed candidates are assessed based on the qualification and disqualification criteria of the bank which is anchored from the BSP's fit and proper standards. During their regular meeting every January prior to the annual stockholders meeting held every second Saturday of February, the Nominations Committee shall endorse the election of new set of directors or reelection of the incumbent set of directors based on the result of their validation and assessment and shall refer such recommendation to the board for confirmation and final approval. At the annual stockholders' meeting, the Chairman of the Board shall formally present to the stockholders the list of director nominees duly endorsed by the Board of Directors, for election by the majority of stockholders."

Newly appointed directors will be provided with appropriate briefings and information relating to the Bank, and be advised of the legal, regulatory, good corporate governance, and other duties of Directors as required by the BSP.

The Nominations Committee is also responsible in the selection and appointment of senior management including the President/CEO and other heads of units as required by the BSP. In selecting Key Officers, the Committee through the recommendation of the HR Department selects key officers based on the succession planning program for senior management and the result of the fit and proper standards which takes into account the qualification criteria as well as integrity, technical expertise, and experience of a candidate for Board approval.

ROLE AND CONTRIBUTION OF THE EXECUTIVE, NON-EXECUTIVE, AND INDEPENDENT DIRECTOR

Non-executive directors, who shall include independent directors, shall comprise at least a majority of the board of directors whose role is to promote the independent oversight of management by the board of directors. Whilst, the executive director manages the daily activities and ensures that the board's vision is met.

The duties and responsibilities of the Board as stipulated by pertinent laws as well as from certain provisions of the Bank's Articles of Incorporation By-Laws and resolution of shareholders, include the following:

- directing the policies, strategies, and financial objectives of the Bank and approving policies and operational directions proposed by management as well as overseeing and monitoring management's implementation of those policies, strategies, and financial objectives, with the aim of maximizing economic value and shareholders' wealth.
- devising structures and procedures designed to ensure compliance with the regulatory requirements and pertinent provisions of the Bank's Articles of Incorporation and By-Laws, adherence to resolutions adopted during board and shareholders' meetings as well as espouse ethical standards in good faith with care.
- developing structures and procedures to ensure the appropriate system for risk management, internal compliance, audit, and control.
- developing structures and procedures to ensure a strong and appropriate capital fund for business and risk operations.
- monitoring and assessment of management performance in the implementation of Board-approved policies and budgets.
- establishing the criteria for, and evaluating, the performance of the Chairman of the Executive Committee, the President, senior members of the management which include, Senior Vice Presidents (SVPs), Vice Presidents (VPs) or other equivalent positions to SVPs, VPs in the different name;
- ensuring that there is timely and accurate preparation and bookkeeping on accounting records and related documents as well as disclosure of appropriate information to shareholders, depositors, and the general public.
- reviewing on a regular and continuing basis the succession plan for the position of Chairman of the Executive Committee and the President.
- observing and ensuring compliance with the Director's Code of Conduct.
- setting policies pertaining to good corporate governance and corporate social responsibility.

CHAIRMAN'S ROLE

In accordance with Circular 969 issued by the Bangko Sentral ng Pilipinas, the Chairman of the board of Porac Bank shall provide leadership among the members of the directors. He shall ensure effective functioning of the board, including:

1. ensure that the meeting agenda focuses on strategic matters including discussion on risk appetites, and key governance concerns;
2. ensure a sound decision making process;
3. encourage and promote critical discussion;
4. ensure that dissenting views can be expressed and discussed within the decision-making process;
5. ensure that members of the board of directors receives accurate, timely, and relevant information;
6. ensure the conduct of proper orientation for first time directors and provide training opportunities for all directors; and
7. ensure conduct of performance evaluation of the board of directors at least once a year.

CODE OF BUSINESS CONDUCT

Porac Bank Board recognizes their commitment to observe highest ethical standards in all their business dealings and to uphold full compliance with all applicable laws, rules and regulations. In line with this, the Code of Business Conduct aims to lay down the standards that Porac Bank expects of its board in fulfilling their roles and responsibilities as incumbent board members. This Code intends to articulate the acceptable and unacceptable activities, transactions and behaviors that could result or potentially result in conflict of interest and personal gain at the expense of Porac Bank. Through this Code, Porac Bank seeks to develop a Culture of Accountability among its board of directors and to enhance their practice of good corporate governance.

PERFORMANCE ASSESSMENT

In evaluating the performance and effectiveness of the Board as a body, the various committees and the Senior Management link performance to the mission of the Board, the company and the department or office. It promotes improvement in the banking function, recognizes exceptional professional performance, and ultimately achieves a workplace of high performing individuals and groups and brings about continued improvement in the work processes of the company.

The Board of Directors is assigned to facilitate the annual evaluation of the performance and effectiveness of the Board itself as a body, as well as its various committees, its Senior Management and the Bank. A set of questionnaires/forms is answered by each member of the Board to evaluate the performance of various committees taking into account different areas of concern and/or factors such as the degree of management, effectiveness and overall performance.

The performance assessment conducted by the Board enabled the same to ponder on the different areas of improvement and admirable performance of the Board itself, the Management Committees and the Senior Management. The end result exhibited an overall creditable performance in their mandated functions.

On another note, performance assessment for individual directors is gauged through self-appraisal questionnaires while each committee members are rated by the Nominations committee using the banks performance appraisal tool.

BOARD AND MANAGEMENT CONTINUING EDUCATION

Porac Bank is committed to the continuous development of its Board of Directors, Senior Management, officers, and employees through a structured orientation and continuing education program incorporated into the Bank's Annual Training Program approved by the Board of Directors.

