



# LANDBANK

WE HELP YOU GROW.



**5** YEARS OF  
SUPPORTING  
**THE NATIONAL  
SOCIO ECONOMIC  
AGENDA**

2018 ANNUAL REPORT



# LANDBANK

WE HELP YOU GROW.



## About the Cover

The LANDBANK 2018 Annual Report's theme of "55 years of Supporting the National Socioeconomic Agenda" encapsulates the Bank's commitment of helping its stakeholders become part of the nationwide thrust of social and economic prosperity. As the times change and history unfolds, LANDBANK has constantly taken a more expansive and relevant role in the country's development.

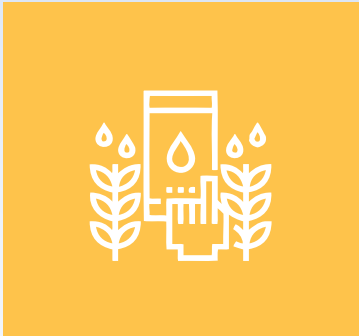
Consistently anchoring its strategies on the directions and priorities of the National Government, LANDBANK is relentless in enhancing its products and services, extending capability-building programs and extending its presence and partnerships throughout the country. In 2018, in line with the national inclusive growth agenda, LANDBANK took more aggressive strides in reaching more Filipinos, including those in the unbanked and underserved communities. By using digital technology, the Bank endeavored to make banking more practical and readily accessible across various market segments — from the small farmers and fishers, to industries and enterprises.

From being the financing arm of the country's Agrarian Reform Program, LANDBANK has become one of the most reliable partners and conduits for development, and is now on track with its roadmap of utilizing the latest technologies to help an evolving generation of Filipinos grow in banking, towards a more progressive Philippines.

**5** YEARS OF  
SUPPORTING  
THE NATIONAL  
SOCIO ECONOMIC  
AGENDA

2018 ANNUAL REPORT





P222bn  
Loans to agriculture



# Contents

27.8%  
Percentage of  
agri loans vs. Loans  
to All Sectors

06	LANDBANK's Integrated Countryside Lending Framework
07	Message from the President of the Philippines
08	Chairman's Message
10	President's Message

12	Feature Story: <b>Reaping the Fruits of Hope</b>
14	Operational Highlights: Pursuit of Mandate
42	Feature Story: <b>Planting Awareness and Cultivating Minds</b>
44	Operational Highlights: Customer Service
62	Feature Story: <b>Sowing the Seeds of Faith in Humanity</b>
64	Operational Highlights: Institutional Viability

189	Branch Banking Sector
190	Units Under the Board and Office of the President
191	Corporate Services Sector and Operations Sector
192	Treasury and Investment Banking Sector
193	LANDBANK Foundation and Subsidiaries

154	LANDBANK Foundation and Subsidiaries
164	LANDBANK Products and Services
184	Board of Directors
186	Alternate Members of the Board
187	Management Team
188	Agricultural and Development Lending Sector

194	Independent Auditor's Report
196	Statement of Management's Responsibility for Financial Statements
197	Financial Statements
203	Notes to Financial Statements
252	Acknowledgment

# Vision

By 2023, LANDBANK shall be the leading universal bank that promotes inclusive growth, especially in the unbanked and underserved areas, through the delivery of innovative financial products and services powered by digital banking platforms.

---

# Mission

## To Our Clients and Publics:

We provide accessible and best technology solutions to deliver timely and responsive financial and support services to meet the needs of our clients, especially Small Farmers and Fishers (SFFs), Micro, Small and Medium Enterprises (MSMEs), Countryside Financial Institutions (CFIs), Local Government Units (LGUs) and government agencies, while promoting sustainable development anchored on good governance.

## To Our Employees:

We are the employer of choice.

We develop and nurture talents who exemplify the highest standards of ethics, social responsibility and service excellence.

We support diversity and cultivate a healthy work environment with equal opportunity for professional growth and advancement.

# Our Corporate Policy

In 2018, the Land Bank of the Philippines (LANDBANK) conducted learning sessions and strategy refresh activities, where several workshops involving officers from across all sectors and with varying expertise were tapped to help craft the Bank's new Vision and Mission statements, Strategy Map containing the Strategic Objectives and Measures, and Medium-Term Plan for 2019-2023. The outputs from the workshops were then further scrutinized during the three-day Strategic Planning workshop, which was led by then President and CEO Alex Buenaventura, with some members of the Board of Directors and their representatives.

The Vision and Mission statements reflect the essence of the Bank, which remains the same – to promote growth in the countryside. Instead of drastically changing the statements, emphasis was placed on “unbanked” and “underserved” as those belonging to these sectors are the Bank's primary focus moving forward.

In 2018, LANDBANK marked its 55<sup>th</sup> anniversary. Through the years, it has grown to be one of the leading universal banks in the Philippines, while remaining faithful to its social mandate of fostering the country's sustainable development.

Today, with its thrust of financial inclusion, LANDBANK puts greater emphasis on reaching out to more Filipinos, and on helping improve their quality of life through the provision of the Bank's inclusive products, services and programs. LANDBANK believes that by making our countrymen part of the formal banking and financial system, they can more effectively participate and benefit in the economic activities of their greater communities.

The tagline “We Help YOU Grow” sums up LANDBANK's commitment to its clients, partners, employees and other stakeholders. This is LANDBANK's brand promise, which also articulates its belief that it can achieve its goals of progress and prosperity for the country by supporting people's aspirations and helping them bring their dreams to fruition.





Since its inception in 1963, LANDBANK has worked in alignment with the national government's development strategies. From one administration to the next, the Bank has devoted its resources, has grown and evolved in response to the country's socioeconomic development goals.

As the country moves forward, LANDBANK forges ahead in fulfilling various roles in the service of our government and people. And in 2018, as it reached its 55<sup>th</sup> anniversary, LANDBANK further steps up to the plate, aligning itself in support of AmBisyon Natin 2040 – the anchor of the country's development planning and the summary of the Filipinos' collective aspirations. Then and now, LANDBANK is one with our country in working towards making these dreams a reality.



# Malasakit

Enhancing the social fabric

Regain people's trust in public institutions and cultivate trust in fellow Filipinos

## Reliable



LANDBANK remains to be the most reliable bank to handle the government's funds and transactions, including revenue collection, disbursement and cash management processes. As a depository of people's money, and as a government institution bestowed with public trust, LANDBANK ensures good and responsible corporate governance and transparency, and complies with stringent industry regulations.



Official depository of government funds

Major channel of funds that run the bureaucracy



For payments/ disbursements of the national government, agencies and LGUs



Funds for development projects



Salaries, benefits and pension of government personnel



1.1m

Transactions

=

**P837.8bn**

Electronic Modified Disbursement Scheme  
- automated government transactions



414,437

Transactions

=

**P88.6bn**

e-Tax Payment System  
- Paperless tax filing



1.1m

Transactions

=

**P2.8bn**

Link.BizPortal - electronic payment facility where 549 merchants (271 gov't) are enrolled



# Pagbabago

– Inequality-reducing transformation

Expand economic opportunities and increase access to these opportunities, particularly of economic groups that used to lag behind, growth will be felt on the ground

## Accessible



The goals of reaching more Filipinos and bringing to them the benefits of a healthier economy drive LANDBANK's financial inclusion initiatives. Its efforts include the development of products, services and programs that are more accessible to the previously unbanked and underserved sectors. LANDBANK's people and infrastructure spanning all provinces also serve as the distribution arm of the government's social welfare programs, including the Unconditional Cash Transfer, Conditional Cash Transfer and Pantawid Pasada Programs.



**Reached  
2,860**

previously unbanked individuals

### Financial Inclusion Caravan in 6 sites:

San Gabriel, La Union  
Liliw, Laguna  
Orani, Bataan

Jala-Jala, Rizal  
Burauen, Leyte  
Tantangan, South Cotabato



**P21.4bn**

Amount disbursed  
to almost 9 Million  
beneficiaries under  
the UCT Program



**P75.9bn**

Amount disbursed to  
more than 4 Million  
beneficiaries under  
the CCT Program



Distributed  
₱359 million to

**71,876**

Jeepney operators under  
the Pantawid Pasada  
Program



# Patuloy na Pag-unlad

– Increasing growth potential of the economy

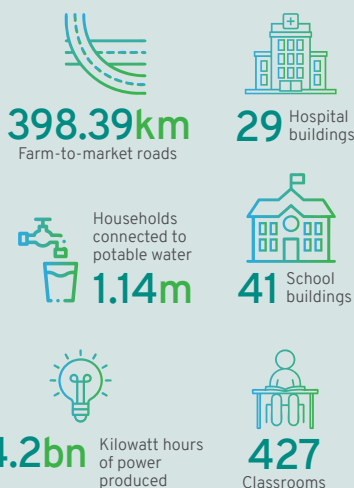
Accelerate and sustain economic growth

## Unwavering

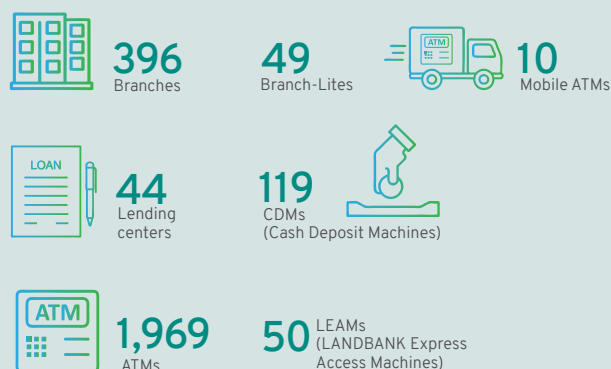


Committed to helping the country and our people grow, LANDBANK creates opportunities by lending to agriculture, fisheries and other key sectors of the economy. Farmers and agribusinesses, as well as other entrepreneurs, from micro to large, get assistance through LANDBANK's financing programs. The Bank covers entire value chains, supporting production, processing, operations and marketing. And with its development financing, LANDBANK supports infrastructure, social services, as well as environment-related projects, enabling both public and private sectors to contribute to the development of communities.

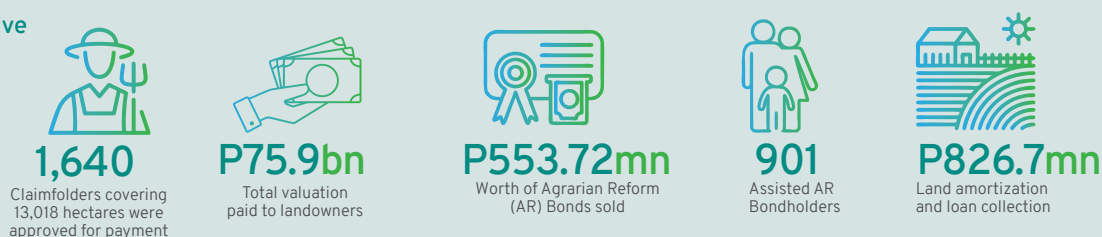
### Impact of Loans Extended to Key Sectors



### LANDBANK Physical Network



### Support to Comprehensive Agrarian Reform Program



# LANDBANK's Integrated Countryside Lending Framework





## Message from the President of the Philippines



My warmest greetings to the Land Bank of the Philippines (LANDBANK) as it publishes its 2018 Annual Report.

I am pleased to note that LANDBANK remains a leading driver of our national economy and the premier government financial institution that serves our people in the countryside. I have no doubt that its development programs have significantly improved the lives of our farmers, fisherfolk, agrarian reform beneficiaries and other clients.

May this annual report highlight the success of its operations that promote inclusive growth in the rural and unbanked areas. I trust that your outstanding performance over the previous year will inspire you to further bring your innovative products and services to every Filipino in need, especially those who do not have ready access to commercial banking facilities.

Your efforts to foster a comprehensive financial environment is important in bringing the Philippines to greater heights. Together, let us take great strides towards our goal of building a progressive future for all.

I wish you the best in your endeavors.

A handwritten signature in black ink, appearing to read "Rodrigo".

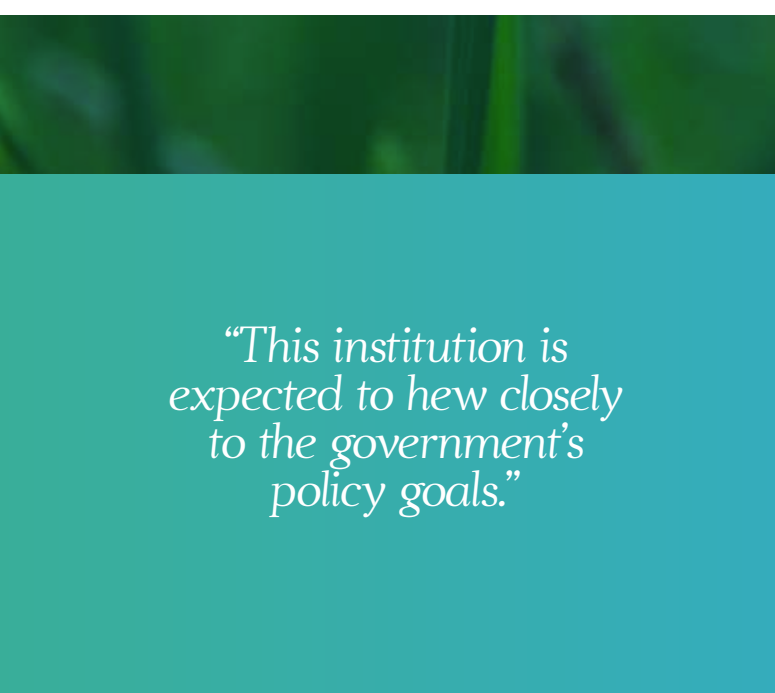
**RODRIGO ROA DUTERTE**  
MANILA  
July 2019



# Chairman's Message

---





*“This institution is expected to hew closely to the government’s policy goals.”*

The Land Bank of the Philippines (LANDBANK) is an institution with a mission.

This mission is to bring financial inclusion to our small farmers and fishermen, to bring competent financial services to our remotest communities, and to help transform our nation’s economic development by empowering small entrepreneurs. This institution is expected to hew closely to the government’s policy goals. The most important goal is the rapid reduction of poverty rate from 21.6% in 2015 to just 14% by the end of President Duterte’s administration.

While pursuing policy banking, the LANDBANK is expected nevertheless to perform competently as a bank. It must hew closely to the best practices of this competitive industry and deliver strong returns. In a word, it must be a stable, reliable, and profitable financial institution.

I am happy to report that the LANDBANK has been equally successful in achieving its policy missions of delivering development to the most vulnerable sectors and in building a strong financial institution in this rapidly changing banking environment. Nearly a third of the Bank’s loan portfolio in 2018 went to the agriculture and fisheries sectors. The highest rates of growth in that loan portfolio were in enterprises identified as policy priorities.

Meanwhile, lending for micro, small and medium enterprises increased by 51%. Lending to utilities grew by 27.6% while those for low cost housing grew by 22.7%. The Bank likewise expanded its lending to transportation, communications, tourism, education, health care, and environmental projects. The Bank’s more than 8,000 professionals deserve to be credited for these remarkable achievements.

