



ANNUAL REPORT 2019



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TABLE OF CONTENTS

	Page
1 About Sun Savings Bank	1
2 Corporate Policy	2
3 2019 Financial Highlights	3
4 President & CEO's Report	4-6
5 Risk Management Framework	7-9
6 Corporate Governance	10-19
7 Organizational Structure	20
8 Major Stockholders	20
9 Products and Services	21
10 Our Website	22
11 Locate Us	23
12 Capital Structure and Capital Adequacy	24-25
13 Independent Auditor's Report	Annex A

About Sun Savings Bank

Sun Savings Bank (the “Bank”) is a domestic thrift bank incorporated in the Philippines in June 1997 originally as Urban Corp. Development Bank. Subsequently, in May 2004, the Bank’s name was changed to EIB Savings Bank and, in August 2004, was given by the Bangko Sentral ng Pilipinas (BSP) a Certificate of Authority to operate as a thrift bank. Under the previous owners, the Bank’s thrust was the provision of micro-finance loans.

In June 2011, the Bank’s sale was completed to a consortium of new investors with extensive experience in banking. The ownership of the Bank is now comprised of Fleetwood Holdings, Inc. (FHI), Project Quest Corporation (PQ), Santos Gonzalez Hijos and Navion Capital Resources.

During the time of sale, the Bank only had one banking office with assets of P 69 million, liabilities of P 1 million and equity of P 68 million. The Bank’s new owners then had a vision of a consumer and SME-focused bank geared towards the eventual rise of FinTech and digital banking.

With this vision in mind, the new ownership started expanding the business. New branches were opened as the branch count steadily increased to seven across Metro Cebu – Cebu City¹, Talisay, Mandaue, Danao and Carcar. Furthermore, new deposit and loan products were introduced to the market, with competitive and rewarding rates aimed at building the customer base. Lastly, the Bank joined Bancnet ATM network to give its customers a convenient banking experience. The efforts have been fruitful, as witnessed by the robust growth of the bank over the past eight years. As of December 31, 2019, the total assets of the bank have grown to P 2 billion, liabilities to P 1.7 billion and stockholder’s equity to P 350 million.

Ownership and Management Structure

- FHI is an investment holding company controlled by the family of Mr. Francisco A. Dizon, the Bank’s President & CEO. Mr. Dizon was the former Chairman of Philippine National Bank (PNB), President and CEO of Rizal Commercial Banking Corp. (RCBC), and Asian Bank. He was also the Vice-President and OIC of Union Savings and Mortgage Bank, which eventually grew into Union Bank. FHI is the corporate vehicle used by Mr. Dizon for his investments in the Bank as well as other BPO companies. FHI owns 39.5% of Sun Savings Bank.
- PQC is an investment company managed and partially owned by Pacific Northstar Inc. (PNI). Mr. Francisco A. Dizon is also the Chairman and President of the PQC and PNI. PQC’s stockholders include various banks and large corporations, together with high net worth individuals. PQC owns 30.25% of Sun Savings Bank.
- The Santos – Gonzalez group was formerly one of the significant shareholders in Prudential Bank before it was sold to Bank of the Philippine Islands (BPI) in 2005. It has substantial investments in the real estate and supermarket business. This group (together with Navion Capital Resources) is represented by Mr. Augusto S. Gonzalez who is the Bank’s Executive Vice-President and Treasurer. The group owns 30.25% of Sun Savings Bank.

¹ 1 Main Branch, 2 Branch Lite-Units located in Ayala-Solinea, opened in December 2019 and in Carbon Market as opened in March 2020

Corporate Policy

- **Our Vision**

Sun Savings Bank will be the preferred bank for consumers, professionals and entrepreneurs who are looking for rewarding and convenient mobile banking services using information technology.

- **Our Mission**

We will achieve our mission through investments in information technology, human resources, strategic branch network and product offerings for identified target markets.

- **Our Core Values**

We will achieve our vision and mission with the following core values:

H - Honesty and Integrity

E - Excellence,

A - Ability and Agility

R - respect and

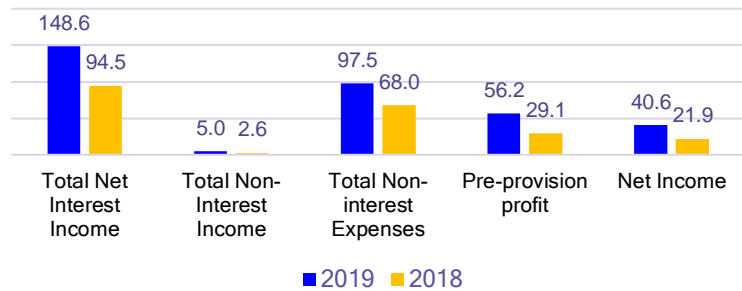
T - Transparency and Teamwork

- **Our Business Model**

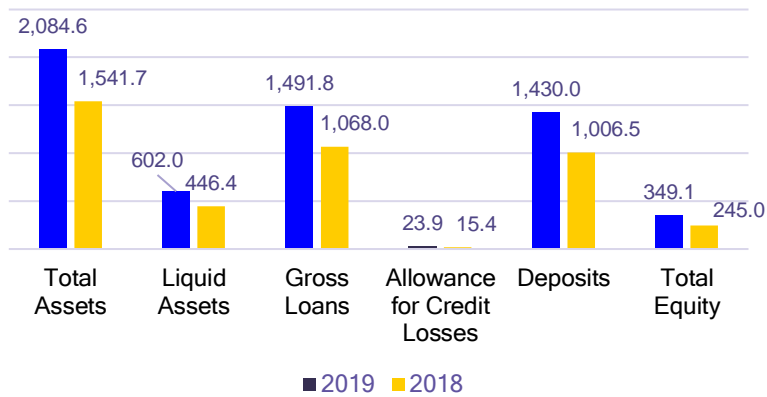
The core business of Sun Savings Bank is focused on providing value for money financial services to consumers, professional and entrepreneurs. Financial services shall consist of deposits with rewarding rates combined with salary loans to private and DepEd employees under APDS, SMEs, auto loans either brand new or pre-owned and housing loans. The bank will also provide financial assistance to SMEs and agri-value chain participants.

Financial Highlights

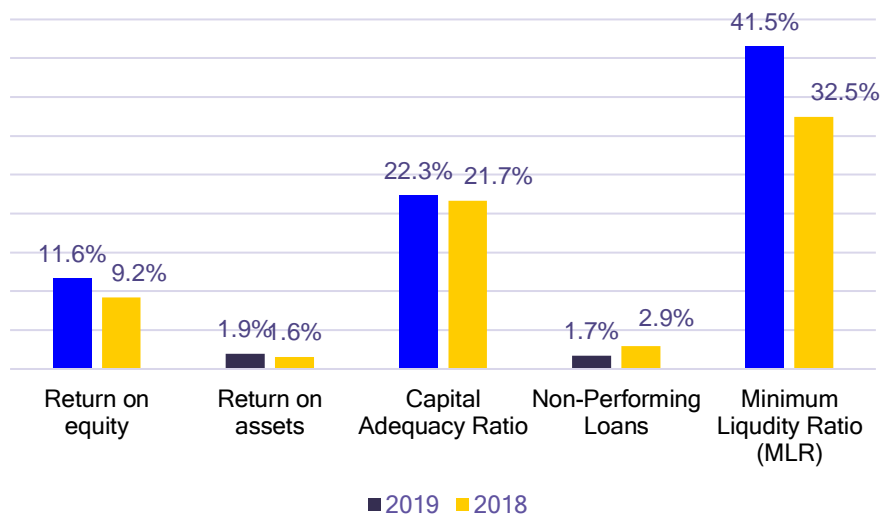
Profitability (In Million Php)



