ANNUAL REPORT 2023

SERVING THE COUNTRYSIDE
SINCE 1960



First Tagum Rural Bank, Inc. is regulated by the Bangko Sentral ng Pilipinas

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ANNUAL REPORT 2023

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OUR VISION

"We are a Reliable Financial partner of Micro, Small, and Medium Enterprises (MSME)."

OUR MISSION

We offer varied financial services suited to the capacity and needs of our customers. Our staffs are capable and well trained professionals. We adhere to government rules and regulations; support the communities where we are located.

CORE VALUES

PROFESSIONALISM

INTEGRITY

LOYALTY

EXEMPLARY

SOLIDARITY

BANK'S BRAND

The bank is committed to ensuring customer satisfaction through its range of products and services. To enhance its product offerings, the bank has introduced improved personalized services, competitive rates on deposits, exclusive access to the bank's business center, and membership to a privileged depositors club. In a market environment marked by thin margins and fierce competition, the bank is adopting a more targeted strategy that places emphasis on catering to micro, small, and medium-sized business entrepreneurs. This focused approach allows the bank to promptly address the needs of micro-entrepreneurs.

MESSAGE FROM THE **CHAIRMAN OF THE BOARD**

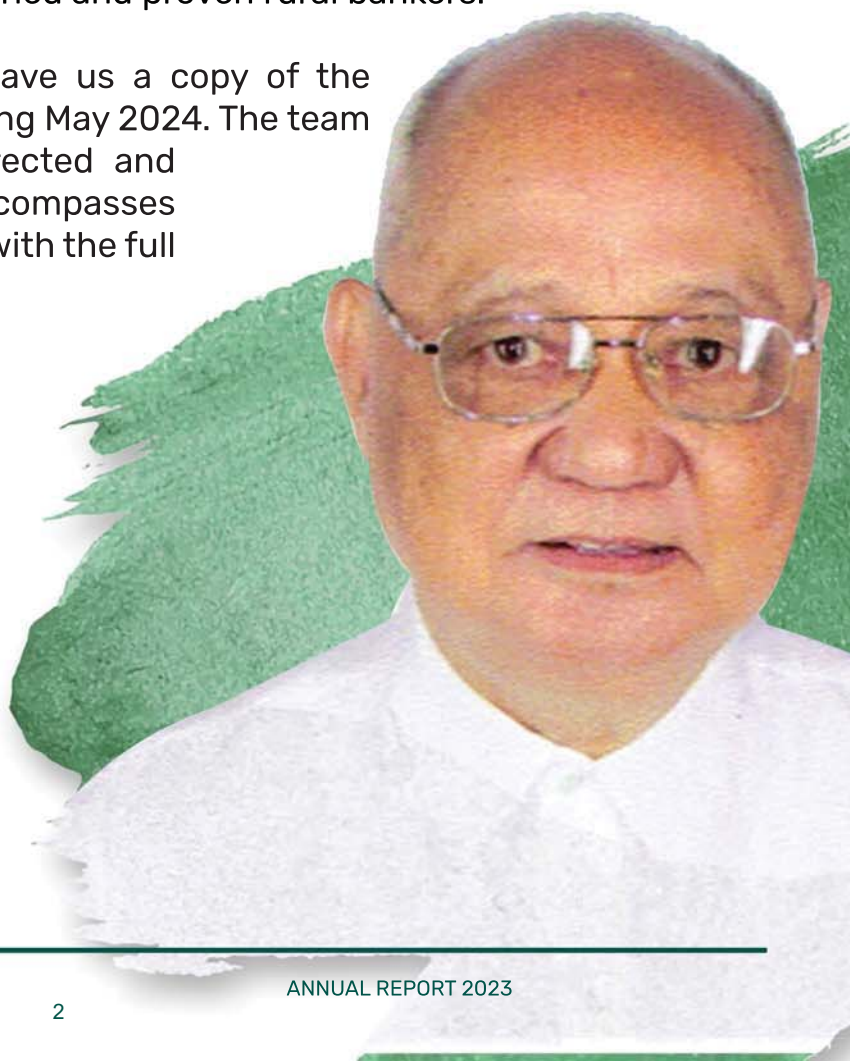
To all our Valued Stakeholders, welcome to our 2024 Annual Meeting.

We are happy to report that our External Auditors reported that our Net Profit Before Income Tax was 24.9% better than 2022. While our core business income increased by only 4%, this was increased by controlling controllable expenses to be 1.25% of operation costs and by liquefying many of our distressed assets.

We view with guarded optimism, the business outlook for 2024. Climate change would be the most formidable challenge. Our country is still dependent on agriculture and as experienced in the earlier months, the effect on our economy was tremendous. Hopefully, the incoming rainy months would be less vicious.

Despite these threats to our operations, we are confident we can overcome! Our key officers are tried and proven rural bankers!

The BSP Examination Team gave us a copy of the results of the examination ending May 2024. The team pointed out areas to be corrected and strengthened. With the compasses provided by the BSP team and with the full support of all the owners of the bank, we project results better than 2023!



BENJAMIN S. GELI
Chairman of the Board

MESSAGE FROM THE **PRESIDENT AND CEO**

It has been an eventful year as we navigate through the challenges brought about by the lingering effects of the pandemic. The economy witnessed a slower growth accompanied by a decline in the purchasing power. Nevertheless, through resilience and adaptability, we have conquered these challenges and emerged stronger than before.

In 2023, we have achieved significant progress towards our goals and objectives. By implementing new strategies, venturing into new markets, and seizing opportunities for growth, we have demonstrated our commitment to innovation and continuous improvement in our products and services.

During the year, the bank has achieved a remarkable 21.8% increase in net income and reached to an amount of Php 25.2 million. This growth has also positively impacted our Earnings per Share for the year which amounted to Php 8.69 per share compared to Php 7.13 in 2022, reflecting the bank's strong performance and commitment to delivering value to our investors. Despite a 10.63% increase in gross expenses from the previous year, our gross income has shown substantial growth at 12.39%. This balance between managing expenses while driving income growth demonstrates our focus on operational efficiency and sustainable financial performance.

We are proud to announce that the bank has maintained its position as one of the Top 50 Billionaire Rural Banks in the Philippines. Additionally, we have secured a spot as one of the Top 5 Rural Banks in Mindanao in terms of income generation. These accomplishments reflect the dedication and hard work of both our management team and employees. Furthermore, our efforts have been recognized through improvements in our Return on Assets and Equity, which have increased by 15.38% and 14.70% respectively, showcasing our commitment to maximizing shareholder value. Notably, our Capital Adequacy Ratio stands at an impressive 29.94%, marking a remarkable increase of 12.73% from the previous year and surpassing the BSP's requirement by a significant margin of 16 points.

In light of these outstanding results, we are delighted to announce that the bank has successfully distributed dividends to all shareholders for the first time in over sixty years, during the early part of 2024. This milestone not only highlights our unwavering dedication to delivering value to our esteemed investors but also demonstrates our steadfast commitment to sustainable growth.