Looking forward, there are numerous challenges we must meet with innovativeness and dedication. The LANDBANK must sustain its credibility as the foremost financial institution for countryside development.

We need more comprehensive data on the sectors that the Bank is mandated to serve. The information will help us design programs that will reach out to the unbanked and underserved. Those programs will have to be communicated more aggressively to build a broad clientele.

The Bank must also keep up with new financial technologies to bring down overhead costs, improve relationships, deliver real-time banking, and enhance financial inclusion. This requires increasing investments in the institution’s human capital. We should aim to have the most competent and agile workforce capable of projecting the Bank’s presence to the remotest communities and underserved areas.

As a bank, the LANDBANK must improve its bottom line to be truly competitive and credible. In 2018, the Bank improved its revenues by 6%. I am sure this will improve further in the coming period.

We are in the midst of what has been called the Fourth Industrial Revolution. Financial transactions will happen in a faster pace. Payments will have to be processed in real time. New forms of production and commerce emerge daily. I am sure the men and women of the LANDBANK are up to the task.



**CARLOS G. DOMINGUEZ**

Secretary of Finance  
Chairman, Land Bank of the Philippines

September 30, 2019



# President's Message

---





*“Fulfilling our core functions only drives us to hope that these results would influence the coming years as LANDBANK presses on cultivating growth through inclusivity.”*

The tradition of excellence and yields continues this year as the Land Bank of the Philippines (LANDBANK) not only sustained, but even surpassed, our main business goals.

A series of projects and programs has been taken to the fore that highlight previously uncharted channels of service in upgrading LANDBANK's customer service strand, bringing forth extensive linkage and wider reach to more consumer groups.

Fulfilling our core functions only drives us to hope that these results would influence the coming years as LANDBANK presses on cultivating growth through inclusivity.

Our main thrust focused on the maximization of support to farmers, fishers, MSMEs, and development-related projects. Concentrating on this impetus entails a greater effort to classify and target those who are otherwise in the underserved and unbanked fold.

Hence, LANDBANK delved into designing more feasible loan programs utilizing service stratagems that let LANDBANK access more sectors and clients.

Making headway in this approach are the Accessible and Sustainable Lending (ASL) for Small Farmers Program and the LANDBANK Socialized Credit Program (SCP) for crop production, farm mechanization and processing facilities all under a lower debt to equity ratio, lower interest rates, and easier requirements for availment.

Small market businesses are also given focus with the Market Vendors Inclusive Lending Program by providing them with working capital, while the transport sector gained more traction towards modernization in the more comprehensive Support Package for Environment-Friendly and Efficiently-Driven PUVs (SPEED PUVs) program.

LANDBANK has also linked with government efforts on socio-political rehabilitation through the LANDBANK Lending Program for Rebel Returnees, whereby former political dissenters can have renewed opportunities through small project and agri-business loans to aid in their reintegration into the fold of progress.

Another stage of expansion and inclusion that has now reached its third strong year is the *“Ipon at Kabuhayan para sa ating Kababayan*: LANDBANK's Financial Inclusion Caravan.” Thanks to its financial literacy forums educating priority groups, and providing IPON ATM Savings Account, we are now closer than ever to our targeted client base in the countryside.

Among the multitude of institutional and business plans we have formed over the past decade, one thing remained constant: that the digital era is here and digital banking is the way forward, especially in realizing our aspirations for broadened service.

LANDBANK launched the Digital On-Boarding System (DOBS) – the first of its kind in the Philippine banking sector. It allows online account application for both individual and institutional clients. Hand in hand with the launch of Digital Corners in 18 pilot branches as of December 2018, DOBS is also one way to comply with regulations on consumer data digitization.

Designed to optimize workflow processes, the DOBS enhances operational efficiency and improves client servicing by cutting the turnaround time for account opening by half from 30 minutes to 15 minutes. As we move onward with web implementations with our Digital Corners in branches, we forgo lengthy manual operations and long lines in completing client documentations.

Similarly, we are working at further improving expense management for greater financial stability. We are also developing more profit hubs and growing our products to generate higher returns. Programs to equip our support units continue, as well as our review of our subsidiaries.

As these plans are translated into each Landbanker's individual performance targets, we commit to work in synergy and to remain steadfast in our goals and strategies.

LANDBANK HELPS ALL FILIPINOS GROW!



**ALEX V. BUENAVENTURA**  
LANDBANK President and CEO



FEATURE STORY

*“LANDBANK not only provided PARC the necessary funds, but also taught us how to effectively run our cooperative, and improve our production and quality.”*





# Reaping the Fruits of Hope

## PALANGUE AGRARIAN REFORM COOPERATIVE Naic, Cavite

Cavite is home to a dozen economic zones, hundreds of housing developments, and a favorite tourist destination south of Manila: Tagaytay. While it is now one of the country's most urbanized provinces, it used to be a predominantly agricultural and fishing community. That is how Joselito Tibayan remembers his hometown back when he started farming more than 20 years ago. As a young man, he left Palangue, Naic, Cavite to find his luck elsewhere, only to realize that working in Manila brought no joy to him.



For many years after returning home, Tibayan was an agricultural tenant like many others in the region. Being a farmer is hard enough, but farming land that you don't own is even more challenging. He joined one cooperative after another in the hopes of improving his economic prospects, but he was repeatedly disillusioned. And so, on July 5, 1995, the Palangue Agrarian Reform Cooperative (PARC) was created. From his humble beginnings, Tibayan improved his life as a farmer and also continues to help others as the present manager of the Cooperative.

The Cooperative's relationship with the Bank started in 1999. "LANDBANK not only provided PARC the necessary funds, but also taught us how to effectively run our cooperative, and improve our production and quality," said Tibayan. In 2003, along with other farmers, he was awarded his own land through the government's Comprehensive Agrarian Reform Program (CARP). Many of the farmer members found themselves with more land, but no money to cultivate it. Once again, PARC approached LANDBANK to finance loans for its farmers.




A year later, a 600 percent increase in income was reflected in the Cooperative's financial statement, according to Tibayan.

More than the working capital, it was LANDBANK's technical assistance and knowledge transfer—from the documentation process to managing funds—that had the most impact on the farmers. Now with 298 members, PARC continues to provide livelihood loans and agricultural services to Palangue's farmers. Members also have access to affordable medicine through the Cooperative's *Botika sa Barangay* program.

Elena Maralang was PARC's first ever member and among the 34 pioneers of the Cooperative. She comes from a long line of farmers for whom farming is a way of life, not just a business. Like Tibayan, she joined a cooperative hoping for a way to uplift her family's life. It has been 24 years since Maralang first joined PARC and today, all seven of her children have finished their studies.

"Thanks to our partnership with LANDBANK and the guidance of the Department of Agrarian Reform, our farmers can produce rice and vegetable to supply the whole Naic and increase their profit too," Tibayan added. The Cooperative's initiatives have always been pinned on the hope that farmers get the most benefit from the land they till. For Tibayan, Maralang, and all the other farmers in the Cooperative, the loan from LANDBANK was the helping hand they needed.

From plowing the fields by hand, they have become entrepreneurs and productive contributors to the local economy—collectively uplifting the lives of all farmers in Palangue. 



## Programs for the Priority Sectors



**P734.3bn**

Total Loans to the Priority Sectors

↑  
**30.2%**



Innovative lending programs designed to increase agricultural productivity



LANDBANK remains at the forefront of attaining positive and inclusive growth for the country through the provision of innovative and responsive financial and other services especially in the countryside.

The expansion of Loans to the Priority Sectors remains as a core strategy and priority thrust of LANDBANK in sustaining its financial viability while fulfilling its social mandate. In 2018, the Bank's regular loans posted a record-high growth of 33% to ₱799.2 Billion compared with the ₱601.2 Billion in 2017. This is the highest year-on-year growth reported since 2009. A major driver of loan growth is the Bank's Loans to the Priority Sectors which surged by 30.2% to ₱734.3 Billion as of December 2018 from ₱564.1 Billion as of December 2017, and comprised 92% of the Bank's total Loans to All Sectors at ₱798.8 Billion.

### Loans to Agriculture

In recognition of agriculture remaining as a development challenge and still a top priority sector for securing broad-based growth and sustainable development of the country, LANDBANK relentlessly pursued the implementation of innovative lending programs designed to increase agricultural productivity and incomes of small farmers and fishers that will lift them out of poverty, and the provision of other financial services to promote greater financial inclusivity especially in the unbanked and unserved areas across the country.

In Cauayan City, Isabela, farming takes on a more modern approach. To help improve the livelihood of farmers and as part of the services of Villa Luna Multi-Purpose Cooperative, farm equipment was bought through a loan from LANDBANK. The co-op lends this agricultural machinery to farmers.



# P512.2bn

Loans to the National Government's Priority Programs

In 2018, the Bank intensified its support to the agriculture sector with total loans expanding by 21.1% to ₱222.0 Billion from ₱183.4 Billion in 2017. These loans were channeled to the Bank's mandated sector composed of small farmers, including Agrarian Reform Beneficiaries and their associations, as well as small fishers and their associations. The Bank's financing support was also provided to private enterprises engaged in agri-business, aqua-business, and other agri-related industries involved in the food and agriculture value chain such as agri-processing, agri-enterprises, processing and exporting of fish and other marine products, packaging, and storage. Aside from private entities, the agri-aqua projects of LGUs and GOCCs, including their developmental projects like farm-to-market roads and bridges, public markets, schools, hospitals, water system, sanitation and drainage, reclamation projects, and agricultural transport terminals, among others, were also given credit support by the Bank. Aside from financial assistance, LANDBANK also extended marketing and other support services.

Loans in support of Agriculture comprised 27.8% of the Bank's total gross portfolio of ₱798.8 Billion. LANDBANK consistently remained as the only universal bank compliant with the Republic Act (RA) No. 10000, otherwise known as the Agri-Aqua Reform Credit Act of 2009, which requires banks to allot 10% of its total lending portfolio to Agrarian Reform Beneficiaries (ARBs) and 15% to small farmers and fishers.



In terms of loan releases, a total of ₱62.2 Billion were extended to small farmers and fishers through 1,076 farmers and fishers cooperatives, 153 countryside financial institutions, and 163 irrigators' associations involving 556,875 beneficiaries during the year.

## Loans in Support of Other National Government Priority Programs

As a government financial institution, LANDBANK strongly aligns with the thrust and development goals of the National Government as embodied in the Philippine Development Plan 2017-2022 which aims to establish for the country a *"stronger foundation for inclusive growth, a high-trust society, and a globally-competitive economy toward realizing the vision by 2040."*

For the year 2018, the Bank sustained the expansion of loans to the National Government's Priority Programs which increased by 35% from ₱380.7 Billion to ₱512.2 Billion. Among government financial institutions, LANDBANK remains as the biggest credit provider to small farmers and fishers, as well as the biggest lender to LGUs and MSMEs.

- **Loans for Microenterprises and Small and Medium Enterprises**

LANDBANK loans to micro, small and medium enterprises (MSMEs) continued to significantly expand with growth registered at 50.7% to ₱135.3 Billion in 2018 from ₱89.8 Billion in 2017. Total MSME loans represents 16.9% of the Bank's total Loans to All Sectors. Of this amount, ₱22.3 Billion were lent to Microenterprises and ₱113 Billion to Small and Medium Enterprises.

Loans to MSMEs were channeled through conduits such as cooperatives, rural banks, non-government organizations and microfinance institutions.



**P27.4bn**  
Outstanding livelihood loans



**1,256**

OFW Reintegration  
Program beneficiaries

LANDBANK also extended financial assistance to qualified fixed income earners such as government and private employees to help them improve their lives through livelihood projects and business endeavors.

In 2018, LANDBANK's outstanding livelihood loans stood at P27.4 Billion reflecting a growth of 28.6% from P21.3 Billion a year ago. This comprised 3.4% of the Bank's Loans to All Sectors.

#### Overseas Filipino Workers' (OFW) Reintegration Program

The OFW-RP (OFW Reintegration) Program was introduced in May 2011 to provide livelihood opportunities to returning Overseas Filipino Workers (OFW). In partnership with the Overseas Workers

Welfare Administration (OWWA), returning OFWs may avail loans for their viable projects from P300,000 up to P2 Million.

As of end-2018, cumulative loans released to OFWs reached P1.08 Billion assisting 1,256 OFWs with availment rate of 174%.

- **Loans for Utilities**

LANDBANK finances projects engaged in the utilities sector as these provide essential services vital to the operation and expansion of various industries that contribute to the country's social and economic development. Loans to utilities sector include power generation, distribution and transmission, water generation and distribution, and gas exploration and production.

In 2018, the Bank's outstanding loans to the sector amounted to P133.7 Billion, accounting for 16.7% of the Bank's total Loans to All Sectors. Loans to utilities increased by 27.5% from P104.9 Billion in 2017.

- **Loans for Socialized, Low-cost and Medium-cost Housing**

The Bank supports the National Government's housing program which primarily aspires to provide every Filipino family with decent housing at affordable cost and contribute to the reduction of the country's housing backlog. The Bank finances



# P51.7bn

Loans to the transportation sector



LANDBANK President and CEO Alex Buenaventura, EVP Joselito Gutierrez, FVP Lolita Silva, and AVP Joji Flores with 1-TEAM President Yuri Sarmiento, Corporate Secretary Hershel Lyn Calpo, and LANDBANK Account Officer Joshua Agner, during the agreement signing for a loan under the SPEED-PUVs Program.

housing projects that can be classified as socialized housing at ₱400,000 and below, low-cost housing at ₱400,000 to ₱3 Million, and medium-cost housing at more than ₱3 Million to ₱4 Million.

In 2018, the Bank's total outstanding loans to housing expanded to ₱59.0 Billion from ₱48.1 Billion last year or 22.6% growth. Its share to total Loans to All Sectors of ₱798.8 Billion stood at 7.4%

- **Loans for Logistics – Transportation and Communications**

LANDBANK plays an active role in the development of the country's transportation and communications industry through the provision of its financing assistance aimed at improving the modes of transport systems for both land and sea for cost-efficient and timely delivery of goods and services as well as communications systems that would facilitate better connectivity and enhance efficiency and productivity of businesses. In 2018, the Bank increased its lending support to the transportation sector from ₱38.9 Billion in 2017 to ₱51.7 Billion or 32.9% growth. Likewise, the communications sector grew by 42.8% to ₱44.7 Billion from ₱31.3 Billion during the same period.

- **Loans for Education**

Investment in quality education is a strategic tool for achieving inclusive growth. In support of this goal, LANDBANK assisted in the financing of projects for the construction and maintenance of educational institutions.

In 2018, the Bank's outstanding loans to education stood at ₱8.1 Billion which facilitated the construction of 41 new school buildings and 427 additional classrooms.