Balance Sheet Data (In Million Php)



Selected Ratios



Others

	2019	2018
Cash dividends declared	21.6M	10.0M
Headcount	68	60
Officers	28	30
Staff	40	30

President & CEO's Report

Financial Condition and Results of Operation 2019

Statement of Condition

Our total assets as of December 31, 2019 reached Php 2.084 Billion, higher by 35% than our previous year's total assets of Php1.54 Billion. This represented a very significant increase in assets last year. Major increases were contributed by our net loan portfolio amounting to Php 1.414 Billion as against P1.045 Billion from previous year, an increased also of 35%. Other significant increases were investment in securities which went up to Php 80 Million from Php 38 Million last year. Our due from BSP also went up significantly from Php 370 Million to Php 458 Million in 2019. These were the significant contributors to the increase in the total assets.

As far as our liabilities are concerned, our total deposits went up significantly during the year to Php1.429 Billion from Php1.048 Billion the year before, an increase also of 36%. I just like to highlight that the major increase came from our Time Deposits which increased by 53% from P782 Million to Php1.2 Billion. And, right now our time deposits account for a very significant share of our total deposits. We have savings accounts totaling P223 Million but this grew only 1.5% as against the previous year of Php219 Million. Given the situation we are in right now, it's very important that we have this kind of stable deposit base. Of course, it's more expensive than savings accounts but last year we needed to build up our deposit base. As you can see here, it went up in terms of amount by more than Php400 Million pesos and that is because we also had a rapid growth in our loan portfolio which also went up by about the same amount. We also tapped bank borrowing as an additional source of funding, and so we can see here that our bills payable went up from Php213 Million to Php 256 Million, an increase of 20%. But we really needed to ramp up the growth of our funding base. And the fastest way is through time deposits where we offered very attractive rates. That is why our advance interest 5-Year Time Deposits grew by 118% last year. That was the most sellable time deposit product mainly because it offers tax-free interest for 5 years and we added a sweetener where we will pay interest in advance for 1 year. Sometime in the last quarter of 2018, we started offering rates of as much as 7% p.a but we gradually brought this down in 2019 to 5%p.a. That was the point when inflation was very high in the last quarter of 2018 when inflation rate hit a high of 5%. The top universal banks were offering rates of 4% to 5% p.a for their bonds which had shorter maturities than 5 years. We had to compete with these big banks that's why we offered these attractive rates. This has served us very well right now because of the COVID situation, where we now have a very stable funding base for our loans which are basically medium-term loans and not short-term credit facilities. We have only a very limited amount of short-term loans. The bulk of our loans are medium term in nature such as DepEd Loan and car loans, which together account for about 90% of our loan portfolio.

Paid-in capital stock went up Php 300 Million in 2019 as compared to Php216 Million, the prior year. The actual amount that was added was really Php41.6 Million and you will note in the 2018, the shareholders already deposited the of Php41.7 Million as deposits for their stock subscription. The increase in the authorized capital stock of the Bank took some time to get from the SEC. So, in 2018, the additional capital of Php41.7 Million was still lodged under the Deposit for Stock Subscription, but in 2019 after the SEC finally approved the increase in authorized capital stock to Php1 Billion, this deposit was now put under paid-in capital. Subsequently, in the last quarter of 2019, the shareholders also put in an additional Php41.6 Million in paid-in capital stock bringing the total capital to Php300 Million. Including the retained earnings and net income for the year, total capital came out to Php349 Million year-end as against Php249 Million the year before, an increase of 42%.

Last year was a period of rapid growth for the Bank but properly funded with medium term funding: time deposits, bills payable with maturity of 3 years and supported by shareholder capital. We are properly matching the term of our loans together with the type of funding that we are getting.



Income Statement

We have a very significant rise in interest income by 59% from Php140 Million to Php222 Million, that includes interest income from loans and deposits with the BSP and other banks. Interest Income from loans grew by 63% from Php125 Million to Php205 Million. Interest expense also went up correspondingly from Php45 Million to Php73 Million. Nevertheless, our Net Interest Income also grew significantly from Php94.5 Million to Php148 Million, a 57% growth.

The increase in net interest income was also due to the increase in the net interest margin to 8.59% in 2019 from 7.21%, the previous year.

Operating income also went up after adding our commissions from insurance, trading gains, and penalties. The end result was total operating income grew by 58% to Php153 Million. On the expense side, this fortunately for us, grew at a slower pace. Total operating expenses only grew by 43% as compared to the growth in our revenue and our operating income which grew by 59%. Biggest cost component was our compensation and benefits which is typically the largest cost component of most banks. Taxes and licenses, principally documentary stamp tax also grew significantly because of the substantial growth in our time deposits. We also have provisions for loan losses which increased from the levels last year. Nevertheless, our net income before tax went up by 93% to Php56 Million from Php29 Million last year and net income after tax likewise increased to Php40.5 in 2019, an increase of 85% over Php22 Million the year before. Definitely, 2019 was a banner year for the Bank.

Highlights in 2019

We went through a rigorous examination by a very good group of examiners from the BSP and we continued to maintain our CAMELS rating higher than 3. We were also able to increase our DepEd loan portfolio through a new product "Start-up Loan". We were able to provide loans to newly hired teachers of which a very significant number were hired in 2018 and 2019. These new teachers were granted loans for the purpose of buying a laptop, to fix up their classrooms, and to meet certain expectations from their families, such as to fix up the house now that they have a good job. On the other hand, time deposits grew by 53% which provided us a stable funding base. Finally, despite the significant increase in our loan portfolio we were able to bring down our NPL ratio from 2.9% to 1.7% and increase our minimum liquidity ratio (MLR) to 41% from 32%.

Major strategic initiatives of the bank and the banking group

1. Digital Banking. We are currently developing our mobile banking capability through the use of smart phones.
2. Continue to meet regulatory requirements.
3. Innovative products and services.
4. Recruiting, training and retaining talents.
5. Consolidation of financial position in 2020 due to the COVID 19 pandemic. Last year's objective was to grow our total resources but now in 2020 we just wish to consolidate our position. Our objective this year will be to ensure the quality of our loan portfolio.

Challenges, opportunities, and responses during the year.

The main challenge we faced in 2019 was how to grow the Bank given the favorable economic environment during the year. However, there was also strong competition from other thrift banks in Cebu which were also offering similar loan and deposit products. We responded by offering more innovative deposit products such as the 5-year tax free time deposit with interest payable in advance for 1 year and the corresponding loan products such as the start-up loan for teachers and car loan for pre-owned cars at competitive interest rates.

Related Party Transactions

We have related party transactions:

1. Sun Star Publishing Corporation, where I am a director and stockholder together with my other in-laws. This is where we publish our quarterly balance sheet and advertise our deposit products. Press release is free.