In the early part of the year, we embarked on a strategic initiative to enhance our resources, streamline services, and embrace technological advancements. As part of this goal, we successfully transitioned to our new core banking system, marking a significant moment for the bank.

We are also glad to inform that the bank completed its transition to cloud banking in early 2024, marking a significant milestone towards digital transformation. This change not only enhances our operational efficiency but also reinforces our commitment to providing innovative and secure banking services to our customers. The successful migration to cloud banking is a testament to our dedication to adapt and evolve in an ever-changing financial landscape. By embracing new technologies and modernization of infrastructure, we have better opportunity to meet the evolving needs of our customers and promote sustainable growth for the bank.

Finally, despite the turbulent economic conditions, our unwavering dedication to financial stability and customer satisfaction has remained steadfast. Through prudent risk management and strategic investments, we have not only weathered storms but have also positioned ourselves for sustained growth

and success. Together, let us navigate the challenges ahead and capitalize on the opportunities that lie before us. We look forward to continuing to create value and deliver sustainable returns for all our stakeholders in the years to come!



REYMUND A. PESIAO
President and CEO



OUR HISTORY AND CORPORATE MILESTONE

1960 — 1

Rural Bank of Tagum, Inc. inauguration.

1981 — 2

Mr. Reynaldo I. Reyes acquired the bank. Resource base of the Bank as of that time was P1.2 million.

1992 - 1998 — 3

Opened branches in Nabunturan, Compostela, Sta. Cruz, Digos, Tagum Market, Panabo, Banaybanay.

2008 — 4

Consolidation of Tagum Rural Bank (TRuBank), Inc., First Bay Area Bank (formerly Rural Bank of Malalag (Davao del Sur), Inc. and Rural Bank of Carmen Davao del Norte), Inc. into First Tagum Rural Bank, Inc.

2009 — 5

BSP issued to First Tagum Rural Bank, Inc. (1st TRuBank) a certificate of authority to operate as a rural bank.

Opened a branch in Matina, Davao City.

2010 — 6

1st TRuBank officially commenced its operation with a total Authorized Capital of Php 200 Million.

2013 — 7

Increase in authorized capital stock to P240 Million was approved by the Bangko Sentral ng Pilipinas (BSP) and Securities and Exchange Commission (SEC)..

2014 — 8

Paid- in capital stock increased by P26.04 Million.

2015 — 9

Additional capital infusion with a total amount of P600 Thousand.

OUR HISTORY AND CORPORATE MILESTONE

10

2016

Increase of authorized capital from P240 Million to P320 Million was approved by BSP.

2018

11

Additional common stock of P59.6 million was paid and subscribed, increasing the amount to P290 million.

12

2019

Opened Branch-lite unit in Toril, Davao City.

Relocation of Tagum Market branch to Tibal-og, Sto. Tomas, Davao del Norte.

2020

13

Opened Branch-lite unit in Sulop, Davao del Sur.

14

2021

Opened Branch-lite unit in Bansalan, Davao del Sur.

2022

15

Opened Branch-lite unit in Samal, Davao del Norte.

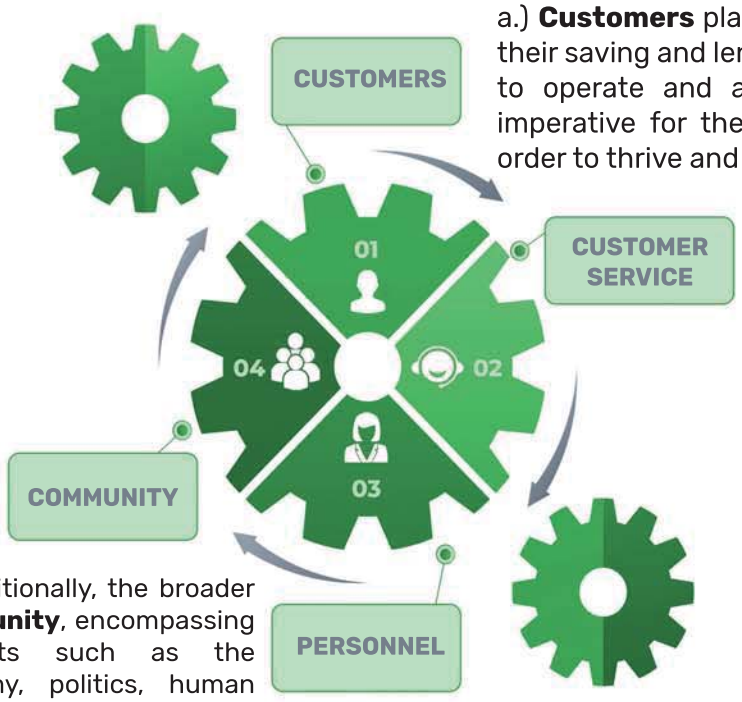
16

2023

Opened Branch-lite unit in Asuncion, Davao del Norte.

BUSINESS MODEL

The success of a bank is dependent on various key components, namely Customers, Customer Service, Personnel, and Community.



a.) **Customers** play a critical role in the bank's success as their saving and lending activities are essential for the bank to operate and achieve its objectives. Therefore, it is imperative for the bank to retain valuable customers in order to thrive and succeed.

b.) In order to cultivate loyalty among customers, the bank must offer high-quality **Customer Service** that effectively addresses their needs and desires. This necessitates having professional and helpful personnel who can efficiently assist customers. It is important for all bank employees, regardless of their role, to interact with customers professionally as this significantly impacts the overall quality of service provided by the bank.

c.) **Personnel** encompasses all human resources within the bank. The behavior of each individual towards customers directly influences the quality of service delivered by the bank as a whole. Therefore, personnel should demonstrate professionalism and helpfulness when assisting customers. In order to achieve this, the recruitment, orientation, training, and character development processes for personnel should be of high quality.

d.) Additionally, the broader **Community**, encompassing elements such as the economy, politics, human resources, and other factors, also plays a crucial role in the bank's performance. The state of society has a direct impact on the bank's operations. To enhance customer value and satisfaction, banks must deliver excellent customer service, especially during challenging periods.

In conclusion, the bank is committed to retaining valuable customers by providing exceptional customer service that meets their needs and desires. It is essential to invest in recruitment, orientation, training, and development of personnel who can deliver outstanding customer service. Furthermore, the bank's performance and customer value are closely tied to the overall state of society. Therefore, to ensure long-term success, the bank must adapt to societal changes and continue providing superior customer service, particularly during times of adversity.