- **Loans for Health Care**

In 2018, LANDBANK continued to provide loans to finance the construction of hospitals, clinics and other health-related facilities that will help boost the delivery of health care services in the country.

The Bank's total outstanding loans to health care reached ₱19.2 Billion in 2018 from ₱14.2 Billion reflecting a growth of 35.2%.

- **Loans for Environment-related projects**

LANDBANK deeply cares for the protection of the environment with its financing and other support programs to help in the adaptation and mitigation of the adverse effects of global warming and harnessing of the vast potential of renewable energy and alternative energy resources that will reduce carbon emissions and promote climate change adaptation. Among these projects that the Bank financed were the construction of flood control systems, waste management and recovery facilities, sewerage treatment plants, and hydro-electric power plants and production of biofuel.

As of end-2018, the Bank's outstanding loans to environment-related projects reached ₱10.9 billion. Its share to total Loans to All Sectors stood at 1.4%.

- **Loans for Tourism**

In support of the National Government program to develop the tourism sector of the country, LANDBANK provided loans to tourism sector for the construction of hotels and other facilities.

In 2018, the country's tourism sector got a big boost from LANDBANK's financing facilities with outstanding loans at ₱22.1 Billion which reflected a whopping 150% growth from the ₱8.8 Billion recorded in 2017.

Of the ₱798.8 Billion total Loans to All Sectors, 64.1% or ₱512.2 Billion comprised the Bank's Loans Supporting the National Government Priority Programs. This reflected a hefty growth of 34.5% from ₱380.7 Billion a year ago. 🌱

## Development Impact of LANDBANK Lending Programs

Anchored on the LANDBANK vision “to promote inclusive growth and improve the quality of life especially in the countryside through the delivery of innovative financial and other services in all provinces, cities and municipalities”, the Bank’s lending operations became more meaningful as these generated positive impact on the quality of life and economic condition of local communities in terms of employment generation and provision of other livelihood opportunities. The tangible benefits derived from these activities for 2018 are as follows:



**1,142,109**  
Households connected with potable water



**4,238,245,085**  
Additional kilowatts of power produced



**29**  
Hospitals



**41**  
School buildings built/renovated

**427**  
Additional classrooms



**2,015**  
Additional hospital beds



**398.39**  
Additional kilometers of farm-to-market roads

## New Lending Programs in 2018

### LBP-SRA Socialized Credit Program under the Sugarcane Industry Development Act (SCP-SIDA)

The LANDBANK Socialized Credit Program under the Sugarcane Industry Development Act (SCP-SIDA) was formally launched on 16 March 2018 led by Senator Cynthia A. Villar during the first SRA Farm Mechanization Expo held in Bacolod City. The program aims to promote and support the productivity improvement programs that will boost the production of sugarcane and increase incomes of sugarcane farmers/planters and farm workers.

### Accessible and Sustainable Lending Program for Small Farmers (ASL Farmers Program)

The Accessible and Sustainable Lending Program for Small Farmers (ASL Farmers Program) was developed in compliance with the Presidential Directive No. 2018-0176 (dated 24 April 2018) which directs **“LBP, in coordination with the DA and the DAR to reach out to farmers and provide them with**



The ASL Farmers Program was launched on 10 July 2018, during the DAR's CLOA distribution to ARBs in Solano, Nueva Vizcaya.





LANDBANK President and CEO Alex Buenaventura and Task Force Balik-Loob Chairman Usec. Reynaldo Mapagu shake hands after signing the memorandum of agreement on the Lending Program for Rebel Returnees. With them are (from left) LANDBANK FVP Emellie Tamayo, AFP Chief of Operations Division Col. Joel Mamon GSC PA, AFP Chief Co. Cesar Mesa GSC PA, DSWD Promotive Operations and Programs Group Usec. Rhea Peñaflor, LANDBANK EVPs Joselito Gutierrez and Julio Climaco Jr., and LANDBANK VP Efrén Tedor.

### ***financial assistance for their agricultural needs.”***

This complements various existing agricultural lending programs as the Bank strives more to help small farmers increase their productivity and incomes.

The credit assistance will be complemented by financial literacy and loan orientation seminars to teach the program beneficiaries how to save, pay loans on time and better manage their finances.

The Program was launched in Nueva Vizcaya on 10 July 2018 coinciding with the DAR's distribution of Certificate of Landownership Award to Agrarian Reform Beneficiaries (ARBs) in Solano, Nueva Vizcaya. In October 2018, the Program was piloted in three Lending Centers: Nueva Vizcaya, Isabela and Ilocos.

As of year-end 2018, the Program registered cumulative releases of ₱22.4 Million to 202 individual farmers.

### **LANDBANK Lending Program for Former Rebels**

The LANDBANK Lending Program for Former Rebels was developed to complement the Government's Enhanced Comprehensive Local Integration Program (E-CLIP)<sup>a/</sup> for former rebels (FRs) by providing credit assistance for their small businesses and agri-enterprise projects in order to reintegrate them to the economic mainstream and demonstrate the National Government's sincere efforts to support them.

The credit assistance shall be complemented with financial literacy and loan orientation seminars to make sure that borrowers are equipped with the basic knowledge to manage their finances.

<sup>a/</sup> A complete package of assistance provided by the Government to FRs who were members of the Communist Party of the Philippines (CPP), New People's Army (NPA), National Democratic Front (NDF) and the Militia ng Bayan, as well as their immediate families, who have surfaced and expressed their intention to abandon armed struggle and become productive members of the society.

### **Farm Tourism Financing Program**

The Farm Tourism Financing Program was developed with the objective to assist farm tourism operators to develop farm tourism camps or activities that allow visitors to enjoy farming or fishing experience through education, recreation or leisure. Farm tourism is the practice of attracting visitors and tourists to farm areas for production, educational, and recreational purposes which involve any agricultural or fishery-based operation or activity and may also provide a venue for outdoor recreation and accessible family outings.

Among the eligible loan purpose are:

- Development/Improvement of farm tourism site/camp, including construction of facilities and amenities
- Crop, livestock and fishery production and marketing
- Homestay improvement/renovation/expansion
- Acquisition of transport facilities
- Construction of training centers related to the tourism project
- Construction of tourism roads (LGUs)

As of 31 December 2018, the Bank's loan releases reached ₱37.0 Million to Farm Tourism Operators.

### **Green Climate Fund (GCF)**

The Green Climate Fund (GCF) was established with a mission to advance the goal of keeping the temperature on our home planet below 2 degrees Celsius. The fund is a unique global initiative to respond to climate change.

GCF is a financial mechanism under the United Nations Framework Convention on Climate Change (UNFCCC) which helps fund climate finance investment in low-emission, climate-resilient development through mitigation and adaptation projects and programmes in developing countries.

LANDBANK is the only entity in the Philippines that had been accredited by the GCF as a Direct Access Entity (DAE). This means that LANDBANK can access the GCF fund to support adaptation and mitigation projects, programmes, policies and other activities to counter climate change.🌱

## Enhanced Environmental and Social Safeguards Policy Relative to Credit Delivery



In pursuit of its role as the dominant financial institution in countryside development, LANDBANK shall adhere and actively promote environmental protection and sustainable development by incorporating effective environmental management practices in all its agrarian and banking operations, services and decisions.

In line with the Bank's Corporate Environmental Policy (CEP), Credit Policy Issuance (CPI) No. 2004-002, later enhanced through CPI No. 2009-002, was issued to extend LANDBANK's environmental commitment to its borrowing clients. To consider climate change and social risks of LANDBANK-financed projects in the Bank's CEP, an enhancement of the CPI 2009-002 is being proposed which is entitled as "Environmental and Social Safeguards Policy Relative to Credit Delivery". This enhancement covers identification, assessment, mitigation, monitoring of environmental, climate change and social risks, as well as aspects, impacts, and benefits of projects financed by the Bank.

Moreover, the enhancement follows the global best practice of Equator Principle. This will facilitate approval of projects financed through Official Development



### ACEF Lending Program

To increase productivity of farmers and fishers, their cooperatives and associations, and MSMEs



### P25.2mn

ACEF loans released to individual farmers/ fishers, cooperatives and micro and small enterprises

Assistance (ODA) grants which usually evaluates the environmental and social risks of projects based on the performance standards of the Equator Principle.

### Agricultural Competitiveness Enhancement Fund (ACEF) Lending Program

The Agricultural Competitiveness Enhancement Fund (ACEF) Lending Program is a special purpose fund which consists of all duties collected from the importation of agricultural products under the Minimum Access Volume (MAV) mechanism. Created by virtue of the Agricultural Tariffication Act or RA No. 8178, the Fund is aimed at increasing the productivity of farmers and fishers and their cooperatives and associations, and micro and small enterprises, through the extension of credit assistance with minimal requirements, among others. The ACEF Lending Program is in coordination with the Department of Agriculture (DA).

In 2018, LANDBANK has released a total of ₱25.2 Million in loans to individual farmers/fishers, cooperatives and micro and small enterprises.

### Agricultural Credit Expansion Programs

#### Food Supply Chain Program

The Food Supply Chain Program (FSCP) is a LANDBANK program that provides financial and technical assistance to agricultural producers, market processors, consolidators and other market players to promote sustainable market linkages to all key players in the agricultural value chain. This program is in partnership with the DA and the Department of Finance (DOF).

In 2018, total loan releases reached ₱8.4 Billion involving 62 conduits (farmer cooperatives, associations and NGOs). Since the launch of the FSCP on 4 October 2010, the Bank's cumulative loan releases reached ₱87.2 Billion.



## Sikat Saka Program (SSP)

The Sikat Saka Program (SSP) in partnership with the DA provides a direct credit window to small palay and corn farmers who are not members of LANDBANK accredited cooperatives and are having difficulty in securing loans from other financial institutions. The SSP aligns with the primary objective of the Philippine Government's Food Staples Sufficiency Program aimed at establishing food security and increasing farmers' productivity and incomes as well.

Through the Program, small farmers benefit in terms of market support from the National Food Authority, free irrigation services from the National Irrigation Administration, full crop insurance premium subsidy from the Philippine Crop Insurance Corporation and training courses on credit worthiness and financial literacy facilitated by the Agricultural Training Institute. The provision of integrated support services under the Program helps ensure the timely and efficient delivery of credit to the target beneficiaries and Program's sustainability.

In August 2018, LANDBANK received a Certificate of Merit at the Karlsruhe Sustainable Finance Award for its SSP under the **"Outstanding Sustainable Project Financing Category"**.

As of year-end 2018, cumulative loan releases reached ₱8.2 Billion involving 14,323 borrowers.

## Agrarian Production Credit Program (APCP)

Pursuant to the CARPER Law, the Agrarian Production Credit Program (APCP) is a joint program implemented by the DA, DAR, DENR and LANDBANK. Launched in October 2012, the Program aims to provide financial assistance and other support services to improve farm productivity and incomes of Agrarian Reform Beneficiaries (ARBs) and their households through their respective organizations or ARB Organizations (ARBOs).



## ISDA

Growership program for the fisheries sector in partnership with BFAR



The Program is designed as a flexible credit facility for ARBOs that are not yet qualified to borrow under the regular lending window of the Bank and as a transitory credit window which intends to mainstream the ARBOs to the regular lending window of the Bank and other formal financial institutions within the prescribed period.

In 2018, the implementing agencies approved the extension of the Program for another five years or until October 2022, and other policy enhancements to become more responsive to the emerging needs of existing and new ARBs/ARBOs.

As of end-2018, the APCP released ₱6.9 Billion to 854 ARBOs consisting of 66,977 ARBs.

## Integrated Support for Development of Aquaculture (ISDA)

The Integrated Support for Development of Aquaculture (ISDA) was introduced in September 2013 and in partnership with the Bureau of Fisheries and Aquatic Resources (BFAR). ISDA is a growership program for the fisheries sector where institutional buyers or processors are linked with small fishers, individuals, and small and medium enterprise growers.

As of 31 December 2018, cumulative releases under the ISDA totalled ₱3.1 Million, with outstanding balance of ₱1.2 Million comprising 78 borrowers and 2,342 beneficiaries.

## Kalikasang Kabuhayan sa Wastong Pamayanan (KAWAYAN)

Kalikasang Kabuhayan sa Wastong Pamayanan (KAWAYAN) is a credit program which provides credit assistance to qualified borrowers like small farmers, cooperatives, federations, SMEs, agribusiness enterprises (ABEs), CFIs and LGUs engaged in bamboo production, processing and marketing. The Program aims to improve and develop the local bamboo industry as well as to reduce the impact of climate change by greening the watershed areas, thereby minimizing damage to agriculture caused by typhoons and other natural calamities.

As of end-2018, total cumulative loan releases reached ₱10.0 Million under the KAWAYAN Program.

# P1.4bn

Total cumulative loan  
released for the  
CACAO 100



## Credit Assistance for Cacao Agribusiness Entities and Other Organizations 100 (CACAO 100)

Credit Assistance for Cacao Agribusiness Entities and other Organizations 100 or CACAO 100 was launched to finance cacao industry stakeholders and help them attain their mission of producing 100,000 metric tons of dried fermented beans by 2022. LANDBANK enhanced the features of the Program to align with the roadmap and respond to the emerging needs of cacao value chain players, as well as to improve the controls in fund releases.

As of end-2018, total cumulative loan releases reached ₱1.4 Billion, with outstanding balance amounted to ₱500.67 Million under this Program.

## Masustansyang Inumin para sa Likas na Kalusugan (MILK)

LANDBANK, in partnership with the National Dairy Authority, launched the Masustansyang Inumin para sa Likas na Kalusugan (MILK) Program to support the financing requirements of qualified small dairy farmers, cooperatives, and federations for their dairy production, processing, marketing, and other dairy-based economic activities. The Program also aims to increase domestic milk production, improve farm productivity, generate employment, and increase household income.

As of 31 December 2018, the Bank's total cumulative loan releases stood at ₱88.6 Million.



CACAO 100 Program helps finance the cacao industry stakeholders to attain their mission of producing

**100,000mt**  
of dried fermented beans by 2022



**139,615**

Jobs were generated from the LGU Lending Program approved projects

## LGU Lending Program

LANDBANK sustains its lending activities and remains as a major credit provider of Local Government Units (LGUs). With the LGU Lending Program, the Bank extends financing support to boost development of local communities through infrastructure and other socio-economic development projects in accordance with the approved local development plan and public investment program.

As of year-end 2018, the Program assisted 671 LGU-borrowers which projects generated a total of 139,615 jobs. The Bank's cumulative loan releases under the Program stood at ₱83.8 Billion.

## **BUILDERS (Bringing Urbanization and Innovations thru LANDBANK's Diverse Engineering Resource Support) Program**

LANDBANK launched the Bringing Urbanization and Innovation thru LANDBANK's Diverse Engineering Resource Support (BUILDERS) Program to extend financial assistance to duly-licensed contractors (by the DTI-Philippine Contractors Accreditation Board) in the country who support the National Government's Public-Private Partnership Program. The eligible projects under the BUILDERS Program include housing, education, real estate development, mass housing for calamity stricken-regions, transport infrastructure, construction/renovation of business offices and buildings, and purchase of construction equipment/machineries, among others.

