



2018 YEAR IN REVIEW

A RENEWED SENSE OF PURPOSE



ACCOLADES

Bank of Guam® is honored to have received many prestigious local and industry awards in 2018:

- Corporate Social Responsibility of the Year - Silver award for our high school financial literacy programs and the 2017 LIFE Teen Expo at the Asian Banking & Finance Retail Banking Awards 2018
- The Payu-ta (*Our Umbrella*) Decade Award - Given to community partners that exhibited substantial support to a nonprofit organization, meeting the mission of Payu-ta, Inc.
- MARCOM Gold Award - International recognition for our 2018 Year in Review publication, *“BankGuam Holding Company: Rooted in Vision, Carved with Passion”*
- “Best Bank” in Pika’s Best of Guam, 2018

We consider these as your awards, too. Thank you for sharing in these recognitions of success with us.

ABOUT OUR COVER

In 2018, many of our internal and community outreach efforts were aimed at making the Bank of Guam® and the communities we operate in greener, healthier and more eco-conscious places to live and work. Thus far, our accomplishments have been humble — like a seed that’s just begun to sprout. We still have many areas in which to improve before we can truly call ourselves sustainable, but we already feel a renewed sense of purpose. With our roots planted firmly in Micronesia, we have a dedicated *familia* of employees, customers and investors serving as our fertile soil of support. Each day we grow a bit more and get closer to blooming into our full potential as stewards of environmental best practices. We invite you to continue with us on our journey toward growing into a better, greener Bank of Guam® and BankGuam Holding Company.

30% Recycled Paper

Our choice to use 30% recycled paper for this Year in Review is a little thing that can help change the future of our islands -- a future that relies on sustainability and caring for this planet we call home.

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LETTER FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

Annual BankGuam Holding Company Stockholders' Letter

Dear Stockholders,

I am grateful for the vote of confidence that the Board has placed in me. I am pleased to inform you that our Holding Company and our Bank remained profitable in 2018, increasing our net income after taxes to \$12.3 million, more than 50% higher than in 2017. You will recall that several years of rapid growth put a strain on our capital ratios, but we made a concerted effort last year to move deposit funds from some of our largest customers into longer-term investments. By doing that, we were able to reduce our total assets by \$74.2 million, to \$1.89 billion, while simultaneously increasing our stockholders' equity by \$10.1 million, or 7.3%, to \$148.3 million, including an additional \$8.4 million in retained earnings. This not only allowed us to raise our capital ratios well above the well-capitalized standards, but also to exceed the additional required capital buffer so that our ability to pay dividends is not restricted. Due to the bankruptcy filing of one of our large commercial loan customers, net charge offs of \$6.4 million last year and a modest increase of \$8.7 million in our loan portfolio, we added \$5.3 million to our allowance for loan losses as a precaution against possible future write-downs and charge-offs. We increased our net interest income in 2018 from the previous year by \$8.4 million, or 10.6%. Overall, despite some setbacks in our credit portfolio, 2018 was a very good year.

As you will notice in this Year in Review, we made substantial progress during 2018 in modernizing our public image, most notably by updating our Bank's logo with a more progressive, stylized format. As part of a long process, we are refreshing our brand, updating our color schemes and revitalizing our branch network. We are in the process of completing our vision of our branch of the future, which will upgrade the look and feel of our branch lobbies, and we will continue to enhance our efficiency with the adoption of several of the most current banking technologies. Our Familia Ambassador program is changing the way in which we interact with our customers, taking a more personalized approach. As the program continues to expand, we have been developing enough experienced Ambassadors to accelerate its implementation throughout our branch network.

During 2018 we issued all new credit and debit cards with a new design and the embedded anti-fraud and identity protection technology of the EMV chip. We continued in our long-standing journey toward corporate social responsibility and provided sustainability principles to our community in Guam during the second 2018 Economic Forum. We also sponsored the 2nd Annual Life Teen Expo in central Hagåtña, where 4,500 young people learned important and useful skills as they enter adulthood, and we reached 1,250 students in our market area with our Financial Literacy program. Again last year, we awarded five college scholarships and paid internships to promising young scholars from throughout our region,

continuing the practice that we started in 2012.