FINANCIAL SUMMARY

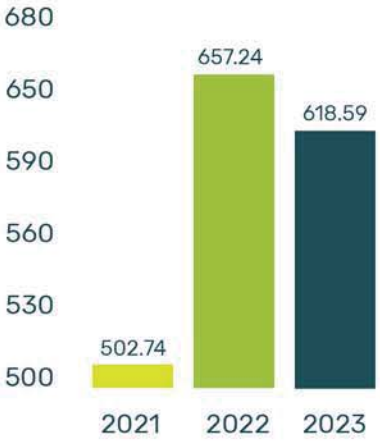
TOTAL ASSETS
(in millions)



EQUITY
(in millions)



GROSS LOANS
(in millions)



DEPOSIT LIABILITIES
(in millions)



FINANCIAL SUMMARY

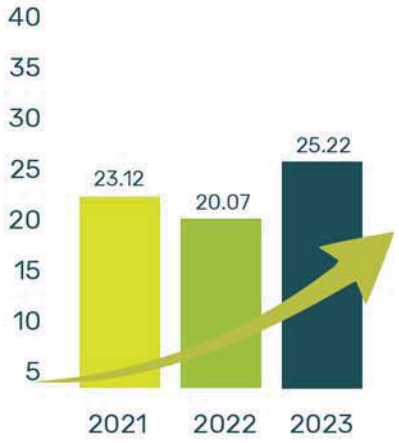
GROSS INCOME
(in millions)



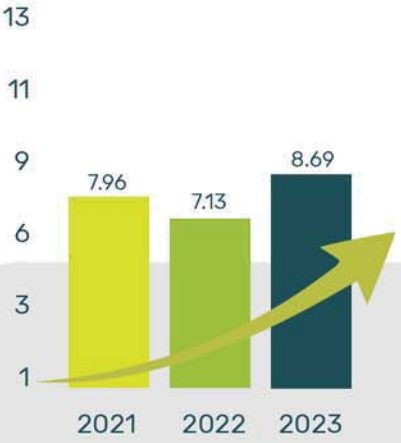
GROSS EXPENSE
(in millions)



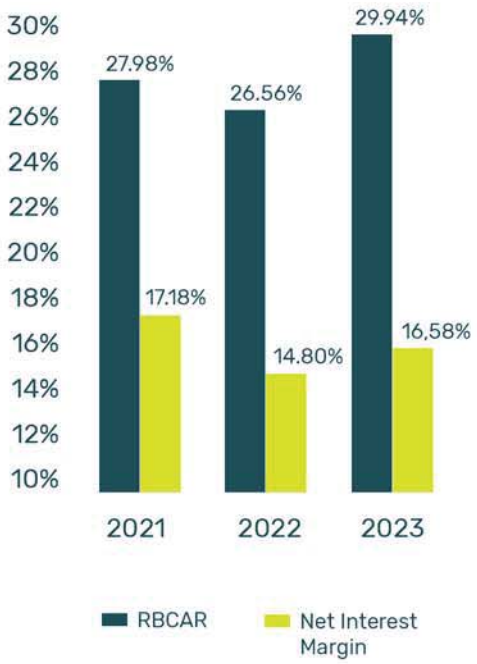
NET INCOME
(in millions)



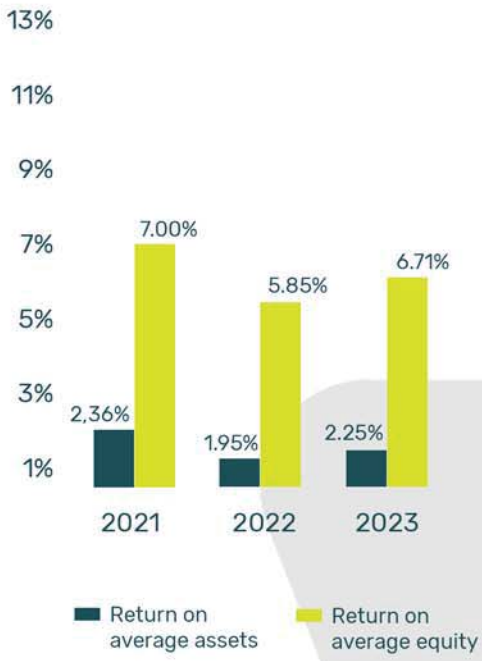
EARNINGS PER SHARE
(in millions)



FINANCIAL SUMMARY







FINANCIAL SUMMARY

Particulars	Industry Average	1st TRuBank Ratio (12.31.2023)
Past Due Ratio	9.27%	10.11%
NPA to Gross Assets	6.25%	11.95%
Liquid Assets to Deposit Ratio	47.44%	43.04%
Return on Assets (ROA)	2.25%	2.25%
Return on Equity (ROE)	12.15%	6.71%
Funding Cost	2.46%	1.68%
Cost to Income Ratio	68.60%	81.62%
Capital Adequacy Ratio	18.77%	29.94%
Total Capital Accounts to Total Assets	18.39%	34.78%

Particulars	2023	2022
Profitability		
Total Net Interest Income	114,736,097	104,450,237
Total Non-Interest Income	22,461,187	18,850,155
Total Non-Interest Expenses	(106,006,719)	(102,603,804)
Pre-provision Profit	31,190,565	20,696,588
Provision	(5,973,167)	-
Net Income	25,217,398	20,696,588
Selected Balance Sheet Data		
Liquid Assets	216,414,664	254,019,856
Gross Loans	618,590,299	657,236,721
Total Assets	1,109,117,179	1,128,639,494
Deposits	572,532,963	597,607,084
Total Equity	385,742,505	366,246,264
Selected Balance Sheet Data		
Return on Equity	6.71%	5.85%
Return on Assets	2.25%	1.95%
Capital Adequacy Ratio	29.94%	26.56%