As of 31 December 2018, the Bank released a total of ₱74.9 Billion to 406 qualified contractors with availment rate of 139% which generated 124,739 jobs.

## **Health-PLUS (Progressive Lending for Upgraded Services) Program**

Health-PLUS was launched to improve access of Filipinos to quality and upgraded medical products and services. During the year, a total of 183 hospitals and health facilities availed of the program resulting in additional hospital beds and modern hospital equipment and facilities benefiting thousands of patients.

As of December 2018, the Bank released a total of ₱22.8 Million involving 183 borrowers.

## **RE (Renewable Energy) Lending Program**

The Renewable Energy Lending Program was launched in support of the National Government's policy on the promotion of renewable energy development, utilization and commercialization, as well as accelerating investment in the energy sector. The Program assisted renewable energy projects to include among others, biomass, geothermal, hydropower, ocean, solar, wind, biofuel and other renewable energy projects.

The Bank's loan releases under the Program reached ₱12.2 Billion and benefited 50 borrowers as of end-December 2018.

## **Metro Manila Wastewater Management Project (MWMP)**

The Metro Manila Waste Water Management Project (MWMP), funded by the World Bank, is a re-lending program for Maynilad Water Services, Inc (MWSI) and Manila Water Co., Inc (MWCI) to support and increase

their coverage of wastewater collection and treatment and septage management. One of the Project's major objectives is to contribute towards improving the environment in Metro Manila which in turn would help reduce health risks and improve water quality in the Manila Bay area especially for the poor residents in Metro Manila. This Program was launched in response to the Supreme Court decision to clean-up the Manila Bay.

As of 31 December 2018, fund disbursements reached \$188.08 Million, of which \$71.34 Million and \$116.74 Million were disbursed to MWSI and MWCI, respectively.

## **KfW-Yolanda Reconstruction Program (KfW YRP)**

The KfW-Yolanda Reconstruction Program (KfW YRP) is the Bank's concrete response to help in the rehabilitation of devastated infrastructures caused by super typhoon Yolanda in 2013. The assistance is in the form of grant that is equivalent to EUR 13 Million. Among the projects financed were construction of seawalls, evacuation center/ multi-purpose buildings, rural roads with bridges and drainages, roads water distribution system and concrete port ramp.

As of end-2018, the Bank was able to release a total of ₱453.8 Million in loans to finance 18 LGUs in the Visayas with 19 sub-projects.

## **The Poultry Lending Program**

The LANDBANK Poultry Lending Program was launched on 24 April 2015 with the objective of providing credit assistance to strengthen the egg/meat production of poultry growers.

With the rebound in the poultry sector's lacklustre performance in 2017 as a result of the negative effects of the bird flu incident, the Bank's loan portfolio in 2018 increased by 31% to ₱11.0 Billion from ₱8.4 Billion a year ago. During the year, there were 25 new clients bringing total of Program-borrowers to 349.

## **Support Package for Environment-Friendly and Efficiently-Driven PUVs (SPEED PUV) Program**

LANDBANK introduced in 2017 the Support Package for Environment-Friendly and Efficiently-Driven PUVs (SPEED PUV) Program as an inclusive program that aims to finance public transport cooperatives or corporations in acquiring buses, mini-buses, jeepneys, Transport Service Network Vehicles, and UV Express that are in accordance with the requirements of the Omnibus Franchising Guidelines of



LTFRB and compliant with the specifications of the Philippine National Standard (PNS 2126:2017) on PUVs Class 2 and Class 3 Dimensions issued by the Bureau of Philippine Standards under the Department of Trade and Industry. The SPEED PUV Program aligns with the National Government's Public Transport Modernization Program.

The borrower's loanable amount is up to 95% of the acquisition cost of the unit or up to repayment capacity of the borrower, whichever is higher. The borrower's equity is at 5% minimum of the acquisition cost of the unit, payable based on cash flow but not to exceed seven years.

As of year-end of 2018, the Bank has released a total of ₱145.8 Million equivalent to 185 units plying various routes in the NCR, Bulacan, Cebu and Tacloban City.

The Bank is working closely with the Department of Transportation, the Land Transportation Franchising and Regulatory Board, and other government agencies towards the success of the PUV modernization especially in easing credit access by transport cooperatives and corporations.

### LANDBANK-CPFP Livestock Contract Growing and Shrimp Production Inclusive Financing Program

The LANDBANK-CPFP Livestock Contract Growing Farmers Financing Program was implemented in 2017 to promote participation of farmers in the CPFP poultry and hog contract growing and increase farmers' incomes. However, with the good market prospects for shrimp production, and the development of the "BEST Shrimp Production" model of CPFP, the tie-up was expanded to include shrimp production. BEST stands for Biosecurity, Environment, Seed & Feed Quality and Technical Support, a set of production protocols to optimize profit of the producer.

### Carbon Finance Facility

The Carbon Finance Support Facility (CFSF) is LANDBANK's flagship program for climate mitigation. It is the first-of-its-kind program in the country to date that offers financing and assistance to piggery and sanitary landfill in order to generate carbon credits.

LANDBANK signed three Emission Reduction Purchase Agreements (ERPAs) with World Bank to purchase CERs from LANDBANK clients that had been accredited and registered under the United Nations Framework Convention on Climate Change (UNFCCC).

The number of traded Certified Emission Reductions (CERs) for Program of Activity (PoA) for Animal Waste (Piggery) reached 26,937 while CERs for PoA for Landfill Gas Recovery totaled 228,801.

### Harnessing Agribusiness Opportunities through Robust and Vibrant Entrepreneurship Supportive of Peaceful Transformation (HARVEST) Project

The Harnessing Agribusiness Opportunities Through Robust and Vibrant Entrepreneurship Supportive of Peaceful Transformation (HARVEST) Project is a JICA-funded project which aims to provide credit and technical assistance to cooperatives, SMEs, CFIs and large agribusiness enterprises in conflict-affected areas in Mindanao, specifically the Bangsamoro Autonomous Region of Muslim Mindanao (BARMM), and other areas with economic or commercial linkage to the region through a value chain concept. The Project aims to support Mindanao's peace-building efforts and economic growth.

On 28 August 2018, the HARVEST Project was launched in Cotabato City, which was the capital of then Autonomous Region in Muslim Mindanao (ARMM).🌱

LANDBANK President and CEO Alex Buenaventura and JICA Philippines Senior Representative Yo Ebisawa led the project launch of HARVEST. They were joined by Office of the Presidential Adviser on the Peace Process (OPAPP) Cotabato Director Wendell Orbeso and Embassy of Japan First Secretary Tetsuharu Mori.



## Support Programs for Agricultural Credit



**15,533**

Farmers benefited from Agricultural Guarantee Fund Pool

### Agricultural Guarantee Fund Pool

The Agricultural Guarantee Fund Pool (AGFP) consists of pool of contributions from various participating GOCCs and GFIs where LANDBANK serves as the institutional manager. This Program is jointly administered by the Agricultural Credit Policy Council (ACPC) of the Department of Agriculture (DA) and LANDBANK. The pooled funds are used to guarantee the small farmers' unsecured agricultural loans from financial institutions and other credit conduits in order to encourage them to lend to small farmers and support the agricultural productivity program of the National Government.

In 2018, the total guarantee coverage under AGFP reached ₱7.3 Billion, of which, ₱1.8 Billion was allocated to LANDBANK benefiting 15,533 farmers with coverage area totalling 57,674 hectares.

### Credit Assistance Program for Program Beneficiaries Development (CAP-PBD)

The Credit Assistance Program for Program Beneficiaries Development is jointly implemented with the Department of Agrarian Reform (DAR).

The Program provides necessary interventions in order to capacitate the ARB Organizations (ARBOs) in their organizational, operational, and marketing skills to prepare these program beneficiaries become bankable then eventually graduate to the regular lending window of the Bank.

In 2018, the CAP-PBD released ₱36.4 Million to 111 ARBOs and assisted 6,854 beneficiaries. 🌱

## Other Lending Programs

### Access of Small Enterprises to Sound Lending Opportunities (ASENSO)

ASENSO (Access of Small Enterprises to Sound Lending Opportunities) is a program jointly implemented by various Government Financial Institutions (GFIs) in support of the National MSME Development Plan. It is designed to simplify and standardize the lending procedures for SMEs among participating GFIs comprising the SME segment of the revitalized MSME Financing Program.

ASENSO took off from where SULONG (SME Unified Lending Opportunities for National Growth) left in 2012, and supports the objectives of the new Micro, Small and Medium Enterprise (MSME) Development Plan. Eligible projects under the Program include agri-business, manufacturing, trading and services.

The Bank's total loan releases stood at ₱230.6 Billion in 2018. Outstanding loans amounted to ₱109.8 Billion assisting 155,955 SMEs under this Program.

### LANDBANK CARES (Calamity Assistance and Rehabilitation Support) Program for Islamic City of Marawi and Other LGUs in Lanao del Sur

The LANDBANK CARES Program was launched in 2017 to provide timely and appropriate financial support to the conflict-affected municipalities in Lanao Del Sur, especially the Islamic City of Marawi, fast track infrastructure recovery, restore economic and social activities and bring back accessibility of basic services to the severely affected areas caused by man-made disaster and highlight the Bank's role in spearheading the recovery and reconstruction of the said city and neighboring conflict-affected municipalities in Lanao Del Sur, pursuant to its



**155,955**

SMEs benefited from the ASENSO lending program

corporate responsibilities. The Program is made available to the Bank's various existing and new customers severely affected by the conflict such as the LGUs, home owners, SMEs, cooperatives, schools, NGOs, Rural Financial Institutions and salaried individuals.

Due to the difficulties and the length of time it took to clear the conflict areas of war debris and unexploded ordinances, only few individuals and micro-SMEs were able to avail of the Program as of end-December 2018.

### H<sub>2</sub>OPE (Water Program for Everyone)

The H<sub>2</sub>OPE (Water Program for Everyone) is the Bank's unified program for the water and sanitation sector. This Program aims to provide responsive financing for the water systems development and distribution, expansion or rehabilitation. Eligible borrowers under this Program are the water districts, water utilities managed by institutions/corporations, private entities, cooperatives and associations, and LGU-operated and managed water utilities.

This Program also supports the government's initiative on the rehabilitation, restoration, and conservation of Manila Bay via financing of solid and septage/wastewater management facilities, development of waste-to-energy power generating system and waste water recycling projects. Eligible for financing are private and government entities identified by the Department of Environment and Natural Resources (DENR) as contributor to pollution of Manila Bay and other bodies of water that flows into it.

As of end-December 2018, total cumulative loan releases reached ₱3.8 Billion, with an outstanding loan balance of ₱2.7 Billion.

### HOME (Housing Opportunities Made Easy) Program

The HOME Program was launched to address the growing housing backlog in the country by providing credit assistance to the following clientele: (1) salaried employees, businessman or self-employed and professionals through Easy Home Loan (EHL) which provides credit assistance in acquiring house and lot, townhouses, condo units, lots, renovation and improvement; (2) individual end-buyers of housing units from the Bank's accredited developers through End-buyers Financing Program; (3) OFWs through the *Bahay para sa Bagong Bayani* which is intended to provide assistance to them in acquiring their own homes; and (4) Real Estate developers involved in development of residential subdivisions, condo buildings and integrated/mixed use communities through Housing Projects Developers Financing.

As of 31 December 2018, the Bank's loan releases amounted to ₱7.2 Billion, with an outstanding loan balance of ₱5.8 Billion.

### BRIGHTNESS (BRinging Inclusive Growth in every Household Through National Electrification Support Service) Program

BRIGHTNESS is a financing program for Electric Cooperatives with the objective of providing rural areas with electricity and energy access to spur socio-economic growth and generate employment in the countryside.

As of 31 December 2018, approved loans for BRIGHTNESS reached ₱4.8 Billion. Loan releases stood at ₱2.9 Billion under this Program. More importantly, electricity connections reached almost a million at 946,967 household and businesses. 🌱





# Support to the Comprehensive Agrarian Reform Program



The Land Bank of the Philippines, through the Comprehensive Agrarian Reform Law (CARL), was established as the financial intermediary of the Comprehensive Agrarian Reform Program (CARP) in 1988. LANDBANK was mandated to finance the acquisition of all private agricultural lands, distribution and resale of all these CARP-covered lands to small landholders including the purchase of the landholding by the agricultural lessee.

In 2009, the Comprehensive Agrarian Reform Law was further amended through RA No. 9700 which strengthened the CARP, extended the acquisition and distribution of all agricultural lands, and instituted necessary reforms consistent with the provisions of the Law. This Act is founded on the right of the landless farmers and farmworkers for a more equitable distribution and ownership of land to improve the quality of their lives through greater productivity of lands. The Department of Agrarian Reform (DAR), as one of the implementing agencies for CARP, in coordination with the Presidential Agrarian Reform Council (PARC) Secretariat, has programmed the final acquisition of CARP-covered lands.

## CARP Land Transfer Operations

LANDBANK continues to be the principal agency handling CARP land valuation and approval of land transfer claims received from DAR.

As of end-2018, a total of 1,690 claimfolders (CFs) were transmitted to LANDBANK by the DAR for land transfer claim processing. Of the 1,690 CFs, 1,640 CFs with corresponding area coverage of 13,018 hectares were

approved for payment, while 36 CFs with area coverage of 253 hectares were returned to the DAR for re-documentation. The remaining 14 CFs with area coverage of 398 hectares are pending for processing by the Bank.

## Landowners Compensation

As of end-December 2018, total valuation paid to landowners stood at ₱75.9 Billion, broken down into ₱3.3 Billion for PD 27/EO No. 228; ₱54.6 Billion for RA 6657; and ₱18.0 Billion for RA No. 9700. This amount is inclusive of the ₱8.9 Billion statutory subsidy by the government and the ₱3.1 Billion increase in valuation as a result of just compensation cases.

## Agrarian Reform Bond Trading and Marketing

The Bank sold AR Bonds for a total of ₱553.72 Million, generating a total income of ₱10.84 Million. In the same period, the Bank through the Agrarian Services Group assisted 901 bondholders and issued a total of 1,106 AR Bond certificates.

## Land Amortization Collections from CARP Farmer Beneficiaries

As one of the implementing agencies for CARP, LANDBANK is also tasked with the Land Amortization and Loan Collection from CARP beneficiaries. In 2018, the Bank's total land amortization and loan collections amounted to ₱826.7 Million (₱820.4 Million Agrarian Reform Receivables; ₱6.3 Million Agrarian Reform Loans) for the period 01 January to 30 December 2018. Of this, ₱770.2 Million were remitted to the Bureau of the Treasury, while the remaining ₱56.5 Million were earmarked for remittance in January 2019. 🌱

## Awards and Recognitions Received by LANDBANK



**3**  
For Financial  
Inclusion  
Caravan



**Outstanding Development Project**  
Financial Inclusion Category  
*Association of Development Financing  
Institutions in Asia and the Pacific*

**Silver Anvil, Specialized Public  
Relations Programs**  
Advocacy Category  
*53<sup>rd</sup> Anvil Awards, Public Relations  
Society of the Philippines*

**Award of Excellence for Division 1:**  
**Communication Management**  
Community Relations Category  
*Philippine Quill, International Association  
of Business Communicators*

The LANDBANK Financial Inclusion Caravan was adjudged Winner under the Financial Inclusion category of the ADFIAP Outstanding Development Project Awards 2018.