Prior to appointment, every director is required to undergo an onboarding orientation to familiarize them with the Bank's operations, governance framework, regulatory environment, and their fiduciary duties and responsibilities. Directors are likewise required to attend a Corporate Governance Seminar before or upon assumption of office, and thereafter participate in continuing education programs to enhance their knowledge of governance, banking regulations, risk management, and emerging industry developments.

In 2025, the Bank conducted its Annual Anti-Money Laundering (AML) Training for directors, management, officers, and employees to reinforce regulatory compliance and strengthen the Bank's culture of integrity and risk awareness. The bank also facilitated advanced Corporate Governance Seminar and other relevant external training programs to further enhance their oversight capabilities. Senior Management likewise participated in industry learning events, including the RBAP Angel Network Roadshow, the RBAP Annual Convention, and other relevant seminars that provided updates on banking trends, digital transformation, regulatory developments, and industry best practices.

The Nominations Committee is responsible for monitoring and facilitating the continuing education of the Board of Directors, Senior Management, and identified successors. During its annual meeting held every November, the Committee reviews the Continuing Education Program, assesses training requirements, and encourages active participation in relevant internal and external seminars to ensure that the Bank's leadership remains competent, well-informed, and responsive to the evolving banking and regulatory environment.

RETIREMENT

The Bank has adopted a policy where the retirement age for directors and the senior management and officers are at 80 years old and 65 years old or the compulsory retirement age mandated by law, respectively. However, a deviation from the said policy, limited to postponement of a director's retirement, may be allowed so long as the Board deems it necessary to continually utilize the wisdom and experience of the director for the benefit of the Bank and all of its stakeholders.

Regular directors shall serve a one-year term and until their successors are elected. An independent director of Porac Bank, on the other hand, may only serve as such for a maximum cumulative term of nine (9) years, which shall be reckoned from 2012. After which, the independent director shall be perpetually barred from serving as independent director, but may continue to serve as regular director.

SUCCESSION

The board-approved succession plan for directors and officers contains the following sections:

1. Goals of the Succession Plan, 2. Criteria for, 3. Selection of Successor, 4. Planning and Review, 5. Procedure, 6. Assessment of Candidates, 7. Emergency Succession, 8. Communication Policy

This succession plan shall allow the prospective successor to undergo thorough assessment of his qualification as board member in accordance with BSP Circular No. 969 to ensure fitness and propriety of the candidate prior to appointment or election.

REMUNERATION

The Board of Directors determines the remuneration of the Senior Management based on the annual performance evaluation which they conduct covering various factors for consideration such as management, functional, personal and targets at the same time assessing the decision skills, strategic skills and leadership skills of the said officers.

Based on its Charter, the Compensation Committee is mandated to conduct periodic review, oversight and endorsement for proposed amendment(s)/ enhancement(s) in the Compensation and Benefits Program for Bank Executives with the rank of Vice President and higher, subject to final approval of the board. During their annual meeting, the Compensation Committee validates and deliberates on the proposed salary adjustment for senior management/Executive Officers based on the established guidelines and criteria for salary adjustment and endorses such proposal to the board for final approval.

The four most highly compensated management officers are the President, Senior Vice President, Vice President and Assistant Vice President. The executive directors of Porac Bank are entitled to monthly basic pay, benefits, bonuses and retirement programs just like its employees. On the other hand, Non-Executive Directors of Porac Bank receive per diem on every board meeting.

EXPENDITURE MANAGEMENT

The expenditure management policy has been approved by the board to serve as a guiding framework for the allocation of expenditures of Porac Bank by determining regular finances and restricted expenses in order to ensure financial discipline and operational efficiency amongst the management.

In effect, this policy shall restrict or prohibit excessive/ luxurious and/ or other expenses of similar nature that are no longer deemed reasonable for capital outlays; staff, office and facility development; performance incentives, and other considerations pertinent to business operations.

WHISTLE-BLOWING POLICY

Porac Bank is geared towards the attainment and adherence of ethical, moral, and legal conduct in the operation of its business. To assure that these standards are met and maintained, the bank complies with BSP Circular No. 499 or the establishment of effective whistle-blowing procedures by which employees can convey any concerns or suspicions that may arise in the course of performing their jobs to strengthen the Bank's system on detection and prevention of corporate fraud.

The Whistleblowing Policy applies to all ranks, from Porac Bank directors, senior management, Officers/Managers, permanent and probationary staff of the Head Office and its branches.