2. Empire Insurance- This is where we get insurance for our home and auto loan borrowers, including our bank premises and cash in vault. This is owned by the Santos Group.
3. BPO International handles the payroll of the employees to maintain confidentiality. Project Quest Corp., stockholder of the Bank, is also one of the major stockholders of BPOI together with myself and Mr. Augusto S. Gonzalez as Individuals. Together, we own approximately 35% of BPOI.
4. Joyzend Corporation- Together with my immediate family, we are stockholders to the extent of 50%. Joyzend is our lessor for Carbon Branch-Lite Unit premises.

Risk Management Framework

Overall risk management culture and philosophy.

Sun Savings Bank concept is that taking risk is required in order to fulfill the bank's mission but the risks should be assessed to ensure that it is within the company's appetite and effective mitigation strategies are employed.

The bank is exposed to various types of risk and our position to manage these risks are articulated in our policy.

Credit Risk

This is most simply defined as the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. Our lending is in accordance with policies set by the board. The bank set up approval limits to various types of loans and these are monitored by the President or Treasurer, the ExCom and the Board. The bank also sets up exposure limits per type of borrowers, industry, and security. It is also conservative not to exceed in the single borrower's limit. We also developed our risk rating model as basis for clients eligibility to get a loan or renewal. Our risk rating will also be used in setting up loan loss provision for a particular type of the loan. Tracking of non-performing loans is also monitored monthly. Loan review mechanism is also developed to cover procedures, compliance status, review of risk rating, pick up of warning signals and recommendation of corrective action with objective of improving credit quality. The Credit review also identifies loan with credit weakness and determine adequacy of loan loss provisions.

Liquidity Risk

Liquidity risk is the risk that a Bank may run short of funds, owing to a decline in creditworthiness or an extreme gap between maturities for fund use and funding, and may therefore have to pay prohibitively high interest rates to borrow funds for the operations. The Bank recognizes the management of liquidity risk and it has been well defined in the separate Bank's Manual on Business Continuity and Contingency Manual.

Bank ensures correct and well calculated reserves and accurate management of funding requirements through cash flow analysis and forecasting. We also ensure compliance on required reserves for liquidity of 8%. The Accountant monitors the Bank's liquidity on a daily basis and communicates results thereof to the Treasurer.

Operational Risk

Operations risk is inherent in the handling of customer transactions, and errors, unethical conduct, and certain other circumstances may lead to losses. Typical examples are disparities between actual cash and cash balances and customer complaints concerning transactions. Accurate and rapid fulfillment of transactions requested by customers is the foundation of trust in the Bank's services, and, as banking activities become more diverse, proper management of these activities to lessen and minimize operations risk is essential.

Continuous and consistent internal communication process where objective and goals for each undertaking are clearly defined and policies and procedures to achieve such goals are carefully laid-out based on consultations with all personnel involved.

The Bank adopted well-researched comprehensive compensation scheme where performance is carefully measured and rewarded accordingly.

Market Risk

The primary objective is to secure a reasonable return on funds invested while avoiding undue risk. Bank has adopted an investment policy that addresses: Limits on volume (as a percentage of capital and deposits) and quality of investments (i.e. credit ratings) and such, investment decisions are made:

- in the best interests of Sun Savings Bank;
- in accordance with the general level of risk the Bank willing to accept.
- in accordance with defined performance tests and prudent standards.

Bank considers eligible investments: Government Securities and Bonds issued by private corporations with credit rating of "A". The Investment shall be approved by the ExCom for investment above P100 million, and below the amount will be approved by the President or Treasurer.

Bank also defined in its policy its investment limit and stop loss limit. For government securities, up to 100% of the deposit liabilities if less than 1 year, and only 50% of the DL if the term is over 1 year to 25 years. For private bonds, the amount is only up to SBL per issuer and the aggregate amount is up to 50% of the DL. Stop loss limit is up to the point that the total loss that may be incurred will result to capital adequacy ratio of the bank lower than 15%.

Investment portfolio level is regularly reported to the board. This is also matched to the annual business plan. Material variances from plan, and their causes, as well as management's plan to correct the variance should also be included in the report. The report will also provide the board with a summary on compliance with investment policies.

Systems Risks

We have set of standards and controls to manage technology-associated risks through effective planning, proper implementation and protocols, periodic measurement and monitoring of performance.

We have our data center as our offsite back-up capable to run the core banking system of the bank in case of any disruptions. The Bank shall ensure adequate maintenance procedures of all IT equipment and special attention to computer software and hardware to which efficiency of the bank's operations is highly dependent. We also involve our Internal auditors and compliance officer on new software and hardware acquisitions. Strict implementation of strong password policy (alpha-numeric, individual responsibility, and changed periodically). We secured firewall to our network system and internet access establish a barrier against unauthorized or malicious access to confidential information.

Legal Risk

Legal risk is the risk of loss caused by penalties or sanctions originating from court disputes due to breach of contractual and legal obligations, penalties and sanctions pronounced by a regulatory body.

The Board of Directors acquires the service of competent lawyer/ legal counsel in order to seek guidance and assurance that all transactions entered into are valid under the laws of the Philippines.

Reputation Risk

It is the current and prospective impact on earnings or capital arising from negative public opinion. This affects the bank's ability to establish new relationships or services or continue servicing existing relationships.

Consistent and adequate compliance of the bank's operations to current rules and regulations such that the bank is and is seen to be acting legally with high ethical standards through (1) proper and timely disclosure of the bank's financial condition to regulating bodies and to the public it serves; and (2) constant information and assurance to the public of the bank's growth and development plans and its achievement to its set goals.

Compliance Risk

The Bank has positioned compliance with laws, rules, and social norms as an important management issue and prepares annual Compliance Program containing specific plans for its compliance systems, which is reviewed and approved by the Board of Directors. Concerted efforts are being devoted to putting the necessary systems in place and raising the awareness of the importance of compliance among management and staff.

Bank-wide governance structure and risk management process

The Risk Management System policy is circulated to all bank officers and staff and the Compliance Officer is authorized to discuss risk management in the Board of Director's meeting with the views of the independent directors duly noted and minuted.

The Compliance Officer will meet with the Executive Committee, based on their discussions and agreement, issue circulars providing specific risk management rules, tolerances, limits and strategies.

The Compliance Officer may require the department concerned or the specific personnel to attend a meeting when necessary to give sufficient details on matters being discussed by the Executive Committee.

AML governance and culture and description of the overall Money Laundering (ML)/Terrorist Financing (TF) risk management framework

To ensure that Sun Savings Bank's reputation is not compromised, it is the Bank's guiding principle that its employees will not aid or abet money-laundering activities and will protect the integrity and confidentiality of bank accounts. Sun Savings Bank shall not allow itself to be used as an intermediary for the deposit, investment or transfer of money derived from unlawful activities. The Bank shall not allow the opening of anonymous accounts, accounts under fictitious names and all other similar accounts. It shall extend full cooperation in transnational investigations and prosecutions of persons involved in money laundering activities wherever committed.

Bank ensures that the following areas are implemented:

- Customer Identification, including on-going monitoring of customers and their transactions.
- Record Keeping
- Reporting of Covered and Suspicious Transactions
- Employees Training

Corporate Governance

The Board of Directors of Sun Savings Bank objectives is to achieve a long-term accomplishment through the implementation of Governance practices that promote continuity, consistency, and effectiveness in the way the Board operates and governs the Bank.