CORPORATE INFORMATION



CLIENTS AND SAVERS
14,534



CLIENTS AND LOANS
2,098



LOANS RELEASED
Php 343M



CTDs AND SAVINGS
Php 573M



LOAN PORTFOLIO (Gross)
Php 619M



NET INCOME
Php 25M

CORPORATE INFORMATION



EARNINGS PER SHARE
Php 8.69



HEAD OFFICE
1



BRANCHES
11



BRANCH-LITE
5



PARTNER BANKS
LBP, RCBC, AUB, PSBC,
BDO Network Bank, Union Bank



STAFF
113

BOARD LEVEL COMMITTEES

AUDIT COMMITTEE

BENJAMIN B. WONG
CHAIRMAN

EDUARDO A. BANGAYAN
MEMBER

JOSEPHINE S. ANTES
MEMBER

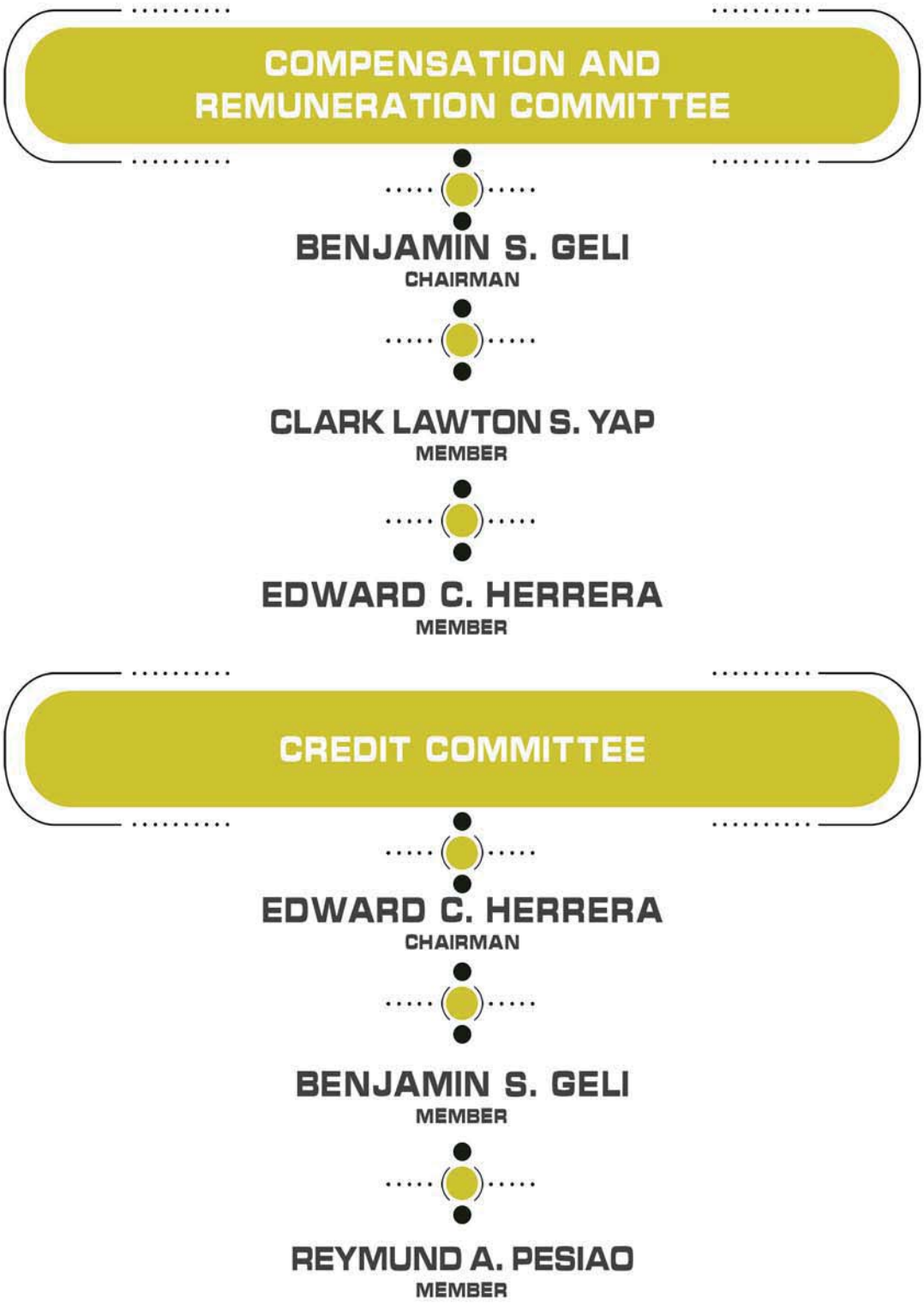
NOMINATION COMMITTEE

BENJAMIN B. WONG
CHAIRMAN

CLARK LAWTON S. YAP
MEMBER

EDWARD C. HERRERA
MEMBER

BOARD LEVEL COMMITTEES



BOARD OF DIRECTORS



BENJAMIN S. GELI
Chairman of the Board



EDWARD C. HERRERA
Vice Chairman/Treasurer



CLARK LAWTON S. YAP
Director



EDUARDO A. BANGAYAN
Director



BENJAMIN A. WONG
Independent Director



JOSEPHINE S. ANTES
Director



REYMUND A. PESIAO
Director

BOARD OF DIRECTORS' PROFILE

BENJAMIN S. GELI – Chairman of the Board

He has been an independent director of the bank since 2003. He was elected as the Chairman of the Board in May 2016 and was further appointed as Acting President/CEO in August 2016. He holds a Bachelor of Science degree in Business Administration from the University of the East. In 1961, he achieved the rank of No. 14 in the CPA Licensure Examination. He completed all academic requirements for an MBA from Ateneo de Davao University, passed the comprehensive examination, but has not yet submitted a thesis. His professional experience includes being an audit staff at SGV from 1962 to 1965, and a District Manager at Firestone Tire and Rubber Co. from 1967 to 1990. Additionally, he co-founded Silangan Multi-Purpose Cooperative in 1990 with fraternal friends, where he served as General Manager from 1996 to 2013. As of December 2023, he holds 0.6%, or a total of 1,597 common shares.

EDWARD C. HERRERA – Vice Chairman/Treasurer

He has been a Director of the Bank since 2011. He graduated with a Bachelor of Science degree in Mechanical Engineering from Mapua Institute of Technology in 1982. From 1983 to 2000, he held the position of Sales Manager at Davao General Hardware. Additionally, he is a stockholder and Corporate Secretary of Davao General Hardware Co. since 1983 and was the Managing Director of Walton & Company Inc. in 1998. In 2001, he became the Managing Director of Norland Bottling Inc., and in 2008, Davao Special Italian. He also served as the VP for Finance at Davao Reach Global and as the Chairman at Firenzo Property Development Inc. As of December 2023, he holds 0.6%, or a total of 1,599 common shares.

CLARK LAWTON S. YAP – Director

He served as a Director of the Bank from 2003 to 2013. Subsequently, in June 2021, he was re-elected as a Director of the Bank. Additionally, he holds positions as a Stockholder and Corporate Secretary of Felcris Hotels and Resorts since 2007. He also serves as the President of Clybros Merchandising since 2011. He obtained a Bachelor of Commerce degree with a major in Business Management from Kwantlen Polytechnic University in 2001. As of December 2023, he holds 8.21%, or a total of 238,096 common shares.

EDUARDO A. BANGAYAN – Director

He graduated with a degree in Business Administration from Siliman University in 1973. Since 2015, he has been a Director of the Bank. In addition, he is a stockholder and Vice President of New Leyte Edible Oil since 1994 and Davao Sunrise and Development since 1995. Furthermore, he holds the position of President at Summit World Group of Company since 1996 and previously served as an Independent Director of Manila Mining Corporation in 1995. As of December 2023, he holds one (1) common share.

BOARD OF DIRECTORS' PROFILE

BENJAMIN A. WONG – Director

He has served as an Independent Director of the bank since 2016. He holds both a Bachelor of Science in Nursing from Centro Escolar University and a Bachelor of Laws from Ateneo de Davao University and University of Mindanao. Previously, he worked as In-House Counsel at Davao Central Warehouse Club, Inc. from 2003 to 2007. The majority of his professional experience has been in government roles, including serving as a Legal Aide for the City of Davao from 1997 to 2001, an Officer-in-Charge at the City Cooperative Office in the City of Davao from 2001 to 2003, and as a Councilor of the Municipality of Sta. Maria from 2007 to 2010. He was re-elected and serves as the Councilor of the same municipality in 2013 until 2016. As of December 2023, he holds 510 common shares.