The ADFIAP "Outstanding Development Project Awards" is an international award-giving body that recognizes member-banks which have undertaken and/or assisted projects that have created a development impact in their respective countries.

LANDBANK's Financial Inclusion Caravan also bagged a Silver Anvil under the Specialized Public Relations Programs - Advocacy Campaign Category at the 53<sup>rd</sup> Anvil Awards.

Presented annually by the Public Relations Society of the Philippines (PRSP), the ANVIL is the symbol of Excellence in Public Relations. It is awarded to outstanding public relations programs, tools and practitioners after careful screening by select PR professionals and judging by a distinguished multi-sectoral jury.

LANDBANK was among the eight government agencies awarded in the 2018 OpenGov Recognition of Excellence for “striving towards excellence in ICT strategies, policies and initiatives.”

The Bank was recognized for the establishment of the LANDBANK Inclusive Banking Center, a cashless payment facility for government fees piloted in 2017 at the Land Transportation Franchising and Regulatory Board (LTFRB) Head Office in Quezon City.

For the sixth consecutive year, LANDBANK received a Certificate of Merit at the Karlsruhe Sustainable Finance Awards, this time for its *Sikat Saka* Program, which was recognized under the Outstanding Sustainable Project Financing category.

LANDBANK also received the Certificate of Merit for its *Sikat Saka* Program under the Best Innovation in Sustainable Financial Products and Services category of the Karlsruhe Sustainable Finance Awards 2018.

The Karlsruhe Sustainable Finance Awards honours financial institutions and organizations with significant contributions to the field of sustainable finance.

LANDBANK received three awards at the 2018 PDS Annual Awards Night, which celebrates market participants and stakeholders across different sectors of the financial market:

The Bank was recognized among the top awardees for Fixed Income Brokering Participants for 2017, besting 30 others. A first for LANDBANK, this award is given to market participants that generated the most trading volume for the year as measured by the total volume turnover of securities transacted by face amount.

LANDBANK also received awards for Fixed Income Cash Settlement Banks and Fixed Income Dealing Participants.

A yearly undertaking by the International Association of Business Communicators (IABC) Philippines, the Philippine Quill honors exceptional communication work by organizations to achieve business goals and make a difference in the society.

The LANDBANK VOLUNTEERific Program bagged the Award of Excellence under the Communication Management: Employee Engagement category while the LANDBANK Financial Inclusion Caravan won the Award of Excellence under the Communication Management: Community Relations category of the 16<sup>th</sup> Philippine Quill Awards.



LANDBANK was recognized by the Bangko Sentral ng Pilipinas as “Outstanding Lending Bank Partner” and “Outstanding Program Partner” for the Credit Surety Fund Program in the 15th Awards Ceremony and Appreciation Lunch for BSP Stakeholders.

LANDBANK Ecobrick Program won under the Environmental Impact Award category of the 2018 Ang Susi Awards.

The ‘ANG SUSI’ or “Associations nurture National Growth through Social Unity and Sustainability Innovations” Awards recognizes the key contributions that associations and association executives give to national sustainable development.

LANDBANK was given the National Outstanding Volunteer Award in the Organization-Corporate category of the PNVSCA’s Search for Outstanding Volunteers (SOV) 2018.

The Bank was recognized for its pioneering effort in creating a volunteer program in the government corporate sector and was the sole awardee under the Organization-Corporate category.

The LANDBANK Gawad Sibol Program (GSP) was recognized by the Department of Environment and Natural Resources as one of the most important partners in sustainable development and environmental preservation in its Recognition of Partners on the Sustainable Efforts on the Protection of the Environment Program.

LANDBANK has been awarded as one of the top Government Securities Eligible Dealer - Market Makers in 2018 by the Bureau of the Treasury for its support to capital market development in the primary and secondary market for government securities.

LANDBANK received a Certificate of Collaboration from the Strategic Action and Response Office under the Office of the Cabinet Secretary for the Bank’s compliance in the implementation of the 888 Citizen’s Complaint Hotline.

The Corporate Affairs Department-Customer Care Center, as central repository of complaints, was commended for exceeding the compliance baseline rate and for garnering a resolution rate of 95% for closing and resolving 298 cases from 311 total complaints and concerns.🌱



## Corporate Social Responsibility Initiatives

LANDBANK's Corporate Social Responsibility (CSR) initiatives are focused on four main thrusts: Livelihood, Education, Environment and Disaster Relief and Mitigation or LEED. The Bank ensures that needs in these aspects are met, and impact is measured or accounted for.

### Volunteerific Program

LANDBANK remains committed to the National Government's directive for civil servants to render volunteer services in social, economic, and humanitarian development undertakings in the community. This is in support of the objectives of RA No. 9418 or the Volunteer Act of 2007, as well as the Civil Service Commission (CSC) Memorandum Circular No. 23 of 2012 or Volunteer Program in the Public Sector in coordination with the Philippine National Volunteer Service Coordinating Agency (PNVSCA). From this impetus, the Bank's Volunteerific Program was formed.

To encourage and spark increased participation among the Bank's workforce, awards and special recognitions are given. For 2018, two major and four special awards were conferred to outstanding Bank sectors and groups whose constituents highly showcased the spirit of volunteerism.



The Volunteerific Champion Award was bestowed to the Treasury and Investment Banking Sector (TIBS) for recording 100% sectoral employee participation and 22.91 average volunteer hours rendered per person (refer to table below).

The Agricultural and Development Lending Sector (ADLS) received the Volunteerific Runner-Up Award for also having acquired a 100% sectoral employee participation with 12.94 average volunteer hours per person.

### Volunteerific Result for 2018 or Year II (16 July 2017 to 30 June 2018)

Sector	Total No. of Employees	Total No. of Volunteers	Total No. of Volunteerific Hours Rendered	% of Sectoral Employee Participation	Average Volunteer Hours Per Employee
ADLS	1,212	1,212	15,899.80	100%	12.94
BBS	4,553	3,729	41,285	81.90%	11.07
CSS	547	464	4,236	84.83%	9.13
TIBS	109	109	2,520	100%	22.91
OP	977	816	7,463.73	83.52%	9.15
OS	2,084	1,828	19,135	87.72%	10.47
<b>Total</b>	<b>9,482</b>	<b>8,158</b>	<b>90,539.53</b>	<b>86.23%</b>	<b>11.07</b>

All sectors' large contributions raised participation rates by 26.23%, thereby, increasing average volunteer hours by 1.07.

ADLS and TIBS also earned the Highest Percentage of Employee Participation Award for equally having a 100% participation among their employees nationwide.

Special awardees include the Central Luzon Branches Group as the Most Volunteerific Group for an average 45.95 volunteer hours per employee, while the Branch Banking Sector (BBS) secured the Sector with Highest Total Number of Volunteers award for having a total of 3,729 volunteers out of its 4,553 sector employees.

For this reason, the 2018 Volunteerific results exceeded expectations with an 86.23% participation rate from the target set at 60%. Average volunteer hours correspondingly transcended goals with 11.07 hours from a target of 10.



LANDBANK also took home the Award of Excellence from the International Association of Business Communicators in the 16<sup>th</sup> Philippine Quill Awards last July 2018, and, ultimately, the PNVSCA's National Outstanding Volunteer Award last December 2018.

## A. Livelihood

The Gawad Kabuhayan is LANDBANK's CSR program for farm industry promotion. Now on its third phase, it has evolved into a natural farming program in partnership with the LANDBANK Countryside Development Foundation, Inc (LCDFI).

In 2018, the Bank adopted three sites, namely: Sitio San Ysiro, Brgy. San Jose, Antipolo City, Rizal Province; Brgy. Buot, Cebu City, Province of Cebu; and, Sitio Lower Talubek, Lamlahak, Lake Sebu, South Cotabato. Listed under cooperatives are San Isiro Upland and Lowland Farmers' Association, Buot Livelihood Association and Talubek Unified Development Association, respectively. Beneficiaries were provided with natural vegetable and livestock farming.

Particulars	Location	Cooperative
 Beneficiaries of natural vegetable farming and livestock farming	Sitio San Ysiro, Brgy. San Jose, Antipolo City, Rizal Province	San Isiro Upland and Lowland Farmers' Association (SIULFA)
	Brgy. Buot, Cebu City, Province of Cebu	Buot Livelihood Association (BULAI)
	Sitio Lower Talubek, Lamlahak, Lake Sebu, South Cotabato	Talubek Unified Development Association (TUDA)

## B. Environment

Propagating endeavors for environmental care and protection cannot be complete without commencing activities in the very habitat the LANDBANK Head Office sits on. With the Manila Bay as its nearest natural reserve, the public-private collaboration with the Manila Bay SUNSET Partnership Program, Inc. (MBSPPI) has long been the Bank's flagship CSR program in the pursuit of preserving and improving the Bay's condition.

Among the activities organized and accomplished in 2018 are monthly clean-up activities of shores and estuaries or inlets connected to the Bay joined by 9,306 volunteers which is a clear rise from the 7,998 volunteers in 2017.

Waste recovery and collection is another continued priority activity, producing 67 truckloads of trash compared to 53 in the previous year. This corresponds to 241.89 kilograms of polystyrene waste materials which are then utilized in the information, education and communication (IEC) arm of the campaign for proper solid waste management, upcycling these into rulers with the help of the Polystyrene Packaging Council of the Philippines, an MBSPPI partner.

The growth in numbers is attributed to activity expansion from quarterly to monthly clean-ups beginning in 2017.

Another water-centered effort is the Mabuhay Balls Program which extends water resource management through the use of microorganism solution balls packed with garden soil, molasses and rice hull. Adopted from Japanese practices, the Mabuhay Balls inhibit the growth of algae and break down sludge and silt for clearer water and smoother flow.



In its run from December 2017 to December 2018, volunteers to the program made a total of 19,000 Mabuhay Balls dropped at *Estero de Kabulusan* in Tondo, Manila. Monthly water sampling assessments done by the Department of Environment and Natural Resources (DENR)-Environmental Management Bureau revealed promising results in terms of decreasing fecal coliform presence in the water.

Month (2018)	Station 1: Upstream (mpn/100ml.)	Station 2: Midstream	Station 3: Downstream
January	92x10 <sup>8</sup>	16x10 <sup>9</sup>	No data
February	92x10 <sup>9</sup>	35x10 <sup>9</sup>	No data
March	35x10 <sup>8</sup>	54x10 <sup>8</sup>	No data
April	22x10 <sup>8</sup>	35x10 <sup>8</sup>	No data
May	92x10 <sup>7</sup>	22x10 <sup>8</sup>	No data
June before cleanup	16x10 <sup>8</sup>	28x10 <sup>8</sup>	54x10 <sup>8</sup>
June after cleanup	49x10 <sup>7</sup>	33x10 <sup>7</sup>	33x10 <sup>7</sup>
July	54x10 <sup>7</sup>	35x10 <sup>7</sup>	16x10 <sup>8</sup>
September	92x10 <sup>5</sup>	28x10 <sup>6</sup>	54x10 <sup>6</sup>
October	28x10 <sup>7</sup>	54x10 <sup>6</sup>	92x10 <sup>6</sup>
November	40x10 <sup>6</sup>	54x10 <sup>6</sup>	54x10 <sup>6</sup>
December	35x10 <sup>6</sup>	11x10 <sup>7</sup>	No data

More IEC efforts were fulfilled through Campus Tours to spread environmental awareness and share proper solid waste management know-how among schools. Titled “Binion School Tour”, 10 tours were staged among public high schools this year participated by 2,058 students, compared to 1,945 students in 2017, to whom upcycled rulers were also provided.

Another recent undertaking to complement waste management is the Ecobrick Program. Started at LANDBANK in July 2018, it promotes the practice of recycling single-use plastic materials to form blocks for building structures or alternative furniture assembly.

It instantly became one of the Bank’s most prolific CSR activity with 2,877 ecobricks made, earning the Environmental Impact Award during the 6th Philippine Council of Associations and Association Executives Summit last 23 November 2018. Global recognition was also attained with LANDBANK ranking first in the only global ecobricking community index, [www.gobrick.com](http://www.gobrick.com), from among 2,422 members.

In line with its goals of greening the countryside, LANDBANK ended the year with auspicious results in the Gawad Sibol reforestation and biodiversity protection program. Partnering with the DENR’s National Greening Program to minimize floods during typhoons and to mitigate the impact of climate change, the Program has completed its third phase with 55,000 trees planted by over 3,465 volunteering hands to cover a combined 60 hectares in 13 adopted sites since its 2006 inauguration.

Particulars	Phase 3 Accomplishments (2016-2018)
No of trees planted	55,000
No. of volunteers activated	3,465
No. of sites adopted	13 sites
No. of hectares covered	60 hectares

As of end-2018, the Program has increased the number of adopted areas to 25 sites covering 114 hectares in land area.



### C. Disaster Relief and Mitigation

Contributing to socio-economic growth includes gearing areas particularly prone to disasters. The Gawad KATUBIGAN (Kaakibat na Tulong sa Bayan para sa Inuming Kailangan) is the Bank’s disaster preparedness and response advocacy that provides training as well as access to clean water through portable water filtration systems with the help of Waves for Water International.

The Program was able to supply 291 water filtration systems and had capacity-building and knowledge-sharing activities among 28 municipalities and cities nationwide to now serve over 29,000 individuals with clean drinking water.





## D. Education

As a way of serving its agricultural mandate, LANDBANK needs to equally preserve stakeholders and cultivate potential contributors to the field. With Gawad Pag-Aaral Tungo sa Maunlad na Bayan (PATNUBAY) Scholarship Program or GPSP operating on voluntary contributions by Landbankers nationwide, students aspiring for agri-related education as well as progenies of Agrarian Reform Beneficiaries (ARB) and small farmers are provided scholarships, books and monthly allowances, thesis funding, and other assistance.

Partnering with the International Rice Research Institute, a total of 110 scholarships were handed out by the GPSP in 2018. Of the 35 who graduated, 10 finished on the honor roll.

The Education to Employment Internship Program (E2E) is a sub-operative of the GPSP which ensures support to the scholars beyond graduation and into the professional sphere through subsidies in professional examinations, internship and classroom lectures with LANDBANK, and assistance in securing employment in LANDBANK and partner institutions. Of the 2018 graduates, 31 were participants to the program.

For a more rooted approach in promoting agricultural professions, the Gawad e-dukasyon Program, linked with the Knowledge Channel Foundation, Inc. and the Department of Education (DepEd), utilizes digital tools and innovative platforms to encourage agricultural studies and interests among the youth.

