

# *To a Future that Endures*



**LANDBANK**

2009-2010  
Sustainability  
Report



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## ***About the Cover***

Leaves are among the main elements of the LANDBANK logo. In this Report's cover, they are used to contain the images of the major activities associated with the Bank's sustainability initiatives. At the core of LANDBANK and its operations are the people and programs that contribute to development and to promoting a sustainable future.

# About this Report

## Scope

This Sustainability Report covers LANDBANK accomplishments in the years 2009 and 2010. It presents data following the guidelines of the Global Reporting Initiative or GRI at the self-declared C level.

The five sustainability cornerstones primarily serve as the outline. These cornerstones are:

- Enterprise Development,
- Community Development,
- Environmental Protection and Management,
- Customer Service and
- Employee Development.

This report generally contains data concerning all Bank units, with the exception of those relating to the Environmental Management System or EMS and the Quality Management System or QMS. As will be discussed in their respective sections, these two systems cover specific Bank units and processes. Moreover, while reports on the Bank's subsidiaries were not included, this report contains some of the accomplishments of the LANDBANK Countryside Development Foundation, Inc. or LCDFI, particularly on topics related to community development and environmental protection and management.

## Preparation and Production

Demonstrating their commitment to sustainability at LANDBANK, the Board of Directors and Management Team provided the overall direction as regards the preparation and production of this report. They appointed the Bank's Corporate Social Responsibility (CSR) Task Force, composed of various group and unit heads, to take charge of identifying topics and areas of operation to be presented in the report.

The Association of Development Financing Institutions in Asia and the Pacific or ADFIAP guided the CSR Task Force in determining the scope and preparing the contents of the sustainability report. The CSR Task Force formed a Technical Working Group (TWG) to gather data from the Bank's information systems and concerned units and to prepare the drafts.

The CSR Task Force and the TWG are geared to produce the subsequent annual LANDBANK Sustainability Reports. To accomplish such, they enjoined all Bank units and various stakeholder groups to support and participate, as well as to send their valuable feedback towards the continued improvement of LANDBANK's sustainability initiatives.

Report Application Center		C	C+	B	B+	A	A+
Standard Disclosure	G3 Profile Disclosures OUTPUT	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
	G3 Management Approach Disclosure OUTPUT	Not Required		Management Approach Disclosure for Each Indicator Category		Management Approach Disclosure for Each Indicator Category	
	G3 Performance Indicators and Sector Supplement Performance Indicators OUTPUT	Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic, and environment. **		Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility. ***		Respond on each core and Sector Supplement* Indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

\* Sector supplement in final version

\*\* Performance indicators may be selected from any finalized Sector Supplement, but 7 of the 10 must be from the original GRI Guidelines

\*\*\*Performance indicators may be selected from any finalized Sector Supplement, but 14 of the 20 must be from the original GRI Guidelines





# LANDBANK

Ang Bangkong May Damdaming Bayan

## ***Vision***

LANDBANK shall be the dominant financial institution in countryside development, committed to the highest standards of ethics and excellence in the service of the Filipino people.

## ***Mission***

We shall continue to provide timely financial and technical support for our farmers, fisherfolk and other priority sectors.

We shall deliver innovative products and services that are consonant with ecological enhancement and effectively address our clients' needs.

We shall embody professionalism and integrity, providing our employees with a work environment that encourages growth and rewards excellence.

LANDBANK is committed to improving the lives of all its stakeholders and working with them to lead the country to economic prosperity.



*Message from His Excellency  
President  
BENIGNO S. AQUINO III*

I congratulate the Land Bank of the Philippines on the publication of your 2009-2010 Sustainability Report. May this record of your achievements exhort you to further improve on the valuable role you play in the lives of many Filipinos.

It is always a pleasure to work with the professionals of LANDBANK in putting the Filipino people on top of our national agenda; you fervently seek to promote your countrymen's welfare, that they may be able to secure a more stable future for themselves and their loved ones. Thank you for bringing our citizenry closer to the realization of their dreams and for improving the quality of their lives through your committed service. Indeed, the continued progress of LANDBANK, as evidenced by this report, does not only contribute to the revitalization of our economy, but also allows your employees to undergo professional development. May you always uphold your bank's recognized tradition of competency, professionalism, and integrity for you are partners in our agenda of reform.

We continue to deliver our promise of an honest, transparent, and accountable government to our citizenry. We are grateful to have the support of institutions such as yours, as we work to forge a better and more prosperous Philippines. As the daylight of hope and positive change shines upon our nation, let us continue to veer away from the old system of corruption and greed, and more resolutely establish a new system working toward a future of peace, stability, and prosperity. The tasks along the straight and righteous path may challenge us greatly, but I am confident that with our collective efforts, nothing is beyond our reach.

***We continue to  
deliver our promise  
of an honest,  
transparent,  
and accountable  
government to our  
citizenry.***

A handwritten signature in black ink, appearing to read 'B. Aquino III'.

**President Benigno S. Aquino III**  
Republic of the Philippines



## *Message to Stakeholders*



### *Message from the Chairman* **CESAR V. PURISIMA**

### *Message from the President and CEO* **GILDA E. PICO**



More and more organizations around the world recognize the significance and benefits of communicating to their stakeholders essential and fundamental business issues and developments, beyond financial profitability.

The maiden publication of the LANDBANK Sustainability Report is one of our concrete steps towards promoting sustainable development through greater transparency.

This step comes at an opportune time, as a newfound daylight illuminates the country and revitalizes our hope for a lasting transformation. As the national government strives to cultivate a culture of industry and integrity, LANDBANK joins the journey on a straight, righteous path to progress and development.

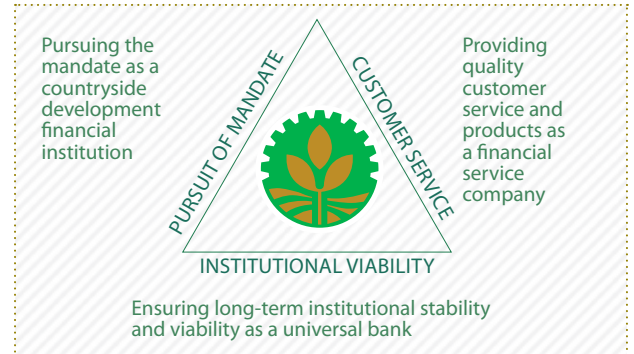
Indeed, LANDBANK has always been set apart from other banking and financial institutions primarily because it is tasked to help spur countryside development. Sustainability for us has always been a two-pronged concern that involves the institution on the one hand, and the people and country we serve on the other.

LANDBANK exists because of its social mandate, and, the institution will endure only if it continues to be relevant and able to pursue it. Conversely, for LANDBANK to be relied on, it has to be a strong and viable institution.

LANDBANK's strength and viability are the results of its operations, products and services, which we constantly work at improving – ever mindful of the needs of our customers and partners and the trust and confidence they have placed on us.

Three interconnected and major business goals summarize these – pursuit of mandate, institutional viability, and enhanced customer service. These business

## LANDBANK Business Goals



goals serve as the anchors of LANDBANK's every strategy, of every decision and of every action.

These business goals are likewise the anchors of the Bank's sustainability framework. We have identified and set five priority areas in relation to LANDBANK's mandate, the institution and our customers. We call these Sustainability Cornerstones, upon which we build and align our sustainability efforts. These are Enterprise Development, Community Development, Environmental Protection and Management, Customer Service and Employee Development.

We have included in this report LANDBANK's 2009 and 2010 accomplishments according to the five Sustainability Cornerstones. For this maiden publication, we have adopted the GRI self-declared C-level of reporting. While LANDBANK has certainly achieved more in a span of two years, we chose to highlight only some of our programs, products and services that are geared towards developing and supporting enterprises, communities, the environment, our customers and employees.

In the coming years, we aim at further improving the way we gather and present data from the various facets of LANDBANK operations so that we can better share with you the Bank's commitment to sustainability.

As our government's partner in providing our people with financial and technical assistance, we especially endeavor to promote diligence, self-reliance and empowerment so our fellowmen may be able to realize their dreams and secure a better future for themselves. As LANDBANK's operations converge towards the fulfillment of its business goals, we commit to work continuously so

these may ultimately find their final course not in generating profits alone, but in bolstering rural economies, creating an impact that will transform individual lives, families and communities.

This is sustainability in the LANDBANK parlance. This is what LANDBANK commits to fulfill now and in the years ahead, as we fully take on the challenge of taking part in nation building and serving our people.

We look forward to your continued support as we remain dedicated to keeping a LANDBANK that works and excels – a Bank that is one with our government, one with our nation – in pursuit of true and enduring progress and development.

**Cesar V. Purisima**

Finance Secretary and LANDBANK Chairman

**Gilda E. Pico**

President and CEO

## About LANDBANK

The Land Bank of the Philippines (LANDBANK) is a financial institution that strikes a balance in promoting countryside development while remaining financially viable. Its social mandate defines the clients it prioritizes as well as the stakeholders with whom it engages. LANDBANK is wholly owned by the Philippine government.

Today, LANDBANK continues to offer a wide array of banking products and services for retail and institutional clients. Through credit delivery, complemented with other forms of assistance including technical and capability-building support, the Bank is able to work with its clients, as partners, in promoting sustainable growth and development.

### *Milestones in Corporate Existence*



LANDBANK was created on August 8, 1963 with the enactment of Republic Act 3844 or the Agricultural Land Reform Code of the Philippines. It was tasked to finance the acquisition of agricultural estates for distribution to small landholders. With an initial capital of ₱200 million and authorized capitalization of ₱1.5 billion, the Bank was originally exempted from cash or stock dividends to the national government, as well as from taxes on all its operations, holdings, equipment, property, income and earnings.



On July 21, 1973, Presidential Decree 251 transformed LANDBANK into the first universal bank by charter in the country. Expanded banking powers were granted to include lending to agricultural, industrial, home-building projects and other productive enterprises.



Republic Act 6657 or the Comprehensive Agrarian Reform Program was signed into law on June 10, 1988, with LANDBANK as its financial intermediary. With the funding for CARP coming from the national government, LANDBANK facilitates the payment to landowners in the form of cash and agrarian reform bonds, as well as collects payments from farmer beneficiaries.



By February 23, 1995, through Republic Act 7907, LANDBANK's charter was amended and its authorized capital stock was increased from ₱3 billion to ₱9 billion. The Bank was also established as an official government depository. Accounts for CARP-related transactions were then segregated from LANDBANK's books through Executive Order 267 issued on July 25 of the same year.

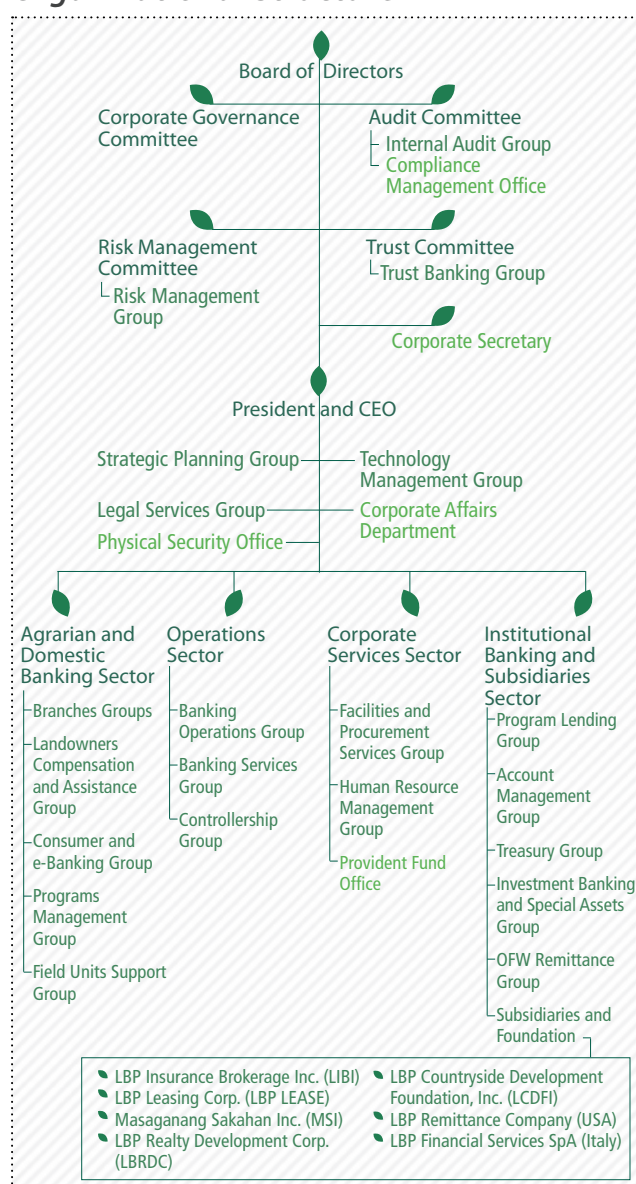
The President of the Philippines and the Department of Finance (DOF) further increased LANDBANK's authorized capitalization to ₱25 billion on August 25, 1998.



## Leadership

The LANDBANK Board of Directors is composed of nine members who are all appointed by the President of the Philippines. Of the nine, five are ex-officio members composed of the Secretary of Finance as the Chairman, the LANDBANK President as the Vice Chairman, Secretary of Agriculture, Secretary of Agrarian Reform, and Secretary of Labor and Employment. The other four board members are sectoral representatives from the private sector and agrarian reform beneficiaries. The President is the Chief Executive Officer of the Bank and is supported by four sector heads. The Management that helps steer the organization is composed of regular, permanent employees.