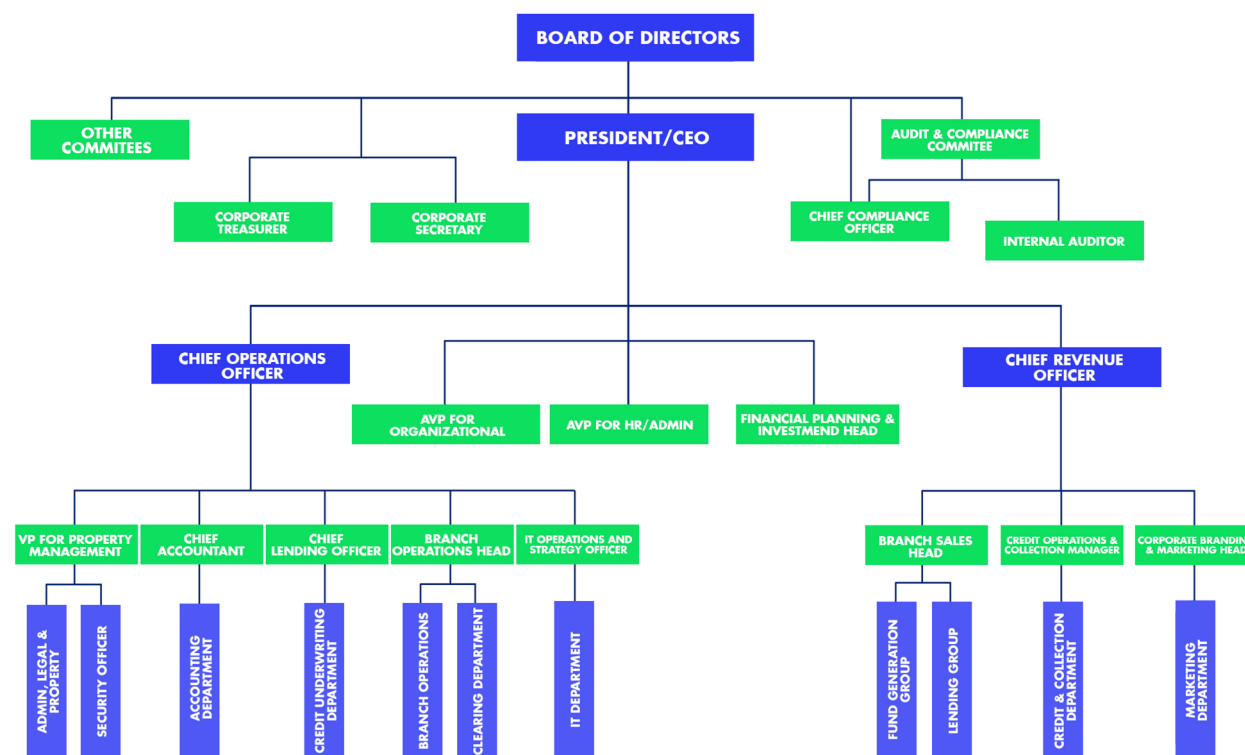
DIVIDEND POLICY

The procedures in distributing/ paying dividends entail prior board approval for cash dividends and a majority or at least 2/3 affirmative votes of the stockholders for (1) dividends on record and (2) payment dates based on BSP policies on the declaration of dividends and with the due recommendation from the Senior Management.

The net amount available for dividend declaration is based on the unrestricted retained earnings and undivided profits which shall be based on a sound accounting system and loss provisioning process that considers relevant adjustments to capital including losses, bad debts, and unearned profits or income.

In 2025, the Bank declared cash dividends based on its subscribed capital. A cash dividend equivalent to **3.50%** of the subscribed capital was approved, amounting to **P10,581,063.50**.

The record date for dividends was set as **January 30, 2025**, establishing shareholder eligibility. The distribution date for the cash dividends was **February 8, 2025**.



AUDIT & COMPLIANCE

Porac Bank’s corporate compliance and internal audit functions are designed as an integrated process, independent from the business operations they assess to effectively manage its business risks and promote compliance with pertinent banking laws, rules and regulations, policies and standards of good practice and provide reasonable assurance regarding the achievement of objective in the effectiveness and efficiency of operation and reliability of financial reporting.

The Compliance Unit and Internal Audit Group conducts audits from an objective and comprehensive standpoint, independent of operational reporting lines, by assessing the suitability and effectiveness of business activities associated with compliance and risk management and offering advice and remedial recommendations in connection with any problems that may be identified.

The Compliance Unit and Internal Audit Group are directly reporting to the Board of Directors thru the Audit and Compliance Committee. With the Board of Directors’ oversight, management has established structures, appropriate authorities and responsibilities and channels to support the regular monitoring and reporting of internal control processes.

On behalf of the Board, the Audit and Compliance Committee oversees the monitoring and review of the internal control system. Since the Committee receives reports from the Compliance Unit and Internal Audit Group on the bank’s risk management and internal control systems, it provides the link between the auditors and the Board. The Committee is then well placed to advise the Board on the effectiveness of directives to mitigate risks in the achievement of Porac Bank’s objectives.

RELATED PARTY TRANSACTIONS

Porac Bank recognizes the potential for conflicts of interest resulting from transactions with DOSRI and its related parties. To this end, the Management has put in place, an integrated strategy that ensures fair management of transactions with DOSRI and their related parties which are anchored on the latest legislations, laws and regulations related thereto.

This is to safeguard the bank and its stakeholders against the possible conduct of abusive and malicious related party transactions. Through this strategy, the Board of Directors guarantees that related parties are always independent of each other.

The HRD commonly reviews related parties and their personal and business affiliates to ensure accurate and continuous identification of related parties. Deliberation and approval of related party transactions are consistent with present and relevant bank policies.

Related party transactions are monitored on an ongoing basis and are reported to the Board of Directors to ensure that such transactions remain within prescribed limits and are entered into for and in the best interest of the bank. Significant related party transactions recorded in 2025 or those that crossed the materiality threshold set for each type of transaction are summarized in the table below.

As required by the bank’s RPT policy, these transactions were confirmed by a majority of the stockholders during the annual stockholder’s meeting and were also reported to appropriate governing bodies.