It has produced a video series and e-modules focusing on crop production and harvest, poultry raising and aquaculture and fisheries. Hosted by actor Enchong Dee, the modules were seen by over five million students from more than 6,000 public schools; private learners among 1.5 million households; more than 10,000 out-of-school youth and mature learners enrolled in the DepEd Alternative Learning System; and, over 100,000 teachers and community learning center instructors.

## E. Other CSR Initiatives

Other accomplishments in CSR was the **Share-A-Gift 2018** which, in conjunction with the 2018 National Volunteer Month and in partnership with the Manila Department of Social Welfare, saw over 500 street children beneficiaries aged seven to 12 years old and their parents and guardians given a feast and imparted with toys, educational and creative materials, shirts and Christmas baskets containing food items. They were distributed by around 150 Landbanker volunteers.

The **LANDBANK Christmas CSR Program** performed charitable works as well for 600 indigenous students of the Loacan Elementary School in Itogon, Benguet to whom copies of "Karapat Dapat", a book on children's rights, were given last 1 December 2018 alongside representatives from the non-profit Center for Art, New Ventures and Sustainable Development (CANVAS).

Head Office-based Landbankers shared their piece in the initiative as well through purchasing items from the CANVAS booth at the LANDBANK Christmas Bazaar from 5 -16 November 2018 wherein every book purchase corresponded to a donation while proceeds from the on-the-spot caricatures were also used in the said activity. Card set purchases also provided bonus cards for Landbankers to write messages to the beneficiaries. 🍀



## Client Recognition Program

As a Bank propelled by its national development pursuit, LANDBANK pays homage to the key players in its mandated sector as well as linchpins of individual businesses – large and small – who sustain livelihoods and keep regional trade functional, thus, steering the national economy.

Under the following category, the Client Recognition Program recognizes these significant figures: The Gawad sa Pinakatanging Kooperatiba (Gawad PITAK) for exemplary agri- and non-agri cooperatives; Gawad Small and Medium Enterprise (Gawad SME) for exceptionally performing individual or partnership businesses; Gawad KAAGAPAY (Pinakatanging Korporasyon) for large corporations with genuine socio-economic contributions to communities; and, the Gawad Countryside Financial Institution (Gawad CFI) for rural and thrift banks which excelled in their financial service capacity and delivery in their rural domain.

### GAWAD PITAK

Gawad sa Pinakatanging Kooperatiba



Ginintuang Gawad PITAK Agri-based Category  
**Buenavista Development Cooperative**  
Buenavista, Guimaras



Ginintuang Gawad PITAK Non-Agri-based Category  
**Sacred Heart Savings Cooperative**  
Galimuyod, Ilocos Sur



Hall of Fame Agri-based Category  
**Bontoc Multi-Purpose Cooperative**  
Bontoc, Southern Leyte



## Outstanding Agri-based Cooperatives



Pinakatanging Kooperatiba  
**Bantug Agricultural Multi-Purpose Cooperative**  
 Talavera, Nueva Ecija



First Runner-Up  
**Libacao Development Cooperative**  
 Libacao, Aklan



Second Runner-Up  
**Kooperatiba Naton Multi-Purpose Cooperative**  
 Tigbauan, Iloilo



Third Runner-Up  
**Batangas Sugar Planters Cooperative Marketing Association**  
 Balayan, Batangas



Fourth Runner-Up  
**Goodyear Agrarian Reform Beneficiaries Multi-Purpose Cooperative**  
 Kabasalan, Zamboanga Sibugay



## Outstanding Non-agri-based Cooperatives



Pinakatanging Kooperatiba  
**Abra Diocesan Teachers and Employees  
Multi-Purpose Cooperative**  
Bangue, Abra



Special Award: Ulirang Magsasaka  
**Pacifico Cordada Jr.**  
T'boli, South Cotabato



First Runner-Up  
**Pinoy Lingap Damayan Multi-Purpose Cooperative**  
Virac, Catanduanes



Second Runner-Up  
**Ibaan Market Vendors and Community  
Multi-purpose Cooperative**  
Ibaan, Batangas



Third Runner-Up  
**Golden Group Gabay Puhunan  
Brotherhood Multi-Purpose Cooperative**  
San Fernando, Pampanga



Fourth Runner-Up  
**Pateros Multi-Purpose Cooperative**  
Pateros, Metro Manila

## GAWAD KAAGAPAY



Outstanding Large Corporation Non-agri-based Category  
**SM Development Corporation**

### Outstanding Medium-sized Corporation Agri-based Category



First Place  
**BF Industries, Inc.**  
Toril, Davao



Second Place  
**Tacurong Fit Mart, Inc.**  
Tacurong City, Sultan Kudarat



Third Place  
**Sps. Jaena and Orlando Manuntag**  
Brgy. Tambo, Parañaque City



## Oustanding Medium-sized Corporation Non-agri-based Category



First Place  
**Sps. Sabrina Maryam and Luisito Tijing**  
Dumaguete, Negros Oriental



Second Place  
**ESR Construction and Development Corporation**  
Pagadian, Zamboanga del Sur



Third Place  
**Kasapi-Kaagapay sa Pangkabuhayan Lending, Inc.**  
Talavera, Nueva Ecija



## GAWAD SME

Gawad sa Small and Medium Enterprises

### Agri-based Category



First Place  
**Velomer Agri Business Corporation**  
Malaybalay, Bukidnon



Second Place  
**Aim High Tolling Solutions, Inc.**  
San Pedro, Laguna



Third Place  
**Sps. Josefa and Romeo Vasquez**  
San Mateo, Isabela

## Non-agri-based Category



First Place  
**Sps. Evelyn and Porfirio Mina**  
Tanay, Rizal



Second Place  
**John Mark D. Villanueva Medical Clinic**  
Esperanza, Sultan Kudarat



*Bagong Bayani Category Winner*  
**Sps. Regina and Danilo Ruferos**  
Koronadal, South Cotabato

## GAWAD CFI

Gawad sa Countryside Financial Institution

### Rural Bank Category



First Place  
**New Rural Bank of San Leonardo (Nueva Ecija), Inc.**  
Cabanatuan, Nueva Ecija



Second Place  
**Rural Bank of San Mateo (Isabela), Inc.**  
San Mateo, Isabela

### Thrift Bank Category



Third Place  
**Rural Bank of Solano (N.V.), Inc.**  
Solano, Nueva Vizcaya



**Card SME bank, Inc. (A Thrift Bank)**  
San Pablo City, Laguna

### Special Awards Category

Best CFI Availer - Agri-Agra Loans  
**New Rural Bank of San Leonardo (Nueva Ecija), Inc.**  
Cabanatuan, Nueva Ecija

Best CFI Intermediary - Lowest Pass-on Rate  
**Rural Bank of San Mateo (Isabela), Inc.**  
San Mateo, Isabela



## FEATURE STORY

*“In the past, farmers approached cooperatives mostly for fertilizer loans. But thanks to our relationship with LANDBANK, our farmers get not just the tools to grow their businesses, but also an awareness on sustainable farming.”*



# Planting Awareness and Cultivating Minds

CARMEN SAMAHANG  
NAYON MULTI-PURPOSE  
COOPERATIVE  
Carmen, Bohol

Like their fathers and grandfathers before them, many of the country's small farmers have used chemical-based fertilizers at some point. In the old days, people who lived off the land relied mostly on knowledge that has been passed down through generations. Until just over two decades ago, "sustainable development" and "organic farming" were concepts that were unheard of in rural communities like Carmen in Bohol.


Boholanos are proud and protective of their own. In fact, consumers there buy more locally grown rice than imported varieties. In recent years, Bohol has emerged as a top eco-tourism destination—owing to the people's commitment to preserve and protect the environment they call home. Therefore, it was of grave concern to farmers, like Sabas Bolanio, when the number of fishponds in Carmen steadily diminished over the years. It quickly became clear that the chemicals used in agricultural products not only harm the environment, but also the people who consume them. For the sake of health, Bolanio turned to organic farming. Organic farmers use very minimal chemicals for farming and relies more on natural materials for fertilizing crops. But for Aquileo Columnas, a former salesman, it was more of a necessity. He ventured into farming in 1997 and, with little experience and resources, he could barely afford fertilizers.

While Bolanio and Columnas had different introductions to organic farming, both learned of its environmental sustainability and business potential through LANDBANK. Both are members of Carmen Samahang Nayon Multi-Purpose Cooperative (Samahang Nayon). It was LANDBANK that extended funding to the cooperative and provided seminars on sustainable farming. The Bank also financed the group's first rice mill and office.

Organic farming practices within the Cooperative go back to when the Philippine Australian Community Assistance Program (PACAP) was introduced to aid poverty reduction, through an end-to-end farm-to-market farming system. Former Samahang Nayon Chairman Teodoro Lomod, a third-generation farmer, was one of the system's first adopters and is now a staunch advocate. "New knowledge and technologies on farming are generally more effectively channeled through farmers' associations or cooperatives," he explained.

Today, Samahang Nayon is an established organic rice supplier known for its black and red rice. "In the past, farmers approached cooperatives mostly for fertilizer loans", said current Chairman Eufemio Abaniel. "But thanks to our relationship with LANDBANK, our farmers get not just the tools to grow their businesses, but also an awareness on sustainable farming."

There are now more than 2,000 Samahang Nayon members. Many of them, including Bolanio and Columnas, have become respected mentors on organic farming; and are now established growers of organic vegetables and fruits. Columnas now owns a restaurant in Carmen, Bohol; and Bolanio was able to put his four children through college, one of whom is now a lawyer.

By providing technical and financial resources to the cooperative, LANDBANK made beneficial loans and programs accessible to the farmers of Carmen—helping them break through and thrive in today's fast-growing organic food market. In a partnership now spanning 20 years, LANDBANK and Samahang Nayon have effectively cultivated a culture of environmental accountability—surely to be passed down to generations of farmers yet to come. 







**396**

LANDBANK  
branch network

**↑  
4.5%**

**49**

LANDBANK  
Branch-lites

## Bank's Delivery Channels

Anchored on LANDBANK's vision to reach out to all provinces, municipalities, and cities especially in the countryside, the Bank intensified efforts at expanding its network of delivery channels, bringing innovative and responsive products and services closer to every Filipino across the country.

### Branches and Extension Offices

LANDBANK's branch network reached 396 as of year-end 2018, registering 4.5% increase from 379 as of year-end 2017. A total of 17 additional provincial branches were established in 2018 which included Samal Island (Davao), San Juan (South Leyte), Moalboal (Cebu), Tuao (Cagayan), Cabagan (Isabela), Calamba (Mis. Occidental), Muñoz Science City (Leyte), Cataingan (Masbate), Claver (Surigao del Norte), Aurora (Zamboanga del Sur), San Andres (Catanduanes), Limay (Bataan), Kapatagan (Lanao del Norte), Romblon (Romblon), Atimonan (Quezon), Quezon (Bukidnon), and Catanaun (Quezon).

During the year, LANDBANK also transferred two NCR and 11 provincial branches to more strategic locations namely Century Park Hotel (Harrison Plaza), Tagaytay, KCC Mall de Zamboanga, Dasmariñas, Casino Filipino (Manila Bay), Baguio, Iba, Tagbilaran City Hall (Bohol), Subic, Koronadal, Ilagan, Sagay and Guihulngan.



LANDBANK  
Easy Access Facility  
(LEAF) caters to  
underserved areas



## LANDBANK Branch-Lite

In 2014, the Bank started to roll out the LANDBANK Easy Access Facility (LEAF) to extend banking services to the underserved areas of the country where there is no LANDBANK presence. Equipped with ATM, Cash Deposit Machine (CDM) and other electronic machines, the LEAFs were established in far-flung areas where banking services are limited. It also provides customer service functions, such as deposit account opening, receipt of loan applications and credit card applications, among others.

In compliance with BSP Circular No. 987, series of 2017, the Bank renamed its LEAF units to Branch-lite. A Branch-lite is defined by BSP as any permanent office or place of business of a bank, other than its head office, or a branch that performs limited banking activities and records its transactions in the books of the Head Office or the Branch to which it is annexed.

As of 31 December 2018, LANDBANK has a total of 49 Branch-lites in municipalities nationwide – 29 in Luzon, nine in the Visayas and 11 in Mindanao.

## New Automated Teller Machines

In 2018, the Bank's ATM Network reached 1,969 units, representing 9% of the total 20,768 ATMs in the banking industry. These are strategically located across the country with 370 (19%) in the National Capital Region, 470 (24%) in North and Central Luzon, 373 (19%) in Southern Luzon, 308 (15%) in the Visayas, and 448 (23%) in Mindanao.

With the 233 newly installed ATMs during the year, LANDBANK maintains its rank as the fourth largest bank in terms of ATM network in the country. Majority of ATM deployments were made at Local Government Units (LGUs) with 109 new ATMs while 71 offsite ATMs were installed in various locations. Meanwhile, 53 ATMs were installed in LANDBANK branches.

In support of LANDBANK's commitment to provide banking convenience to our 14.2 Million cardholders, the Bank operated additional ATM units in locations with high foot traffic such as malls and commercial centers (Oroquieta Town Center, Tungawan Integrated Bus Terminal, Gaisano Mall of Digos, Ayala Malls - South Park, Lucena Public Market, Balanga City Public Market, Jose Dalman Bus Terminal, Gattaran Commercial Center, Zamboanga International Airport, Puerto Princesa Airport, NCC Mall Buhangin, and GT Town Center Pavia).

The Bank's aggressive ATM deployment program translated into 10.8% growth in the Bank's ATM footprint.

## Cash Deposit Machines

To ease clogging of customers for Over-the-Counter (OTC) transactions at the branches, LANDBANK provides an automated real-time cash deposit transaction through the CDM. As a self-service machine equipped with a cash deposit facility, customers are afforded the convenience of depositing with ease without going to the branches.

CDMs are available in all Branch-Lites and select branches. LANDBANK takes credit in being the first government bank that provided an automated delivery channel for deposit transactions. In 2018, a total of 119 CDMs were installed in strategic locations throughout the country: 10 in the NCR; 31 in Northern and Central Luzon; 26 in Southern Luzon; 24 in the Visayas; and 28 in Mindanao.

## LANDBANK Express Access Machines

The LANDBANK Express Access Machine (LEAM) is a touch-screen financial kiosk machine designed to accept payments or collections for national government agencies' transactions. This facility was recently enhanced to serve as an alternative channel for LANDBANK's online banking products, ePayment Portal (ePP) and iAccess.

LANDBANK, as an Authorized Agent Bank (AAB) for the Bureau of Internal Revenue (BIR), provided a channel for faster and more convenient payment transactions through the LEAM, which automated the traditional Over-the-Counter mode of tax payment.

The LEAM is available in 50 LANDBANK branches: 16 in the NCR, 10 in Northern and Central Luzon, eight in Southern Luzon, four in the Visayas, and 12 in Mindanao.