## Organizational Structure



## Board of Directors (2010)

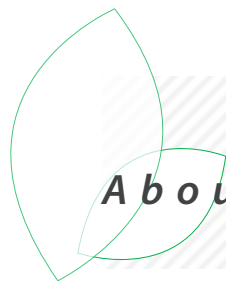
<i>Chairman</i>	Finance Secretary Cesar V. Purisima	June 30, 2010 - Present
<i>Vice Chairperson</i>	Ms. Gilda E. Pico	October 25, 2006 - Present
<i>Members</i>	Agrarian Reform Secretary Virgilio R. De Los Reyes	June 30, 2010 - Present
	Agriculture Secretary Proceso J. Alcala	June 30, 2010 - Present
	Labor Secretary Rosalinda D. Baldoz	June 30, 2010 - Present
	Mr. Crispino T. Aguelo	September 17, 2010 - Present
	Mr. Victor Gerardo J. Bulatao	November 30, 2010 - Present
	Mr. Tomas T. de Leon, Jr.	September 17, 2010 - Present
	Mr. Domingo I. Diaz	November 30, 2010 - Present

## Board of Directors (2009)

<i>Chairman</i>	Finance Secretary Margarito B. Teves	July 12, 2005 - June 30, 2010
<i>Vice Chairperson</i>	Ms. Gilda E. Pico	October 25, 2006 - Present
<i>Members</i>	Agrarian Reform Secretary Nasser C. Pangandaman	June 8, 2007 - June 30, 2010
	Agriculture Secretary Arthur C. Yap	October 20, 2006 - March 1, 2010
	Agriculture Secretary Bernie G. Fondevilla	March 5 - June 30, 2010
	Labor Secretary Marianito D. Roque	March 18, 2008 - June 30, 2010
	Mr. Albert C. Balingit	March 16, 2001 - February 2010
	Mr. Cyril C. del Callar	October 27, 2008 - September 2010
	Mr. Ombre S. Hamsirani	July 16, 2007 - September 2010
	Mr. George J. Regalado	August 24, 2004 - December 2010

## Management Team

<i>President and CEO</i>	Ms. Gilda E. Pico
<i>Agrarian and Domestic Banking Sector</i>	EVP Wilfredo C. Maldia
<i>Operations Sector</i>	EVP Andres C. Sarmiento
<i>Corporate Services Sector</i>	EVP Simeona S. Guevarra (until Aug. 1, 2010) FVP Ramon K. Cervantes (Aug. 1, 2010 - April 17, 2011)
<i>Institutional Banking and Subsidiaries Sector</i>	EVP Cecilia C. Borromeo



## About LANDBANK

### Industry Ranking

LANDBANK is one of the top banks in the Philippines. It recorded the second highest net income among all commercial banks in the country in 2009 and the third highest in 2010. For years 2009 and 2010, LANDBANK has maintained its number four rank among the top commercial banks in the Philippines in terms of assets, loans, deposits and capital.

Financial Highlights	2010 (in ₱ Billion)	2009 (in ₱ Billion)	% Growth
Assets	566.8	511.6	10.8
Regular Loans	213.5	194.7	9.6
Deposits	433.5	396.6	9.3
Capital	63.5	48.1	31.9

### Credit Rating

Agencies	Categories	Ratings	
		2009	2010
Moody's Investor Service	Bank Financial Strength	D-	D-
	Bank Deposits – Foreign Currency	Ba3 / NP	Ba3 / NP
	Bank Deposits – Domestic Currency	Ba1 / NP	Ba1 / NP
	Outlook	Stable	Stable
Fitch Ratings	Individual	C/D	D
	Support	3	3
	Support Floor	BB-	BB-
	Long-term Issuer Default Rating (Foreign and Domestic Currency)	BB	BB
	Outlook	Stable	Stable

### Service Delivery Network

Present in 79 of the 80 provinces in the Philippines, LANDBANK has the most extensive physical network in the country. With its head office, the LANDBANK Plaza, located at 1598 M.H. Del Pilar cor. Dr. J. Quintos Sts., 1004 Malate, Manila, it has 327 branches and 911 Automated Teller Machines (ATMs).

LANDBANK also has 11 representative offices located in Japan, Singapore, Taiwan, South Korea, Malaysia, United Arab Emirates, Kuwait, and Saudi Arabia. And to further extend its reach to Overseas Filipinos, it has sealed partnerships with various remittance partners worldwide.

Branches, Extension Offices and Service Unit	327
Lending Units	
Head Office	8
Lending Centers (NCR and Provincial)	32
Development Assistance Centers (DACs)	16
Agrarian Operations Centers (AOCs)	13
Automated Teller Machines (ATMs)	911
Telling/FX Booths	17
Overseas Representative Offices	11

### Products and Services

LANDBANK offers a wide array of banking and financial products, services and programs that cater to both retail and institutional clients. Among these are:

- Deposit products
- E-banking products
- Fund transfer / remittance services
- E-tax payment
- Treasury products
- Agricultural, retail and corporate loans
- Trust services
- Foreign exchange
- Cash management service for the government
- Technical and capability-building assistance

For a complete list and more information on our products and services, please visit LANDBANK's corporate website at [www.landbank.com](http://www.landbank.com).



## Priority Sectors

LANDBANK focuses its credit support to its priority sectors that include small farmers and fisherfolk (SFF), micro, small and medium enterprises (MSMEs), livelihood projects of salaried employees, agribusiness, agri-infrastructure, agri-related and environment-related projects, socialized housing, schools and hospitals.

But apart from these priority sectors, LANDBANK also extends financial assistance for infrastructure, housing, commercial and industrial, and non-agricultural projects of government-owned and -controlled corporations (GOCCs) and local government units (LGUs) across the Philippines.

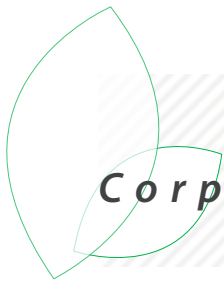
LANDBANK continuously strives to enhance its operations and improve business processes to widen customer base and service outreach.

## Awards and Citations

2010		2009	
Awards and Citations	Award-giving Bodies	Awards and Citations	Award-giving Bodies
First among nine government-owned and -controlled corporations and government financial institutions in terms of the implementation of the Integrity Development Action Plan or IDAP for the second semester of 2009	Philippine Anti-Graft Commission	Award for implementing an effective Environmental Due Diligence System for lending operation, under the Environment Category of ADFIAP's Development Awards 2008	Association of Development Financing Institutions in Asia and the Pacific
Fourth top brokering participant for its trades in government securities in 2009	Philippine Dealing and Exchange Corporation (PDEX)	First among government-owned and -controlled corporations and government financial institutions in terms of the implementation of the Integrated Development Action Plan for the first semester 2009	Philippine Anti-Graft Commission
Best Paying Commercial Bank	Social Security System	Anvil Award of Merit for the 2008 Calendar entitled "Festivals of Bountiful Harvest"	Public Relations Society of the Philippines
Anvil Award of Merit for the 2009 Calendar entitled "Migratory Birds in Philippine Coastal Areas"	Public Relations Society of the Philippines	Anvil Award of Merit for "Profiles of Success 2", a compilation of success stories of LANDBANK-assisted cooperatives	Public Relations Society of the Philippines
Philippine Quill Merit Award for the 2010 Calendar entitled "Green Means All the World to Us"	International Association of Business Communicators - Philippines	Plaque of Recognition under the Tools of Public Relations—Electronic and Interactive media category for the "LANDBANK sa Radyo Natin at DZRH"	Public Relations Society of the Philippines
Philippine Quill Merit Award for Newsgram, the official newsletter of the Land Bank of the Philippines	International Association of Business Communicators - Philippines		

## Certifications

 <p>Certification International Philippines</p>		<b>2010 ISO 9001:2008</b> <ul style="list-style-type: none"> <li>Certification for the branch banking operations of the PEZA-Roxas Boulevard Branch</li> </ul>	<b>2010 ISO 14001:2004</b> <ul style="list-style-type: none"> <li>Certification for the eight new provincial branches</li> </ul>
		<ul style="list-style-type: none"> <li>Certification for the lending and financial services operations of the Public Sector Department</li> </ul>	<b>2009 ISO 14001:2004</b> <ul style="list-style-type: none"> <li>Re-certification of LANDBANK Plaza and 10 NCR Branches</li> </ul>
		<ul style="list-style-type: none"> <li>Certification for the loan operations of the Pampanga Lending Center</li> </ul>	



# Corporate Governance

## Corporate Governance Framework

LANDBANK highly recognizes the importance of corporate governance in maximizing stakeholders' value, enhancing overall business performance and ensuring long-term sustainability. Corporate governance was highlighted as a strategic priority of the Bank to successfully achieve its business goals.

The Bank started with the fundamental processes and activities that will secure the foundations of good governance among its employees. Seminars aimed at reinforcing core values, corporate ethics and social responsibility of employees were conducted. The Bank's Corporate Governance Charter and Corporate Governance Manual were also enhanced.

The Bank established its governance structure and framework in compliance to regulatory requirements as mandated by the Bangko Sentral ng Pilipinas (BSP), Commission on Audit (COA), Anti-Money Laundering Council (AMLC), Philippine Deposit Insurance Corporation (PDIC), and the Securities and Exchange Commission (SEC).

## Corporate Governance Structure

LANDBANK's Board of Directors (Board) is primarily responsible for drawing up its governance policies, guidelines and processes, and, in establishing the lines of accountability and responsibility across the institution.

Board-level Committees perform specific governance functions to effectively assist the Board in carrying out its various tasks and responsibilities. They are as follows:

- Corporate Governance Committee
- Audit Committee
- Risk Management Committee
- Trust Committee

Units under Board Committees, are as follows:

- Internal Audit Group
- Risk Management Group
- Trust Banking Group
- Compliance Management Office

## Governance Initiatives

### Annual Rating System for the Board

The Bank's advocacy for a highly effective corporate governance calls for globally-accepted standards of measure for Board performance. LANDBANK commissioned the Institute of Corporate Directors (ICD) in crafting the rating instruments. The ICD also provided the LANDBANK Board, the senior management and other key officers with a corporate governance orientation seminar as a preparatory activity for the development of the rating instruments.

Thus, the LANDBANK Annual Rating System for the Board and the four Board-level Committees were developed and implemented by the Bank in 2009. These self-assessment rating instruments were utilized to measure the effectiveness of the collegial performance of the Board as well as competencies of individual members against global standards and industry best practices in good governance.

### Participation in Governance Surveys

The Bank participated in two corporate governance surveys: one initiated by the BSP for all universal and commercial banks in November 2009, and the other by the Department of Finance (DOF) for GOCCs and government financial institutions (GFIs) in July 2010. The Governance Scorecard for Banks was revised to include higher standards and levels of governance measures and practices.

The BSP and the DOF worked closely with the ICD in the development of the two corporate governance scorecards. The self-assessment scorecards are tools utilized for assessing an institution's level of implementation and compliance with the Organization of Economic Cooperation and Development (OECD) principles of corporate governance and industry best practices.

For the survey conducted for banks in August 2009, LANDBANK attained an average score of 94 percent, higher than the 84 percent average score for all participating banks in the country. Likewise, LANDBANK received one of the highest scores in the survey for GOCCs and GFIs done in July 2009.

## Corporate Governance Structure





## **Bankwide Risk Management**

### **Capital Adequacy**

To strengthen the capital position of the Bank relative to its risk profile, operating environment and strategic plans, the Internal Capital Adequacy Assessment Process (ICAAP) was initiated. This is in compliance with BSP Circular 538 on minimum regulatory capital requirements and BSP Circulars 639 and 677 on standard capital adequacy assessment process.

In 2009, the Bank developed its ICAAP Trial Document. The process involves identification of risk scenarios per risk category, the stress testing of risk scenarios and the likelihood of its occurrence. Only highly probable scenarios are provided with additional capital. The LANDBANK ICAAP Trial Document assessed eight risk categories, namely: Credit, Market, Liquidity, Interest Rate, Operational, Strategic, Compliance and Reputational.

In the ICAAP Interim Document of 2010, Counterparty Risk was added as one of the risk categories.

In December 2010, the ICAAP Review Team of the BSP conducted the Stage 2 Dialogue with the senior officers of the Bank. The dialogue focused on the technical aspects of risk and capital assessments used.

### **Enterprise Risk Management**

The Board instituted this program in which management and all personnel share in the process of managing the Bank's risks.

Through the conduct of the ERM Process, Phase I of the ERM Program was able to formulate the action plans for the top five risks of the Bank, namely:

1. Market
2. Counterparty Credit
3. IT Management
4. People
5. Client Relationship Management

Moreover, the ERM Program has earlier undertaken some key activities which are essential to the execution of its underlying processes:

1. Adoption of Risk Appetite Statement
2. Formulation of Risk Dictionary
3. Identification of Risk Universe and top 26 Risks of the Bank

### **Risk-based Internal Audit**

A risk-based internal audit methodology was implemented in 2009. It enables the Bank's Internal Audit Group to focus its efforts on high risk areas identified under the ERM Program. The approach evaluates the business processes of the Bank and related controls designed to manage risks at acceptable levels.