Counterparty	Relationship between parties	Total Credit Transactions	Total Non Credit Transactions	Type of Transactions
PRISER Trading Inc.	Related Interest		P10,709,648.12	Others –monthly rental payments for the lease of (a) 4-storey building in Sto. Rosario Street, Angeles City that houses Porac Bank Head/ Corporate Center (b) 2-storey building in Cangalba, Porac that houses Porac Bank Porac Branch and (c) 2-storey building in Plaridel Street, Angeles City for Porac Bank Plaridel Branch amounting to P177,156.10 (Apr 2025), P564,457.30 (Feb 2025), P129,687.14 (Jan 2025) and P69,045.45 (Mar 2025), respectively. The lease contracts shall be matures on 31-January 2030, 31-December 2029 and 28-February 2031, respectively. All of which are subject to a 10% annual escalation.
Total Exposure			P10,709,648.12	

Our Commitment to SUSTAINABILITY

Porac Bank’s advocates the following strategies towards sustainable banking:

- Inclusion of commitment to environmental and social protection in the way we do banking
- Greening the Internal Operation thru Solar Panel Powered Branches and Head Office
- Advocating Clean energy by financing Solar Panel Installation for clients and employees via Sustainability and Energy Savings Loan
- Greening the Credit Delivery/Lending, Operational and Investment activities thru the conduct of Environmental/Social Due Diligence
- Transitioning to Digital Transformation
- Promote Human Capital Sustainability
 - Partnering and establishing linkages with relevant organizations on Environmental Management to empower the communities we serve
- Publishing an Annual Sustainability Report thru the Bank’s Annual Report.



“Incorporating the Sustainable Finance Objective in the Bank’s Strategic Plan”



#WeAreReadyFor SUSTAINABILITY

Porac Bank acknowledges that the impact of climate change and other environmental and social risks can have long-lasting effects on its operations and financial interests, potentially posing risks to financial stability. The bank is aware that climate change-related physical and transition risks can lead to significant societal, economic, and financial risks that affect both the bank and its stakeholders. * Porac Bank also understands the crucial role of the financial industry in promoting sustainable and resilient growth, which involves facilitating environmentally and socially responsible business decisions aligned with the goals outlined in the Philippine Development Plan.

In line with these objectives, Porac Bank has integrated sustainability principles, including those addressing environmental and social risks, into its corporate governance framework, risk management systems, and strategic goals.

RISK APPETITE

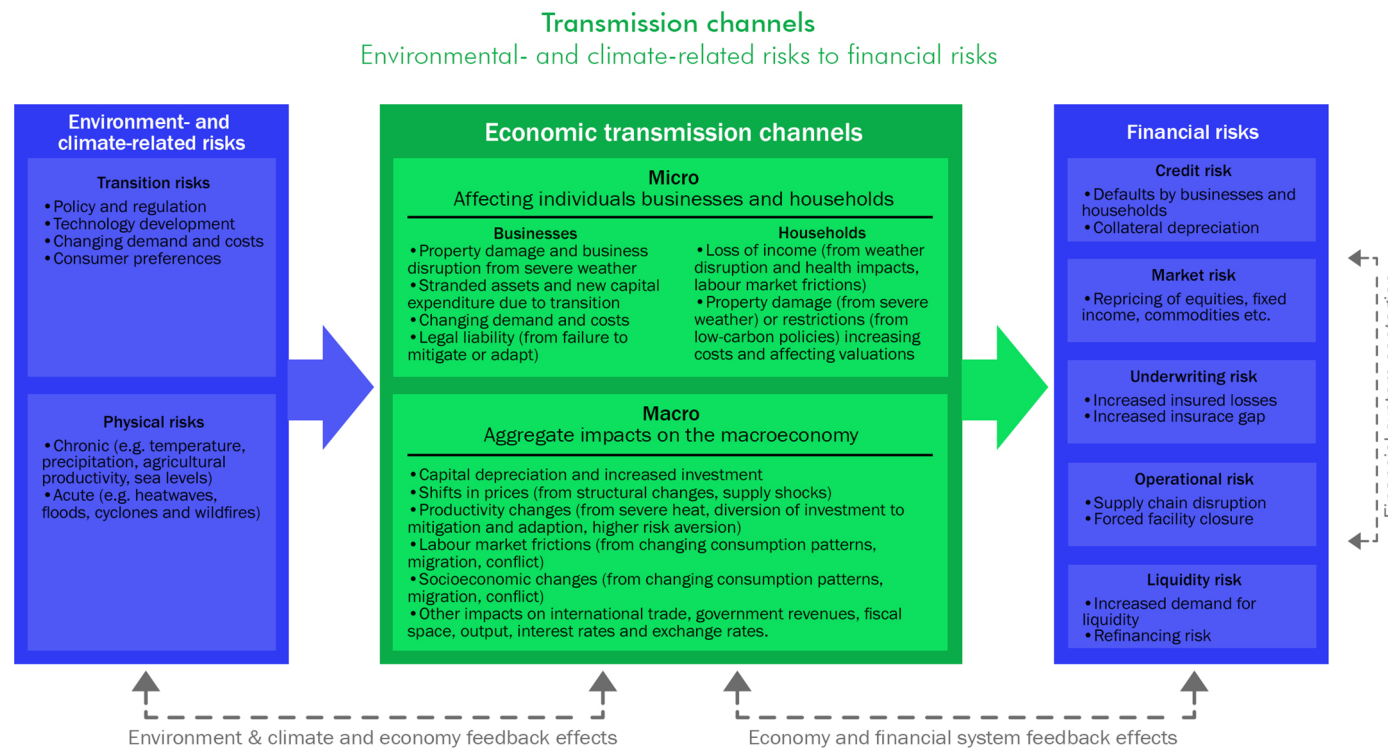
In identifying the Risk Appetite and Strategy of the bank on its E&S Risk, a working Committee, duly approved by the Board, has been established to conduct an environmental and social risk assessment as well as project site assessment to determine the Bank's current exposure with E&S risk associated to its credit, operational and investment activities.