Last year was another year for awards and recognition for our Bank. Our nominees won four out of the five Small Business Administration awards in the areas of Financial Services and Women, Veterans and Minorities in Business. We won the 2018 MARCOM Gold award for our 2017 Year in Review publication, and received the 2018 Silver Award for Social Responsibility in the Asian Banking & Finance Banking competition. Once again, we won the PIKA Best Bank designation in 2018. Last but not least, the Federal Deposit Insurance Corporation rated our efforts toward compliance with the Community Reinvestment Act as Outstanding.

Our performance as a bank and a holding company brought us to a new level of achievement during 2018, and I give full credit for that to our management, staff and customers, but most of all to you, our stockholders. Without your support and continued confidence, none of this would have ever been possible. I cannot thank you enough for helping us to build the enduring familia of Bank of Guam® and BankGuam Holding Company.



“

We continued in our long-standing journey toward corporate social responsibility...

”

In closing, the management and staff of BankGuam Holding Company and Bank of Guam® want to express our heartfelt gratitude to former President and CEO Lourdes A. Leon Guerrero for all of the accomplishments that she achieved over the years for us, the community and our stockholders. We wish her every success in her new role as the first woman Governor of Guam.

Sincerely,

Joaquin P.L.G. Cook
President and Chief Executive Officer

GREATNESS OFTEN STARTS WITH SMALL

beginnings.

**BANKGUAM HOLDING COMPANY
BOARD OF DIRECTORS**



**WILLIAM D. LEON GUERRERO
CHAIRMAN OF THE BOARD**



**JOAQUIN P.L.G. COOK
VICE CHAIRMAN
OF THE BOARD
PRESIDENT AND
CHIEF EXECUTIVE OFFICER**



**MARTIN D. LEON
GUERRERO
BOARD TREASURER AND
ASSISTANT SECRETARY**



**ROGER P. CROUTHAMEL
BOARD SECRETARY**



**MARIA EUGENIA H.
LEON GUERRERO
BOARD MEMBER
EXECUTIVE VICE
PRESIDENT AND 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**



**MARK G. SABLAN
BOARD MEMBER**



**BANKGUAM HOLDING COMPANY
SENIOR MANAGEMENT**

**DANILO M. RAPADAS
SENIOR VICE PRESIDENT/
GENERAL COUNSEL
& CHIEF RISK OFFICER**

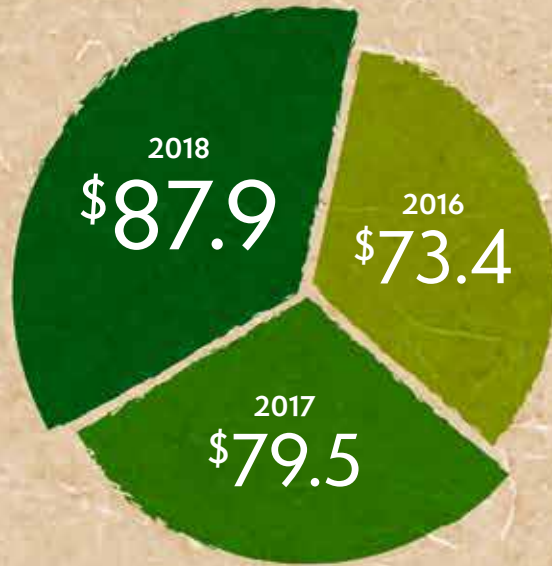


**FRANCISCO M. ATALIG
SENIOR VICE PRESIDENT/
CHIEF FINANCIAL OFFICER**



FINANCIAL HIGHLIGHTS
2016-2018

NET INTEREST
INCOME
(IN MILLIONS)



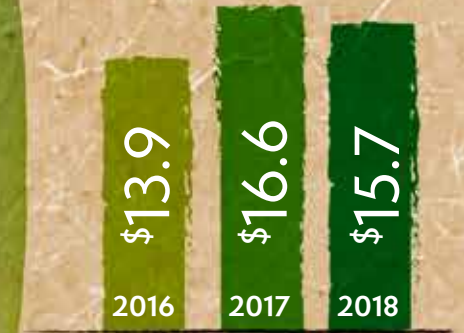
STOCKHOLDERS'
EQUITY
(IN MILLIONS)