Sun Savings Bank is governed by a Board consisting of five (5) Directors re-elected by the stockholders on July 8, 2020 for a period of 1 year. Two (2) members of the board are independent directors. The responsibility of the Board is to ensure strategic direction, management supervision and adequate control of the company, with the ultimate goal of increasing the long-term value of the Bank. The Directors will hold their office charged with the duty to exercise sound and objective judgment for the best interest of the Bank.

Sun Savings Bank upholds the value of honesty and integrity and will continue to enhance this culture guided by the Code of Conducts that defines commitment to pursue the highest standards of ethical conduct.

The Board of Directors were selected based on fit and proper rule for the position. Bank ensures that the following matters are considered: integrity/probity, physical/mental fitness; relevant education/financial literacy/ training; possession of competencies relevant to the job, such as knowledge and experience, skills, diligence and independence of mind; and sufficiency of time to fully carry out responsibilities. The Directors are being assessed by its conduct and behavior and his ability to comply with company policies and applicable laws and regulations. The board of directors are also required to attend seminar on corporate governance for directors.

The Chairman of the Board

The chairman's primary role is to ensure that the board is effective in its task of setting and implementing the company's direction and strategy. Consistent to BSP guidelines on effective governance for banks, he shall ensure effective functioning of the board of directors, including maintaining a relationship of trust with board members. He shall: (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; (5) 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 director at least once a year.

The Board of Directors



Catalino S. Abacan
Chairman

Mr. Catalino S. Abacan was initially appointed as director of the Bank in December 2019, to serve the remaining term of Mr. Kenneth S. Uy who resigned as Chairman and director of the Bank in November 2019. Thereafter, on January 2, 2020, Mr. Abacan was appointed Chairman of the Board.

Prior to Sun Savings Bank, he was the former President & CEO of City Savings Bank, a thrift bank subsidiary of Union Bank of the Philippines (UBP) and a member of the Aboitiz Group.

Mr. Abacan started his career at the Philippine Banking Corporation (PhilBank) in 1975 where he held various positions as Credit Investigator/appraiser then became head of Credit Investigation-Appraisal Unit, moved up to Manager and then became Area Manager for Manila Branches. The last position he held was being Group Head for Operation in Transaction Banking, FCDU and Treasury.

In 1994, he moved to Lippo Bank of Indonesia and was the Vice President for Operations of the Manila Offshore Banking Unit and was instruments in setting up a branch in Cambodia.

In 1997, Mr Abacan joined Union Bank of the Philippines as Senior Vice President and Head of Channels Mgt and later became the VP for Operations Head of UBP Visa Credit Card Unit in 2000 to 2004. He was then also the Head

of Liabilities Products and Branch Credit Card Operations of UBP. In 2013, he joined City Savings Bank (subsidiary of UBP) as Vice Chairman of the Board of Directors and then became the President and CEO in 2014.

He graduated with a Bachelor of Arts major in Accounting at the University of the East and passed the CPA Board in 1975. He took up his Masters in Business Administration at the Ateneo Graduate School in 1978.



Francisco A. Dizon
Director
 President & CEO

Mr. Francisco A. Dizon is the President and CEO of Sun Savings Bank. He is also the Chairman and President of Pacific Northstar Inc. (PNI) and Project Quest Corp., the investment fund organized by PNI. He is also Chairman and President of BPO International and Phoenix One Knowledge Solutions, and serves as Independent Director of the Makati Medical Center. He previously served as Chairman/Vice Chairman of Pointwest Technologies Corp. Mr. Dizon was initially elected as Director of the Philippine National Bank in 2000 but eventually was appointed as Chairman of the Board in 2001 up to 2005. He was President and CEO of Rizal Commercial Banking Corporation from 1997-2000. Previous to that, he was President and CEO of AsianBank Corporation. Mr. Dizon was also Vice-Chairman and President of AB Capital Investment Corporation which he helped organized in 1980. AB Capital Investment Corporation, and its subsidiary Anscor Hagedorn Securities, were the leading Philippine investment bank and stock brokerage firms respectively in the 1980s and 1990s. Mr. Dizon was also a director of Ayala Property Ventures Corp in 1987. Mr. Dizon holds an MBA from the Asian Institute of Management and obtained his Bachelor's degree from the Ateneo de Manila University.



Augusto S. Gonzalez
Director
 Executive Vice President & Treasurer

Mr. Augusto Gonzalez is the Executive Vice President, Treasurer and Director of Sun Savings Bank. He is also concurrently the Vice President of PNI and has managed several significant advisory transactions, including the sale of Prudential Bank and Citytrust Banking Corporation. He is also currently a Director of Project Quest Corp., Pointwest Technologies and Phoenix One Knowledge Solutions. Prior to joining PNI, Mr. Gonzalez was a Senior Manager at AB Capital and Investment Corporation where he managed various debt and equity underwriting transactions. Previous to that, Mr. Gonzalez was a Corporate Finance Analyst with SGV & Company. Mr. Gonzalez holds an MBA from Northwestern University and obtained his Bachelor's degree from the Ateneo de Manila University. Gonzalez was a Corporate Finance Analyst with SGV & Company.

The Santos family, to which Mr. Gonzalez belongs to, formerly owned the Prudential Bank which BPI bought in 2005. The Santos Family also co-owned the former Pilipinas Bank building in 111 Paseo de Roxas together with BPI, but the family bought out BPI in 2012.



Quintin G. Tan
Independent Director

Mr. Quintin G. Tan sits in the Board of other companies as Director. He is also an adviser of Entrepinoy Volunteers Foundation, Inc and became Chairman of the Board of CCT Training and Development Institute. He was also a Director of the Bureau of Small and Medium Enterprise-Department of Trade and Industry. Prior to joining Sun Savings Bank, he worked as Consultant of Development Bank of the Philippines and a full-time Professor of Asian Institute of Management. Previous to that, he was a Plant Manager of Atlantic Gulf and Pacific Corporation and San Miguel Corporation.

He finished his MBA International Teachers Program at University of the Philippines and Harvard University. He earned his Bachelor of Science degree in Mechanical Engineering from University of the Philippines



Jose Enrico R. Gandionco
Independent Director

Jose Enrico R. Gandionco is a member of the Gandionco clan, who have proudly established the "Julie's Bakeshop" name in the country.

He is the Chief Executive Officer of Cebu Primera Food Industries, Inc., which owns the Mang Tinapay chain of bakeshops. He used to operate the largest number of Julie's Bakeshop, owned by a single franchisee, with more than 50 main branches and over 100 physical stores located nationwide, for nearly 25 years.

He is also the president of several companies and is the former President of Casino Español de Cebu, a highly regarded social club in Cebu City.

He is a Doctor of Medicine, having earned his doctorate degree from the Cebu Institute of Medicine. He also earned his Bachelor's Degree in Medical Technology from Velez College.

Board Level Committees

The Board of Directors constituted the following board committees: Executive Committee, Audit Committee and Management RPT Committee.

The Audit Committee

The audit committee is composed of three (3) members of the board of directors, who are non-executive directors of which the chairman is the Independent Director Mr. Quintin Tan.

The Audit committee primary functions set forth in Section 133 of the MORB.

- (1) Oversee the financial reporting framework. The committee will oversee the financial reporting process, practices, and controls. It shall ensure that the reporting framework enables the generation and preparation of accurate and comprehensive information and reports.
- (2) Monitor and evaluate the adequacy and effectiveness of the internal control.
- (3) Oversee the internal audit function. The committee will be responsible for the appointment/selection, remuneration, and dismissal of internal auditor. It shall review and approve the audit scope and frequency.
- (4) Oversee implementation of corrective actions. The committee will receive key audit reports, and ensure that senior management is taking necessary corrective actions in a timely manner to address the weaknesses, non-compliance with policies, laws, and regulations and other issues identified by auditors and other control functions.