It was identified that the bank's overall and aggregate exposure to E&S Risk is deemed low in terms of sensitivity to environmental & social issues as well as vulnerability to natural hazards/ climate change. Further, it depicted a zero to none exposure to environmentally critical projects and projects which are likewise deemed to significantly affect the quality of the environment by virtue of being located in Environmentally Critical Areas (ECA).

Given this, the Board gears on maintaining its current direction towards a more sustainable approach in greening the financial system. To fortify our adherence to sustainable finance, the bank adopted the International Finance Corporation exclusion list in defining the type of projects that it will not finance.

We believe that with this commitment, the bank will contribute to sustainable development and growth, bringing its corporate governance to a higher level as it drives for greater Malasakit to the community and the environment.

*IMPACT OF E&S RISK TO THE BANK

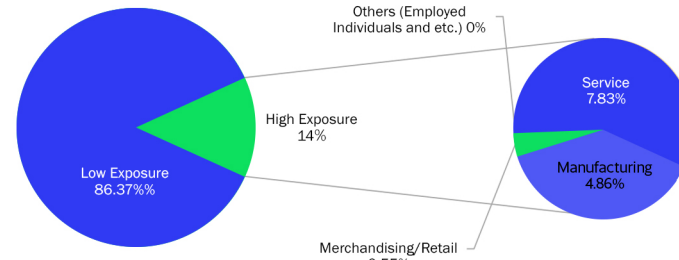


Source: Adapted from NGFS (2020c)

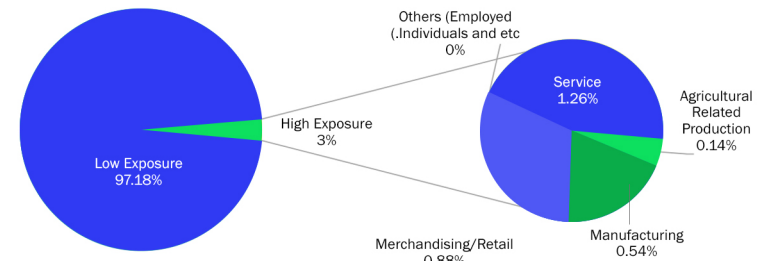
INDUSTRY EXPOSURE TO E&S RISK

The bank identified its E&S exposure per industry using the Project Categorization and Project Site Assessment metrics. Based on the result, the bank has low exposure in terms of project categorization since all project financed are deemed unlikely to cause significant adverse impact on the quality of the environment. In terms of Project site assessment, the bank identified business and collateral exposure of its existing portfolio against vulnerability to natural hazards. The graph shows the bank's exposure to certain hazards as follows

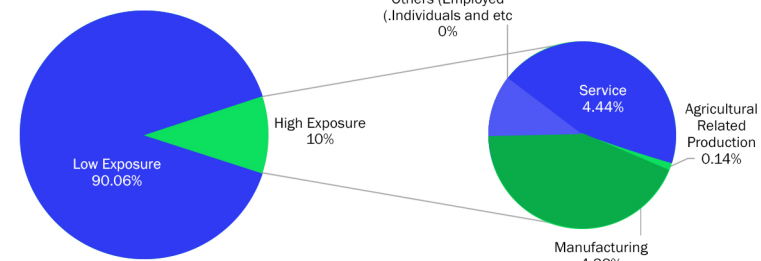
Sum of Liquefaction



Sum of Lahar



Sum of Flood



Industry Classification	%	Project Categorization E&S Risk Exposure
Agricultural Related Production	1.78%	*Low
Manufacturing	13.21%	*Low
Merchandising/Retail	17.11%	*Low
Others (Employed Individuals and etc.)	17.08%	*Low
Service	50.82%	*Low
Total	100.00%	

*Based on the Risk Assessment conducted by the bank all projects financed by the bank were either Category C and/Category D (Category C - Projects or undertakings not falling under Category A or B which are intended to directly enhance the quality of the environment or directly address existing environmental problems)
Category C - Projects or undertakings not falling under Category A or B which are intended to directly enhance the quality of the environment or directly address existing environmental problems)

OVERVIEW OF THE E&S RISK MANAGEMENT SYSTEM

In 2025, the Board approved the Environmental and Social Risk Management System which articulates the bank's policies, procedures and tools to identify, assess, monitor and mitigate exposures to E&S risks. The approval of the same aims to support the development and implementation of appropriate measures and approaches in line with the expectations set out under BSP Circular Nos. 1085, 1128 and 1149. In line with this, the ESRMS of Porac Bank, at a minimum, covers the following areas:

- The Role of the Board of Directors and Senior Management in institutionalizing and overseeing the adoption and implementation of sustainability principles, including those covering E&S risk areas, corporate governance and risk management frameworks as well as in the strategic objectives and operations of the bank.
- The level of E&S risk appetite of the bank on E&S risk commensurate with the level of E&S risk associated with the bank's portfolio.
- Clear guidance in assessing E&S risks in the bank's operations, products and services, transaction, activities, and operating environment.
- Tools for monitoring E&S risks as well as the compliance of the bank and its counterparties with sustainability-related standards, laws and regulations and tools for assessing identified E&S risks and for considering the same in the aggregate exposures of the bank.
- Measures that should be taken in case of breaches in limits or thresholds or non-compliance with sustainability-related standards, laws and regulations.
- Integrating the E&S risks in stress testing exercises covering both short-term and long-term horizons following the principles and requirements provided under Sec. 151 of the MORB. The results of the stress testing shall feed into banks' capital and liquidity planning and management exercises as well as in the business continuity and disaster recovery plans.
- The unit or personnel responsible for overseeing the management of E&S risks including the duties and responsibilities of all personnel in managing E&S risks.

