

WHAT DOES  
*hope*  
LOOK LIKE?



2020 YEAR IN REVIEW

# mission

Our unique Familia culture is built on the legacy of our Founder. It is a philosophy of respect, fairness, generosity, and integrity. This heritage drives the mission of our Bank:

- To help our **CUSTOMERS** prosper through expert advice and genuine care
- To empower our **EMPLOYEES** through opportunities for growth and development
- To reward our **STOCKHOLDERS** with a fair return and pride of ownership in a locally-owned, profitable, and community-centric enterprise
- To strengthen our **COMMUNITY** by fostering economic, social, and environmental sustainability

# Vision

Bank of Guam®, "The People's Bank," will be the driving force for sustained prosperity in the communities it serves.



# hope

LOOKS LIKE YOU...

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**Joaquin P.L.G. Cook**  
*President & Chief Executive Officer*

# A MESSAGE FROM OUR CEO

## Dear Stockholders,

As you might expect, 2020 was a challenging year for our Holding Company and for our Bank, perhaps the most difficult so far. Nonetheless, we were able to remain profitable while continuing safe and sound corporate and banking practices. After our most profitable year in history during 2019, in 2020 our profits decreased by 19.6%, to \$13.0 million. Although our capital ratios remain well above the levels necessary for our regulators to consider us to be “well capitalized,” our assets grew faster than our capital base, modestly reducing those ratios from the previous year, but remaining high enough to maintain the capital “buffer” that allows us to continue paying dividends to our stockholders.

Our assets grew primarily because we are both the U.S. Treasury depository and the primary financial institution for the governments of Guam and the Commonwealth of the Northern Mariana Islands, so our Bank is the depository receiving the distribution of pandemic relief funds under the Coronavirus Aid, Relief, and Economic Security (CARES) Act for our region. Even though much of that money flowed through to recipients quickly, some remained behind to fund ongoing government activities and operations. In comparison to the previous year, our total assets grew by \$398.0 million (20.4%) to end 2020 at \$2.35 billion. In contrast, our stockholders’ equity increased by \$13.3 million (8.1%), to \$177.5 million. Retained earnings increased by \$8.6 million (6.6%) and accumulated other comprehensive income, comprised primarily of the increased market value of our investment securities, grew by \$4.4 million.

Knowing that the growth in assets was based upon temporary deposits, we kept most of the increase in the form of deposits with the Federal Reserve Bank and available-for-sale securities, and much of the rest in net loans, which increased primarily due to federally-forgivable Payroll Protection Program loans to businesses that we process and oversee for the U.S. Small Business Administration.

At the beginning of the COVID-19 crisis in the first quarter of 2020, our initial objective was to maintain a safe environment

for our customers and our employees. We temporarily closed several of our branches in Guam and one in the CNMI, strictly enforced social distancing by reducing the number of customers in our branch lobbies and having most of our employees work from home, and activated enhanced sanitation protocols throughout our network. The result has been that fewer than 2% of our employees became infected and each of their contacts at work were promptly tested for the virus.

Given the collapse of the tourism industry and the resulting loss of business and personal income throughout Guam and the CNMI, one of our business concerns was that a heightened level of delinquencies and defaults on loans was likely. We took the initiative and promptly deferred payments on consumer and commercial loans, granting a period of relief to our customers and allowing them a chance to recover. In anticipation of escalating charge-offs in both portfolios and with an abundance of caution, we increased our provision for loan losses to \$10.4 million, \$570 thousand (5.8%) higher than in 2019, and raised our allowance for loan losses on our statement of condition by \$6.9 million (24.9%), to \$34.8 million. However, by the end of 2020 our net charge-offs of \$3.4 million were \$2.3 million (40.0%) lower than in 2019.

We also led the effort in Guam and the CNMI with the Payroll Protection Program (PPP) loans afforded by the federal government. We staffed our teams and became the island leader in the number of PPP loans afforded to struggling businesses. With the PPP loans that we carry on our books, our gross loans at the end of 2020 stood at \$1.43 billion, \$125.7 million (9.6%) higher than the \$1.31 billion at the end of 2019. Although we saw some growth in our conventional lending portfolios, the PPP loans were granted through the SBA under the CARES Act. They are to be used to support retaining the borrowers’ employees on payroll with the provision that, if more than 60% of the loan proceeds are spent on personnel expenses, the principal balance of the loan will be forgiven by the federal government. By the end of the loan period, any PPP loans that are still outstanding will be converted to conventional commercial loans.

"...there were also many highlights of the year that exhibited our organization's

*resilience*

and generosity..."