JOSEPHINE S. ANTES – Director

She has been a Director of the bank since 2003. Additionally, she is a stockholder and Corporate Secretary of Davao Central Convenience Store, Inc. since 1997 and Boulevard Foodmart, Inc. since 2008. She earned a Bachelor of Science in Commerce with a major in Accounting from Holy Cross of Davao College, Inc. She is also an active member of the Philippine Institute of Certified Public Accountants (PICPA). As of December 2023, she holds 0.02%, or a total of 543 common shares.

REYMUND A. PESIAO – Director / President and CEO

He holds a degree in Computer Engineering (1996) from the University of Cebu and completed units towards a Master in Business Administration (2010) at Southern Philippines Agri-Business and Marine and Aquatic School of Technology. His tenure at the bank began in 2004 as a Loan Collector/Credit Investigator/Appraiser. His tenure at the bank began in 2004 as a Loan Collector/Credit Investigator/Appraiser. He steadily rose through the ranks within the organization, holding roles such as Officer-in-Charge and Branch Manager in 2006, South Cluster Head in 2010, Vice President for Branch Banking Group in 2013, and assuming the role of President & CEO in January 2021 following the retirement of the former President. He holds a total of 220 common shares as of December 2023.

OFFICERS' PROFILE



CAESAR S. EUROPA
Corporate Secretary



JANEATH K. BAÑARES
Chief Compliance Officer



GERONIMO S. PADAS
Head,
Internal Audit Department



JAY-AR CLARK P. BENTULAN
Head, MIS Department



LIZEL S. JUAN
Manager,
Human Resource Department



NOVA FAITH A. BANAC
Comptroller



ROSITO A. CORPORAL, JR.
Manager, Treasury Department

OFFICERS' PROFILE



CHARMAINE Q. PALOMA
Manager,
Corporate Accounting
Department



KRISTINE JOY L. SACRO
Head, Loan Administration Dept



RAYMOND M. ROSAL
South Cluster Head



MONICO S. LOMBISO
North Cluster Head



JOEL J. PALEN
Head,
ROPA & Remedial Department



JEFFREY G. CALLEDO
Chief Safety & Security Officer
Bank Security

OFFICERS' PROFILE

CAESAR S. EUROPA – Corporate Secretary

He has served as the Corporate Secretary of the bank since 2009, bringing with him a unique combination of qualifications as a Certified Public Accountant (CPA) and Lawyer. He obtained his Bachelor of Science in Commerce Majoring in Accounting from Ateneo de Davao University in 1990, followed by a Bachelor of Laws degree from the same institution in 1995. In addition to his role at the bank, he also holds ownership shares in several Philippine private companies, where he serves as the Corporate Secretary including Seabren Security Agency, Seagull Beach Resort, AB&T Resources Corporation, and NIS Motors Corporation. Furthermore, he is the owner and Treasurer of 24-K Accounts Consultant, as well as the Legal Counsel of Omerta International Corporation.

JANEATH K. BAÑARES – Chief Compliance Officer

Having graduated with a Bachelor of Science majoring in Management Accounting and a Bachelor of Laws from Ateneo de Davao University in 2002 and 2004 respectively, she furthered her education by earning a Juris Doctor degree in 2008 from the University of Mindanao. Prior to joining the bank in 2013, she gained experience as a Customer Service representative at G-Com Ltd (Asia Pacific) in 2006, and later served as the Board of Directors Clerk at Tagum Cooperative in 2011. Upon joining the bank, she started as a Compliance Staff and concurrently held the position of Assistant Corporate Secretary from 2017 to 2018. In the latter part of 2022, she was appointed as the Chief Compliance Officer.

GERONIMO S. PADAS – Head, Internal Audit Department

He earned a Bachelor of Science in Business Administration majoring in Financial Management from the University of Mindanao in Tagum City in 2014. His journey with the bank began in the same year as a Loan Staff member at the Tagum Market branch, before transitioning to being a staff in the Internal Audit Department (IAD) in the first half of 2016. As of February 2022, he has been serving as the Head of the same Department.

JAY-AR CLARK P. BENTULAN – Head, MIS Dept.

Upon joining the bank in 2016, he started as a staff in the Management Information System Department. He completed his Bachelor of Science in Information Technology at AMA Computer Learning Center in Tagum City in 2015. In the third quarter of 2021, he was appointed as the Head of the department.

OFFICERS' PROFILE

LIZEL S. JUAN – Manager, Human Resource Department

She graduated with a Bachelor of Science in Commerce majoring in Banking and Finance from the University of Mindanao in Tagum City in 2001, and later completed her Master in Business Administration at the same school in 2010. Her tenure at the bank commenced in 2002 as part of the Head Office Staff within the Treasury Department. In 2006, she pivoted to the role of Payroll/Human Resource Staff before being promoted to Human Resource Manager in 2012.

NOVA FAITH A. BANAC – Comptroller

A scholar of the bank since 2009, she obtained degrees in Bachelor of Science in Accounting Technology (2013) and Accountancy (2014) from the University of Mindanao in Tagum City. Following her successful completion of the CPA Licensure Examination in 2014, she joined the bank and initially served as Comptroller Staff. By the latter part of 2016, she was appointed to the position of Head of the Comptrollership Division.

ROSITO A. CORPORAL, JR. – Manager, Treasury Department

A graduate of Bachelor of Science in Accountancy from St. Mary's College, Tagum City in 1997, he went on to earn a Master's Degree in Business Administration from the University of Mindanao, Tagum City in 2013. He began his career at the bank in 1999 as a Collector and progressed to become the Supervisor of Collectors for Microfinance in 2001. Over the years, he assumed various roles including Head Office Staff (2004), Treasury Staff (2007), and Corporate Accounting Department Staff (2010) before being appointed as Head of the Remedial Department in 2013. By 2015, he held the position of Head of both the Remedial and Real and Other Properties Acquired (ROPA) Departments, followed by an assignment as Officer-in-Charge of Tagum Main in 2017. Having served as a Loan Analyst in 2019 and as a Treasury Staff member in 2021, his journey culminated in his appointment as Manager of the Treasury Department following the retirement of Mr. Bilbao in 2022.

CHARMAINE Q. PALOMA – Manager, Corporate Accounting Department

She holds a Bachelor of Science degree in Accountancy from St. Mary's College, Tagum City, graduating in 2013. Joining the bank as a Branch Accounting Bookkeeper in 2014, she transitioned to being a staff in the Corporate Accounting Department at the Head Office in 2017. Currently, she has been appointed as the Manager of the same department, succeeding Mr. Escoto upon his retirement in 2022.

OFFICERS' PROFILE

KRISTINE JOY L. SACRO – Head, Loan Administration Dept.

She graduated with a Bachelor of Science in Business Administration majoring in Human Resource Management from the University of Mindanao, Tagum City in 2012. Before joining the bank, she worked as a Product Specialist at Imperial Appliance Plaza, Tagum City for one year in 2014. Subsequently, she served as an Accounting Staff at the same company until the end of 2016. Her tenure at the bank commenced in 2018 as a Loan Staff at the Tagum Market branch, progressing to the role of Loan Analyst in late 2020. In November 2021, she was appointed as Head of the Loan Administration Department.