### **Compliance Risk Management**

The Bank's Compliance Management Office instituted the Group-wide Compliance Management System Project. It is an integrated approach in managing compliance risks envisioned to support the achievement of the Bank's business objectives and the strengthening of good governance and compliance to pertinent laws, rules and regulations, through, the establishment of a comprehensive compliance risk management program, the setting up of a consistent set of compliance functions and processes and the expansion of coverage to include Bank subsidiaries.

### **Integrity Development**

LANDBANK conducted behavioral and values enhancement programs for each employment category.

The Workplace Ethics and Values Enhancement (WEAVE), a program in partnership with the Civil Service Commission (CSC), has two components: Values Orientation, and, Public Sector Ethics and Accountability, which are aimed at inculcating among LANDBANK employees the values expected of civil servants.

About 60 percent of the total population attended the WEAVE Program as well as other training courses such as Customer Relationship and Management (CREAM), Professional Enhancement Program (PEP) and Employee Re-orientation Program (EROP) which includes lectures on anti-corruption. Likewise, over 90 percent of LANDBANK employees attended seminars on Anti-Money Laundering.

### **Integrity Development Review**

LANDBANK is the first GFI to work with the Development Academy of the Philippines (DAP) for the conduct of the Integrity Development Review (IDR), a preventive measure against corruption.

Commonly dubbed as PRIDE or Pursuing Reforms through Integrity Development, the IDR enabled LANDBANK to determine the level of integrity development, strengthen corruption prevention and identify vulnerabilities to corruption.

A total of 239 employees received certificates of attendance to the orientation on IDR while 30 selected LANDBANK officers and employees were trained as IDR Assessors. There were 101 Bank officers and employees who participated in the Integrity Development Assessment, while 395 from the Head Office and field units responded to the IDR survey.

LANDBANK has also institutionalized preventive measures against graft and corrupt practices by establishing and implementing guidelines on confidentiality of information, conflict of interest, solicitation and acceptance of gifts and donations, and, internal whistleblowing and reporting.

# Stakeholders

Among LANDBANK's stakeholders are various sectors within and outside the country. The Bank's social mandate, as well as the roles it plays in the society, require the Bank to engage and work with these sectors, ultimately leading the Filipino people and country towards economic prosperity.



*National Government*



*Employees*



*Customers*

- Cooperatives and Farmers Organization
- Small and Medium Enterprises
- Countryside Financial Institutions
- Local Government Units
- National Government Agencies
- Government-owned and -controlled corporations
- State Universities and Colleges
- Private companies
- Other institutional clients
- Individuals



*Government Regulatory Authorities*

- Bangko Sentral ng Pilipinas
- Philippine Deposit Insurance Corporation
- Commission on Audit
- Bureau of Internal Revenue
- Civil Service Commission
- Securities and Exchange Commission





### *Industry Organizations*

- Asia-Pacific Rural and Agricultural Credit Association
- Association of Development Financing Institutions in Asia and the Pacific
- Bank Marketing Association of the Philippines
- Bankers Association of the Philippines
- Bankers Institute of the Philippines
- Philippine Business for the Environment
- Other organizations



### *Bilateral and Multilateral Agencies*

- Asian Development Bank
- International Fund for Agricultural Development
- Japan Bank for International Cooperation
- Japan International Cooperation Agency
- Kreditanstalt für Wiederaufbau (KfW) of Germany
- World Bank



### *Communities*

- Various communities in the country that have been beneficiaries of LANDBANK's services and/or partners in undertaking Corporate Social Responsibility initiatives



### *Suppliers*

- Various suppliers of products and services



### *Investors*



### *Program Partners*



# Sustainability at LANDBANK

## Economic Impact

LANDBANK has sustained its profitability amidst volatile global and domestic economic conditions. As the official depository bank of the government, it contributes to the national government, the Bank's sole shareholder, towards its revenue generation efforts.

In ₱ Millions	2010	2009
Gross revenues	33,662	31,229
Net income	8,108	6,655
Salaries and benefits paid to employees	6,071	6,402
Taxes and licenses paid to the government	7,809	7,208
Dividends paid to the National Government	3,620	3,380
Donations to charitable institutions	42	23

Note: Based on unaudited financial statements for 2010.

## Five Sustainability Cornerstones of LANDBANK

There are five foundations upon which LANDBANK builds on its efforts to promote sustainable development within the organization, as well as among the communities and people it serves.



### Enterprise Development

Activities that contribute to the improvement of economic performance, market presence and indirect economic impact.

- Funding the Priority Sectors
- Lending Initiatives for Cooperatives and Microfinance Institutions
- Strengthening Countryside Financial Institutions
- Developing Partnerships through Key Cooperatives



### Community Development

Programs and projects that directly and indirectly contribute and add social value to the community.

- Institutional Development and Upgrading of Cooperatives
- Training Programs for Cooperatives and Microfinance Institutions
- Scholarship Programs for Cooperatives and Agrarian Reform Beneficiaries





### Environmental Protection and Management

Activities that contribute to the proper management of materials and natural resources, pollution prevention, and climate change mitigation and adaptation.

- Institutionalizing the Environmental Management System
- Implementing Environmental Due Diligence in Credit Delivery
- Financing and Managing Climate Change and Environmental Projects



### Customer Service

Programs and activities that enhance the Bank's products and services, as well as systems that interface with its internal and external customers, and other stakeholders.

- Enhancing Core Banking Processes Through Quality Management System
- Improving Delivery Channels to Customers
- Upgrading Information Technology and Automation
- Recognizing Outstanding Partners



### Employee Development

Activities and programs that promote good labor practices, conducive work environment, professionalism and volunteerism.

- Equity and Diversity at LANDBANK
- Investing in Human Capital
- Rewarding Professional Excellence
- Continued Development of Employee Capabilities and Skills
- Espousing Work-Life Balance
- Employee Volunteerism



# Enterprise Development

*Revving up the Economic Growth Drivers*



**Joseph Omar O. Andaya**  
Chairman and President,  
Greenbank, Inc.  
Caraga, Butuan City

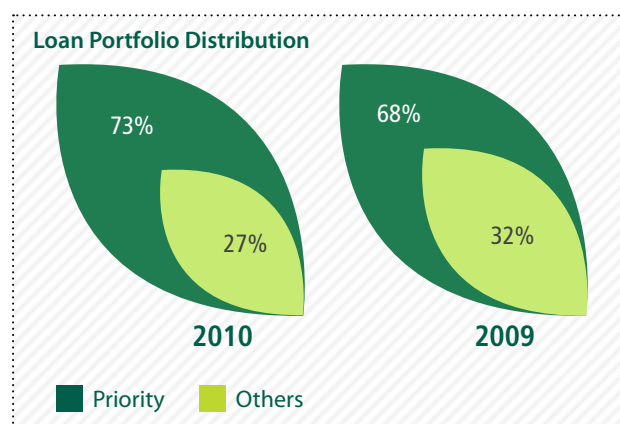
*As far as I can remember, LANDBANK has always been there extending a helping hand to countryside financial institutions like the Greenbank in bringing financial services to the large and neglected countryside. Being able to easily access reasonably priced funds from LANDBANK has enabled many institutions like Greenbank to serve more farmers, microentrepreneurs and fisherfolk in the impoverished countryside. Without LANDBANK, the task of reaching our goals to reduce poverty in the countryside would have been very difficult.*

*Salamat sa LANDBANK.*



## Funding the Priority Sectors

LANDBANK aggressively supports the needs of its priority sectors namely the small farmers and fisherfolk (SFF), microenterprises and small and medium enterprises (MSMEs), agribusiness, agri-infrastructure projects of local government units (LGUs), agriculture-related projects of government-owned and-controlled corporations (GOCCs), livelihood projects of salaried individuals, environment-related projects, socialized housing, and schools and hospitals. The Bank remains committed to its mandate as evidenced by the sustained expansion of its loan portfolio in favor of the priority sectors.



## Loans to Priority Sectors (in ₱ Billion)

SECTORS	2010	% Share	2009	% Share
Farmers and Fisherfolk	24.1	11.3	22.6	11.6
Microenterprises and SMEs	22.3	10.5	20.1	10.3
Agribusiness	22.7	10.6	20.2	10.3
Agri-Infrastructure (LGUs)	30.9	14.4	26.2	13.4
Agri-Related Projects (GOCCs)	30.2	14.1	24.3	12.5
Livelihood Loans	5.0	2.4	3.9	2.0
Environment-related Projects	4.7	2.2	4.7	2.4
Socialized Housing	8.0	3.7	6.1	3.1
Schools and Hospitals	7.2	3.4	4.7	2.4
<b>Total Priority Sector Loans</b>	<b>155.1</b>	<b>72.6</b>	<b>132.8</b>	<b>68.0</b>
Other LGU Loans	8.7	4.1	7.9	4.0
Other GOCC Loans	5.8	2.7	8.7	4.5
Infrastructure Development	9.9	4.7	9.0	4.6
Housing	1.7	0.8	2.9	1.5
Others	32.3	15.1	33.9	17.4
<b>Total Other Sector Loans</b>	<b>58.4</b>	<b>27.4</b>	<b>62.4</b>	<b>32.0</b>
<b>TOTAL LOAN PORTFOLIO</b>	<b>213.5</b>	<b>100.0</b>	<b>195.2</b>	<b>100.0</b>



# Enterprise Development

Priority Sectors	Features	Status / Impact
Farmers and Fisherfolk	<ul style="list-style-type: none"> <li>• LANDBANK extends loans to accredited small farmers and fisherfolk cooperatives, and countryside financial institutions.</li> <li>• Loans are utilized for crop production (palay, corn, sugarcane and high-value crops), fishery and livestock production, trading and acquisition of fixed assets.</li> </ul>	<ul style="list-style-type: none"> <li>• Loan releases reached ₱32.3 billion, 10 percent or ₱2.8 billion higher than the ₱29.5 billion released in 2009.</li> <li>• The loans were lent through 988 accredited farmers and fisherfolk cooperatives and 356 countryside financial institutions.</li> <li>• More than 800,000 small farmers and fisherfolk nationwide benefited from these loans.</li> <li>• Loans outstanding reached ₱24.1 billion, seven percent or ₱1.5 billion higher than the ₱22.6 billion in 2009.</li> <li>• The ₱24.1 billion benefited a cumulative 4.1 million small farmers and fisherfolk nationwide.</li> </ul>
Microenterprises and Small and Medium Enterprises (SMEs)	<ul style="list-style-type: none"> <li>• Loans for microenterprises are on-lent through participating financial institutions, other partner entities and microfinance retailers such as cooperatives, non-government organizations and rural banks.</li> <li>• SME projects financed are in various industries such as agro-processing, trading, manufacturing and services.</li> </ul>	<ul style="list-style-type: none"> <li>• Loans outstanding to microenterprises and SMEs reached ₱22.3 billion, 11 percent or ₱2.2 billion higher from ₱20.1 billion in 2009.</li> <li>• Of the ₱22.3 billion, ₱6.0 billion were lent to microenterprises and ₱16.3 billion for SMEs.</li> </ul>
Agribusiness	LANDBANK supports agricultural business of private enterprises.	Outstanding loans to private agribusiness enterprises amounted to ₱22.7 billion, 12 percent or ₱2.5 billion higher than the ₱20.2 billion loans in 2009.
Agri-infrastructure projects for Local Government Units	<ul style="list-style-type: none"> <li>• LANDBANK finances the agricultural infrastructure projects of local government units such as construction of farm-to-market roads, irrigation systems, bridges, public markets, transport and commodity terminals, waterworks and drainage systems, abattoirs and slaughterhouses.</li> </ul>	<ul style="list-style-type: none"> <li>• Outstanding LGU loans reached ₱43.8 billion, 19 percent or ₱6.9 billion higher than the ₱36.9 billion in 2009.</li> <li>• Of the ₱43.8 billion, ₱35.1 billion were used to finance agri-infrastructure, agri-related projects, socialized housing and schools and hospitals while ₱8.7 billion were for developmental and other non-agri-related projects.</li> <li>• These loans benefited 841 LGUs covering 49 provinces or 61 percent of the total 80 provinces, 85 cities or 63 percent of the total 136 cities and 707 municipalities or 47 percent of the total 1,495 municipalities nationwide.</li> </ul>
Agri-related Projects of Government-owned and -Controlled Corporations	LANDBANK finances agri-related projects of government-owned and controlled corporations such as the National Food Authority, Phil. Coconut Authority, Local Water Utilities Administration, National Power Corp and Phil. National Oil Corp.-Exploration Corp.	Outstanding loans totaled ₱30.2 billion, 24 percent or ₱5.9 billion higher than the ₱24.3 billion in 2009.
Livelihood Loans	<ul style="list-style-type: none"> <li>• LANDBANK provides salary loans to government and private employees for their livelihood projects and business endeavors.</li> <li>• Employees can borrow up to six months of their basic salary but not to exceed ₱80,000. Officers can borrow up to six months of their basic salary but not to exceed ₱150,000.</li> <li>• Livelihood loans have a minimum term of 12 months to a maximum of 36 months.</li> </ul>	Outstanding loans reached ₱5.0 billion, 28 percent or ₱1.1 billion higher than the ₱3.9 billion in 2009.
Environment-related Projects	LANDBANK offers credit for cleaner production and environment-friendly projects of business enterprises.	Outstanding loans financed amounted to ₱4.7 billion, the same amount as recorded in 2009.
Socialized Housing	LANDBANK finances socialized/low-cost housing projects of housing developers and local government units.	Outstanding loans amounted to ₱8.0 billion, 31 percent or ₱1.9 billion higher than the ₱6.1 billion in 2009.
Schools and Hospitals	LANDBANK extends loans for the construction and maintenance of educational institutions and hospitals.	Outstanding loans reached ₱7.2 billion, 53 percent or ₱2.5 higher than the ₱4.7 billion in 2009.