SUSTAINABILITY REPORT

MACCII ENVIRONMENTAL EXCELLENCE AWARD:



Porac Bank remains committed to responsible banking and meaningful community engagement. In 2025, we continued to advance financial inclusion, financial literacy, and sustainability initiatives—efforts that complement our long-term digital strategy. This commitment was recognized during the year when Porac Bank received the **MACCII Environmental Excellence Award** at the MACCII Green Summit held at Widus Hotel, Clark. The award affirms the Bank’s initiatives in sustainable finance and environmental stewardship, including solar-powered branches, reforestation programs, and support for clean energy-related lending.



KWENTONG MALASAKIT



PB SALES TEAM AT BAHAY PAGIBIG AND MUNTING TAHANAN NG NAZARETH

With willing hearts, the PB Sales Team headed by BSH Tani Pinpin volunteered their time and shared their blessings with the beneficiaries of Bahay Pagibig and Munting Tahanan ng Nazareth. Through simple yet meaningful gifts, they brought joy, care, and compassion. Kudos to you our dear Managers, Sales Officers and FDC area Heads!

#WeArePoracBank #VoluntaryService #CommunityCare



EMPOWERING OUR PEOPLE



BUILDING PARTNERSHIP

COIA 3RD ANNUAL CONVENTION

Chief Compliance Officer Emily Guanzon and Internal Auditor Ana Teresa Banawa represented Porac Bank at the 3rd Annual Convention of the Compliance Officers and Internal Auditors Association (COIA), held on February 24–25, 2025, at the Manila Prince Hotel. The event served as a platform for knowledge-sharing and strengthening compliance and audit practices across financial institutions.

PB JOINS JOB FAIRS AT HAU AND CCA

At Porac Bank, we are committed to building meaningful connections and investing in the future of our workforce. This year, we proudly joined other prestigious companies and establishments in two significant events, the HAU Annual Job Fair and the City College of Angeles Job Fair. Both of which provided valuable platforms to connect with aspiring professionals and share the many opportunities that await within our organization.

ANGEL NETWORK ROADSHOW

AVP for Organizational Development Paul Jaranilla, AVP for HR/Admin Cynthia Gutierrez, and Financial Planning and Investment Head Zoren Capitulo represented Porac Bank at the RBAP Angel Network Roadshow held on May 29–30, 2025, at Widus Hotel, Clark.

The event highlighted digital innovations and strategic collaborations to advance rural banking and promote financial inclusion.



MALASAKIT IN THE WORKPLACE



Hereunder is a roadmap of the various events and activities organized and executed by the HR Department in Year 2025.

ACTIVITIES 2025

ANNUAL GENERAL ASSEMBLY

Porac Bank's 5th General Assembly, held virtually on 26 March 2025, marked another milestone for the organization with an impressive 93% attendance rate. This high level of participation reflects the continued commitment and engagement of the Bank's workforce.

President and CEO Lourdes Connie Tayag led the assembly, where she proudly shared the Bank's significant accomplishments in 2024. She underscored the collective effort behind these successes, stating, "Porac Bank thrives because of its people." Her message reinforced the crucial role each employee plays in the Bank's ongoing journey of growth and excellence.

1ST ANNUAL PRESIDENT'S RUN

Porac Bank's 1st Annual President's Run, held on July 5, 2025, was a success despite the rainy weather. Employees showed up, pushed through the rain, and completed the run together—cheering, laughing, and supporting one another along the way.

The event highlighted teamwork and camaraderie, with participants helping each other from start to finish. More than a physical activity, it was a simple but meaningful reminder of the strength of the Porac Bank community.



ANNUAL BOWLING COMPETITION

At Porac Bank, we believe that fostering camaraderie and promoting well-being are essential to building a strong, connected organization. In line with this, we recently held our 2nd Annual Bowling Meet last March 1, 2025, at SM Clark Bowling Center, an event designed to bring fun, relaxation, and teamwork to the forefront.

It was a memorable, stress-free day where team members came together in the spirit of friendly competition. All participants were recognized with cash prizes and enjoyed a well-deserved unlimited buffet lunch at Cabalen's Resto.

This event reflects our ongoing commitment to creating a positive and engaging workplace, one that values balance, team spirit, and the simple joy of spending time together outside of work.

AFTERGLOW 2025 - PB YEAR END PARTY

Coachella feels, team spirit, and one unforgettable night! Last Friday (December 05, 2025), the Porac Bankers gathered for Afterglow 2025, celebrating milestones, teamwork, and the vibrant energy that carries us forward. Cheers to a spectacular year and even more amazing days to come!

#Afterglow2025 #CoachellaVibes #PoracBank #YearEndParty2025

PB FIRST HEALTH FAIR

Porac Bank's First Annual Employee Flu Vaccination and Health Fair was well attended, providing free flu shots and health screenings—demonstrating management's commitment to employee well-being and a healthier workplace.

EMPLOYEE APPRECIATION

At Porac Bank, we celebrate YOU, our hardworking team members who drive our mission forward every day. To strengthen camaraderie, boost morale, and support a healthy work-life balance, management is granting a budget per employee for biannual team get-togethers, whether it's a dinner or a fun outing with your Branch.



HR TRAININGS

ANNUAL CYBERSECURITY AWARENESS TRAINING

Porac Bank successfully held its Annual Cybersecurity Awareness Training with 158 employees in attendance, reinforcing that cybersecurity is a shared responsibility and strengthening our commitment to protecting the Bank from financial and reputational risks.

FINTECH FOR INCLUSION PHASE 2 WORKSHOPS

From June 18–20, 2025, Porac Bank participated in the Phase 2 Workshops of the FinTech for Inclusion Transformation Program, focusing on project knowledge transfer and capability development for rural financial institutions.