- (5) Investigate significant issues/ concerns raised. The committee shall have explicit authority to investigate any matter within its terms of reference, have full access to and cooperation by management, and have full discretion to invite any director or executive officer to attend its meetings.
- (7) Establish whistleblowing mechanism. The committee shall establish and maintain mechanisms by which officers and staff shall, in confidence, raise concerns about possible improprieties or malpractices in matters of financial reporting, internal control, auditing or other issues to persons or entities that have the power to take corrective action. It shall ensure that arrangements are in place for the independent investigation, appropriate follow-up action, and subsequent resolution of complaints.

Audit Committee composition:

Chairman:	Quintin G. Tan
Members:	Jose Enrico R. Gandionco Catalino S. Abacan

The Executive Committee

The Executive Committee act on behalf of the board during the interim times between board meetings. Executive Committee functions board delegated authority in the management and direction of the affairs of the bank subject to the provisions of the Bank's By-laws, and the limitations of the law and other applicable regulations. Its authority includes major operational policies and credit exposures, but subject to ratification of the board.

Committee composition:

Chairman:	Francisco A. Dizon
Members:	Augusto S. Gonzalez Catalino S. Abacan

Management RPT Committee

It is the policy of Sun Savings Bank that related party transactions are conducted on arm's length basis and transparent. The Bank shall exercise appropriate oversight and implement effective control systems to manage related party transactions that is free from abuses and are not disadvantageous to the Bank, its depositors, creditors and other stakeholders.

All RPT transactions below the materiality threshold, except DOSRI transactions shall be approved by the Management RPT Committee but subject to confirmation by the Board of Directors. All transactions that cross the materiality threshold shall be approved by the Board of Directors.

Responsibilities of the Management RPT Committee:

- Evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs, and changes in relationships shall be reflected in the relevant reports to the board and regulators/supervisors.
- Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the bank are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions.
- Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the bank's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies; and conflicts that could arise as a result of the bank's affiliation or transactions with other related parties.

- Report to the board of directors on a regular basis, the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties.
- Ensure that the RPT transactions are part of the periodic review of the Internal Auditor.
- Check the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.

Committee composition:

Chairman:	Francisco A. Dizon
Members:	Augusto S. Gonzalez Senior Accounting Head

Board Qualification

Consistent to RA 8791 and provisions in the Manual of Regulations for Banks (MORB), Sun Savings Bank will assess its board of directors based on the minimum qualifications prescribed in the MORB and relevant rules and regulations:

- (1) He shall be at least twenty-five (25) years of age at the time of his election or appointment;
- (2) He shall be at least a college graduate or have at least five (5) years' experience in business;
- (3) He must have attended a special seminar on corporate governance for board of directors conducted or accredited by the Bangko Sentral;
- (4) He must be fit and proper for the position of a director of the bank. Such that with integrity/probity, physical/mental fitness; relevant education/financial literacy/ training; possession of competencies relevant to the job, such as knowledge and experience, skills, diligence and independence of mind; and sufficiency of time to fully carry out responsibilities.

Directors Attendance at Board of Directors Meeting and Committee Meetings:

Name	Board Meeting (Regular)		Board Meeting (Regular)		Audit Committee Meeting	
	Attended	%	Attended	%	Attended	%
Kenneth S. Uy	4	67%	1	100%	4	67%
Francisco A. Dizon	6	100%	1	100%		
Augusto S. Gonzalez	6	100%	1	100%		
Quintin G. Tan	6	100%	1	100%	6	100%
Jose Enrico R. Gandionco	4	67%	1	100%	4	67%

Board Composition

Name	Type of Directorship	Stockholdings		No. of years served as director with SSB
		(No. of shares)	Ratio	
Francisco A. Dizon	Director	1	nil	9 years
Augusto S. Gonzalez	Director	1	nil	9 years
Kenneth S. Uy	Director	1	nil	9 years
Quintin G. Tan	Independent Director	1	nil	9 years
Jose Enrico R. Gandionco	Independent Director	1	nil	9 years
Catalino S. Abacan	Independent Director	1	nil	less than 1 year

Performance Assessment Program

Sun Savings Bank does an annual performance evaluation of its Board and employees to ensure that they are performing their duties and responsibilities at the highest level.

The Bank regularly reviews its employment policies, to ensure that the Bank is offering compensation at par with the thrift bank industry offering the same job.

We do benchmarking of bank positions and compare with the industry. This is done by conducting job evaluation on a regular basis.

Salary structure is also reviewed to ensure that the bank is offering a reasonably competitive salary as compared to its peer banks.

Orientation and Education Program

The onboarding employees and provided with orientation trainings to be fully equipped with knowledge and skills to his specific job. Bank also sent employees to various trainings to keep them abreast with applicable banking rules and regulations. As member of the Chamber of Thrift Banks, we will be able to send our employees any related seminars that are available for the employees.

Retirement and Succession Policy

Retirement Policy

The age of retirement from the Bank is sixty-five (65) years old but may be extended with board approval. The succession plan will also foresee the future retiree of the bank by preparing a pool of the employee to be prepared to fill in on the day the employee retires. This is only for officer holding critical position or the senior officers of the bank.

Succession Policy

The Board of Directors of Sun Savings Bank adopted the bank's succession plan for the purpose of ensuring that the Bank will continue its business operation in case of resignation, retirement, disability, or even death of its key officers. The pipeline of staff shall also be developed for succession roles so that they will be ready to fill the vacant position of the officer who will be in the future promoted for a more senior position of the Bank.

Board of Directors

Succession or filling up of any vacancies in the board shall be made by a vote of at least 2/3 of remaining members of the board. However, if such vacancy is caused by a removal, expiration of the term or any increase of number of the directors, such shall be filled by the stockholders of the bank.

Senior Management and Officers

We have identified the list of key officers of the bank, as articulated in our policy. We developed an acceleration pool where we select high potential employees who shall be developed and prepared and trained for high level positions. We have also in the policy our specific measure in case of retirement, resignation, disability or loss of our Directors and officers.

Remuneration policy

The officers are provided with an industry competitive compensation package to attract, motivate, and retain highly qualified people. The salary scales of our officers are generally based on their position and rank. Result of annual performance evaluation is the primary basis when adjustment is made. We also grant performance bonuses, including a 13th-month pay, in accordance with law. The Bank's remuneration policy is applicable to all employees, including the President and its senior officers. Each director receives a per diem for attending Board and committee meetings. The total per diem paid to directors for their attendance in Board meetings for the period January to December 2019 was Php 254 thousand.

Policies and procedures on Related Party Transactions (RPT)

The Board of Directors adopted the RPT policy, as amended by the board on November 7, 2019 in compliance to BSP Circular No. 895 dated 14 December 2015.

It is the policy of Sun Savings Bank that related party transactions are conducted on arm's length basis and transparent. The Bank shall exercise appropriate oversight and implement effective control systems to manage related party transactions that are free from abuses and are not disadvantageous to the Bank, its depositors, creditors and other stakeholders.