## Lending Initiatives for Cooperatives and Microfinance Institutions

LANDBANK implements development assistance programs to empower and enable its mandated clients to become its partners in nation building. These assistance programs include technical and capability building activities as well as special credit and financial assistance programs, such as, the following:

### Food Supply Chain Program

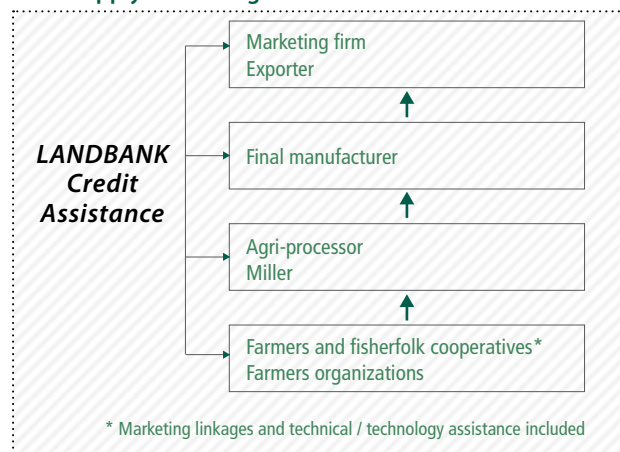
LANDBANK, in partnership with the DA and the DOF, launched the Food Supply Chain Program on October 4, 2010. The program aims to increase farmers' income by way of providing necessary financial and technical support along the value-added chain of a commodity or industry. The program is founded on the three objectives of promoting food security and increasing agricultural productivity and, increasing income level of farmers.

Specifically, the program will provide the following:

- Credit assistance to key players in the food system such as agricultural producers, service providers, consolidators, processors and various market players
- Market linkages between agricultural producers and processors
- Capacity building support to strengthen farmers' organizations and enable them to meet product requirements of anchor firms

LANDBANK has earmarked ₱50 billion for the program and will increase the allocation depending on the demand, particularly, to support the financial requirements for crop, livestock and fishery production, working capital and acquisition of processing and other fixed assets needed in the project.

### Food Supply Chain Program



### Rice Productivity Program

LANDBANK's Rice Productivity Program supports the government's efforts to increase rice production and achieve food self-sufficiency by providing credit to conduits (Countryside Financial Institutions or CFIs, irrigators associations and cooperatives) and credit enhancements such as market contracts, crop insurance and guarantees.

In 2010, loans released for palay production reached ₱12.9 billion and assisted 425,729 palay farmers through 1,158 conduits.

### Development Advocacy Program

The Development Advocacy Program (DAP) uses non-traditional lending modalities such as receivables financing, purchase order financing, and, household cashflow-based financing and credit enhancement instruments, like, market contracts or guarantee covers for working capital or fixed asset acquisition requirements of cooperatives, federations, associations, non-government organizations (NGOs) and SMEs with established markets.

As of December 31, 2010, loans released reached ₱4.6 billion and assisted 68,734 small farmers and fisherfolk.

### Agricultural Guarantee Fund Pool

The Agricultural Guarantee Fund Pool (AGFP) was created by virtue of Administrative Order No. 225-A issued by the President on May 26, 2008. The AGFP is a pool of contributions from GOCCs, GFIs and government agencies to encourage private financial institutions to support the government's agricultural productivity program.

As of December 31, 2010, the total approved guarantee lines for 666 accredited credit conduits reached ₱9.6 billion. The approved guarantee coverage amounted to ₱3.8 billion. A total of 98,076 SFF (89,289 engaged in crop production and 8,787 engaged in non-crop production) have benefited from the program.

### LANDBANK-B2BPricenow.com Program

The LANDBANK-B2BPricenow.com is an e-commerce or website marketing program that provides timely and relevant market information, as well as, promotes direct market linkages among farmers and fisherfolk cooperatives and institutional buyers.

As of December 31, 2010, agricultural commodities worth ₱7.8 billion have been posted for sale through this system. Majority of the agricultural commodities posted were rice, aquamarine, feeds, fruits, livestock and vegetables. There were 23 roadshows conducted and 327 cooperatives trained.



## Enterprise Development

### *Technology Promotion Center Program*

The Technology Promotion Center (TPC) program provides a venue for the validation and effective promotion of matured production and post-production technologies for the commercial adoption of Bank-assisted co-ops, SMEs and other clients in tie-up with state universities and colleges, private companies and government agencies with technology generation and promotion function. Projects that may be enrolled under the TPC program include those with short gestation period that support the priority commodities of the region and with good market prospects.

#### **Technology Promotion Center Performance for 2010**

TPCs in operation	13
Technologies Commercialized	18
Cooperatives / People's Organizations / SMEs Adoptors	295
Small Farmers and Fisherfolk Assisted	40,933
Loans Released	₱1.1B
Potential Adoptors	31
Small Farmers and Fisherfolk to be Assisted	34,100
Loans in the Pipeline	₱2.3B

### *Microfinance Program for Microfinance Institutions Retailers*

As mandated by the Social Reform and Poverty Alleviation Act (RA 8425), LANDBANK opened the Microfinance Program for Microfinance Institution (MFI) Retailers. It is a special wholesale lending window that provides short term and term loan facilities under rediscounting and working capital windows to various MFI retailers which include cooperatives, CFIs and NGOs. The program also supports the CFIs' needs to meet the new mandatory allocation of credit resources for MSMEs, as provided under BSP Circular No. 625, series of 2008 and Magna Carta for MSMEs (eight percent and two percent of its loan portfolio shall be allocated for microfinance and SMEs, respectively). Total loan releases in 2010 to microentrepreneurs reached ₱8.9 billion with outstanding balance of ₱3.9 billion and which were channeled to 130 MFI conduits nationwide and benefited 315,969 micro-borrowers.

### *Strengthening Countryside Financial Institutions*

LANDBANK launched programs to help its conduit partners, the countryside financial institutions or CFIs (rural banks, thrift banks and cooperative banks), expand their agri-lending operations in the countryside.

#### *Equity Investments*

##### *Capital Infusion Program (2nd Tranche)*

LANDBANK continues to offer its second tranche of the Capital Infusion Program to qualified CFIs under three modules – the Developmental, Business and Risk Recovery Modules. A total of ₱800 million was allocated to strengthen and increase the capital base of CFIs and sustain their long-term viability.

Under the Business Module for 2010, a total of ₱16.4 million equity investment has been approved for five CFIs of which ₱8.0 million was released to Bangko Luzon.

As of end 2010, 21 CFIs have approved equity investment under the Business Module totaling ₱88.7 million. Outstanding investment balance under the Business Module as of end-2010 stood at ₱49.2 million.

Under the Developmental Module outstanding investment balance of the RB of Mabitac as of end-2010 amounted to ₱1.2 million.

##### *Risk Recovery Program-Type 2*

To address the concern of matured equity investments, LANDBANK has also implemented the Risk Recovery Type II or the Rehabilitation Program. The program converts existing matured equity investments into a new investment. This allows the CFIs to extend the redemption of the matured equity investments for a period of 10 years from date of conversion with dividend rate equivalent to the average 364-day Treasury Bill rate which is fixed for the duration of the term of the converted investment.

As of December 31, 2010, five CFIs have approved conversion proposals with outstanding principal investment of ₱9.3 million.

##### *Rediscounting Line/Easy Rediscounting for Countryside Financial Institutions*

The rediscounting line enables the CFIs to rediscount the promissory notes of its borrowers with LANDBANK, thereby getting additional capital to expand its credit operations.

Developed in 2007, Easy Rediscounting allows for loan proceeds to be credited to the CFI deposit account maintained with LANDBANK within the day the complete loan documents are received by the lending centers.





For 2010, the amount of rediscounting loans released to 360 CFIs reached ₱24.8 billion which benefited about 400,000 SFF, and MSME borrowers. Outstanding balance as of end-2010 stood at ₱12.2 billion.

### *Unsecured Subordinated Debt Facility for Countryside Financial Institutions*

The Unsecured Subordinated Debt (USD) Facility is a unique development program where LANDBANK subscribes to the Tier 2 offering of its accredited CFIs to improve their capital base, expand their agri-lending operations in the countryside and ensure long-term viability.

The facility also aims to expand LANDBANK's credit assistance to small farmers and fisherfolk as one of the conditions of the program. The CFI-issuer shall execute a Deed of Undertaking that it shall continue to provide financial assistance to small farmers and fisherfolk and triple its current number of small farmer and fisherfolk beneficiaries or volume of loan portfolio for a period of five years from the USD note issue date.

LANDBANK's approved subscription to the unsecured subordinated Tier 2 issuances of 21 CFI-availers as of December 31, 2010 amounted to ₱1.0 billion. Of this amount, ₱790.5 million was released to 13 CFIs.

### *Developing Partnerships through Key Cooperatives*

The Key Cooperative Strategy or KCS involves the identification and strengthening of municipal-level lead or key cooperatives. Under LANDBANK's Cooperative Accreditation Criteria (CAC), a key cooperative is a Class A or B primary cooperative that has an operational and viable financial intermediation development program.

A distinct feature of a key cooperative is its ability to absorb or accommodate and extend financial services to good paying members, particularly small farmers and fisherfolk, who were disenfranchised due to the dissolution of their cooperatives. A key cooperative also performs inter-cooperative business complementation or networking as well as linkage-building with appropriate government agencies and private entities.

An accredited key cooperative with sustained good performances is awarded a Certificate of Good Standing (CGS), which, indicates entitlement to some incentives that include, among others, reduction of one percent interest rate, subsidized training fund and recognition under the Bank's Gawad PITAK program.

As of December 31, 2010, there are 210 key cooperatives that have been accredited by LANDBANK.



# Community Development

*Priming Communities for their Roles in Development*



**Jessa D. Cordero**  
Gawad Patnubay Scholar  
Mindoro State College

*Ipinaaabot ko po ang taos-pusong pasasalamat sa pagsuporta nyo sa aking pag-aaral. Bilang ganti po, sinisikap ko po na pagbutihin ang aking pag-aaral upang hindi masayang ang inyong pagsuporta sa aking pag-aaral; upang sa darating na panahon ay ako naman po ang makatulong.*

*Kalakip din po nito ang aking kahilingang muli na sana po ay hanggang college ninyo ako suportahan. Napakalaking tulong po ito sa 'kin. Dalangin ko po na lumawak pa ang programa ng Land Bank of the Philippines upang marami pang matulungan na mahihirap.*



To address the needs of farmers and fisherfolk and other marginalized sectors, community development initiatives are provided by the following units of the Bank:

Units Concerned	No. of Units	No. of Personnel
<b>HEAD OFFICE</b>		
Programs Management Group	4	37
Office of Group Head		
Programs Department I (PMD I)		
Programs Management Department II (PMD II)		
Development Assistance Department (DAD)		
<b>FIELD LEVEL</b>		
Lending Centers (LCs)	32	734
Development Assistance Centers (DACs)	16	167
<b>TOTAL</b>	<b>52</b>	<b>938</b>

There are a total of 938 LANDBANK personnel nationwide who are involved in the implementation of various credit and development assistance programs that seek to benefit the priority sectors of the Bank. Particularly, the DAD and 16 DACs develop and administer programs that promote institutional and enterprise development of cooperatives.

Meanwhile, the LCDFI, comprised of 12 personnel, also assists the priority sectors of the Bank through the conduct of technical trainings and other capacity building activities to Bank-assisted cooperatives, partner MFIs and other marginalized sectors.

## ***Institutional Development and Upgrading of Cooperatives***

LANDBANK has instituted a system for accrediting and classifying cooperatives. The Cooperative Accreditation Criteria (CAC) is used to properly calibrate the delivery of financial and technical assistance to cooperatives. It makes use of a scoring worksheet to classify the cooperatives' maturity level and determine the weak areas in its operations.

The cooperatives' maturity level is determined using three major indicators, Organization and Management, Business Operation and Financial and Loan Portfolio.

Under CAC, cooperatives are classified into classes A, B, C and D, where, A and B are considered the stronger co-ops. Failure to attain the minimum score under CAC shall mean a level F for the co-op.

In 2009, 48 percent of the 1,577 Bank-assisted cooperatives (BACs) are Class A and B. The remaining 52 percent under Class C, D, and F needed further development assistance in order to elevate them to higher levels of maturity.

In 2010, as a result of institutional and enterprise development interventions by the DACs, 108 co-ops or eight percent were upgraded to Class A, while 124 co-ops or 15 percent were upgraded to Class B. Meanwhile, 882 co-ops or 56 percent were able to maintain their maturity levels.

In terms of the total number of BACs, there was a general decrease due to the disenfranchisement of 241 co-ops or about 15 percent.

On the other hand, the general increase of about 10 percent in the total number of members is attributed to cooperative membership expansion. Part of this is the role of key cooperatives, which are Class A and B, of absorbing good paying members from disenfranchised cooperatives.