We also accelerated our digital strategy drive by providing tutorials network wide and through social media to our customers to use digital channels. Moreover, we upped our daily ATM limit to \$1,000 so further induce use of our electronic operating channels.

As you can see, 2020 was, indeed, a difficult year for our company and our Bank. We had to establish new programs and protocols, implement new systems and modify many of the ways in which we do business. We had to learn many new detailed procedures in order to deliver the quality services that our customers deserve and have come to expect. We suffered unaccustomed stresses and setbacks, as have most people across the United States, around the globe and in the communities that we serve, yet we managed to move forward, and within the conditions of the time we have continued to thrive.

While challenging, there were also many highlights of the year that exhibited our organization's resilience and generosity, while bringing hope to many parts of the community that needed it most. In line with social distancing and safety concerns, we provided our employees with "work from anywhere" options so that they could continue to service our community. At its peak, 200 Bank of Guam employees were provided the tools to continue to allow them the means to deliver assistance as the pandemic grew.

Another way of helping our employees was by developing a "Community COVID Leave Bank" so that those who needed leave could continue to work. Nearly 8,000 hours were donated by our employee network to assist their colleagues during this difficult time. These gifts were from the heart and provided peace of mind.

And our employees gave back generously. We sponsored four drives (Liberation Day, Halloween, Thanksgiving and Christmas) for food, toiletries, books, PPEs and more benefiting nonprofits, the homeless and our villages.

Bank of Guam was also among the first to provide meals to hard working front liners. We delivered 1,000 meals to clinics and departments whose work grew as the pandemic developed. Special corporate donations were made to nonprofits who worked through the riskiest of times, helping the underprivileged.

I hope that each and every one of you was able to make your way through the past year with a minimum of hardship, and that the prospects for each of us are vastly improved during this coming year. I also hope that you will agree with me that we at BankGuam Holding Company and Bank of Guam performed our jobs well, focusing our attentions on our customers, our employees, and most of all on you, our valued stockholders. Without any one of those groups, we could not have achieved what we did during 2020.

Sincerely,



**Joaquin P. L. G. Cook**  
*President & Chief Executive Officer*

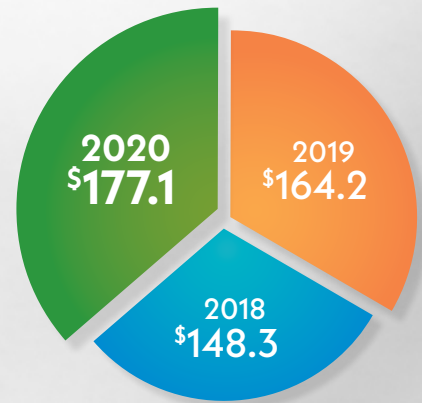
# FINANCIAL HIGHLIGHTS

## 2018-2020

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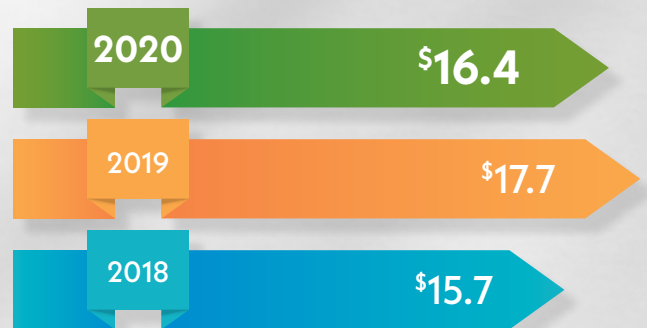
NET INTEREST INCOME  
(in millions)



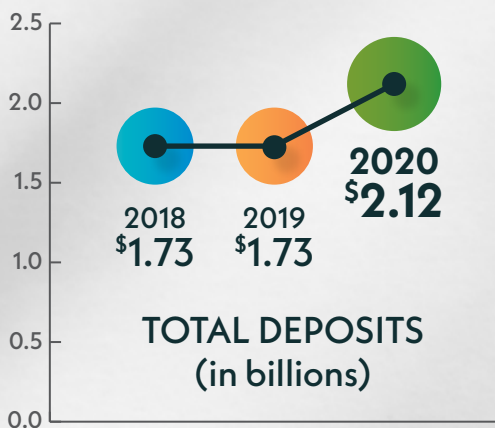
STOCKHOLDER'S EQUITY  
(in millions)