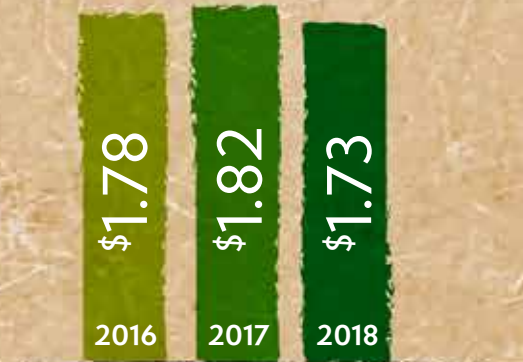
GROSS LOANS
(IN BILLIONS)



NON-INTEREST
INCOME
(IN MILLIONS)



TOTAL DEPOSITS
(IN BILLIONS)



Growth

IS NOT ONLY A SIGN
OF STRENGTH, BUT ALSO
PERSEVERANCE.

COMMUNITY OUTREACH OVERVIEW

A RENEWED SENSE OF PURPOSE

At Bank of Guam®, we're Banking on sustaining our shared success for the sake of our people, planet and prosperity. We've listened to our employees, customers and stakeholders, and recognize their shared desire to nurture and grow a movement to restore and rejuvenate our communities throughout the region.

Throughout 2018, the Bank has taken small steps toward that goal by hosting and sponsoring events and activities that help lead us toward a greener future for our people, our planet and our Bank.

Blossoming
TO GIVE, SERVE,
AND SUSTAIN THE LAND.

A PURPOSE TO NURTURE

- Bank of Guam®, in partnership with GUAM DECA, presented LIFE Teen Expo for the second consecutive year. Powered by social media, this day-long event was organized, planned, attended and enjoyed by local teens, with a focus on more responsible and sustainable lifestyles for young people on Guam
- We continue in our efforts to lead young minds to a more sustainable financial future through our yearly commitment to programs such as Teach Children to Save, Get Smart About Credit, and the Mad City Money™ Financial Simulation.

PROGRESS-DRIVEN PROSPERITY

- Bank of Guam® Economic Outlook Forum featuring world-renowned environmentalist, Ms. Gina Lopez
- Bank of Guam® Small Business Forum
- The Ifit 5K raised over \$40,000 for Guam Cancer Care and the American Cancer Society

MISSION STATEMENT BANK OF GUAM®

Our unique *familia* culture is built on the legacy of our Founder. It is a philosophy of respect, fairness, generosity and integrity to

HELP
OUR CUSTOMERS

EMPOWER
OUR EMPLOYEES

REWARD
OUR SHAREHOLDERS

STRENGTHEN
OUR COMMUNITY

A PURPOSE TO NURTURE

NURTURING YOUNG MINDS FOR A SUSTAINABLE FUTURE

LIFE TEEN EXPO

For the second year in a row, Bank of Guam® served as presenting sponsor for LIFE (Live. Imagine. Fulfill. Experience.) Teen Expo that brought together over 4,500 of Guam's high school teens in one fun-filled location. During LIFE Teen Expo, high school students learned about career and college opportunities, developing financial literacy skills, taking on more environmentally sustainable practices in everyday life, and many other valuable skills for youth preparing to enter adulthood. As part of the 2018 LIFE Teen Expo's message of environmental sustainability, the Bank, event vendors, and participating students worked together to ensure the day-long event was free from any Styrofoam™ and single-use plastics.

In July of 2018, Bank of Guam® received the Corporate Social Responsibility of the Year - Silver award for its long-running high school financial literacy programs and the 2017 LIFE Teen Expo. In its 13th year, the Asian Banking & Finance Retail Banking Awards recognize banks all over Asia that stand out with groundbreaking products and services.