### **Classification of Cooperatives**

Maturity Level	2010		2009	
	No. of Cooperatives	No. of Members	No. of Cooperatives	No. of Members
A	342	660,842	263	541,888
B	505	425,427	495	429,934
C	361	97,018	415	97,505
D	228	56,236	305	58,139
F	86	15,797	99	10,200
<b>TOTAL</b>	<b>1,522</b>	<b>1,255,320</b>	<b>1,577</b>	<b>1,137,666</b>



**Training Programs for Cooperatives and Microfinance Institutions**

The DACs, in partnership with the LCDFI, LGUs and other agencies such as the Department of Agrarian Reform (DAR), and the Department of Trade and Industry (DTI), conduct various training programs for small farmers and fisherfolk cooperatives under cost-sharing arrangements.

Training and other capacity-building assistance for key cooperatives, partner MFIs, and other priority beneficiaries are also provided by the LCDFI. The Foundation conducts higher level technical trainings, consultancy services, coaching and mentoring for key cooperatives. Similarly, partner MFIs are trained to enhance their organizational, operational and financial capabilities. These assistance aims to develop and expand the outreach of key cooperatives and partner MFIs to small farmers and fisherfolk and other marginalized sector.

Training activities include, among others, business planning, strategic planning, marketing, enterprise development, technology training, accounting, bookkeeping, internal control, credit, good governance, values orientation, risk management, policies, systems and procedure, member-savings operation and lakbay-aral.

Lakbay-aral is a learning method where participants visit and observe projects of other organizations to increase awareness on and obtain deeper understanding of best practices or new technology for possible adoption by their own organization.

The Bank’s training program seeks to enable BACs to further strengthen their businesses and organizations in order to address their respective weakness and deficiencies identified in the operations review conducted by the Bank.

The Operations Review is an annual in-depth review of the various aspects of the co-op’s operation, which serve as basis for determining the appropriate services that shall be offered to the cooperative. Critical areas of review include cashiering, bookkeeping and other security measures, lending and cash advances, business operations, organization and management, and, financial stability.

**Training Activities Conducted in 2010**

	DACs	LCDFI	TOTAL
<b>COOPERATIVES</b>			
No. of Trainings	291	153	444
No. of Co-ops	2,688	998	3,686
No. of FBs	16,801	5,484	22,285
<b>MFIs</b>			
No. of Trainings	-	16	16
No. of MFI	-	340	340





### **Scholarship Programs for Cooperatives and Agrarian Reform Beneficiaries**

LANDBANK's Gawad Patnubay supports the secondary education of 40 children in agrarian reform communities. LCDFI leads in the monitoring, regular consultation activities and provision of other support services to the scholars.

On the other hand, SIPAG aims to develop the capacity and competence of cooperative leaders, managers, and middle-level management staff on management of cooperatives through a 24-unit course in Cooperative Management. This program is implemented in partnership with the Polytechnic University of the Philippines-College of Cooperatives (PUP-CC) and National Cooperative Movement (NCM). The 13 scholar beneficiaries are from eight key cooperatives. Funds involved are being co-shared by the Bank with the participating cooperative and source partner.

Meanwhile, Tulong Aral is LANDBANK's partnership program with Petron Foundation. This was initiated in 2008 when 98 underprivileged children were granted secondary education scholarship to help them achieve their dream of a brighter future through good education. The funds are sourced from one hour's worth of wages of LANDBANK employees contributed annually.



### **Integrated Community Development Program (ICDP)**

An initiative of the LCDFI, ICDP involves the establishment of community-based projects addressing issues of poverty such as livelihood, health, education, environment protection, in partnership with cooperatives and MFIs.

In 2010, 58 community-based projects were established by LCDFI in partnership with 22 key cooperatives and microfinance institutions. Total cost of these projects amounted to ₱1.597 million which included farm-to-market road, distribution of toilet bowls, installation of anterior wells and pumps and distribution of school supplies and medicines.



	No. of Scholars	Funding (in ₱Million)
Gawad Pag-aaral Tungo sa Maunlad na Bayan (Gawad Patnubay)	<b>40</b>	<b>1.938</b>
Scholarship Incentive Program for Agricultural Growth (SIPAG)	<b>13</b>	<b>1.26</b>
Tulong Aral High School Scholarship Program	<b>98</b>	<b>2</b>



# ***Environmental Protection and Management***

*Fostering a Greener, Healthier Environment*



**Sps. Aileen and Jonathan Suy**  
JOMARAY Pulp Packaging Industries  
2010 SME Maka-kalikasan Awardee

*The recognition from LANDBANK for protecting the environment and promoting environmental programs through the course of our business operations came as a surprise to us. JOMARAY have been around to serve our patrons and clients while significantly conserving and safeguarding the environment. Our gratitude to LANDBANK for the financial support to our recycling plant.*



LANDBANK is committed to support and actively promote environmental protection and sustainable development. Its Corporate Environmental Policy conveyed the Bank's advocacy to take part in the protection of the environment and promotion of sustainable development through integration of effective environmental management practices into its operations, services and decisions.

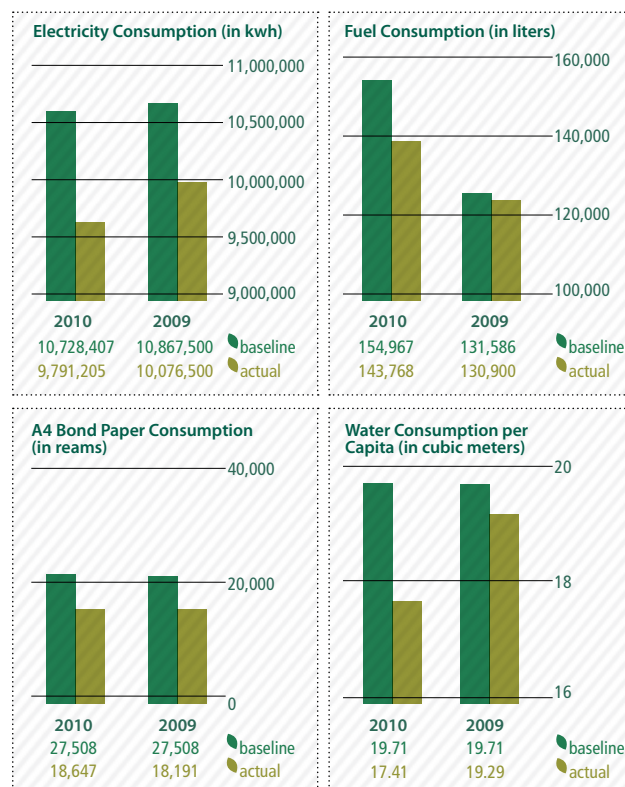
The creation of an Environmental Unit which was later on upgraded to Environmental Program and Management Department designated an organic unit within the Bank to pursue this commitment.

### Environmental Management System

The Environmental Management System (EMS) provided LANDBANK a framework for handling its environmental issues. It brings together the Bank's business processes, as well as the environmental aspects and impacts of its activities, products and services.

To support the implementation and continual improvement of LANDBANK's EMS, various in-house environmental programs and initiatives are being implemented such as electricity, water, paper and fuel conservation programs.

### Results of EMS Implementation at the Head Office



### LANDBANK EMS Milestones

<b>January 2003</b>	The Bank's Corporate Environmental Policy was established.
<b>June 2005</b>	LANDBANK Head Office's EMS was certified to be compliant with ISO 14001 international standards.
<b>April 2008</b>	Implementation of EMS Good Practices nationwide took effect through LANDBANK Executive Order No. 20, Series of 2008.
<b>August 2008</b>	ISO 14001:2004 certificate was expanded to include 10 pilot branches in NCR.
<b>August 2010</b>	Additional eight provincial branches in Luzon, Visayas and Mindanao were issued with ISO 14001:2004 certificate.

Total Savings from 2009-2010	In Units	In P Million	Benefit to Environment
Electricity	1,728,202 kwh	13.50	Reduced 789.79 metric tons of CO2
Water	7,278 m3	0.62	Conserved fresh / potable water
A4 Bond Paper	18,178 reams	2.25	Saved 742 trees
Fuel (Diesel and Gasoline)	11,885 liters	0.62	Reduced 25.03 metric tons of CO2

#### Notes:

- Baseline data for 2010 electricity consumption was adjusted to exclude consumption at the 10th and 12th floors of the LANDBANK Plaza.
- Baseline data for 2010 fuel consumption was adjusted to reflect additional vehicles acquired by the Bank.
- Minimal increase in paper consumption is within the target set by the Bank.



# Environmental Protection and Management

LANDBANK voluntarily implements the Greenhouse Gas (GHG) Accounting and Reporting Program. The program aims to determine the carbon footprint of LANDBANK or the total GHG emission of its operations. LANDBANK’s GHG Accounting and Reporting Program was implemented in 2010. The Bank initially computed the direct (Scope 1) and indirect (Scope 2) GHG emissions of its Head Office and branches particularly from the use of service vehicles and consumption of purchased electricity, respectively.

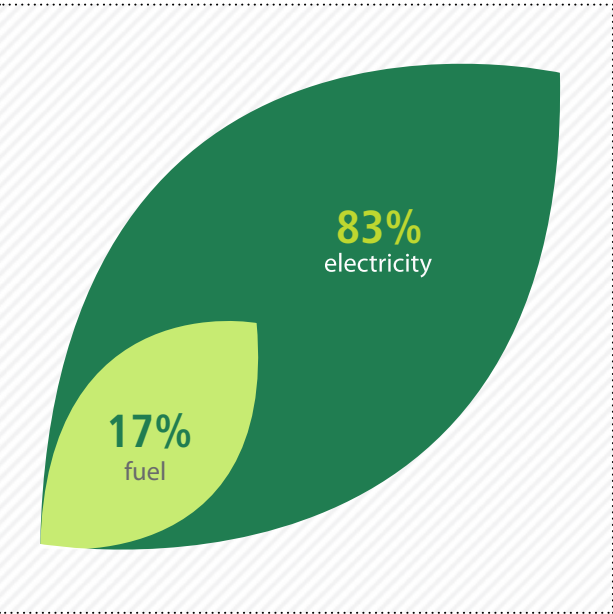
By knowing the major sources of LANDBANK’s carbon footprint, the Bank was able to determine and continuously identify programs and projects to reduce or offset its GHG emissions.

To further enhance its GHG inventory, LANDBANK is currently in the process of covering all units nationwide for its Scope 1 and Scope 2 emissions and is studying the inclusion of other indirect GHG emissions (Scope 3) from business travels and employees commuting to work.

Source of Emission	Equivalent GHG Emission (in metric tons CO <sub>2</sub> )		
	Fuel (Scope 1)	Electricity (Scope 2)	Total Per Source
LANDBANK Plaza/Head Office	374.59	4,539.38	4,913.97
LANDBANK Branches * * covers 324 reporting branches/field offices	1,776.58	6,221.24	7,997.82
Total per Scope	2,151.17	10,760.62	
Total Carbon Footprint of LANDBANK			12,911.79



LANDBANK’s Carbon Footprint





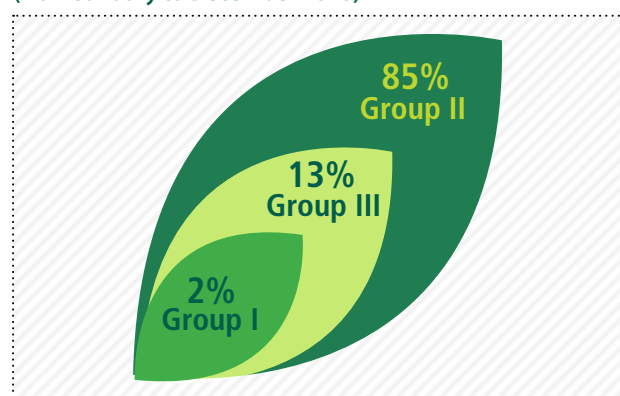
## Implementing Environmental Due Diligence in Credit Delivery

The Credit Policy Issuance (CPI) 2009-02 aims to ensure that all projects financed by LANDBANK and all collaterals being offered as securities are environmentally sound and compliant with environmental laws and regulations.

The Bank's environmental due diligence (EDD) is embedded in its credit delivery starting from loan packaging until its full payment.

While all financed projects are covered by the EDD, detailed environmental assessment includes only the projects that fall within the environmental impact groupings per Department of Environment and Natural Resources (DENR) Administrative Order No. 2003-30 or the Implementing Guidelines of the Philippine Environmental Impact Statement (EIS) System.

**Projects Assessed Per EIS Grouping  
(from January to December 2010)**



Projects	2010	2009
<b>GROUP I</b> Environmentally Critical Projects	8	12
<b>GROUP II</b> Projects located in Environmentally Critical Areas (ECAs)	299	268
<b>GROUP III</b> Non-environmentally critical project in non-environmentally critical area	45	61
<b>GROUP IV</b> Co-located project under one or more proponents/locators which are located in a contiguous area	0	3
<b>TOTAL</b>	<b>352</b>	<b>344</b>

Of the projects requiring detailed environmental assessment for 2010, 224 projects or 64 percent are fully compliant with environmental laws and regulations while 128 projects or 36 percent are being assisted and guided by LANDBANK to comply with the different environmental requirements and standards.