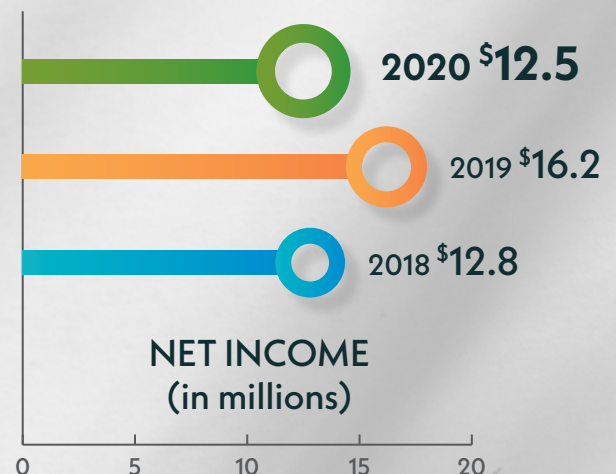
GROSS LOANS  
(in billions)



NON-INTEREST INCOME  
(in millions)



TOTAL DEPOSITS  
(in billions)



NET INCOME  
(in millions)

## Credit Rating

**Credit Rating:** the creditor's evaluation of a person's willingness and ability to pay debts.

**Credit Report:** a history or record of a person's financial and credit practices.

**Credit Score:** numerical expression of a person's credit worthiness (based on credit report)

CREDIT SCORES FALL BETWEEN 300 AND 850

- < 620 = high risk borrowers
- 620 - 699 = ok to good
- > 700 = excellent

WE ARE

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Through human connection, we understand that those who are coming to us to protect their life savings or to help them build their first venue of memories are real people – our people – with lives and families and fears. They are counting on us to ensure that at the end of the day, they count to us. Hope is about creating a pathway to opportunity for entrepreneurs, risk-takers, innovators, dreamers. Skill and ability can be evenly distributed in the world, but opportunity is not. It is our duty to balance the odds so that opportunity does not just come knocking, it comes with a door large enough to let everyone in.

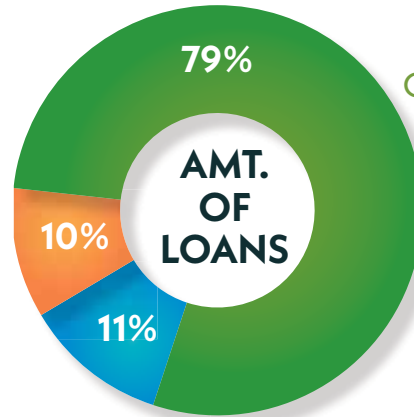
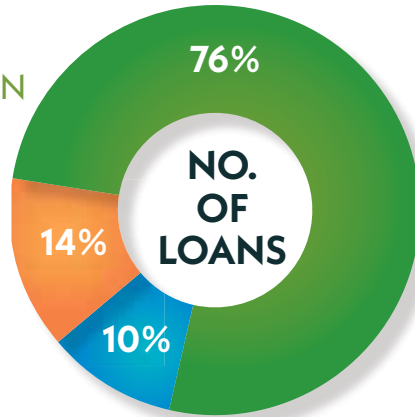
Stable



## PPP LOANS

As part of our ongoing commitment to work with customers to lessen the impacts of financial hardships due to the evolving COVID-19 pandemic, Bank of Guam offered Financial Relief Programs to regional loan customers for consumer, credit card, mortgage and commercial loans. Loan payment deferments, as well as loan extensions were considered.

GUAM AND SAIPAN  
650  
CNMI  
118  
CALIFORNIA  
86



GUAM AND SAIPAN  
\$71,104,796  
CNMI  
\$9,248,484  
CALIFORNIA  
\$10,100,401

**AUTOMATIC  
LOAN DEFERMENTS**

**17,710 totaling  
\$208,053,533**

## PUA ASSISTANCE & COMMUNITY SUPPORT

Our longstanding history of caring for and serving our community continues through providing support to our people. This commitment underscores the philosophy of The People's Bank as we work through this pandemic together.

46

volunteer hours assisting underserved communities file stimulus forms.  
GUAM NON FILERS STIMULUS

21

volunteer hours assisting families to file and submit disaster direct aid forms.  
PRUGRAMAN SALAPPE' AYUDON I TAOTAO

9

volunteer hours assisting families gather required information in preparation for e-filing.  
PUA APPLICATIONS