General Policy

All RPT transactions below the materiality threshold, except DOSRI transactions shall be approved by the Management RPT Committee but subject to confirmation by the Board of Directors. The Management RPT Committee shall compose of the President, Treasurer and Senior Accountant. All transactions that cross the materiality threshold shall be approved by the Board of Directors. Transactions to related parties shall pass the following criteria: (1) Done in arm's length basis; (2) Conducted in the regular course of business; (3) Not undertaken on more favorable economic terms (price, commission, interest rates, fees, tenor, collateral requirement) to such related party/ies under similar circumstances; and (4) Transactions are engaged into at terms that promote the best interest of the Bank .

Prior to approval, Compliance Officer shall conduct initial review and consider the following factors and relevant facts and surrounding circumstances in reviewing proposed transactions with related parties: (1) Transaction and Transacting Parties; (2) Terms and Conditions; (3) Purpose and Rationale; (4) Monetary Value; (5) Reputational Risks; (6) Conflict of Interest; and (7) Availability of others sources comparable products and services.

Our RPT policy likewise requires our directors and officers with personal interest in the Bank's transaction (e.g. they themselves or any of their close family members acting as the Bank's counterparty) to inhibit/abstain from the discussion, approval and management of such transaction. Provisions against conflict of interest situations are likewise stipulated in the Bank's Board-approved "Code of Conduct" such as the prohibition of self-dealing transactions.

RPT Materiality Thresholds

1.1 The Board set up materiality thresholds on the transactions for purposes of determining which RPT should go to the Board for approval and which ones can be approved at Management level.

1.2 The following transactions are not considered material and are not subject to the regular management report to Board or prior approval of the Board:

a. Deposit operations

Subject to the following conditions:

Special Deposit rates given to the related parties shall require prior approval by at least majority of the members of the Management RPT committee to ensure that the terms and conditions of the transactions are at arm's length.²

b. Regular trade transactions, involving purchases and sales of debt securities traded in an active market.

c. Loans granted to Officers of the Bank under BSP-approved fringe benefit programs

1.3 Limits

The Bank had set-up limits in terms of materiality of the related party transactions.

² As amended by the Board on November 7, 2019

Transactions considered Material

Any transactions or dealings in which the aggregate amount involved will or may exceed 5% of the total capital of the Bank in each year where a Related Party will have direct or indirect material interest³

Exceptions to the related party transactions:

Even if the aggregate amount exceeds the materiality threshold, the following shall not require approval from the RPT Management Committee:

- (1) Conducted in the regular course of business
Transactions entered by the bank under the regular course of business; provided that no policy deviations and that the services offered are of the same terms to the comparable services provided by unrelated parties
- (2) Employee's Benefit
- (3) Preferential rates given to employees as part of their incentives or benefits (i.e interest rate for loans)

Material Related Party Transactions

No material related transactions as of date of report and the amount is not beyond the limits set by the bank.

Self-Assessment Function

Compliance

To ensure compliance with applicable laws, rules and regulations, it shall start with the Board of Directors and Senior Management Team. The Chief Compliance Officer is the lead senior officer responsible for the administering the compliance program of the Bank. The CCO shall oversee the design of an appropriate compliance system, promote its effective implementation and address breaches that may arise. The CCO directly reports to the Audit Committee and the Board of Directors

The Compliance office works proactively to identify, monitor, assess and address emerging compliance issues. This will be done through compliance testing and monitoring and provide advisory through a clear and open communication line.

Internal Audit

The Internal Audit unit is the third line of defense as the independent assurance provider. This unit is under the oversight function of the Audit Committee.

The Internal Audit unit conducts independent reviews and appraisals of the Bank's procedures and operations. Results of the review will provide management with independent appraisal of the various operations and systems of controls.

The functions of internal Audit are the following:

- a. Developing and maintaining a comprehensive audit program necessary to ensure compliance with accounting standards, policies and procedures necessary to bank's assets.
- b. Communicating the results of audits and reviews by preparing timely reports, including recommendations for modifications of management practices, internal policies and accounting procedures as warranted by audit findings.
- c. Establishing and maintaining a quality assurance program to evaluate the Internal Audit operations. This program should include the following: uniformity of work paper preparation, audit sampling, work paper review, report preparation and review, report communication and issuance and record retention.

³ As amended by the Board on November 7, 2019

Dividend Policy

The policy is consistent to SEC rules. Dividends may be declared out of a corporation's unrestricted retained earnings which shall be payable in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them: Provided, That any cash dividends due on delinquent stock shall first be applied to the unpaid balance on the subscription plus costs and expenses, while stock dividends shall be withheld from the delinquent stockholder until his unpaid subscription is fully paid: Provided, further, That no stock dividend shall be issued without the approval of stockholders representing not less than two-thirds (2/3) of the outstanding capital stock at a regular or special meeting duly called for the purpose.

Consistent to BSP rules and regulations, the bank will comply the requirements prior to the declaration of dividends as enumerated in Section 124 of the MORB. The net amount available for dividends shall be the amount of unrestricted or free retained earnings and undivided profits reported in the Financial Reporting Package (FRP) as of the calendar/ fiscal year-end immediately preceding the date of dividend declaration.

Declaration of dividends shall be reported by the bank concerned to the appropriate department of the SES within ten (10) business days after date of declaration.

On October 1, 2019, the Board of Directors through their special meeting approved the declaration of cash dividends amounting to Php21.6 Million. The dividends declared was used solely by the stockholders to pay their respective subscription of Php41.6 Million to the additional capital stock of the Bank, consistent with the BSP-approved Capital Build-Up Program ("CBuP") submitted to BSP on March 20, 2015, and bring up the Bank's paid-up capital from Php258.40 Million to Php300 Million in October 17, 2020.

The 5-year capital build-up program to bring up the Bank's paid-up capital to Php300 Million was completed in October 2019 after the stockholders paid in full the remaining Php41.6 Million from the dividends declared of Php21.6M and additional fresh funds of Php20 Million.

Corporate Social Responsibility

Employee and society engagement have always been a part of what we do. In 2019, Sun Savings Bank continued to strengthen its commitment anchored on our core values the HEART of the vision and mission, not just for our valued customers, but as well as for the community we belong to.

Sun Savings Bank believes that engaging employees in different activities would help improve their productivity, efficiency and commitment towards achieving the company's mission and vision. The journey starts by embedding the core values of the bank through activities that promote camaraderie and teamwork among employees, such as summer outing and sport events held every year.

Sun Savings Bank supports "Brigada Eskwela" last May 2019. Several DepEd schools in Talisay, Cebu City, City of Naga, and Minglanilla were among the beneficiaries of gallons of paints donated by the Bank.





Sun Savings Bank also joined the nation and in the world in greeting HAPPY TEACHERS DAY 2019.

The teachers are regarded as our spark, inspiration, guide and candle of our life.



Sun Savings Bank supported for 8 long years to SunStar annual football cup by giving free by drinking water to players and spectators. We also gave awards to outstanding players and group winners. The football cup was joined by students in Cebu City and nearby cities and municipalities to promote football sports in the Cebu.