The EDD system helps LANDBANK clients mitigate risks associated with possible imposition of fines and penalties or closure due to environment-related violations. At the same time, the Bank's role as a funder that promotes environmental stewardship and socially responsible development is reinforced as the policy guarantees that project proponents are compliant with Philippine environmental laws and standards.

To recognize the clients' efforts in environmental protection and responsible operations, LANDBANK included environmental criteria in the annual search for outstanding clients and gave special awards for best environmental practices:

1. Best in Environmental Protection Award under the Gawad sa Pinakatanging Kooperatiba or Gawad PITAK;
2. SME Maka-kalikasan Award under the Gawad Entrepreneur; and
3. Most Environment-Friendly Project under the Countryside Loan Fund (CLF) Award.



## Financing and Managing Climate Change and Environmental Projects

In 2009 and 2010 LANDBANK extended ₱4.7 billion loans to environment-related projects to promote cleaner production and environment friendly business practices.

LANDBANK accesses long-term development funds from international partners namely the World Bank (WB), Asian Development Bank (ADB), Japan International Cooperation Agency (JICA) and Kreditanstalt für Wiederaufbau (KfW) of Germany, among others. These funds were on-lent to its mandated clients to finance services and manufacturing that generates employment and address problems on water, solid waste management, sanitation and sewerage facilities, and renewable energy, among others.

Ongoing foreign-funded projects are given on the next page.



# Environmental Protection and Management

## Foreign Funds for the Environment

Project	Features	Status / Impact as of end-2010
WB-Support for Strategic Local Development and Investment Project	JPY 11.7 billion loan fund to improve public service provision and management intended for LGUs implementing strategic infrastructure investments	<ul style="list-style-type: none"> <li>• ₱2.3 billion funded 64 projects for drainage/sanitation, water system, shoreline protection, construction of slaughterhouse, public market, among others</li> <li>• ₱60.0 million approved for 1MW mini-hydro power plant project and ₱293 million for landfill project</li> </ul>
WB-Manila Third Sewerage Project	US\$64 million loan to Manila Water Company, Inc. to increase coverage and effectiveness of sewerage service delivery, as well as, to establish financial and technical viability of new approaches for sewage management in Metro Manila	<ul style="list-style-type: none"> <li>• 68,910 water connections with sewage treatment completed</li> <li>• 3.79 million meters<sup>3</sup> of sewage treated prior to disposal</li> <li>• 333,157 septic tanks de-sludged; 731,188 meters<sup>3</sup> septage treated prior to disposal</li> <li>• 306.84 tons of Biochemical Oxygen Demand removed in 2010</li> </ul>
KfW-Community Based Forest & Mangrove Protection Program	EUR 2.4 million loan fund for relending to eligible Panay and Negros LGUs for infrastructure / livelihood activities supportive of Natural Resource Management	<ul style="list-style-type: none"> <li>• ₱39.6 million initially disbursed for construction of fish market, inland resort and purchase of heavy equipment</li> </ul>
KfW-Credit Line for Energy Efficiency and Climate Protection	EUR 2.0 million loan to reduce direct consumption of primary energy/ direct greenhouse gas (GHG) emissions for clients' environmental projects	<ul style="list-style-type: none"> <li>• 120 LBP personnel participated in four briefings aimed at enhancing capacity for evaluating renewable energy projects</li> </ul>
Ozone Depleting Substance (ODS) Phaseout Investment Project	<p>\$10.58 million grant from Multilateral Fund of Montreal Protocol, co-implemented with DENR</p> <p>Aimed to phase out chlorofluorocarbon (CFC) consumption according to the Montreal Protocol phase-out schedule</p>	<ul style="list-style-type: none"> <li>• 2,563 ODP tons of CFC phased out under the project benefiting 17 enterprises from the manufacturing sector and 2,294 refrigeration and mobile air conditioning service shops</li> </ul>
Project Preparation Fund (PPF) for Renewable Energy	<p>US\$ 321,300 Global Environment Facility from United Nations Development Programme (UNDP) implemented by Department of Energy under the Capacity Building to Remove Barriers towards Renewable Energy Development (CBRED), with LANDBANK as Program and Fund Manager</p> <p>Aimed to finance project preparation activities such as market assessment, technical data gathering, feasibility study preparation, etc. for renewable energy projects</p>	<ul style="list-style-type: none"> <li>• Supported project preparation of three mini-hydro projects with projected power capacity of 16MW and equivalent GHG to be reduced of 76,382tCO<sub>2</sub>e</li> </ul>



## ***Renewable Energy for Wiser and Accelerated Resources Development (REWARD)***

The REWARD Program is the Bank's financing assistance in response to the government's call to promote the development of renewable energy and biofuels projects in the country. It aims to lessen dependence on imported fuels and enhance the quality of the environment, as well as employment in the community.

Type of Project	No. of Projects	Total Project Size/Capacity
Biofuel	4	125,000 liters per day of fuel grade ethanol
Hydro Power	5	764.6 MW
Biomass	7	17.195 MW
<b>TOTAL</b>	<b>16</b>	

## ***Carbon Finance Support Facility (CFSF)***

Clean Development Mechanism (CDM) is a program of the United Nations Framework Convention on Climate Change which allows developing countries like the Philippines to sell their carbon credits or certified emission reduction (CER) from CDM projects to developed countries in order to meet their GHG emission reduction targets as agreed in the Kyoto Protocol. CFSF aims to assist clients in every step of the CDM project cycle including financing with the end-view of generating and monetizing carbon credits to serve as an additional revenue stream.

LANDBANK is the first financial institution in the Philippines to engage as a Coordinating and Managing Entity (C/ME) for two CDM Programme of Activities (PoAs). As a C/ME, LANDBANK prepares the CDM Project Activity – Design Documents, provides assistance and facilitates CDM project application, validation, monitoring and verification, as well as financing.

At present, it has two PoAs:

- Methane Recovery and Combustion with Renewable Energy Generation from Anaerobic Animal Manure Management Systems (Animal Waste-to-Energy); and
- Landfill Gas Recovery and Combustion with Renewable Energy Generation from Sanitary Landfill Sites (Landfill Gas-to-Energy).

Emission Reduction Purchase Agreement with the World Bank / International Bank for Reconstruction and Development was signed in January 2010 for the sale and purchase of carbon emission reduction (CERs) from the above PoAs. The CERs will be generated from the 41 pig farms and two sanitary landfills that have signified their interest to join the CFSF program.



**Biotech Farms in Koronadal, South Cotabato**



**Marcela Farms in Bohol**

## ***Assistance to Indigenous Peoples (IPs) for Environment Protection and Eco-Biodiversity***

This LCDFI program focuses on organizing and providing alternative livelihood to indigenous peoples' communities to prevent encroachment and degradation of forest resources. Eight institutional partners participated in this program, benefiting 1,600 IPs.



# Customer Service

*Putting Service to Heart*



**Eric Dizon**  
Chairman, Manatal MPC  
Pandi, Bulacan

*Masasabi ko na napakaganda ng relationship namin sa LANDBANK. Pinahiram nila kami ng kapital na naipahiram din namin sa mga kasapi. Lahat ng financial products ina-avail namin tulad ng savings at time deposits, gayunin ang technical assistance ng LANDBANK. Malaki ang naitulong ng LANDBANK upang mapangasiwaan namin nang maigi ang pananalapi na pinagkatiwala ng mga kasapi dito sa Manatal. Saludo kami sa LANDBANK at very appreciative kami sa ginagawa nila para sa amin.*



## ***Enhancing Core Banking Processes through ISO 9001 Quality Management System***

In 2006, LANDBANK embarked on a program to institutionalize a quality management system in its major banking processes to enhance customer service and reinforce the culture of quality, excellence and continual improvement.

The ISO-QMS Program was launched with four objectives:

1. Ensure consistent quality in customer service
2. Institutionalize continuous improvement among Landbankers
3. Improve bank performance
4. To remain competitive and profitable in the long term.

The ISO 9001:2000-quality management system standard adopted worldwide is proven effective in quality service delivery.

### ***ISO-QMS Program Phase I***

In 2006, the Trust Banking Group's (TBG) trust banking and asset management operations and Wholesale Lending Department's (WLD) foreign-funded wholesale commercial lending operations were chosen for ISO 9001 alignment and subjected to a rigorous quality management system work plan.

The units successfully passed a two-stage certification audit conducted in August 2007 by the Certification International Philippines, Inc. (CIP). In September 2007, the governing board of the Certification International UK Ltd. awarded the ISO 9001:2000 quality management system certifications to TBG's trust operations and asset management services and WLD's foreign-funded wholesale commercial lending operations.

The conferment makes LANDBANK the first in the Philippine banking industry to get ISO 9001:2000 certifications in the said areas of operation. LANDBANK was cited for this achievement during the Philippine Quality Awards (PQA) held at Malacañang.

### ***ISO-QMS Program Phase II***

To further reinforce the culture of quality, excellence and continual improvement and inspired by the gains reaped by the two pilot processes certified to ISO 9001, LANDBANK expanded the coverage of this initiative. Under the ISO-QMS Program Phase II, the processes for certification are (1) loan operations of the Public Sector Department (PSD) and (2) Pampanga Lending Center and the (3) branch banking operations of the PEZA Roxas Boulevard Branch.



Intensive trainings and workshops on ISO awareness, documentation and internal quality audit were attended by the core teams of these units in the first half of 2009. After a series of internal quality audits and final gap assessment by the Development Academy of the Philippines, PSD, Pampanga Lending Center and PEZA Roxas Boulevard Branch successfully passed the two-stage certification audit conducted by CIP in December 2009 and February 2010 where they were recommended for certification to ISO 9001:2008. The Certificates of Registration to ISO 9001:2008 by the Governing Board of Certification International UK Ltd. were formally conferred to the three units in June and July 2010.

# Customer Service

## Improving Delivery Channels

LANDBANK continuously improves its service delivery for effective and better customer satisfaction through widening the customer reach of its e-banking delivery channels and products, upgrading of automated systems and IT platforms and improving its core processes. Below are some of the e-banking services and alternative delivery channels that LANDBANK provides for banking convenience of its customers.

### Automated Teller Machines

LANDBANK's ATM network reached 911 units, maintaining its ranking as the fourth widest ATM network in the country's banking industry as of end-2010.

LANDBANK's membership with Expressnet and interconnection with Megalink and Bancnet enables our ATM cardholders to have access to additional 9,123 ATMs of other banks nationwide.

LANDBANK ranked third as to ATM cardholder base in the banking industry. The Bank's number of ATM cardholders posted a 25 percent growth to 3.97 million from 3.18 million in 2009.

### Phonebanking (Phone Access)

In 2010 the phonebanking facility (Phone Access) was upgraded to a higher capacity for inbound 24/7 calls and included cash card and credit card phonebanking services. The phonebanking enrollees may also conveniently pay their utilities and LANDBANK Visa Credit Card bills.

By simply dialing telephone number 405-7000 in NCR and toll-free number 1-800-10-405-7000 outside NCR, a depositor may perform banking transactions such as fund transfer, checkbook requisition, balance and last debit/credit transaction inquiries, bank statement request, check status and check deposit inquiries, cash card inquiry, report of lost/stolen card and bills payment.

Phonebanking enrollment increased to 2,283,472 in 2010 from 2,211,284 in 2009, representing three percent growth rate. The utilization rate, on the other hand, posted a 12 percent increase to 2,412,756 transactions from 2,145,616 transactions in 2009. The LANDBANK Phone Access serviced an average of 7,937 daily transactions during the year.

### Express Payment System

The Express Payment System (EPS) expands the use of the LANDBANK ATM card as a debit card. ATM cardholders can enjoy the convenience of a cashless, worry-free and hassle-free shopping. With a swipe of the ATM card in the

point-of-sale (POS) terminals of establishments nationwide and a key-in of the cardholder's personal identification number (PIN), the amount of purchase is automatically debited from the cardholder's account and credited to the establishment's account.

There are now over 20,000 establishments nationwide with 37,000 POS terminals accepting EPS made available by the network interconnection of the POS systems of Expressnet, Bancnet and Megalink launched in 2010.

For the year 2010, EPS transactions grew significantly by 59 percent to 1.61 million from 1.01 million in 2009.

### Retail Internet Banking (iAccess)

The LANDBANK iAccess offers individual depositors the advantage and ease of performing a range of banking transactions 24/7. By logging on to [www.lbpiaaccess.com](http://www.lbpiaaccess.com), an enrolled depositor can avail of financial services, such as, fund transfer, bills payment and checkbook requisition. Non-financial services such as account summary, account history, check status and returned check deposit inquiries and report of lost or stolen ATM card are also available.

Enrollees to iAccess increased by 71 percent in 2010 totaling 182,134 compared to 2009 enrollees of 106,460. Total transaction count posted a very high growth of 161 percent to 4,245,501 online transactions in 2010 from 1,629,705 in 2009.

### Institutional Internet Banking (weAccess)

Launched in 2007, the LANDBANK weAccess offers its institutional depositors from the government and private sectors the convenience of performing core banking transactions using the web via [www.lbpweaccess.com](http://www.lbpweaccess.com). Banking services such as balance inquiry, account statement, fund transfer, fund sweeping, bills payment, auto debiting and auto crediting, payroll, check status inquiry and loan information, may be accessed and transacted online.

In 2010, enrolled institutions posted a highly significant increase of 220 percent numbering 1,345 from 2009 enrollees of 420. Online transactions totaled 1.9 million amounting to ₱18.6 billion.