# GOING ONLINE TOGETHER

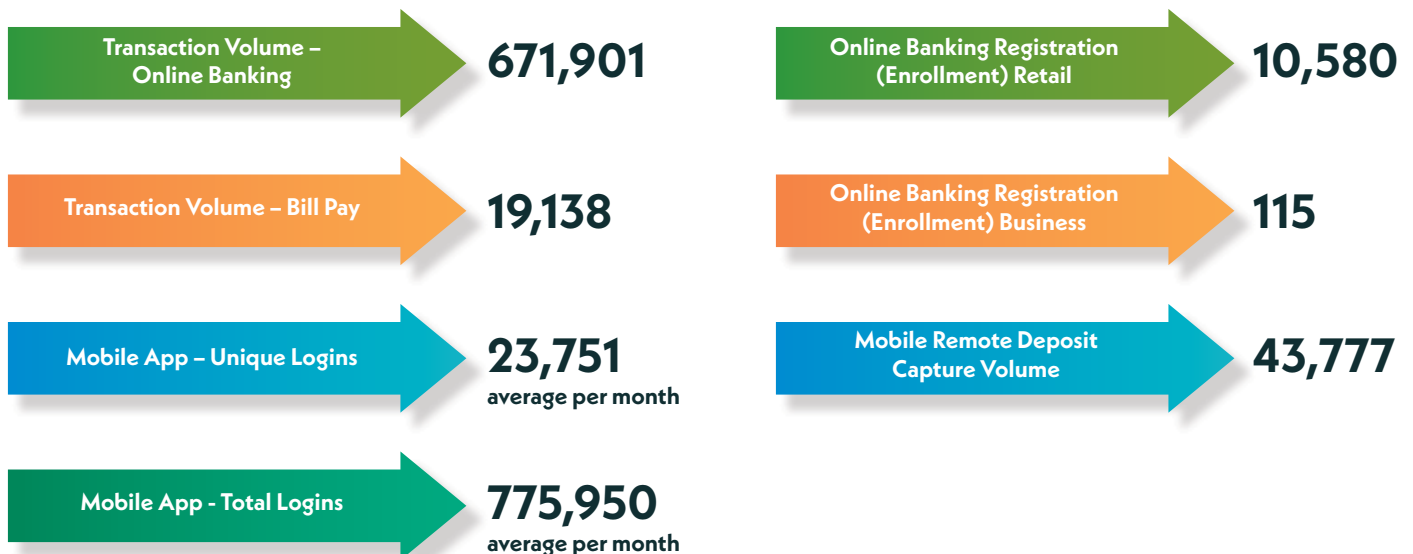
A community initiative with 23 local businesses led by Bank of Guam to reshape consumer behavior, increase awareness of digital and online solutions, and demonstrate what it means to be there for each other, as essential business and corporate citizens to our island community, "GOT" is a shared voice that is unified to inspire consumer behavior by promoting secure, safe, and convenient payment solutions to our customers during the social distancing period and beyond.

## GOT PARTNERS:

- ASC Trust
- Bank of Guam®
- Big Fish Creative
- Chili's Bar & Grill®
- Coast 360®
- Community First™
- Docomo Pacific
- Glimpses of Guam
- Godfrey Global Solutions
- Good To Go
- Guahan Sustainable Culture
- Guam Daily Post™
- Guam Power Authority
- GTA®
- Guam Waterworks Authority
- IT&E
- Mall of Guam
- Marianas Business Journal
- Pacific Daily News
- Personal Finance Center
- REV
- Stroll Guam
- Today's Realty



## BANK OF GUAM®'S EBANKING STATUS (MAY 2020 – DECEMBER 2020)



# STOP COVID, SPREAD LOVE

A social media series created to reinforce local, national, and global efforts to contain the spread of COVID-19. As an essential industry, we keep our customers connected to their funds while insulating them from exposure to COVID-19. This campaign gave our employees an identity behind the mask, that the risks are real and reciprocal, while highlighting our efforts to comply with CDC & WHO regulations, as well as the additional safety precautions taken to protect our customers and community.





## #LIGHTITBLUE

On December 29, 2020 through January 6, 2021, we joined the global initiative, #LightItBlue that illuminates our Bank of Guam bridge in Hagatna a brave, bold, blue at sunset each night, in honor of our essential and emergency HEROES who continue to lead our fight against COVID-19. Our community saluted their HERO with a commemorative Bank of Guam Love Lock, especially created as an expression of hope and humanity, symbolizing the connection of people around the world, united by love and the triumph of hope. Customers also participated by placing other commemorative pieces such as ribbons, photos, or personalized bands on to the Bank of Guam bridge railings.

**1,000**  
**Love Locks distributed**

# OUR PURPOSEFUL PRODUCTS AND SERVICES



Bank of Guam® is committed to helping our customers succeed financially through expert advice and personalized services. The COVID-19 pandemic has accelerated our efforts with digital banking by educating our customers with more financial control in navigating through uncertain times. We provided online banking tutorials, upgraded our ATMs, and ensured a safe and secure customer experience at our branches.