Mindzenty, Palau Mad City Money™

LIFE TEEN EXPO IMPACT REPORT



1 FULL DAY

Saturday, Nov. 10, 2018



70 EVENT PARTNERS



100 TEEN VOLUNTEERS



4,500 TEENS



\$10,000 DONATED TO DECA
(Distributive Education Clubs of America)

FINANCIAL LITERACY IMPACT REPORT

Guam High Schools – 727 students
Palau High Schools – 230 students
University of Guam Dorms & Upward Bound – 68 students
LIFE Teen Expo – 100 students
Take Care Teen Talk – 20 students
Chamber of Commerce Drug Court – 12 students
Americorps Volunteers – 68 students
Department of Youth Affairs – 11 students
Bank of Guam® Summer Interns – 14 students

**TOTAL NUMBER:
1,250 STUDENTS**



PROGRESS-DRIVEN PROSPERITY

CHAMPIONING OUR COMMUNITIES' PROGRESS



ECONOMIC OUTLOOK FORUMS

Last year, Bank of Guam® held two forums at the Dusit Thani Resort with the theme "Guam's Economic Outlook Seen Through the Lens of the Financial Industry." The Fall forum featured a world-renowned environmentalist as its keynote speaker.

On April 27, 2018, the Spring Economic Forum featured a panel including financial industry experts moderated by Mr. Joe Bradley, Senior Vice President, Chief Economist and Business Continuity Officer. Panelists included Mr. Lance Kamigaki of Ernst & Young, Mr. David John of ASC Trust, Ms. Lou Leon Guerrero, President and Chief Executive Officer of Bank of Guam®, and Ms. Melanie Mendiola of the UOG Endowment Foundation.

On October 16, 2018, Bank of Guam® held its Fall Economic Forum. This brought together local business leaders and key decisions makers, earth advocates, academics and community members. It was headlined by world-renowned environmentalist and philanthropist Gina Lopez. She is founder of ABS-CBN Foundation, a non-profit organization based in the Philippines dedicated to providing services and support to Filipino families. As Guam looks toward a greener future, Bank of Guam® presents ideas from various vantage points to

champion sustainability initiatives.

These initiatives will be integral to economic growth and stability across the region.



IFIT 5K RAISED OVER \$40,000 FOR GUAM CANCER CARE

The fight against cancer on Guam is greatly bolstered through the efforts of dedicated organizations such as Bank of Guam®. From my experience working directly with Bank of Guam® executives and staff, I can say with the utmost confidence that they share Guam Cancer Care's belief that collaboration serves as the foundation of our broader mission. Our very success depends upon it.

We are proud of our relationship with Bank of Guam® and grateful of its efforts to continually collaborate with and support Guam Cancer Care to further provide cancer services and programs that make profound and positive impacts on families here. In particular, the financial assistance provided through the Bank of Guam® Ifit 5K Run/Walk & Block Party to benefit Guam Cancer Care continues to support our Ifit ECHO, a cancer education program for high school students. The program's mission is to educate Guam's youth about cancer, encourage them to live healthier lifestyles and empower them to make positive changes in our local and regional communities.

Si Yu'os Ma'ase'. Lá'la.' Imbesti. Sustieni.

"LIVE. FIGHT. SURVIVE."

Terry L. Cuabo
Executive Director



**2018 DONATION FROM BANK OF GUAM®
IFIT 5K RUN:
\$41,216.00**



Special Olympics®



Typhoon Yutu Relief Drive for CNMI



LAD Shoe Donation



Relay For Life® – The American Cancer Society®

PURPOSEFUL PARTNERSHIPS

A GREENER FUTURE FIRMLY PLANTED IN GIVING BACK

Business for good is good for business. Here are some of our corporate social responsibility partnerships throughout 2018:

- The American Cancer Society®
- American Red Cross®
- Ayuda Foundation
- Farm to Table
- Guam Cancer Care
- Guam Community College
- Guam Diabetes Association
- Guam USO®
- Hunter Speaks Guam
- iRecycle
- Make-A-Wish® Foundation Guam
- Micronesian Conservation Coalition
- Small Business Development Center
- Small Business Administration
- U.S. Department of Agriculture
- University of Guam
- Center for Island Sustainability
- Youth for Youth

And numerous other causes and non-profit organizations

PHOTO HIGHLIGHTS

Continuing our efforts to nurture young minds to a more sustainable financial future.