RAYMOND M. ROSAL – South Cluster Head

A graduate of Bachelor of Science in Accounting Technology from the University of Mindanao, Digos City in 2013, he began his career at the bank in 2014 as a Branch Loans Bookkeeper. Within two years, he transitioned to the role of Internal Auditor. In late 2017, he assumed the position of Manager at the Sta. Cruz Branch. Since June 2022, he has been overseeing branches within the South Cluster.

MONICO S. LOMBISO – North Cluster Head

Having graduated with a Bachelor of Science in Accountancy from the University of Mindanao in Tagum City in 2004, he joined the bank as a Branch Collector in 2006. Progressing within the organization, he was assigned as a Branch Accounting Bookkeeper in 2010 and later served as a Finance Staff followed by a designation as a Tax Specialist until 2019 when he assumed the role of Branch Manager. From the latter part of 2023, he has been responsible for overseeing branches within the North Cluster.

JOEL J. PALEN – Head, ROPA & Remedial Department

Since 2010, he has been the Compliance Officer of the bank. Holding a degree in Bachelor of Science in Commerce majoring in Accounting from the University of Mindanao, Tagum City, he previously worked as an Investment Assistant at Davao Cooperative Bank in 1995. Subsequently, he was appointed as Tie-up Manager in 1997 and Branch Manager in 2000. His journey at Tagum Rural Bank, Inc. began in 2000 as an Internal Audit Staff, followed by an appointment as an Accounting Bookkeeper in the same year. Progressing through various roles, he became a Branch Manager in 2003, Treasury Head in 2006, and Comptroller a year later. In 2010, he assumed the Compliance Officer position and eventually took charge of both the ROPA & Remedial Department in 2022.

JEFFREY G. CALLEDO – Chief Safety & Security Officer

He graduated with a Bachelor of Science in Criminology from Rizal Memorial Colleges in 1999 and completed additional coursework towards a Bachelor's in Secondary Education at the Philippine College of Technology in 2018. Prior to joining the bank as Chief Security Officer in 2022, he gained experience as a Human Resource personnel at MI-7 Security Agency, Inc. in 2018.

TRAININGS, SEMINARS AND OTHER ACTIVITIES



BRANCH MANAGERS' MEETING

TRAININGS, SEMINARS AND OTHER ACTIVITIES





RBAP ANNUAL NATIONAL CONVENTION





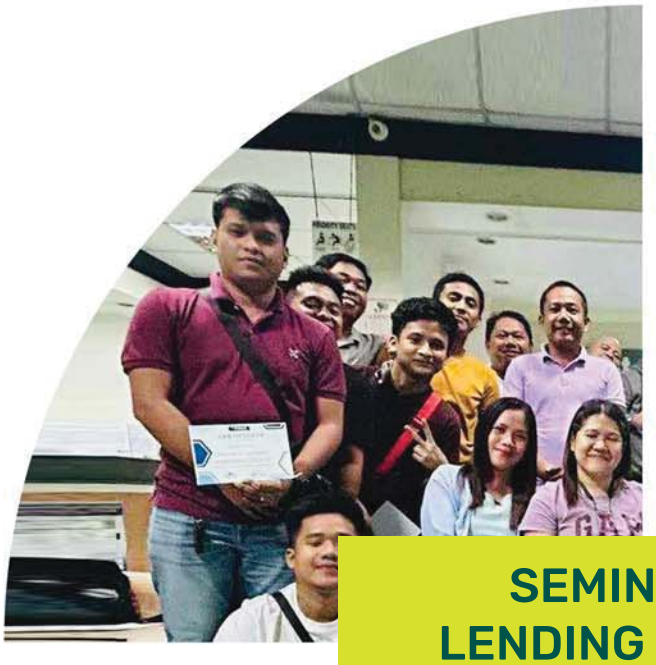
CASH INTERNAL CONTROLS

TRAININGS, SEMINARS AND OTHER ACTIVITIES





SEMINAR ON LENDING OPERATION, IT'S INTERNAL CONTROLS & SUSTAINABLE FINANCE





SEMINAR ON LENDING POLICIES AND PROCEDURES

TRAININGS, SEMINARS AND OTHER ACTIVITIES





STRATEGIC PLAN





TEAM BUILDING

TRAININGS, SEMINARS AND OTHER ACTIVITIES





1st TRuBank 63RD ANNIVERSARY





CHRISTMAS PARTY



CORPORATE
SOCIAL RESPONSIBILITY

Our esteemed bank recently held a heartwarming event at the Haven of Hope orphanage in Digos City. It was a touching display of compassion and social responsibility, showcasing our commitment to giving back to the community and helping those in need.

The event was a profound experience for everyone involved, reminding us of the importance of supporting others. Our bank remains dedicated to such initiatives, aiming to positively impact lives and create lasting memories in our community.

Looking ahead, we are eager for more opportunities to engage with and support our community, fostering a more caring and compassionate society together.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **FIRST TAGUM RURAL BANK, INC.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2023 and December 31, 2022, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Lope Laranjo Bato & Co. CPAs, the independent auditors, appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

BENJAMIN S. GELI
Chairman of the Board

REYMUND A. RESIAO
President & Chief Executive Officer

EDWARD C. HERRERA
Chief Financial Officer/ Treasurer

Signed this 25th day of March 2024

Phone
(084) 216-0308

Mail
customercare@trubank.com

Address
1st TRuBank Bldg., Bonifacio Cor. Rizal St.,
Tagum City, Davao del Norte

REPORT ON THE FINANCIAL STAEMENTS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of First Tagum Rural Bank, Inc., which comprise the statements of financial position as at December 31, 2023 and 2022, and the related statements of profit or loss and comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of First Tagum Rural Bank, Inc., as of December 31, 2023 and 2022, and of its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

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

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

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

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

REPORT ON THE FINANCIAL STAEMENTS

Auditors' Responsibilities for the Audit of Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

REPORT ON THE FINANCIAL STAEMENTS

Report on Other Legal and Regulatory Requirements

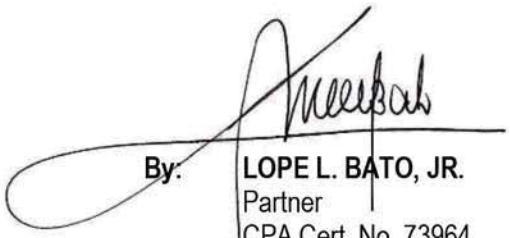
Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required for the years ended December 31, 2023 and 2022 required by the BSP and by the BIR as disclosed in Notes 26 and 28 to the financial statements, respectively, is presented in accordance with PFRS. Such supplementary information is the responsibility of the management of First Tagum Rural Bank, Inc. and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole in accordance with Philippine Financial Reporting Standards.