*Member FDIC*



## BG INVESTMENT SERVICES, INC.

BankGuam Investment Services, Inc (BGIS) is an independent Registered Investment Advisor under the Securities and Exchange Commission. BGIS provides a full suite of investment advisory services to governments, endowments, corporations, non-profit organizations, individuals and families throughout Micronesia. BGIS was formed in August 2015 and is a wholly owned subsidiary of BankGuam Holding Company.

*Not FDIC insured \* No Bank Guarantee \* May Lose Value*



## BG INSURANCE UNDERWRITERS LTD.

BankGuam Insurance Underwriters Ltd. (BGI), a subsidiary of Bank of Guam®, is a company that thousands of people have trusted to keep their money secure and growing for almost three decades. BGI offers home, auto, and commercial insurance to fit your budget. Now you can get financing and coverage in one place at the same time. BGI also offers life policies to protect those things that are priceless.

*Not FDIC insured \* No Bank Guarantee  
\* May Lose Value*

The experiences of the last year have become lessons in a global classroom in which we are all students. We can and must do more to help those who are struggling. We must be more understanding and patient with those who need our services but don't understand why processes and procedures must change. As we mask up, we need to always unmask compassion and kindness, to everyone, every day, all the time.

WE ARE

*Compass*

ssionaire

**You cannot quarantine kindness. Here are some of our corporate social responsibility partnerships throughout 2020:**

American Medical Center  
Catholic Social Services  
Dededo Mayor's Office  
DPHSS: Northern, Central,  
CPS, Senior Citizens  
FSM Association of Guam  
FHP Health Center  
Global Dorm Homeless Shelter  
Guahan Sustainable Culture  
Guam Animals In Need  
Guam Behavioral Health and  
Wellness Center  
Guam Memorial Hospital  
Guam Regional Medical City  
Harvest House  
Health Services of the Pacific  
Mañe'lu  
Mangilao Mayor's Office  
PPEs for Guam  
Sanctuary Incorporated of  
Guam  
Seventh-Day Adventist Guam  
Clinic  
St. Dominic's  
VARO  
Village Drive-Thru Volunteers  
Zero-Down & Gill-Breeze  
Subdivisions

**Thank you to our  
compassionate partners:**

CRUST pizza  
Capitol Kitchen  
Brown Bag Café  
Subway®  
Lonestar  
Red Lobster  
Three Squares Guam

**In response to growing community needs during the COVID-19 pandemic, Bank of Guam's social responsibility was the overriding purpose in partnering with groups who helped and continue to help our island's frontliners and community directly:**

**Employee-selected Holiday  
Corporate Donation**

**\$25,000.00**

**Employee donations  
weighed on a scale**

**2,651 lbs**

**Employee monetary  
donations totaled**

**\$1,145.00**

**Delivered meals between  
March 2020 to July 2020**

**1,080 meals**





## FINANCIAL EMPOWERMENT

We moved toward designing a financial development curriculum that gives people a sense of control and financial empowerment. This included specialized curricula for vulnerable groups conducted in-person and virtually. Transition to virtual financial empowerment sessions immediately after the COVID-19 pandemic began.

Financial empowerment sessions also included a curriculum to educate families in handling finances when furloughs, lay-offs, and reduced hours are affecting the household.

### GROUPS REACHED

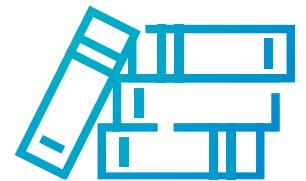
- Build EXITO Program
- Elementary School Students
- Habitat for Humanity
- UOG STEM



**276 total attendees**

### COURSES

- Money Management for Families
- High School Real World Lesson
- Buying Goods and Services
- Survive and Thrive Financially After Losing Your Job to COVID-19
- Understanding and Managing Credit
- Different Ways to Pay
- Habitat for Humanity: Homeowner Good Cents
- 4 Types of Payment



**78 total sessions**

# CHARITABLE GIVING

Many donations focused on uplifting underserved sectors of the community. We strive to be good corporate citizens and encourage all employees to volunteer for organizations and causes of their choosing. Employees from all sectors of the Bank mobilized and focused on donating PPEs to protect our medical frontlines and vulnerable communities. Donated face masks were assembled in partnership with various groups including PPEs for Guam and a women's group.

Examples of volunteer efforts pursued by Bank of Guam employees include:

- Canned goods
- Toiletries
- Toys & Educational Resources
- Personal Protective Equipment



# IFIT 2020 SCHOLARSHIP



## BANK OF GUAM® 2021 LIFE SCHOLARSHIP

LAUNCH OF OUR

# \$5,000

### COLLEGE SCHOLARSHIP PROGRAM

supporting UOG and GCC students with focus on CSR direction.