### *Customer Care Center*

The LANDBANK Customer Care Center provides 24/7 customer assistance and 8/5 iAccess and weAccess helpdesk. Clients may also talk to phonebankers for the immediate resolution of problems about their deposit accounts and LANDBANK Visa credit card.

In 2010, the LANDBANK Customer Care Center handled 49,910 transactions.

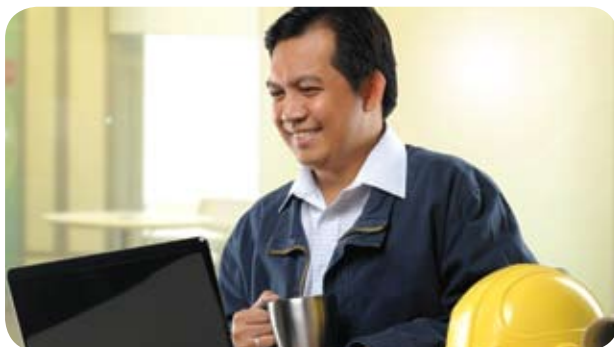
### *LANDBANK Globe G-Cash*

LANDBANK is the official and exclusive collection agent of the Bureau of Internal Revenue (BIR) for its business registration renewals via the mobile payment system using Globe G-Cash. Through G-Cash payment, businessmen need not go to the BIR Regional District Offices to transact and pay taxes of up to ₱10,000 through short messaging system (SMS) using their mobile phones.

### *OFW Cash Card*

In response to the need of our overseas Filipino workers (OFWs) for more efficient and cheaper remittance services, LANDBANK, in partnership with SMART Communications, Inc. developed the OFW Cash Card.

The OFW Cash Card is an electronic debit card linked to a Smart mobile phone through which OFWs can transfer funds to their beneficiaries' accounts in a speed of a text



message. A very safe, fast and affordable remittance channel, the OFW Cash Card was launched in Dubai, Hong Kong, Italy, Spain, Kuwait, Taiwan and Saudi Arabia.

Meanwhile, LANDBANK actively participates in the conduct of Pre-Departure Orientation Seminars (PDOS) to departing OFWs. PDOS equips them for cultural adjustments and work environment preparedness and also serves as a vehicle in marketing the Bank's deposit products and remittance services. These seminars are conducted in coordination with the LCDFI, Philippine Overseas Employment Administration, Overseas Workers Welfare Administration, Commission on Filipino Overseas, and Gabay-Lakbay Pinoy Foundation Inc.

Also, brochures on LANDBANK products and services are available in various LANDBANK branches and overseas offices, Philippine embassies and consulates abroad. As of 2010, LANDBANK issued more than 15,000 OFW Cash Cards.

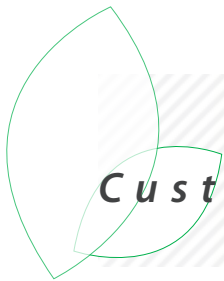


### *Pantawid Pamilyang Pilipino Program (4Ps)*

LANDBANK, in coordination with the Department of Social Welfare and Development (DSWD) and the LGUs, acts as a distribution channel for the 4Ps of the national government. It is a poverty reduction measure designed to promote investments in human capital and provide cash grants to extremely poor households subject to compliance of certain conditionalities.

To facilitate the distribution of cash grants to eligible 4Ps beneficiaries, the DSWD makes use of the LANDBANK Cash Card facility and Over-the-Counter payment through the various LANDBANK branches. However in areas that are beyond the services of LANDBANK branches, LANDBANK has tapped the services of eligible CFIs and the G-Cash Remit facility of Globe Telecom as conduits to facilitate the timely delivery of the cash grants to the 4Ps beneficiaries.

From October 2008 to December 31, 2010, LANDBANK disbursed ₱11.3 billion through LANDBANK's Cash Card and Over-the-Counter facilities and Globe's G-Cash Remit facility and these benefited more than one million poor households.



# Customer Service

## Upgrading Information Technology and Automation

LANDBANK pursues several information technology (IT) and automation projects, continuously improving the banking services to its customers and stakeholders as well as to its employees.

The following were the major IT projects and initiatives implemented and approved as of end-2010:

IT Project/Initiative	Features
New Account Express	<ul style="list-style-type: none"><li>Aimed at streamlining the deposit account opening process of the branches</li></ul>
Cash Deposit Machine	<ul style="list-style-type: none"><li>An automated deposit solution that will credit client's accounts on a real time basis through the lobby-type ATM with cash acceptance/self-service cash deposit functionality</li></ul>
Simplified Account Opening through Service Oriented Architecture	<ul style="list-style-type: none"><li>A cost effective and result-oriented system which aims to simplify the process of opening new deposit accounts without changes in the existing back-end systems</li></ul>
Credit Risk Engine System	<ul style="list-style-type: none"><li>An automated credit rating system aimed to scientifically analyze behavioral patterns of clients</li></ul>
Integrated Treasury System	<ul style="list-style-type: none"><li>A comprehensive end-to-end solution (front, middle and back-office) that fully automates and integrates various treasury business processes</li></ul>
Electronic Modified Disbursement System (e-MDS)	<ul style="list-style-type: none"><li>A web-based facility that will address the cash management system of the national government</li></ul>





## Customer Awareness

### Promotional Activities

To enhance customer awareness of its products and services, as well as to foster interaction with stakeholders, LANDBANK undertakes communication programs through various media. One of the regular channels through which the Bank reaches its stakeholders is its tele-radio program, dubbed as "LANDBANK sa DZRH at Radyo Natin." The program airs over DZRH 666 kHz and Radyo Natin stations nationwide, and over CIGNAL-PLDT Channel 30, every Monday and Friday, from 4:30 to 5:00 pm.

### ATM Survey

A third party market research firm was commissioned by Expressnet to conduct an ATM customer awareness and satisfaction survey in November 2010.

The study, participated in by LANDBANK as a member of Expressnet, aimed to determine the awareness of Bank clients regarding ATM features and services including the point-of-sale (POS) feature, and, identify which ATM features are most important to depositors. It also aimed at measuring the levels of satisfaction of the ATM cardholders in comparison with other banks and solicit their suggestions to improve ATM service.

The survey covered a household interview of selected respondents who are ATM cardholders of various banks.

LANDBANK got a satisfactory rating from customers in terms of the Bank's ATM accessibility, availability, cleanliness, security and speed as well as on the POS functionality.

## Recognizing Outstanding Partners

### Gawad sa Pinakatanging Kooperatiba

The Gawad sa Pinakatanging Kooperatiba (Gawad PITAK) is an annual recognition program for outstanding agri-based and non-agri-based cooperatives that have become models of excellence in the performance of their operations resulting to their significant contribution to their members, communities and other cooperatives and has sustained relationship with LANDBANK in revitalizing rural economic growth.

On its 20th year in 2010, the Gawad PITAK has become the benchmark of successful cooperatives in the country.



## Gawad Entrepreneur

Since its launch in 2004, LANDBANK's Gawad Entrepreneur recognizes the exemplary performance and significant achievements of the Bank's SME clients particularly in harnessing economic activities in the community. The Bank provides incentives to further improve their operations and be at par with international standards. As of end-2010, the Gawad Entrepreneur has awarded 43 outstanding SME clients at the national level.



## Outstanding Countryside Financial Institutions

LANDBANK honors outstanding CFIs for their significant contribution and active support to the Bank's credit delivery program aimed at promoting development in the countryside.

LANDBANK in 2010 was on its 12th year of conferring awards to outstanding CFI-partners which serve as models of excellence in rural financial services.

## Partnership with Galing Pook Foundation

Galing Pook Foundation (GPF) is a private award giving body that recognizes LGUs which are able to implement exemplary and innovative development initiatives in their area. These initiatives serve as models of good governance and are being promoted for adoption in other communities.

In November 2008, LANDBANK formally extended its support for the promotion and adoption of best practices of winning LGUs. The partnership is called LBP-GPF Strategic Alliance which aims to facilitate the adoption of outstanding local government programs by other LGUs in the country.

As of December 31, 2010, GPF has completed various activities including the documentation and publication of booklets for 10 best practices of 2007 Galing Pook winners. These activities were solely funded through the LANDBANK donation of ₱10 million.

# Employee Development

*Empowering Our Human Resource*

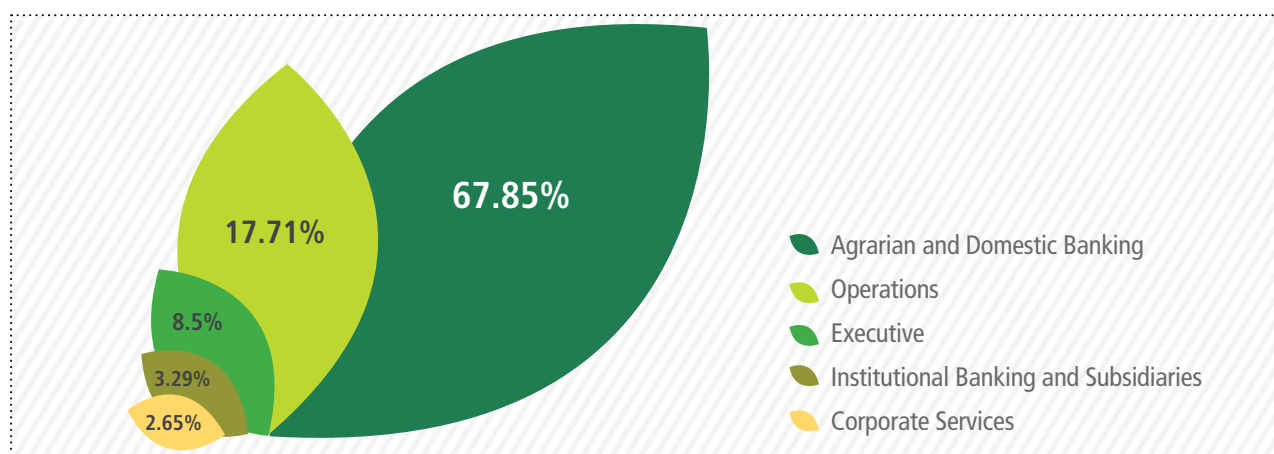


**Danilo D. Crobalde**  
Valedictorian  
LANDBANK MDP Batch 2010

*I feel relieved that the grueling days of MDP sessions are over, but part of it is that big challenge and opportunity for us, a responsibility to be an inspiration to our fellow Landbankers, to be dedicated persons. As future leaders, we are tasked to do our best, be committed, and uphold integrity as true Landbankers.*



LANDBANK is an organization of 7,209 professionals, close to 70 percent of whom are deployed in field operations providing rural development assistance, performing agrarian reform program functions, and extending loan facilities for countryside development.



## Equity and Equality at LANDBANK

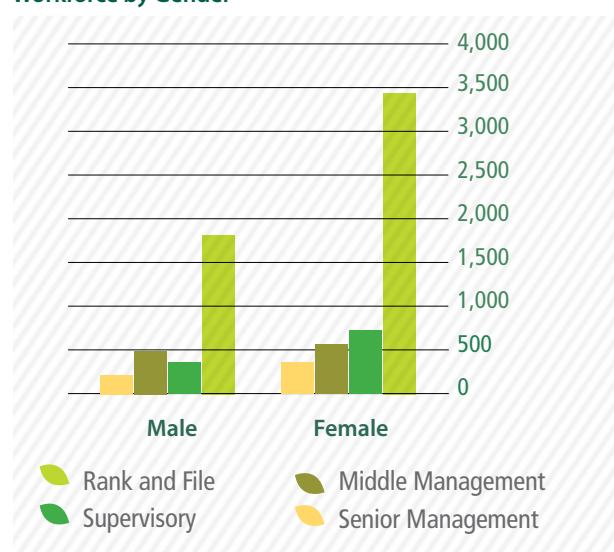
The challenge is to be able to attune management's strategies to the retention and continuous motivation of its key personnel. Through various initiatives such as strict adherence to standards of talent acquisition and development, personnel movement based on qualification standards, pay equity, continuous enhancement of individual competencies, championing gender and denomination-specific programs, and promotion of work-life balance, the Bank has positioned itself to better address succession planning strategies.

### Workforce by Age

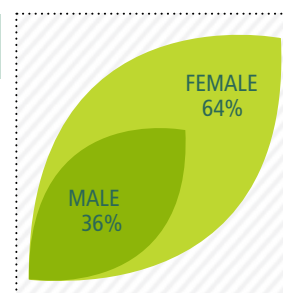
Age Bracket	Number
20 to 25	380
26 to 35	1,333
36 to 45	2,903
46 to 49	1,306
50 to 55	714
56 to 59	180
60 and above	63
<b>TOTAL</b>	<b>7,209</b>

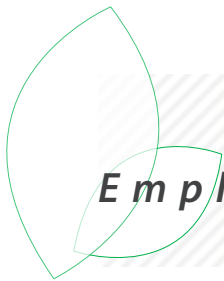
LANDBANK employees come from a wide-range of demographics and have an average age of 39 years old.

### Workforce by Gender



Position / Rank	Male	Female
Senior Management	29	16
Middle Management	392	498
Supervisory	239	478
Rank and File	1,913	3,644
<b>TOTAL</b>	<b>2,573</b>	<b>4,636</b>





# Employee Development

## Investing in Human Capital

The LANDBANK Charter specifically provides that all positions in the Bank shall have compensation comparable with the prevailing plans in the private sector. Through the years, the Bank consistently exceeds its annual targeted income with one of the highest net income in the banking industry, which is shared with the employees through the Bank's merit incentives.