LIFE Teen Expo event debriefing. Guam DECA



LIFE Teen Expo, Mad City Money™



LIFE Teen Expo "Think Tank" winners



LIFE Teen Expo campus visit

LIFE Teen Expo 2018
Guam Museum, Skinner Plaza
and the Guam Congress Building



Saipan Young Professionals



Financial Literacy Outreach

PHOTO HIGHLIGHTS

“
There are
two things
you need to
make things
happen:
the heart and
the will.
”

*Gina Lopez, Environmentalist and
Founder of ABS-CBN Foundation
Keynote Speaker, Bank of Guam®
Fall Economic Outlook Forum*



Fall Economic Outlook Forum



Small Business Forum, Guam



Spring Economic Outlook Forum



Small Business Forum, Saipan

OUR RENEWED BRAND IDENTITY

Over the course of nearly five decades, the Carabao represented our Bank's compassion, perseverance, and

unceasing will to move forward.

As we brave the future, our take on the 'beast of burden' highlights a modern and stylized rendition of the Carabao. Our renewed brand identity launched in 2018 features a Carabao that is standing tall and firm, proud and poised. It exudes confidence and security. The head is intentionally positioned to always 'look ahead', prepared and ready for anything.



Bank of Guam[®]



Corporate Social Responsibility of the Year - Silver award for our high school financial literacy programs, and the 2017 LIFE Teen Expo at the Asian Banking & Finance Retail Banking Awards 2018



Sip Kindly by Find Kind



Telephone donations to Price Elementary School



Team Karabao, Konquer Saipan



Typhoon Mangkhut relief to Rota



Hagåtña City 5K Run and Block Party



International recognition for our 2018 Year in Review publication, "BankGuam Holding Company: Rooted in Vision, Carved with Passion," with the MARCOM Gold Award

MARKETING ADVERTISEMENTS



Alexandra Leon Guerrero, Maree Pelkey and Charity Lujan

Bank of Guam® has been offering investment advisory services since 1997, as agents of third party companies.

In 2015, BG Investment Services, Inc. (BGIS) registered independently with the U.S. Securities and Exchange Commission as a Registered Investment Advisor (RIA), and became a wholly-owned subsidiary of BankGuam Holding Company. By becoming a locally owned and independent RIA, BGIS has strengthened its commitment to serving the needs of the Micronesia region. BGIS provides its services to governments, endowments, corporations, non-profit organizations, individuals and families throughout Micronesia.



**BANK OF GUAM®
SENIOR MANAGEMENT**

**VISIONARY LEADERS GUIDED BY TRADITION
BANK OF GUAM®**



WILLIAM D. LEON GUERRERO
Chairman of the Board

JOAQUIN P.L.G. COOK
Vice Chairman of the Board,
President and Chief Executive Officer

MARIA EUGENIA H. LEON GUERRERO
Board Member,
Executive Vice President and Chief Operating Officer



(Standing)

THERESA C. OBISPO
Senior Vice President/
Human Resources Administrator

JACQUELINE A. MARATI
Senior Vice President/
Chief Communications Officer

JOSEPHINE L. MARIANO
Senior Vice President/Central Operations
& Bank Secrecy Act Administrator

J. DAVID JOVES
Senior Vice President/
California Regional Manager

DANILO M. RAPADAS
Senior Vice President/General Counsel
& Chief Risk Officer

BankGuam Holding Company
Senior Vice President/General Counsel
& Chief Risk Officer


(Seated)

JOSEPH P. BRADLEY
Senior Vice President/Chief Economist

JOCELYN B. MIYASHITA
Senior Vice President/Chief Credit Officer

ERNEST P. VILLAVARDE
Senior Vice President/Information
Management Systems Administrator

FRANCISCO M. ATALIG
Senior Vice President/Chief Financial Officer
BankGuam Holding Company
Senior Vice President/Chief Financial Officer



IT IS NOT EASY
TO ACHIEVE IT
AND PERHAPS IT IS NOT
WITHIN OUR REACH,
BUT WE SHALL CONTINUE TO TRY.
WE HAVE DONE

*very well
so far.*

Jesus S. Leon Guerrero
Bank of Guam® Founder