In compliance with Revenue Regulations V-20, we are stating that we are not related by consanguinity or affinity to the President, Manager or any stockholder of the Bank.

Report on the Supplementary Information Required by Revised SRC Rule 68

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on the reconciliation of retained earnings available for dividend declaration as required by the Securities and Exchange Commission (SEC) under the Revised Securities Regulation Code (SRC) Rule 68 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of the management of First Tagum Rural Bank, Inc. The information in such supplementary schedule has been subjected to the auditing procedures applied in the audit of basic financial statements. In our opinion, the information is fairly stated, in all material respects, when considered in relation to the basic financial statements taken as a whole.

LOPE LARANJO BATO & Co.



By: **LOPE L. BATO, JR.**
Partner
CPA Cert. No. 73964
TIN 102-081-516
BIR Accreditation No. 16-006925-001-2023, valid until September 29, 2026
SEC Group C Accreditation No. 73964-SEC, valid until Financial Audit 2025
BSP Group B Accreditation No. 73964-BSP, valid until Financial Audit 2025
PTR No. 5750241-A, January 2, 2024, Cagayan de Oro City, Philippines

March 25, 2024
Cagayan de Oro City, Philippines

REPORT ON THE FINANCIAL STAEMENTS

STATEMENTS OF FINANCIAL POSITION
First Tagum Rural Bank, Inc.

December 31	**2023**	2022
ASSETS		
Cash *(Note 4)*	**₱263,691,771**	₱253,944,594
Loans and Receivables *(Note 5)*	**606,283,757**	631,341,629
Bank Premises, Furniture and Equipment *(Note 6)*	**48,416,338**	52,919,925
Investment Properties *(Note 7)*	**93,277,632**	102,256,203
Other Assets *(Note 8)*	**97,447,681**	88,177,143
Total Assets	**₱1,109,117,179**	₱1,128,639,494
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposit Liabilities *(Note 10)*	**₱572,532,963**	₱597,607,084
Bills Payable *(Note 11)*	**64,144,623**	69,949,415
Retirement Benefits Obligation *(Note 12)*	**8,088,145**	6,343,900
Finance Lease Liability *(Note 13)*	**15,873,240**	16,861,776
Other Liabilities *(Note 14)*	**62,735,703**	71,631,055
Total Liabilities	**723,374,674**	762,393,230
Shareholders' Equity	**385,742,505**	366,246,264
Total Liabilities and Shareholders' Equity	**₱1,109,117,179**	₱1,128,639,494

REPORT ON THE FINANCIAL STAEMENTS

STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

First Tagum Rural Bank, Inc.

Years Ended December 31	**2023**	2022
INTEREST INCOME *(Note 16)*		
On loans and receivables	**₱125,501,982**	₱112,738,003
On bank deposits and investments	**209,722**	248,585
Total Interest Income	**125,711,704**	112,986,588
INTEREST EXPENSE *(Note 17)*	**10,975,607**	8,536,351
NET INTEREST INCOME	**114,736,097**	104,450,237
IMPAIRMENT LOSS *(Note 9)*	**5,973,167**	-
NET INTEREST INCOME AFTER IMPAIRMENT LOSS	**108,762,930**	104,450,237
OTHER INCOME *(Note 18)*	**22,461,187**	18,850,155
INCOME BEFORE OPERATING EXPENSES	**131,224,117**	123,300,392
OPERATING EXPENSES *(Note 19)*	**97,535,005**	96,330,185
PROFIT BEFORE INCOME TAX	**33,689,112**	26,970,207
INCOME TAX EXPENSE *(Note 21)*	**8,471,714**	6,273,619
PROFIT FOR THE YEAR	**₱25,217,398**	₱20,696,588
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Gain (loss) on remeasurement of post-employment *(Note 12)*	-	₱5,904,468
Tax (expense) benefit	-	(1,476,117)
Other comprehensive income – net of tax	-	4,428,351
TOTAL COMPREHENSIVE INCOME	**₱25,217,398**	₱25,124,939
EARNINGS PER SHARE *(Note 22)*	**₱8.69**	₱7.13

REPORT ON THE FINANCIAL STAEMENTS

STATEMENTS OF CHANGES IN EQUITY

First Tagum Rural Bank, Inc.

December 31	**2023**	2022
SHARE CAPITAL *(Note 26)*	**₱290,000,000**	₱290,000,000
REVALUATION RESERVE *(Note 26)*	**30,681,957**	30,681,957
SURPLUS		
Balance at beginning of year	**45,564,307**	24,036,353
Profit for the year	**25,217,398**	20,696,588
Adjustments *(Note 15)*	**(5,721,157)**	831,366
Balance at end of year	**65,060,548**	45,564,307
	₱385,742,505	₱366,246,264

STATEMENTS OF CASH FLOWS

First Tagum Rural Bank, Inc.

Years Ended December 31	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	**₱33,689,112**	₱26,970,207
Adjustments for:		
Depreciation and amortization *(Note 19)*	**12,886,239**	10,780,194
Provision for impairment loss *(Note 9)*	**5,973,167**	-
Retirement benefits expense *(Note 12)*	**1,744,245**	2,215,826
Gain on disposal of investment properties *(Note 18)*	**(12,455,397)**	(6,469,299)
Gain on disposal of equipment *(Note 18)*	**-**	(15,316)
Loss on disposal of investment properties *(Note 18)*	**18,478**	30,753
Interest expense on finance lease liability *(Note 13)*	**1,015,961**	1,021,778
Interest income *(Note 16)*	**(125,711,704)**	(112,986,588)
Interest expense *(Note 17)*	**10,975,607**	7,727,510
Changes in working capital:		
Decrease (increase) in loans and receivables *(Note 5)*	**19,084,705**	(145,859,401)
Increase in other assets *(Note 8)*	**(9,270,538)**	(5,059,245)
(Decrease) increase in deposit liabilities *(Note 10)*	**(25,074,121)**	25,381,329
Decrease in retirement benefits obligation *(Note 12)*	**-**	(1,476,117)
(Decrease) increase in other liabilities *(Note 14)*	**(8,608,151)**	28,527,850
Adjustments *(Note 15)*	**(5,721,157)**	831,366
Cash generated for operation	**(101,453,554)**	(168,379,153)
Interest received *(Note 16)*	**125,711,704**	112,986,588
Interest paid *(Note 17)*	**(10,975,607)**	(7,727,510)
Income tax paid *(Note 21)*	**(8,758,915)**	(4,645,331)
Net Cash from (for) Operating Activities	**4,523,628**	(67,765,406)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to bank premises, furniture and equipment *(Note 6)*	**(8,382,652)**	(9,549,224)
Disposals (additions) in investment properties *(Note 7)*	**21,415,490**	(17,729,283)
Net Cash from (for) Investing Activities	**13,032,838**	(27,278,507)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bills payable *(Note 11)*	**(5,804,792)**	57,987,778
Finance lease payments *(Note 13)*	**(2,004,497)**	736,442
Surplus reserves *(Note 26)*	**-**	(1,000,000)
Net Cash (for) from Financing Activities	**(7,809,289)**	57,724,220
NET INCREASE (DECREASE) IN CASH	**9,747,177**	(37,319,693)
CASH AT BEGINNING OF YEAR *(Note 4)*	**253,944,594**	291,264,287
CASH AT END OF YEAR *(Note 4)*	**₱263,691,771**	₱253,944,594