## Rewarding Professional Excellence

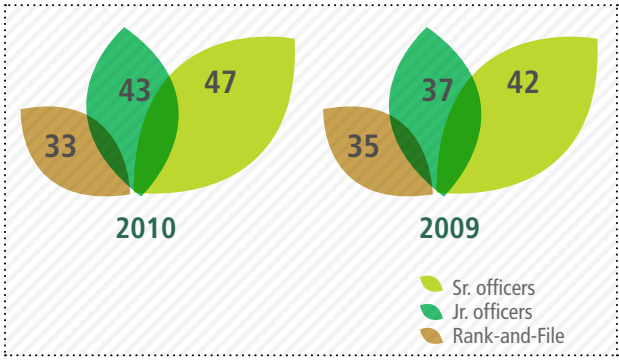
The average length of service at LANDBANK is 14 years, vis-a-vis the current trend in the banking industry of seven years. To reinforce this commitment, the Bank annually confers Loyalty Cash Award, Length of Service Award, Professional Award, and Perfect Attendance Award as well as Anniversary Bonus and Longevity Pay. LANDBANK recognizes that excellent service stems from the balance between experience and fresh blood.



## Continued Development of Employee Capabilities and Skills

LANDBANK invests in the development and growth of its employees to ensure that they reach their optimum potential and become more effective partners of the Bank in attaining its vision and maintaining organizational success. For both 2009 and 2010, the Bank registered an average of 35 training hours per employee covering 6,031 and 5,790 regular employees, respectively. These formal training programs, aimed at expanding our employees' competency based on the functional or technical, leadership and management, and behavioral dimensions, were complemented with non-formal learning methods such as brown bag sessions, short courses, interest-based courses, among others.

Average Training Hours Per Employee (By Category)



Year	PG	Participants			Total Training Hours
		Female	Male	Total	
2009	Rank-and-File	3,507	1,694	5,201	171,747
	Junior Officers	431	350	781	36,346
	Senior Officers	18	31	49	2,098
		3,956	2,075	6,031	210,191
2010	Rank-and-File	3,507	1,643	5,150	173,088
	Junior Officers	444	347	791	29,219
	Senior Officers	18	28	46	1,854
		3,772	2,018	5,790	204,161





New entrants to the organization undergo an Employee Orientation Program (EOP) to learn the Bank's vision and mission, core values and business goals; laws and policies that govern their employment with the Bank; and programs that ensure a fair, safe and healthy workplace that is free from harassment, abuse or discrimination, among others. For 2010, a total of 1,441 employees attended the EOP, which brought the number of total attendees to 3,059, or 42 percent of the total population.

To strengthen the Bank's officer corps and as part of our succession program, LANDBANK conducted three batches of the Management Development Program (MDP) since its implementation in 2008. It allows the hiring, training and development of promising young professionals into competent future career middle managers to help the Bank deal with changes and challenges in the internal and external environments.

LANDBANK has also been running the Professional Enhancement Program (PEP) since 2009, on top of the regular management and supervisory skills development trainings for the continuing improvement and personal mastery of incumbent supervisors, and junior and middle management officers in the areas of personal visioning, oral and written communications, and professional presence.

Employees who intend to pursue higher studies on a field or discipline relevant to the needs of the Bank may apply for a scholarship grant under the National Scholarship for Development (NSFD), implemented yearly since 1976. In 2009, 29 employees have availed of the program and the number of scholars has increased to 55 in 2010.

To ensure high ethical and professional standards consistent with global practices, LANDBANK allows its employees to undergo professional certification. This also

ensures employees' qualification to perform jobs or tasks competently, particularly in treasury, trust, internal audit, information technology and financial analysis functions, among other areas.

These knowledge, skills and values development programs are implemented not only to help LANDBANK employees undertake their jobs efficiently and effectively but also enable them to fulfill their potential within and even beyond their employment with the Bank.

### LANDBANK Training Programs

#### Basic / Core

- Employee Orientation
- Bank Products and Services
- Anti-Money Laundering
- Oral and Written Communication
- Customer Service
- Ethics and Values Enhancement
- Professional Enhancement

#### Functional

- Agrarian
- Audit
- Branch Banking
- Compliance Management
- Credit Management
- Electronic Banking
- Financial Management
- Information Technology
- Legal
- Organization Development and Human Resource Management
- Risk Management
- Treasury and Investments
- Trust Banking

#### Management and Leadership

- Executive Development (Top Management)
- Leadership Development (Middle and Senior Officers)
- Officers Development (Junior Officers)
- Management Training (Supervisors)

# Employee Development

## Espousing Work-Life Balance

LANDBANK continuously aims to be a healthy and safe workplace for productive Landbankers who commit to taking charge of their health, behave consistently with a healthy lifestyle, maintain work-life balance and live the spirit of volunteerism. We provide our employees with programs that will engage them in wellness activities that foster overall wellbeing.







### *Employee Wellness Program*

In 2006, LANDBANK implemented the Employee Wellness Program with several competitive sports events conducted to promote camaraderie and fitness.

In 2010, the Employee Wellness Program dubbed as the iVoteWellness Program was expanded to include other non-sport wellness activities such as learning sessions in visual arts, theater, voice, flower arrangement and photography.



Monthly health education sessions called "Wellness Forums" are also organized to update employees on various health and wellness-related topics and concerns. These are complemented with medical bulletins disseminated through different communication channels.

### *Medical Clinic*

For proper medical care of its employees, the LANDBANK Medical Clinic is managed by a company physician and nurses providing health services for employees. Employee health is monitored through the annual physical exam, executive check-up and other health screening activities.



### *LANDBANK Gym*

The gym and recreation area, located at the LANDBANK Plaza, are made available to employees who want to use health and fitness and indoor sports equipment or participate in group exercises under the guidance of a fitness trainer and an exercise instructor.



### *LANDBANK Day Care Center*

LANDBANK recognizes the need to balance time between one's career and family life. Hence, the LANDBANK Day Care Center (LBDCC), awarded with an exemplary rating from the Department of Social Welfare and Development (DSWD), was established to care for children aged three to less than six years old while their parents (Head Office-based employees) are at work.



### *Enriching employees' spiritual lives*

LANDBANK respects and values each employee's spiritual journey. Small group fellowships and masses/ services, and a prayer room are provided to further the spiritual lives of employees. Similar programs and facilities are also provided for employees in the field units.

# Employee Development

## Employee Volunteerism



Social responsibility is one of the Bank's corporate values. Going beyond extending financial support and other forms of assistance, LANDBANK enjoins all its employees to take part in its Corporate Social Responsibility or CSR programs.

### Extending relief assistance

The Bank grants financial assistance to employees affected by natural and man-made calamities. In 2009, a total of 1,396 employees and other workers rendering services for the Bank who were victims of typhoons "Ondoy" and "Pepeng" benefited from the financial assistance amounting to ₱10.22 million extended by the Bank. The Bank also provided relief goods worth ₱7.12 million for its employees as well as clients and communities affected by the typhoons. In 2010, the Bank also granted ₱915,000 to 219 victims of typhoon Juan.



## Bangon Bayan Project

In 2009, employees and clients contributed to the Bangon Bayan Project which was aimed at giving assistance to the victims of the series of typhoons that struck the country. The project was spearheaded by the



Bank's Corporate Affairs Department, in partnership with the LBP Middle Management Officers Association, Inc. and the Land Bank of the Philippines Employees Association. A total of ₱56,978 was collected along with 1,312 pieces of clothing, consumer goods and other items, including bags, slippers, toiletries and towels. More than 300 families from Barangays Aldea and Tandang Kutyo in Tanay, Rizal benefited from the project.

## Bloodletting activities



Bloodletting activities are undertaken semi-annually in partnership with the Philippine Red Cross (PRC). LANDBANK's partnership with the PRC for these activities dates back to the early '90s.

## "Maaga ang Pasko"

In 2009, LANDBANK participated in the toy and book collection drive of Jollibee Foods Corporation dubbed "Maaga ang Pasko." Over 400 first grade pupils at the San Roque Elementary School in Marikina City received the toy and book donations.





LANDBANK sustained its support to the project in 2010. A total of 800 toys and 115 books were given to students of the Rosauro Almario Elementary School in Tondo, Manila. For being the highest contributor to the 16th Maagang Pasko, LANDBANK was among those cited by Jollibee Foods Corporation in an appreciation ceremony held in Makati City in February 2011.

*Manila Bay SUNSET (Socially responsible and United in Nurturing and Sustaining the Environment) Program*



Eight agency-partners are involved in the program implementation which aims to increase the level of commitments of the establishments and LGUs in the Manila Bay Area through volunteerism and sustainable partnership. These partners include LANDBANK, the City Government of Manila, DENR – River Basin Control Office, DENR – National Capital Region, Manila Yacht Club (MYC), Manila Ocean Park, Diamond Hotel Philippines and Manila Broadcasting Company.

As part of the program, LANDBANK financed one weekly trip and maintenance of the Manila Yacht Club's garbage boat. From March 2009 to December 2010, the MYC garbage boat collected 12,685 kilograms of waste from the Bay. The August 14, 2010 clean-up conducted by the SUNSET Partners gathered 684 volunteers.

*Adopt-A-Watershed*

Since 2006, LANDBANK has adopted two hectares each in six of the country's critical watersheds.

1. Magat River, Nueva Vizcaya
2. Angat-Ipo, Bulacan
3. Bago River, Negros Occidental
4. Binahaan River, Leyte
5. Lasang River, Davao del Norte
6. Silway River, South Cotabato

LANDBANK employees at the Head Office and concerned field units regularly troop to the watersheds to plant seedlings and clean up the surrounding areas.

*Treeplanting and Coastal clean-up at the field*

LANDBANK field units have also initiated various activities as part of their corporate citizenship commitments in partnership with LGUs, schools and other private and public institutions:

- Agro-Forestation Plantation within Sawaga River Watershed in Malaybalay, Bukidnon;
- Carcar Water District "Sagip Kagubatan" Program in Carcar City, Cebu;
- Continuing tree plantation programs in Danao City, Cebu; Maasin, Southern Leyte; Region 2; Cordillera Administrative Region; Rizal; Palawan; and Cavite provinces; and
- Coastal clean-up in Borongan, Eastern Samar; among others.





# GRI Content Index

We have self-declared our reporting to be Application Level C (self-declared).

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# The **LANDBANK** Corporate Social Responsibility Task Force



<b>Chairman</b>	SVP Edward John T. Reyes Account Management Group
<b>Vice Chairperson</b>	AVP Lucila E. Tesorero Program Lending Group  VP Noemi P. dela Paz Program Lending Group (until May 15, 2011)
<b>Members</b>	SVP Julio D. Climaco, Jr. Strategic Planning Group  FVP Ramon K. Cervantes Human Resources Management Group  FVP Teresita E. Cheng Risk Management Group  FVP Reynauld R. Villafuerte Legal Services Group  VP Leticia P. Villa Programs Management Group  FVP Liduvino S. Geron Programs Management Group (until May 1, 2011)  DM Jaime G. De La Cruz MIS and Planning Support Department  DM Prudencio E. Calado III Environmental Program and Management Department  ADM Judy O. Kis-ing Corporate Affairs Department  VP Agustin Frederick A. Apilado Corporate Affairs Department (until February 28, 2011)  Executive Director Erlinda G. Carolina-Ramos LANDBANK Countryside Development Foundation, Inc.

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DM Emelita M. Barbosa Personnel Administration Department
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DM Edgardo S. Luzano Development Assistance Department
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Ms. Melissa B. Calimag Corporate Affairs Department
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Ms. Regina B. Abañez MIS and Planning Support Department
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# LANDBANK

## Sustainability Report 2009 – 2010

### FEEDBACK FORM

1. To which stakeholder group do you belong?

- ☐ LANDBANK employee  
☐ Priority sector. Please specify: \_\_\_\_\_  
☐ Government-owned and –controlled corporation  
☐ Government / regulatory agency  
☐ Local government unit  
☐ Overseas Filipino  
☐ Private company  
☐ Cooperative  
☐ Countryside financial institution  
☐ Supplier  
☐ Others. Please specify: \_\_\_\_\_

2. How did you obtain a copy of the LANDBANK Sustainability Report?

- ☐ LANDBANK website  
☐ LANDBANK branches / field units  
☐ Others. Please specify: \_\_\_\_\_

3. What are your comments about the report? Please check the blank that corresponds with your answer.

a. The report is easy to understand.

☐ Strongly Agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree

b. The report gives a clear picture of LANDBANK's sustainability initiatives.

☐ Strongly Agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree

c. The report is interesting to read.

☐ Strongly Agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree

4. What is your impression of the report?

a. Content and scope

☐ Excellent ☐ Good ☐ Fair ☐ Poor

b. Layout and design

☐ Excellent ☐ Good ☐ Fair ☐ Poor

5. Please indicate the sections of the report which you find most relevant and interesting:

\_\_\_\_\_

6. Please indicate other issues which should be addressed or included in the next report:

\_\_\_\_\_

7. Other comments and suggestions:

\_\_\_\_\_

We appreciate your feedback.

You may accomplish this form online at [www.landbank.com](http://www.landbank.com). Thank you.