# OUR CSR PLAN

## PEOPLE. PLANET. PROSPERITY.

Corporate Social Responsibility was the reason for the Bank of Guam's founding. Serving our people, developing our economy and protecting our environment empowered our organization's establishment over 49 years ago. While it is now known as "CSR," our founder had the vision to empower a fundamental purpose that would sustain the Bank of Guam® and our region.

As part of our effort to be a good corporate citizen, despite the rise of the COVID-19 pandemic, we still strive to align our internal goals with the United Nations' Sustainable Development Goals (SDGs), which are, according to the United Nations,

**"an urgent call for action by all countries – developed and developing – in a global partnership" and recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests."**

*Sustainable Development Goals,*  
The World Bank Group,

[openknowledge.worldbank.org/pages/sustainable-development-goals](https://openknowledge.worldbank.org/pages/sustainable-development-goals)

# EMPLOYEE EMPOWERMENT

## COMMUNITY CHANGE MAKERS

Video series featuring Bank of Guam employees and their out-of-work efforts with causes that they believe in. Episodes are released on the Intranet and Social Media.

## CYBER SECURITY VIDEO LIBRARY

An employee awareness campaign aimed at increasing the understanding of cyber threats and empowering our employees to be safer and more secure online. These videos support existing organizational efforts in providing information regarding security awareness and remind our employees of cybersecurity best practices.



### TOPICS COVERED:

- Our Cybersecurity Commitment
- Video Conferencing
- Social Media
- Social Engineering
- Text & Messaging Threats
- Work From Home
- Public Wi-Fi
- Phone Scams



## EMPLOYEE DRIVES



## HEALTHY MEALS FOR HEALTHCARE HEROES

Bank of Guam started an initiative to provide meals to our healthcare heroes once a week. At the center of this effort to rally behind Bank of Guam are businesses in the food and hospitality sector offering up their services to provide sustenance to medical frontliners and caregivers.