## Mobile ATMs

For the year 2018, LANDBANK maintained the 10 Mobile ATMs which provided convenient cash banking services for withdrawal transactions of depositors in various areas especially for the DSWD Conditional Cash Transfer (CCT) program beneficiaries, payroll pay-out of LGUs, Pension/Salary pay-out and Loan Proceeds of other Government Agencies, and Special Events/Requests from Private Corporations.🌱

**1,969**  
LANDBANK ATMs  
across the country



## E-Banking Services and Other Facilities

LANDBANK continued to invest in alternative delivery channels through various electronic banking facilities in order to deliver real-time financial services and adapt to the fast-changing and growing sophistication of customers.

### e-Payment and Collection Services

#### LANDBANK Link.BizPortal

LANDBANK Link.BizPortal is a web-based payment channel designed to accept payments of fees, dues, and charges from clients for products and services of both the government and private institutions. For 2018, the Link.BizPortal exhibited higher utilization with the growing number of institutions and merchants accepting payments via the internet and offering clients expedient and a secure option for electronic payment.

As of end-December 2018, Link.BizPortal was able to facilitate a total of 1.1 Million transactions amounting to ₱2.8 Billion (590,000 transactions; ₱1.04 Billion in 2017). This can be attributed to the increase in the total number of new merchants enrolled from 386 merchants in 2017 to 549 merchants in 2018 or a growth of 42%. Among the listed merchants are 271 government institutions including the BIR, POEA, PRC, PCSO, LTO, and PNP, comprising 49% of the total enrolled merchants.

#### Electronic Tax Payment System (eTPS)

LANDBANK participates in the Electronic Filing and Payment System (eFPS) being implemented by the Bureau of Internal Revenue (BIR) through the e-Tax Payment System (eTPS). With the electronic transmission using the



**1.1mn**  
Transactions processed  
under the LANDBANK  
Link.BizPortal

LANDBANK President and CEO Alex Buenaventura, LTO Assistant Secretary Edgar Galvante, and Deputy Treasurer Sharon Almanza signed the memorandum of agreement for the Link.BizPortal. They were joined by LANDBANK EVP Liduvino Geron, LTO-NCR Director Clarence Guinto, and Stradcom Corp. FVP Ramon Reyes.

BIR website of tax returns including attachments (if any) and tax payments due to the government, the taxpayer is benefited by a paperless tax filing experience and the convenience of online tax payment via debit of an enrolled bank account with LANDBANK.

As of 31 December 2018, the transaction value grew by 15% from ₱76.8 Billion with transaction volume of 434,990 in 2017 to ₱88.6 Billion in 2018 with 414,437 transactions.

#### BOC PAS5-Electronic Payment System (PAS5 – EPS)

The PAS5 – Electronic Payment System (PAS5-EPS) is an electronic payment channel that can be accessed by importers to pay for their custom fees and duties. With the participation of LANDBANK in the Payment Application Secure Version 5 (PAS5) of the Bureau of Customs, the Bank's customers are provided with the convenience of paying online seven days a week including holidays but except during system maintenance.

As of end-December 2018, PAS5 – EPS was able to facilitate transactions totaling 38,396, higher by 1% (or 399 transactions) from last year's 37,997. Likewise, transaction value increased by 106% to ₱14.8 Billion from last year's ₱7.2 Billion.



**38,461**  
institutional users  
of weAccess



**2.8mn**

Retail users of  
the LANDBANK  
iACCESS facility

## Internet Banking

### LANDBANK weAccess

The Bank's institutional internet banking facility called the LANDBANK weAccess enables institutional clients to perform banking transactions online. Institutional clients can enrol their Regular Savings and Current Accounts and even view their High Yield Savings Account using the facility. They can also avail of current account services, grouping of accounts, and download Statement of Account and remittance application form. The weAccess facility performs financial services such as processing of fund transfer, auto debiting or crediting, fund sweeping, ATM payroll, bills payment, and check book requisition services. It is also capable of providing non-financial services to include viewing of account balance, historical transactions, and loan availments. To ensure protection against internet banking fraud or theft, weAccess employs secured encryption, VeriSign digital verification, and two-level authentication during log-in and authorization of select financial transactions.

At the end of 2018, the number of e-Banking institutional users increased modestly by 6% to 38,461 from 36,141 in 2017. The transaction value rose to ₱228.4 Billion for 9.9 Million transactions, a whopping 30% growth from the previous year's ₱175 Billion with a total transaction volume of 6.7 Million.

### LANDBANK iACCESS

The LANDBANK iAccess is a retail internet banking facility which allows an enrolled retail client to perform both financial and non-financial transactions. Retail clients include LANDBANK cardholders of savings ATM accounts, regular current, and current accounts with ATM access that

can avail of various banking services online anytime and anywhere with guaranteed secured encryption technology for added protection.

The non-financial services that clients may avail of include viewing of account balance and historical transactions, reporting of lost or stolen card, and inquiring the status and details of issued or returned checks. As regards financial services, iAccess offers fund transfer to own account and nominated third-party LANDBANK accounts, bills payment to over 90 billers, and checkbook requisition for enrolled current accounts.

The number of retail users increased by 8% from 2.6 Million to 2.8 Million, translating into a 5% growth in transaction volume from 37.4 Million in 2017 to 39.2 Million in 2018. Likewise, transaction value grew to ₱6.7 Billion or 24% from ₱5.4 Billion a year ago.

### Electronic Modified Disbursement System (eMDS)

LANDBANK offers real-time banking convenience to National Government Agencies (NGAs) through the LANDBANK Electronic Modified Disbursement System (eMDS), a secured internet facility that addresses the tedious and costly processing of MDS transactions and eliminates physical transmission of required MDS documents and reports. These transactions cover the transmission of Advice of Checks Issued and Cancelled (ACIC), payment of accounts payable to creditors, and fund allocation transfers initiated and approved by the government agency. The requests for checkbooks are automatically forwarded to the concerned branch for processing. The total number of transactions under the eMDS grew by 22% to 1.1 Million valued at ₱837.8 Billion from 0.9 Million valued at ₱473.0 Billion in 2017 or growth of 77%.



## LANDBANK Mobile Banking Application (MBA)

With the Bank's wide array of services, the LANDBANK Mobile Banking Application (MBA) affords convenient access of clients through their smartphones, anytime, anywhere. By downloading the MBA through the Google Play or App Store, customers can enjoy services from balance and transaction history of deposits, credit card accounts, checkbook requisition, fund transfer, bills payment, locking or unlocking of ATM card transactions through Mobilock, Foreign Exchange (ForEx) and Unit Investment Trust Fund (UITF) rates inquiry, to LANDBANK ATM and Branch locator. The added Mobilock feature is to ensure protection of Bank clients against unauthorized international and/or local access. Through Mobilock, clients have the option to automatically lock or unlock their enrolled ATM Cards through the MBA.

As the digital technology started changing consumers' banking behaviour, the usage of the LANDBANK Mobile Banking Application significantly grew by 76% to 7,361 average daily users from last year's 4,184. Likewise, total number of transactions increased to 36.5 Million valued at ₱12.0 Billion from 21.8 Million transactions valued at ₱4.5 Billion in 2017. Both the transaction volume and value grew by a whopping 67% and 167%, respectively.

## Other Facilities

### LANDBANK Phone Access (Phonebanking)

The LANDBANK Phone Access (LPA) is an alternative delivery channel that allows ATM and current account holders to do banking transactions which include fund transfer, check status, bills payment, check status inquiry, and balance inquiry (via landline or mobile phone), bank statement request, and checkbook reorder. Clients are also able to report lost or stolen cards and inquire from Phonebankers about concerns and other inquiries.



As of 31 December 2018, there are 1.423 Million eligible accounts registered in the LPA. During the year, a total of 1.141 Million financial and non-financial transactions were processed. The total financial transactions during the year amounted to ₱139.832 Million involving fund transfer and bills payment.

### LANDBANK Point-of-Sale (POS) Debit and POS Debit/Credit

POS Debit/Credit is a complete payment system that allows cardholders to pay for the goods sold and/or services rendered by the merchant.

In 2018, the number of POS Debit/Credit significantly increased to 499 from 56 terminals in 2017 while the volume of POS transactions grew from 2,600 in 2017 to 841,765 in 2018. The total amount transacted in 2018 reached ₱6.6 Billion, which yielded an income amounting to ₱3.1 Million.

### LANDBANK POS Cash Out

In partnership with BancNet, LANDBANK became the first bank in the Philippine commercial banking industry to launch the POS Cash Out. Launched in May 2015, the POS Cash Out is an extended POS service that facilitates peso withdrawal transactions from certified POS terminals installed in the premises of Partner Institutions. The withdrawal process is similar to an ATM cash withdrawal except that cash disbursement is made by the personnel of the Partner Institution.

In 2018, the number of Partner Institutions increased from 143 in 2017 to 206, and the number of installed POS terminals rose to 308 from 209 in 2017. The total volume of transactions reached 893,332 valued at ₱4.2 Billion. During the same period, the POS Cash Out Facility attained an income of ₱7.15 Million. 🌱



# Bank Products and Services

## Deposit Products

Being one of the top universal banks in the Philippines, LANDBANK continuously offers a variety of deposit products to meet the needs and requirements of the customers. Savings, current and time deposit products, denominated in peso and foreign currencies, such as US Dollar, and Euro, are accessible to customers.

On top of the regular and traditional deposit products, LANDBANK delivers innovative products to its customers through its High-Yield US Dollar Time Deposit (HYUSDTD) and Auto-Save accounts. LANDBANK HYUSDTD is a special time deposit that provides higher interest for individual and institutional depositors. With a low placement of \$2,000, customers can earn higher annual interest rates of 2% and 2.5%, for two and three-year placements, respectively. On the other hand, Auto-Save provides easy and convenient savings with a minimum of ₱100 auto-debited from an existing LANDBANK payroll account and auto-credited to the Auto-Save account every payday.

## Remittance

The year 2018 was another record year for the Bank's remittance business as it generated \$2.135 Billion in remittances, surpassing the previous year's volume of \$1.809 Billion. These remittances were sourced from its foreign correspondent and depository banks and remittance partners in the Asia-Pacific, Middle East, USA, Canada and Europe.

The Bank continues to have a strong correspondent relationship with 232 foreign banks and maintains deposit accounts with 24 top-tier banks in 11 countries. Likewise, the Bank nurtures healthy partnerships with 158 foreign and local companies specializing in the remittance and overseas manpower deployment businesses.

With the LANDBANK Remittance System (LBRS)—an automated 24/7 and real-time system of processing remittances that supports various modes of data transmission and fund settlement—the Bank sustains aggressive promotion of its remittance services by forging partnerships with large local and global money transfer companies, as well as shipping and manning agencies. The Bank finally launched in September 2018 its partnership with Western Union (WU), enabling credit to bank accounts, both LANDBANK and other-bank



accounts, and cash pickup at any LANDBANK branch originating from WU agents in 200 countries. This provides both senders and recipients more options to conveniently choose where to send and claim the money sent by their loved ones. As of end-2018, the Bank has 31 partner-paying agents composed of commercial banks, rural banks and pawnshops. Including LANDBANK branches, the domestic pay-out network is composed of 4,935 outlets.

To support its remittance business and enhance awareness of Overseas Filipinos of its other banking products, the Bank extends regular financial literacy seminars and campaigns in coordination with the Bangko Sentral ng Pilipinas, Department of Foreign Affairs, Department of Labor and Employment, Overseas Workers' Welfare Administration, Philippine Overseas Employment Administration and client shipping and manning agencies. The LANDBANK OFW Remittance Group was able to facilitate the opening of 30,097 OFW ATM accounts, 24.46% higher than last year's 24,182 accounts. Through its remittance business, the Bank generated an Average Daily Balance (ADB) of ₱3.0 Billion in low-cost deposits from remittance partners, OFWs and their beneficiaries.

The Bank generates revenue from remittance transactions in the form of service fees and foreign exchange margins.

## Card Products

### Credit Card

Credit Card operations were in full swing in 2018 following the migration from Visa to Mastercard platform. The Bank attained a relatively high Gross Revenue at ₱152.9 Million, or 109.22% of its target.

One of the implemented projects during the year was the 3D Secure OTP Solution which was successfully interfaced with the Bank's Mastercard platform and went live in July 2018 for the LANDBANK MasterCard Credit Card.



The LANDBANK MasterCard Credit Card is EMV chip-enabled and is thus secure for Card Present (CP) transactions. Meanwhile, to further secure the Bank's card products for Card Not Present (CNP) transactions, e.g., online or e-commerce (eCom) transactions, the Bank implemented a Three Domain (3D) Secure payment platform solution. 3D Secure is a second factor authentication (2FA) protocol designed to be an additional security layer for online credit and debit card CNP eCom transactions.

This new feature is an authentication process wherein the Bank sends a One-Time Password (OTP) to the mobile number of the credit cardholder every time he/she makes an online purchase. This ensures that the transaction is being initiated by the cardholder before the sensitive details provided on a website or mobile application are processed for payment.

Another project implemented in 2018 was the Mastercard Fraud Solutions – Expert Monitoring System. The Bank needs to continuously update and improve its credit card security and integrity for a more enhanced and reliable payment experience of its cardholders in line with the enhanced security requirements of BSP Circular 808. This system uses a cutting-edge technology for accurately detecting, managing and mitigating fraud activities. This equips the LANDBANK Credit Card with a competent, reliable and specialized Fraud Management System as it optimizes fraud detection with enabled capability in blocking suspicious merchants. This is seen to work in parallel with the 3D Secure OTP feature. Further, this shall also entail savings in the Bank's operational cost due to anticipated reduction on fraud incidents.

One of the significant developments during the year was the migration from Business Integrated (BI) to Mastercard Integrated (MI). The Mastercard Integrated (MI) System provides better credit card features and customer experience to LANDBANK credit cardholders. With this upgrade of the Credit Card Management System to Mastercard Integrated (MI) System, a native 3D Secure

solution called WIBMO was integrated into the new system which would be ready when the system goes Live in January 2019. This solution would run on 3D Secure Version 2.0 with functionalities that are superior to Version 1.0 and comes with biometric capabilities.

## Salary Loan Products

### LANDBANK Mobile Loan Saver (LMLS)

LANDBANK, in partnership with the Voyager Innovations, Inc. (formerly SMART e-Money, Inc.), launched the LANDBANK Mobile Loan Saver (LMLS) which is the first paperless and fully electronic loan application service in the Philippines. LMLS is an electronic channel on salary loan with auto-savings component offered to employees of private companies and government offices. This loan electronic channel uses short messaging service (SMS) for loan application and loan approval notification, and uses electronic signature (e-signature) for loan availment confirmation without requiring a co-maker to proceed with loan application.

As of end-December 2018, total loan releases reached ₱19.4 Billion, higher by 23% from the ₱15.8 Billion in 2017 and benefited a total of 111,688 employees from 2,213 government agencies and private entities. Outstanding loan balance for LMLS stood at ₱14.3 Billion.