OUR PRODUCTS AND SERVICES

SAVINGS DEPOSIT

DEMAND DEPOSIT

TIME DEPOSIT

AGRICULTURAL LOAN

1. Banana Farming
2. Other Agri-Loan
- A. Coconut
- B. Corn
- C. Bee Farming
- D. Cacao
- E. Mariculture
- F. Rice
- G. Hog Raising
- H. Mango
- I. Lemon

COMMERCIAL LOAN

- **Commercial Loan (Unsecured)**
- **Commercial Loan (Secured)**
  - Small and Medium Enterprises
  - Additional Working Capital for Business
  - Building Financing

OTHER LOAN

- **ATM Salary** (DepEd Teachers/PNP/AFP/LGU)
- **ATM Salary** (Private Employee)
- **Pension Loan** (SSS/GSIS)
- **Loan Against Time Deposit**
- **Loan for Barangay Officials/Personnel**

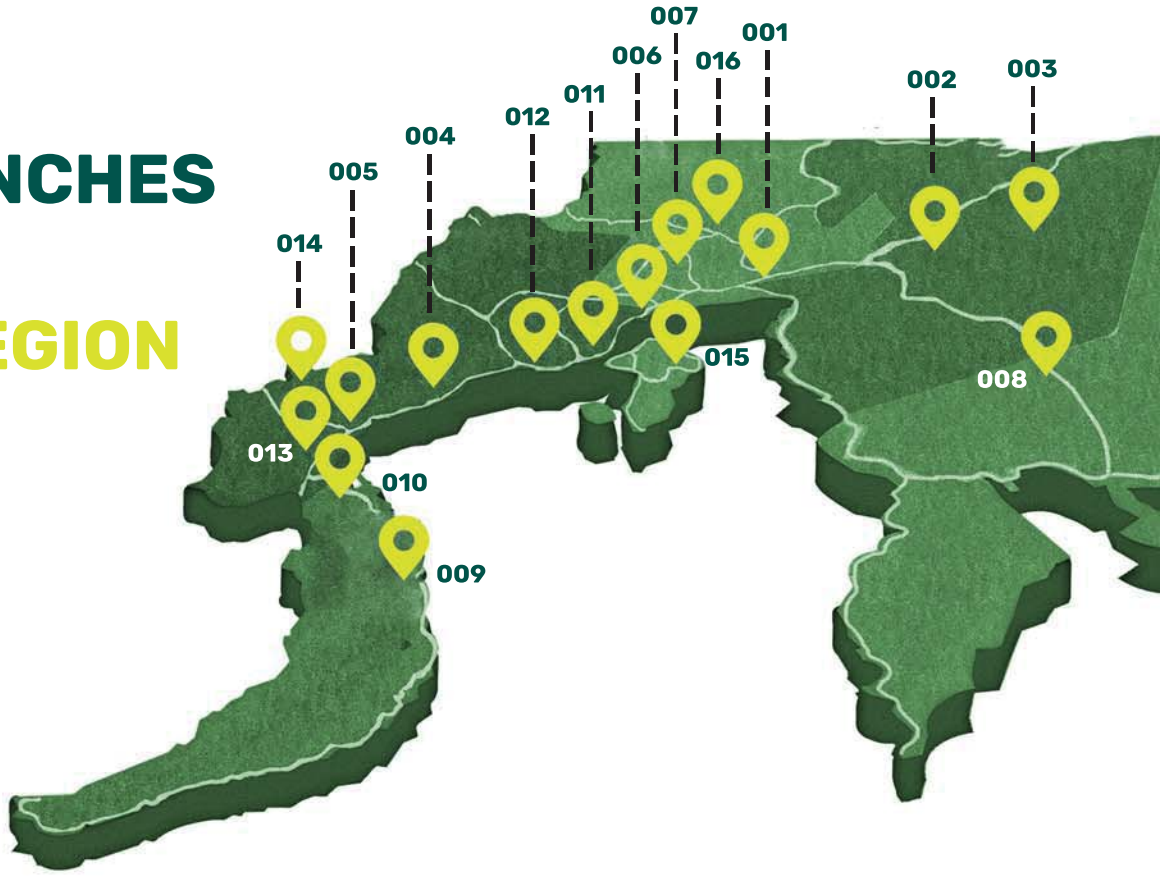
OTHER SERVICES:

TRUe Pera Express

Can be claimed at:

LBC, Cebuana Lhuillier, InstaPay, PESONet, i2i, Pera Hub, and Other Rural Banks

OUR BRANCHES ACROSS DAVAO REGION



NORTH CLUSTER BRANCHES

001 TAGUM MAIN BRANCH
Bonifacio Cor, Rizal St., Magugpo Poblacion, City of Tagum, Davao Del Norte

002 NABUNTURAN BRANCH
LC Arabejo Avenue, Poblacion, Nabunturan, Davao De Oro (Compostela Valley)

003 COMPOSTELA BRANCH
JP Laurel St., Poblacion, Compostela, Davao De Oro (Compostela Valley)

006 PANABO BRANCH
Purok Mangga, Santo Niño (Pob.), City of Panabo, Davao Del Norte

007 STO. TOMAS BRANCH
Prk 6-A FD Rd. 2, Tibal-Og (Pob.), Santo Tomas, Davao Del Norte

008 BANAYBANAY BRANCH
Zapanta, Poblacion, Banaybanay, Davao Oriental

015 SAMAL BRANCH
Purok 1-B, Peñaplata (Pob.), Island Garden City of Samal, Davao Del Norte

016 ASUNCION BRANCH
Purok 2 Lapu-lapu St., Cambanogoy (Pob.), Asuncion (Saug), Davao Del Norte

SOUTH CLUSTER BRANCHES

004 STA. CRUZ BRANCH
Purok Sampaloc, Zone Ii (Pob.), Santa Cruz, Davao Del Sur

005 DIGOS BRANCH
Cor. Luna-Katipunan St., Zone 3 (Pob.), City of Digos, Davao Del Sur

009 MALITA BRANCH
National Highway, Poblacion, Malita, Davao Occidental

010 MALALAG BRANCH
1st TRubank Bldg., Poblacion, Malalag, Davao Del Sur

011 MATINA BRANCH
Mc Arthur Highway JVail Bldg,Matina Crossing, City of Davao, Davao Del Sur

012 TORIL BRANCH
Mc Arthur Highway, Toril (Pob.), City of Davao, Davao Del Sur

013 SULOP BRANCH
National Highway, Poblacion, Sulop, Davao Del Sur

014 BANSALAN BRANCH
R Delos Cientos St., Poblacion, Bansalan, Davao Del Sur