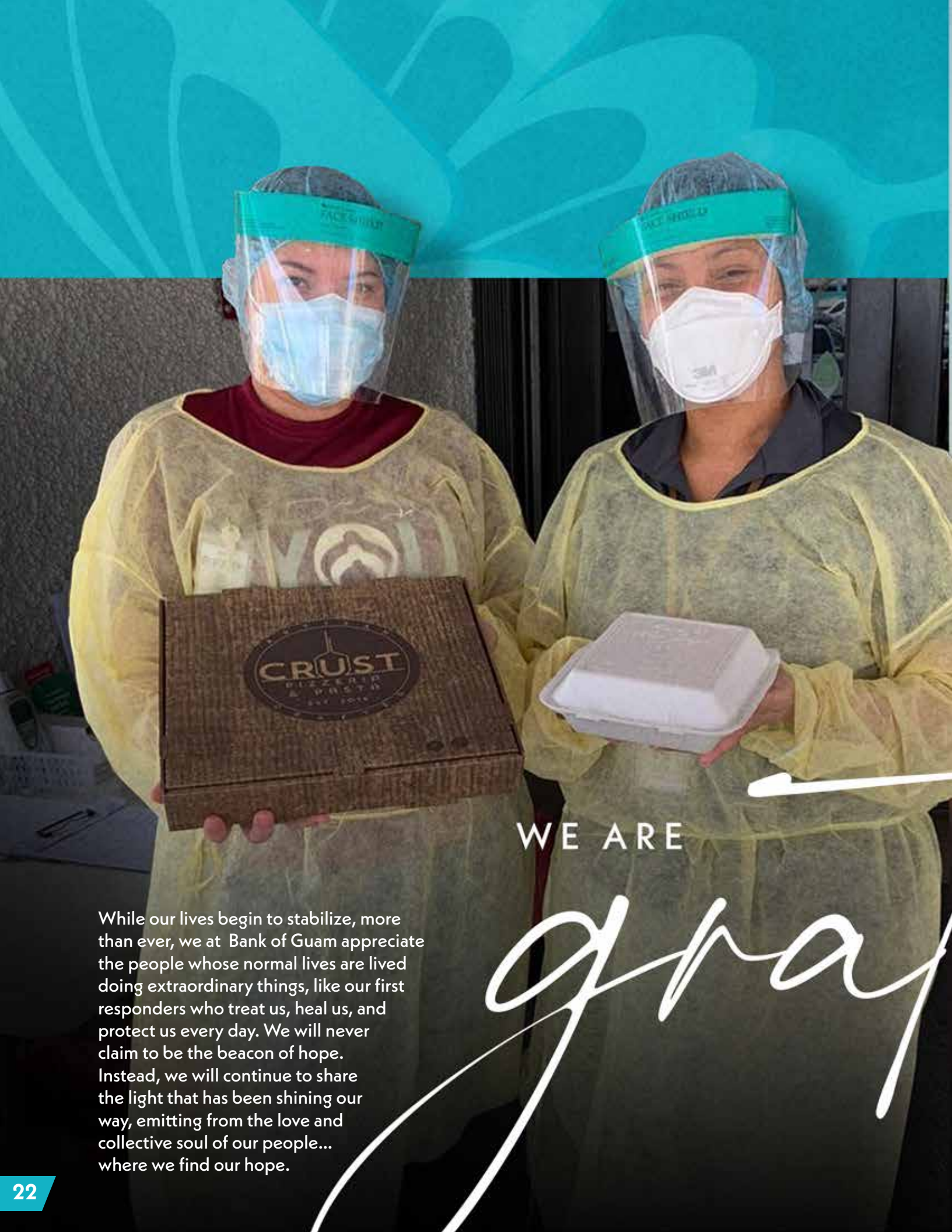
## SUSTAINABLE RESOURCE MANAGEMENT

At Bank of Guam, we strive to do business responsibly by reducing our energy and water consumption, and by implementing companywide practices that protect our environment. Beyond a genuine feel-good sense about saving the planet, doing right by the climate drives profitability.



- COMMUNITY LEAVE BANK
- GREEN LIVING ON INTRANET
- ISLAND BEAUTIFICATION CLEANUP





WE ARE

*gpa*

While our lives begin to stabilize, more than ever, we at Bank of Guam appreciate the people whose normal lives are lived doing extraordinary things, like our first responders who treat us, heal us, and protect us every day. We will never claim to be the beacon of hope. Instead, we will continue to share the light that has been shining our way, emitting from the love and collective soul of our people... where we find our hope.

A close-up photograph of a hand holding a dandelion seed head. The sun is shining brightly behind the hand, creating a silhouette effect and a warm, golden glow. Several dandelion seeds are captured in mid-air, blowing away from the seed head. The background is a soft, out-of-focus landscape with green grass and trees.

Grateful



**William D.  
Leon Guerrero**  
*Chairman  
of the Board*

## **BANKGUAM HOLDING COMPANY** **BOARD OF DIRECTORS**



**Joaquin P.L.G. Cook**  
*Vice Chairman of the Board,  
President & Chief Executive Officer*



**Martin D. Leon Guerrero**  
*Board Treasurer &  
Assistant Secretary*



**Roger P. Crouthamel**  
*Board Secretary*



**Maria Eugenia H. Leon Guerrero**  
*Board Member, Executive Vice President  
& Chief Operating Officer*



**John S. San Agustin**  
*Board Member*



**Frances L.G. Borja**  
*Board Member*



**Joseph "Joey" Crisostomo**  
*Board Member*



**Patricia P. Ada**  
*Board Member*



**Keven F. Camacho**  
*Board Member,  
Bank of Guam Senior Vice President/  
Chief Sales Officer*



**Mark G. Sablan**  
*Board Member*

## **BANKGUAM HOLDING COMPANY** **SENIOR MANAGEMENT**



**Danilo M. Rapadas**  
*Senior Vice President, General  
Counsel & Chief Risk Officer*



**Frank M. Atalig**  
*Senior Vice President,  
Chief Financial Officer*

## **ACCOLADES**

Bank of Guam® is honored to have received many prestigious industry awards in 2020. We consider these as your awards, too. Thank you for sharing in these recognitions of success with us.

- 2020 Guam Small Business Administration Award Champions – 5 Winning Nominations
- 2020 Strong Communities Award First Runner-Up from Federal Home Loan Bank of Des Moines – Bank of Guam LIFE Teen Expo
- 2020 MARCOM Platinum Award – International recognition for our 2020 Calendar, "Finding Your Purpose"
- 2020 MARCOM Gold Award – International recognition for our 2019 Year In Review, "Empowering Purpose"
- 2020 MARCOM Honorable Mentions – Recognition for both our 2019 Spring EcoForum Sustainability Promotional Item (Bento Box) and 2019 Fall EcoForum Sustainability Promotional Item (Rocket Reusable Notebook)

We had the privilege to be invited to speak as industry thought leaders in economic, environmental, and social forums:

- CNMI Tech Summit
- University of Guam's Virtual Conference Series on Island Sustainability "Island Wisdom for A Global Future"
- "Your Next Level Social Media Strategy for 2021" hosted by Denim Social