RBAP SEMINAR ON ADVANCED APPRAISAL

Hays Mata and Jerickson Mandap attended the RBAP Seminar on Advanced Appraisal held on March 27–28, 2025, at the RBAP Office in Manila. The training enhanced their expertise in property valuation and credit risk assessment for rural banking.



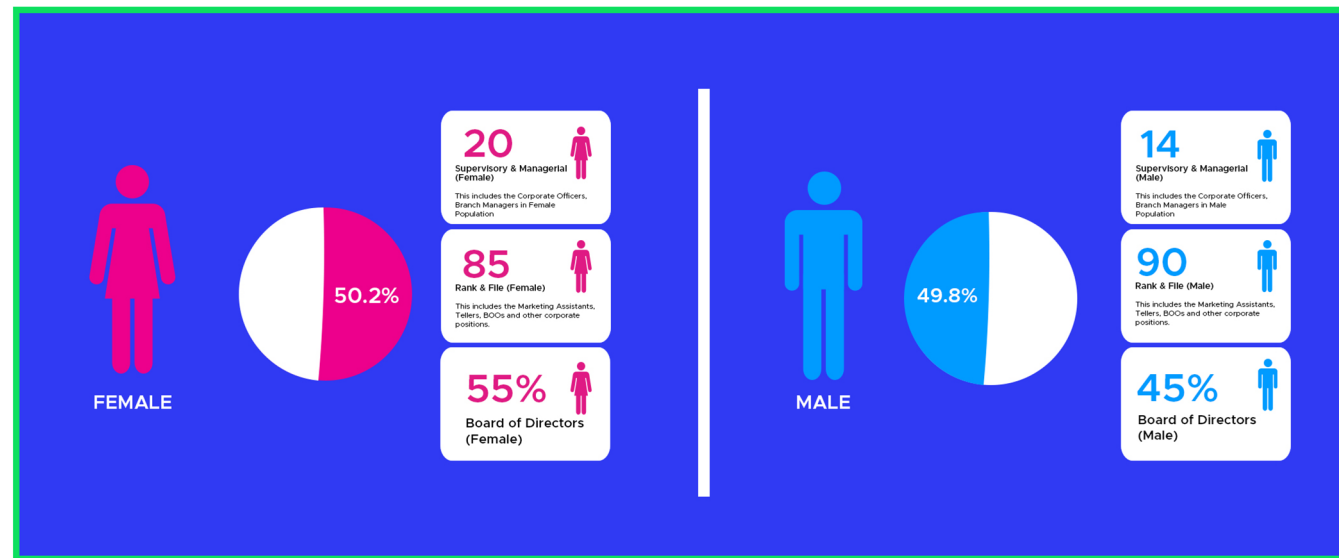
EMBRACING WORKFORCE DIVERSITY

In today's ever-evolving world, the banking industry stands at the forefront of progress and change. As we navigate the challenges and opportunities of the modern era, it becomes increasingly evident that a diverse and inclusive workforce is not just a moral imperative but a strategic advantage. With this in mind, we delve into the significance of workforce diversity and gender equality within a bank, highlighting how these values drive innovation, foster better decision-making, and ultimately lead to long-term success.



Promoting gender equality and diversity at Porac Bank goes beyond hiring practices; it also involves creating an inclusive workplace culture that values and supports all employees. An inclusive environment fosters a sense of belonging, where employees feel comfortable and empowered to contribute their best. It nurtures the growth and development of talent from all backgrounds and ensures that each individual has equal opportunities for career advancement. By creating a level playing field, the bank can attract and retain top talent, enabling it to remain competitive and thrive in the long run.

We believe that by valuing and nurturing a diverse workforce, the bank can harness a range of perspectives, enhance decision-making, better serve their diverse customer base, and create an inclusive environment that empowers and retains top talent. As we look towards the future, it is imperative for banks to recognize the importance of diversity and equality, not only as a moral obligation but as a catalyst for growth, innovation, and long-term success in the ever-changing financial landscape.



209 TOTAL POPULATION

SUSTAINABLE INITIATIVES



The combined initiatives of our loans to MSMEs, the installation of mobile ATMs in our branches to serve the 4Ps beneficiary, and the offering of our KAYA MO! basic deposit products hold significant potential in the fight against poverty. By empowering MSMEs through accessible financing, enhancing financial access with mobile ATMs, and promoting saving habits through basic deposit products, these initiatives address critical barriers to economic growth and financial inclusion. As more individuals and businesses gain access to financial resources and services, the stage is set for sustainable economic development, job creation, and increased household incomes.



Through our Agricultural Loan and partnership with AGFP, we offer accessible financing options tailored to the specific needs of farmers, fisher folks and agribusinesses. These loans provide a pathway to increased agricultural productivity, improved livelihoods, and enhanced food security. It also empowers individuals and communities to contribute effectively to agricultural development, alleviate hunger, and build resilient and sustainable food systems.



We pioneered the launching of the "Sustainability and Energy Savings (SES) Loan" - an additional loan product intended to finance the cost of Solar PV system installation in the house or commercial establishment owned or occupied by our borrowers. With this, we aim to support economic growth and provide lasting benefit for both our clients and society while reducing pressure to the environment.