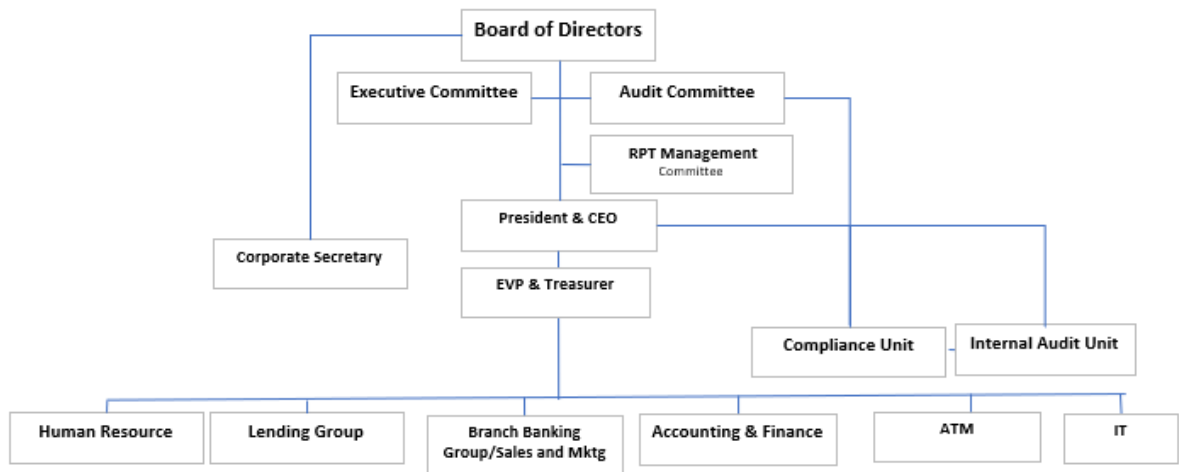
Consumer Protection Practices

Sun Savings Bank adheres to BSP Financial Consumer Protection framework for regulated financial institutions. The Consumer Protection policy was crafted and approved by the Board of Directors on 2015. The initiatives are intended to serve and protect consumers, assert their rights, raise their awareness and hear their complaints.

As simple bank, our Branch Consumer Assistance Officer handles customer complaints and assistance in a branch. This is concurrently performed by our Branch Cashiers. We also appointed one of our Managers to head the Customer Assistance Officers who will review and regularly report to the President for any branch complaints received.

We ensure prompt response to customer complaints, we set a processing timetables of not less than 10 banking days from day of acknowledgment to processing, and communication of resolution.

Organizational Structure



Key Officers

Francisco A. Dizon	President & CEO
Augusto S. Gonzalez	Treasurer & Exec Vice President
Atty. Arsenio A. Alfiler, Jr.	Corporate secretary
Bryan E. Bacon	Senior Assistant Vice President
Marilou R. Saberon	AVP-Chief Compliance Officer
Jennifer F. Mabano	Senior Manager, Home Loan & SME Loan

Major Stockholders

Name	Nationality	% of Stockholdings	Voting Status
Fleetwood Holdings, Corp.	Filipino	39.50%	Voting
Project Quest Corporation	Filipino	30.25%	Voting
Santos Gonzalez Hijos, Inc.	Filipino	25.25%	Voting
Navion Capital Resources	Filipino	5.00%	Voting

Products and Services

Savings Deposit Accounts

- Regular Passbook Savings
- Passbook with ATM
- Payroll ATM
- ATM for DepEd Teachers

Savings deposit account which requires minimum average daily balance (ADB) of P200.00 and interest is at 1% per annum paid monthly.

Checking Accounts

- Regular Checking Account
- Automatic Transfer Account

Time Deposit Accounts

- Short Term Time Deposits (Terms from 30 to 90 days)
- Regular One-Year TD
- Advance Interest One-Year TD
- Advance Interest Three-Year TD
- Five Years and One Month Time Deposit (Tax Free)
- Five Years and One Month Time Deposit
(Interest Paid in Advance for one year and ever year thereafter/
Tax Free)

Consumer Loans

1. Salary Loans
 - (1) Salary Loan for DepEd Teachers and Employees under the Automatic Payroll Deduction Scheme (APDS)⁴
 - (2) Start-up Loans for newly hired teachers and employees of DepEd⁵
 - (3) Salary Loans for Private Employees in the BPOs
2. Auto Loans (Brand New and Pre-owned)
3. Housing Loan/Home Loan (House & Lot and Condominium units)

Other complementary home loans:

 - (1) Home Furniture Loan
 - (2) Home Improvement Loan
 - (3) Move-In Loan
 - (4) Equity Loan

Business Loans

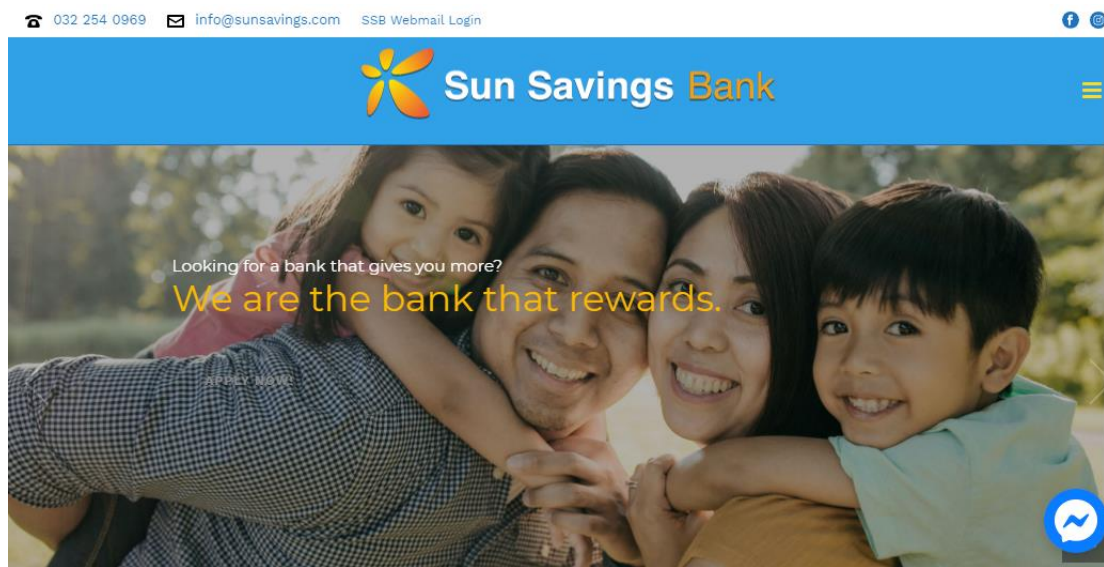
- SMe Term Loan
 - Factoring of Receivables/ Discounting Lines
 - PDC Discounting
 - Hold-out Deposit (Back-to Back Loan)
- Other Business Loan
 - Secured with Real Estate Mortgage or Chattel Mortgage
 - Postdated Checks of the Borrower
 - Continuing Suretyship of the Principal(s)

⁴ Sun Savings Bank renewed its agreement with DepEd on 4 May 2018 under the new Terms and Conditions of the APDS Accreditation for Loans (TCAA), pursuant to DepEd Order No. 18 s. 2018

⁵ Launched last July 2018.

Our Website

www.sunsavings.ph



Our website features the following:

About Sun Savings Bank

News and Advisory

Deposits

Loans

FAQs

Careers

Contact Us

Online Banking that will direct you to BancNet using your Sun Savings ATM for online transactions.