# BANK OF GUAM®

## SENIOR MANAGEMENT



**Joyce B. Miyashita**  
*Senior Vice President,  
Chief Credit Officer*



**Frank M. Atalig**  
*Senior Vice President,  
Chief Financial Officer*



**Josephine L. Mariano**  
*Senior Vice President,  
Chief BSA & Central Operations Officer*



**Danilo M. Rapadas**  
*Senior Vice President, General  
Counsel & Chief Risk Officer*



**Jacqueline A. Marati**  
*Senior Vice President,  
Chief Communications & Corporate  
Social Responsibility Officer*



**Ernest P. Villaverde**  
*Senior Vice President,  
Chief Technology Officer*



**Joseph P. Bradley**  
*Senior Vice President,  
Chief Economist*



**J. David Joves**  
*Senior Vice President,  
California Regional Manager*



**Theresa C. Obispo**  
*Senior Vice President,  
Chief Human Resources Officer*



**Lesley-Anne Leon Guerrero**  
*Senior Vice President,  
Chief Experience Officer*



**Janice R. Chargualaf-Quichocho**  
*Senior Vice President,  
Chief Retail & Card Services Officer*



**Keven F. Camacho**  
*Senior Vice President,  
Chief Sales Officer*

# VISIONARY LEADERS GUIDED BY TRADITION

BANK OF GUAM®



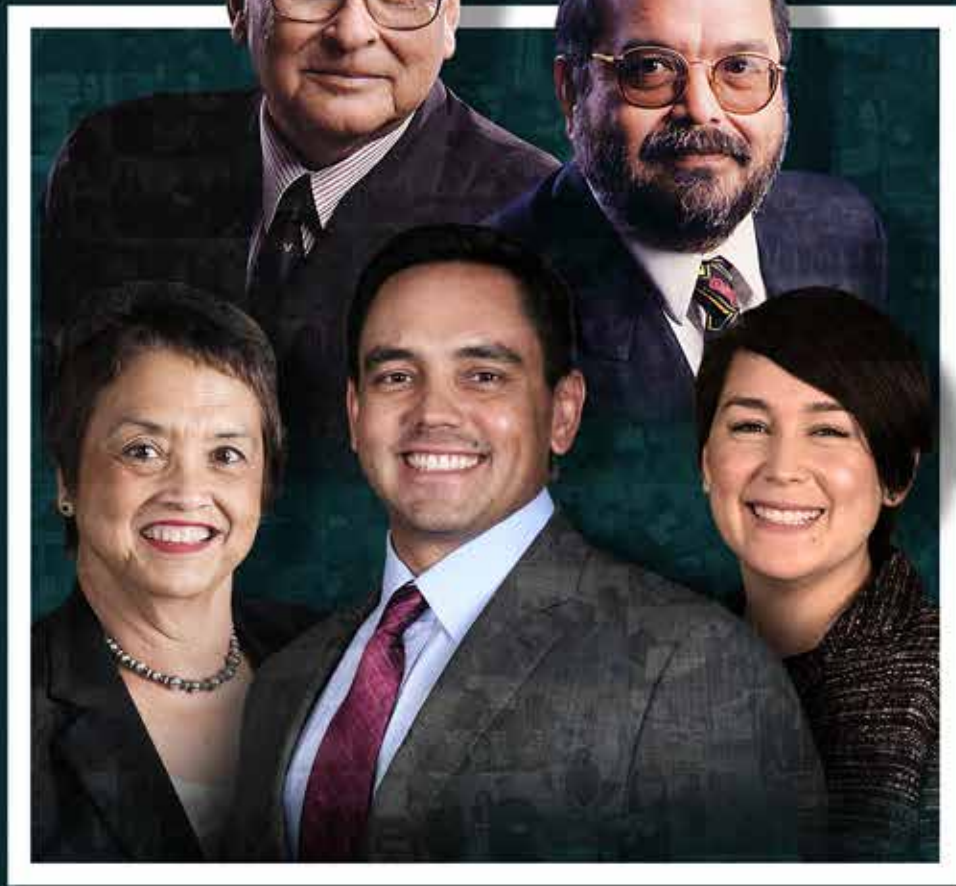
**Joaquin P.L.G. Cook**  
*Vice Chairman of the Board,  
President & Chief Executive Officer*



**Maria Eugenia H. Leon Guerrero**  
*Board Member,  
Executive Vice President &  
Chief Operating Officer*



**William D. Leon Guerrero**  
*Chairman of the Board*



Bank of Guam® Founder  
**Jesus S. Leon Guerrero and Family**