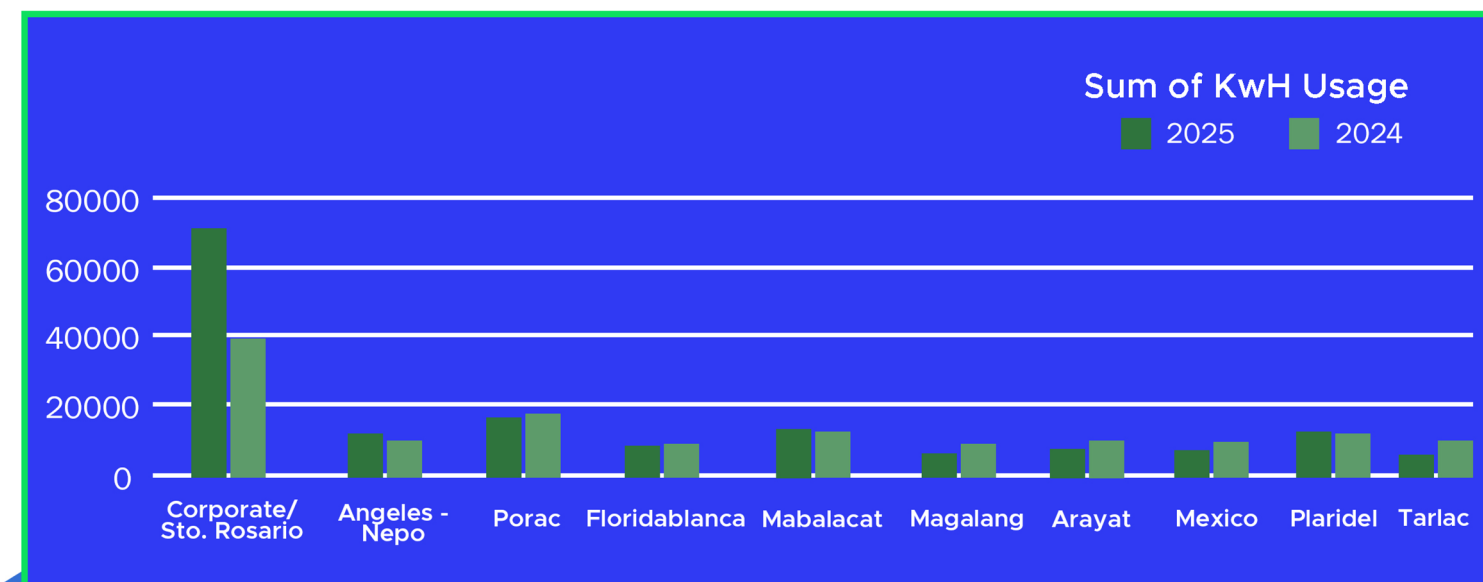
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With our unwavering commitment to comply with AML and CTF regulations, Porac bank contributes to SDG 16 by combating illicit financial flows, strengthening legal frameworks, enhancing financial transparency and integrity, and promoting international cooperation and capacity-building. We believe that these efforts support the development of peaceful, just, and strong institutions at national and global levels.



Here at Porac Bank, we believe that the development, implementation and continuous improvement of our Sustainable Finance Framework (SFF) and the integration of the Board-approved ESRMS into our operations and risk management system is a testament of our commitment to climate action. One of our objective is to uphold our commitment to sustainability and simultaneously secure the long-term success of our business. As such, we consistently strive to diminish the impact our business operations have on the environment by effectively monitoring our energy consumption as follows:



OUR BRANCHES



CORPORATE/HEAD OFFICE

Priser Building Cor. Flora Ave., Sto. Rosario St.,
Angeles City, Pampanga
(045) 652-0496 129 142 and 147



PORAC BRANCH

General Luna St., Cangatba, Porac, Pampanga
(045) 652-0496 local 215 to 218



ANGELES BRANCH

Rizal Ext. Angeles City, Pampanga
(045) 652-0496 local 201 to 202



ANGELES-BALIBAGO BRANCH

Lot 2, Bayanihan Park, M.A. Roxas St., Malabánias,
Angeles City, Pampanga
(045) 652-0496 local 203 to 204



MAGALANG BRANCH

San Pedro I, Magalang, Pampanga
(045) 652-0496 local 208 to 209



MABALACAT BRANCH

Lot 1 Blk 2, Casmor Mabiga, Mabalact, Pampanga
(045) 652-0496 local 205



TARLAC-TARLAC BRANCH

RHC Bldg. Hilario Corner M.H. Del Pilar Street, Ligtasan, Tarlac City
(045) 652-0496 local 220



STA. RITA BRANCH

Calzon Bldg., San Matias, Sta. Rita, Pampanga
(045) 652-0496 local 222



FLORIDA BLANCA BRANCH

Sta. Maria, Cor. Rizal St., Poblacion, Florida Blanca,
Pampanga
(045) 652-0496 local 210 to 211



ARAYAT BRANCH

Plaza Luma, Arayat, Pampanga
(045) 652-0496 local 212 to 214



DOLORES-CSFP BRANCH

Emerald Business Center, McArthur Hi-way, Dolores,
City of San Fernando, Pampanga
(045) 652-0496 local 207



MEXICO BRANCH

San Antonio, Mexico, Pampanga
(045) 652-0496 local 206



ANGELES-PLARIDEL BRANCH

Plaridel St., Sto. Rosario, Angeles City, Pampanga
(045) 652-0496 local 200



CONCEPCION-TARLAC BRANCH

Benj-Arl Bldg, N. Dela Patric, L. Cortez St.,
Concepcion, Tarlac
(045) 652-0496 local 219



MANIBAUG-PORAC BRANCH

#25 National Road, Manibaug, Paralaya, Porac
Pampanga
(045) 652-0496 local 221



CALULUT-CSFP BRANCH

58-A-3, Calulut, City of San Fernando, Pampanga
(045) 652-0496 local 223