Locate Us

Office	Complete Address	Tel Nos.
Cebu City Head Office	45 Capitol West, Don GI Garcia corner Escario Street, Capitol Site, Cebu City	415-4228/ 415-4223
Talisay Branch	Door 8, GF, Rosalie Building, Gaisano Fiesta Mall, Hi-way Tabunok, Talisay City, Cebu	520-9760/ 520-8847
Mandaue Branch	Door 6, Ground Floor, Carlos Perez Building, A.C. Cortes Avenue, Mandaue City, Cebu	263-1981/ 410-8306
Carcar Branch-Lite Unit (BLU)	A-10, Ground Floor, Gaisano Grand Mall, Poblacion II, Awayan, Carcar City, Cebu	487-7355
Danao Branch-Lite Unit (BLU)	GF Space# 7, Sands Gateway Mall, National Hi-way, Poblacion, Danao City	349-8380
Ayala-Solinea Branch-Lite Unit (BLU)	Retail No. 8, G/F Tower 2, Solinea Condominium Complex, corner Cardinal Rosales 2, Luzon Avenues, Cebu Business Park, Bgy Hipodromo, Cebu City	326-8153
Carbon Cebu City Branch-Lite-Unit (BLU)	Plaridel corner Progreso St., Bgy Ermita, Cebu City	254-6882

On May 20, 2019, BSP granted the bank's request for authority to establish a branch-lite-unit at Carbon Market, Cebu City. The said BLU will be attached to the Head Office.⁶ The BLU was now opened last March 5, 2020.

⁶ Sun Savings Bank was recently granted by BSP on 20 May 2019 its request for another branch-lite-unit (BLU) in Plaridel Street (nearby Carbon Market), Cebu City. The said BLU is envisioned to pursue the bank's agri-value chain lending opportunities.

Capital Structure and Capital Adequacy

	2019	2018
Authorized Capital Stock	1,000,000,000	500,000,000
Subscribed	342,700,000	258,400,000
Paid-Up	300,000,000	216,700,000

Bank's regulatory capital position as at December 2018 and December 2019

	BSP Report		Audited FS	
	2019	2018	2019	2018
Common Stock	300,000,000	216,700,000	300,000,000	216,700,000
Retained Earnings	9,779,074	7,097,568	7,476,400	9,460,802
Undivided Profits	35,033,874	23,742,747	40,588,914	21,918,271
Other Comprehensive Income				
Total Capital	344,812,948	247,540,315	348,065,314	248,079,073
Less:				
Deferred Income Tax	5,219,111		7,443,743	5,219,111
DOSRI-Unsecured				
Other intangibles-Net				
Goodwill				
Unbooked valuation reserves and other capital adjustments ²				
Other equity investments				
Total Tier 1 Capital	339,593,836	247,540,315	340,621,571	242,859,962
Add:				
Unrealized gains on AFS	32,618	-	32,618	(3,111,554)
General loan loss provision	13,972,034	10,597,128	13,972,034	(10,597,128)
Total Qualifying Capital	353,598,488	258,137,444	354,626,223	229,151,280
Total Credit Risk-Weighted Assets	1,473,940,118	1,110,394,126	1,470,129,060	1,094,214,924
Add: Total Operation Risk Weighted Assets	111,848,971	81,120,670	107,217,151	77,904,641
Total Risk Weighted Assets	1,585,789,089	1,191,514,796	1,577,346,211	1,172,119,566
Risk Based Capital Adequacy Ratio				
Total CAR	22.30%	21.66%	22.48%	19.55%
Tier 1 CAR	21.41%	20.78%	21.59%	20.72%

Computation of the Bank's Credit Risk Weighted Assets

	Risk	Audited			
		2019		2018	
		Principal Amount	Risk Weighted Amount	Principal Amount	Risk Weighted Amount
Cash on Hand	0%	16,272,040	-	16,318,474	-
Due from BSP, RRP, AFS, Loans covered by Hold-outs	0%	525,589,694	-	379,330,955	-
COCI	20%	2,586,683	517,337	976,375	195,275
Corporate Private Bonds	20%	23,488,343	4,697,669	38,192,747	7,638,549
REM (mortgaged and current)	50%	39,468,111	19,734,055	13,520,150	6,760,075
MSME (Current)	75%	148,224,266	111,168,200	94,227,345	70,670,509
NPL	150%	24,257,946	36,386,920	21,977,628	32,966,442
ROPA	150%	718,198	1,077,297	1,912,612	2,868,918
Other Assets	100%	1,296,547,583	1,296,547,583	973,115,156	973,115,156
Total Credit Risk Weighted Assets			1,470,129,060		1,094,214,924

Computation of Operational Risk Weighted Assets-2019

	2019 Gross Income (Audited)			Average
	2016	2017	2018	
A. Net interest income				
A.1 Interest income	71,895,719	99,724,271	140,175,940	
A.2 Interest expense	24,988,699	31,765,965	45,665,689	
A.3 Subtotal (A.1 minus A.2)	46,907,020	67,958,306	94,510,251	
B Other non-interest income				
B.1 Dividend Income				
B.2 Fees and Commissions Income	595,068	929,963	1,045,972	
B.3 Net Gain/loss on Financial Assets and Liabilities Held for Trading	2,579,388	(91,667)	-	
B.4 Net Gain/loss on Financial Assets and Liabilities Designated at Fair Value Profit or Loss				
B.5 Net Profit/loss on Foreign Exchange				
B.6 Net Gain/loss on Fair Value Adjustment in Hedge Accounting				
B.7 Other Income				
B.8 Sub-total (sum of B.1 to B.7)	3,174,456	838,296	1,045,972	
C. Gross Income (A.3 plus B.8) (to Part V. Item A.)	50,081,477	68,796,602	95,556,224	71,478,101
D. Capital Charge multiply by capital charge factor 12%				8,577,372
E. Adjusted Capital Charge (multiply by 125%)				10,721,715
F. Total Operational Risk-weighted Amount (multiply by 10)				107,217,151

Computation of Operational Risk Weighted Assets-2018

	2018 Gross Income (Audited)			Average
	2015	2016	2017	
A. Net interest income				
A.1 Interest income	54,145,333	71,895,719	99,724,271	
A.2 Interest expense	19,535,940	24,988,699	31,765,965	
A.3 Subtotal (A.1 minus A.2)	34,609,393	46,907,020	67,958,306	
B Other non-interest income				
B.1 Dividend Income				
B.2 Fees and Commissions Income	332,449	595,068	929,963	
B.3 Net Gain/loss on Financial Assets and Liabilities Held for Trading	1,989,362	2,579,388	(91,667)	
B.4 Net Gain/loss on Financial Assets and Liabilities Designated at Fair Value Profit or Loss				
B.5 Net Profit/loss on Foreign Exchange				
B.6 Net Gain/loss on Fair Value Adjustment in Hedge Accounting				
B.7 Other Income				
B.8 Sub-total (sum of B.1 to B.7)	2,321,811	3,174,456	838,296	
C. Gross Income (A.3 plus B.8) (to Part V. Item A.)	36,931,204	50,081,477	68,796,602	51,936,428
D. Capital Charge multiply by capital charge factor 12%				6,232,371
E. Adjusted Capital Charge (multiply by 125%)				7,790,464
F. Total Operational Risk-weighted Amount (multiply by 10)				77,904,641

	2019	2018
Credit risk weighted assets	1,470,129,060	1,094,214,924
Operational risk weighted assets	107,217,151	77,904,641
Total Risk Weighted Assets	1,577,346,211	1,172,119,566

Independent Auditor's Report

(Annex A-Attached)