### Livelihood Loan System (LLS)

The Bank provides financial window to augment the financial needs of the government and private sector employees through its Livelihood Loan Facility. Also, the Bank developed a special financing window for DepEd to cater to the financing requirements of both teaching and non-teaching personnel.

As of 31 December 2018, total loan releases reached ₱16.5 Billion, higher by 34% than the last year's ₱12.3 Billion. This benefited a total of 119,053 employees from 12,232 government agencies and private entities. Outstanding loan balances stood at ₱11.5 Billion under the LLS.

## Future Plans, Targets and Objectives

The LANDBANK Card and eBanking Group (CeBG) identified five major enhancement projects for development and implementation, as follows: (a) outsourcing of payment services from IPAY/Payment API; (b) full implementation of paperless SOA including the e-SOA enhancement; (c) automation of reports and processes such as CCBAR, Estimated Credit Loss (ECL) – Mastercard, Automatic Debit Arrangement (ADA), and AMLA Alert scenarios; (d) implementation of Mobile Banking Application - Credit Card Module which will make this facility available for balance inquiry, card activation, lock and unlock, set PIN, and online application; and (e) deferred installment scheme (EMI).🌱



# Collection and Disbursement Services for the National Government



## Conditional Cash Transfer Program

LANDBANK's service in the "Pantawid Pamilyang Pilipino Program" (4Ps), also known as Conditional Cash Transfer (CCT) Program, has made it easier and convenient for the 4Ps beneficiaries to access their benefits.

**Table 1: Cash Grants Distributed per Month per Family**

Item No.	Grant	Amount
1	Health and Nutrition	₱500.00
2	Education (Elementary)*	₱300.00
	Education (High School)*	₱500.00

\*Maximum of three (3) children per Household

Cash grants for the 4Ps beneficiaries are made available via different modes of payment which include LANDBANK Cash Cards, FCB PITAKards, Conduits (Rural Banks and Cooperatives). As of 31 December 2018 (P5 2017 up to P4 2018 [6 payrolls] covering January to December 2018), the total cash grants paid to eligible and compliant Pantawid Pamilya household beneficiaries amounted to ₱75.9 Billion, benefiting over 4.226 Million active households.

**Table 2: Total Number of Beneficiaries and Cash Grants Disbursed from 2008-2018**

Year	No. of Beneficiaries (in Millions)	Amount (in Billions)
2008-2009	0.624	₱ 4.228
2010	1.025	7.100
2011	2.346	13.093
2012	3.122	26.928
2013	3.935	41.712
2014	4.455	36.648
2015	4.378	45.326
2016	4.388	47.112
2017	4.395	75.473
2018	4.226	75.884

LANDBANK Cash Cards offer the beneficiaries quicker and easier access to the funds with the Bank's presence in all provinces of the Philippines, wide ATM network, and introduction of Mobile ATMs.

**Table 3: Total Number of LANDBANK ATMs**

Coverage	ATM Count		Mobile ATMs (Offsite)	Total
	Onsite	Offsite		
NCR	134	236	2	372
Provincial	700	899	8	1,607
<b>Total</b>	<b>834</b>	<b>1,135</b>	<b>10</b>	<b>1,979</b>

**Table 4: Geographic Coverage**

Coverage	Nationwide Count <sup>1/</sup>	DSWD Target Coverage	DSWD Actual Coverage <sup>2/</sup>	Percentage of Coverage
Region	17	17	17	100.00%
Province	81	80	80	100.00%
City	145	145	145	100.00%
Municipality	1,489	1,483	1,483	100.00%
Barangay	42,044	41,999	41,552	98.94%

Note: The program covers 41,552 barangays in all 145 cities and 1,483 municipalities in 80 provinces nationwide.

<sup>1/</sup>Based on Philippine Statistical Authority-National Statistical Coordination Board (15 June 2015)

<sup>2/</sup>Areas covered by RCCT and MCCT

**Table 5: Household Coverage**

	Target Households	Number of Active Households	Percentage (Target vs. Actual)
Regular Conditional Cash Transfer (RCCT)	4,164,711	3,949,855	94.84%
Modified Conditional Cash Transfer (MCCT)	235,289	228,973	97.32%
<b>Total</b>	<b>4,400,000<sup>3/</sup></b>	<b>4,178,828</b>	<b>94.97%</b>

<sup>3/</sup> The 2018 target is stipulated in the General Appropriations Act (GAA) FY 2018

**Table 6: Number of Household per Type of MCCT**

Type of MCCT	Number of Beneficiaries
Indigenous People	175,059
Families in Need of Special Protection	48,933
Homeless Street Families	4,981
<b>Total</b>	<b>228,973</b>

**Table 7: Distribution of Cash Grants per Mode of Payment (P5 2017 to P4 2018)**

Mode of Payment	Total Amount	Percentage
LANDBANK Cash Card	₱41,325,959,500.00	54.46%
FCB PITAKard	842,876,300.00	1.11%
CCT Conduits	33,714,980,200.00	44.43%
<b>Total</b>	<b>₱75,883,816,000.00</b>	<b>100.00%</b>

## Unconditional Cash Transfer Program

One of the key complementary measures of the Tax Reform for Acceleration and Inclusion (TRAIN) or RA No. 10963 is the Unconditional Cash Transfer (UCT) Program. This Program seeks to provide assistance to households and individuals who will not directly benefit from the lowering of personal income tax but will be affected by the moderate but temporary increase in prices due to the higher oil and automobile excise tax, introduction of the sugar-sweetened beverage (SSB) tax and the expansion of the value-added tax (VAT) base.

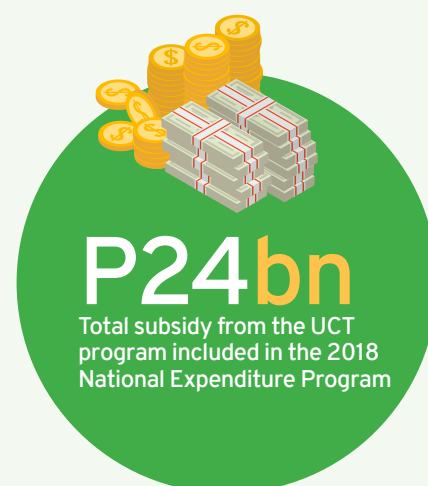
**Table 8: Amount of Cash Grants**

Item No.	Effectivity Period	Cash Grants (given in one tranche)	
		Per Month	Per Year
1	FY 2018	₱200.00	₱2,400.00
2	FY 2019	300.00	3,600.00
3	FY 2020	300.00	3,600.00

For the first year of the UCT Program, a total of ₱24.49 Billion subsidy was included under the FY 2018 National Expenditure Program as Locally-Funded Projects of LANDBANK. The funds shall be used by LANDBANK to grant cash transfer support, including the payment of bank service fees and management costs, details as follows:

**Table 9: UCT Program Subsidy**

Particulars	Amount
Tax Reform Cash Transfer Project (also known as UCT Program)	
Breakdown of Funds:	
Cash Grants (10M beneficiaries x P200 x 12 mos.)	₱24 Billion
Bank Service Fees and Management Costs	₱0.49 Billion
<b>Total</b>	<b>₱24.49 Billion</b>


**Table 10: Beneficiaries Covered**

Type of Beneficiary	Number of Beneficiaries		Percentage (Target vs. Paid)
	Target	Paid	
Households in the Pantawid Pamilyang Pilipino Program (4Ps)	4.4 Million	4.2 Million	95.45%
Beneficiaries of the Social Pension Program	3.0 Million	2.7 Million	90.00%
Listahanan - Other households in the database of the National Household Targeting System for Poverty Reduction (NHTS-PR)	2.6 Million	2.0 Million	76.92%
<b>Total</b>	<b>10 Million</b>	<b>8.9 Million</b>	<b>89.00%</b>

**Table 11: Distribution of Cash Grants**

Type of Beneficiary	Total Amount Paid	Percentage
4Ps beneficiaries through Cash Cards	₱4.98 Billion	23.28%
4Ps beneficiaries through OTC Conduits	₱5.16 Billion	24.14%
<b>Sub-total</b>	<b>₱10.14 Billion</b>	<b>47.42%</b>
Social Pension beneficiaries <sup>4/</sup>	₱6.47 Billion	30.25%
Listahanan beneficiaries <sup>5/</sup>	₱4.78 Billion	22.33%
<b>Total</b>	<b>₱21.39 Billion</b>	<b>100.00%</b>

<sup>4/</sup>Ongoing payouts of MASS-SPECC in ARMM

<sup>5/</sup>Ongoing sending of payroll files by DSWD and validation of UCT beneficiaries and extended payouts until June 2019

## CCT Conduits for CY 2018

### A. Regional Coverage – A (Very Difficult, Difficult and Easy Areas)

**Table 12: Service Providers – Regional Coverage A**

Item No.	Service Providers	Payroll Period
1	Barbaza MPC	P1-P5 2018
2	Camalig Bank	P1-P5 2018
3	First Community Cooperative (FICCO)	P1-P5 2018
4	Lagawe MPDC	P1-P2 2018
5	MASS-SPECC	P1-P5 2018
6	NATCCO	P1-P5 2018
7	Rural Bank of Rizal	P1-P5 2018

### B. For Regional Coverage – B

**Table 13: Service Providers – Regional Coverage B**

Item No.	Service Providers	Payroll Period
1	ARDCIBANK	P1-P5 2018
2	Banco Alabang	P1-P5 2018
3	Banco San Vicente	P1-P5 2018
4	Banco Santiago De Libon	P1-P5 2018
5	Bangko Kabayan	P1-P2 2018
6	Bangko Rural ng Magarao	P1-P5 2018
7	Barbaza MPC	P1-P5 2018
8	Camalig Bank	P1-P5 2018
9	Cantilan Bank	P1-P2 2018
10	Community Rural Bank of Catmon	P1-P5 2018
11	Cooperative Bank of Cagayan	P1-P2 2018
12	First Community Cooperative (FICCO)	P1-P5 2018
13	First Consolidated Bank (FCB)	P1-P5 2018
14	Janiuay Rural Bank	P1-P5 2018
15	MASS-SPECC	P1-P5 2018
16	Moncada Women's Credit Cooperative	P1-P2 2018
17	NATCCO	P1-P5 2018

Item No.	Service Providers	Payroll Period
18	RACSO'S Bank	P1-P5 2018
19	Rural Bank of Bansud	P1-P5 2018
20	Rural Bank of Bugasong	P1-P5 2018
21	Rural Bank of Capalonga	P1-P5 2018
22	Rural Bank of Digos	P1-P2 2018
23	Rural Bank of Donsol	P1-P5 2018
24	Rural Bank of Guinobatan	P1-P5 2018
25	Rural Bank of Jose Panganiban	P1-P5 2018
26	Rural Bank of Mambusao	P1-P5 2018
27	Rural Bank of Paracale	P1-P5 2018
28	Rural Bank of Pilar	P1-P5 2018
29	Rural Bank of Rizal	P1-P5 2018
30	Rural Bank of Sipocot	P1-P5 2018
31	Rural Bank of Socorro	P1-P5 2018
32	Rural Bank of Sta. Catalina	P1-P5 2018

Total Number of Service Providers for Regional Coverage A & B = 39

**Table 14: Service Fee of CCT Conduits**

Payroll Type	Mode	Low	High
Regular CCT	Offsite	₱9.00	₱42.00
	Onsite	9.00	24.00
MCCT IP *	Offsite	17.43	50.00
MCCT Non-IP **	Offsite	28.80	41.00
	Onsite	15.00	24.00

Modified Conditional Cash Transfer Indigenous People

\*\* Modified Conditional Cash Transfer Non-Indigenous People

## Modified Disbursement System (MDS)

As the primary depository bank of the National Government, LANDBANK services the disbursement system of government funds through the Modified Disbursement System (MDS), in coordination with the Department of Budget and Management (DBM) and the Bureau of the Treasury (BTr).

For the year 2018, LANDBANK branches processed 88.0% of the total Notice of Cash Allocations (NCAs) released by the DBM. The total disbursement of 38 departments of the government amounted to ₱2.58 Trillion with a total volume of 2.96 Million MDS transactions (ADA/checks). These disbursements included payments and fund releases of the government for development projects, operating expenses and salaries/benefits of government personnel.

### Revenue Collection Services

With its network of branches spread all over the country, LANDBANK becomes a strategic conduit where individuals, corporations and government agencies can pay duties and taxes. In 2018, a total of ₱318.31 Billion in taxes were collected by the Bank for the National Government with total of 6.83 Million transactions. Of the amount, ₱162.28 Billion involving 5.24 Million transactions was for the Bureau of Internal Revenue (BIR), ₱141.27



Billion involving 1.55 Million transactions were for the Bureau of the Treasury (BTr) and ₱14.76 Billion involving 38,396 transactions were for tariffs and duties collected for the Bureau of Customs (BOC).

- **Government Collection Services**

LANDBANK serves as the collection arm of various government institutions. In 2018, a total of ₱12.77 Billion were collected from the following: Philippine Health Insurance Corporation (PHIC), Home Development Mutual Fund (HDMF), Social Security System (SSS), Social Housing Finance Corporation (SHFC), National Home Mortgage and Finance Corporation (NHMFC), POEA–Agency Hires, POEA Sea-Based, Philippine Charity Sweepstakes Office (PCSO), LTO – NCR, Professional Regulation Commission

(PRC), and POEA - EPS Test of Proficiency in Korean (TOPIK), and Philippine National Police (PNP) and other government agencies.

- **Private Collection Services**

LANDBANK also serves as the collection support of various private institutions. In 2018, a total of ₱9.67 Billion were collected for Global Point-of-Sale, Meralco, PLDT, Inc., Maynilad, Manila Water, Globe Telecom Inc., Innove, Smart, LANDBANK Mastercard, LANDBANKOOP, Sky Cable, Dragonpay and other merchants.🌱

## Nationwide Customer Satisfaction Survey



99%  
Overall customer  
satisfactory rating

As a policy for quality, LANDBANK measures its ability to deliver quality products and services to effectively address the needs and meet the expectations of customers. Thus, for three years or from 2018 to 2020, LANDBANK commissioned the services of a third party research firm, The Nielsen Company (Philippines), Inc., for the conduct of a Nationwide Customer Satisfaction Survey (NCSS) on agrarian reform beneficiaries, depositors, and customers of the Bank' lending, e-Banking, treasury, and trust banking.

The NCSS aims to measure the satisfaction level of LANDBANK customers with regard to the delivery of Bank products and services. Through various survey methods, i.e. face-to-face interviews with customers, online, and phone surveys, the NCSS intends to capture the voice of customers from different segments through various channels as basis for service delivery improvement, product development, and business growth.

In 2018, NCSS covered 4,790 randomly selected customer-respondents from the branch, lending units, agrarian services, treasury, and trust banking operations. The result of the survey showed an overall customer satisfaction rating of 99%. The annual survey reports are submitted to the LANDBANK Management Committee and the Governance Commission on GOCCs, as part of the Bank's commitment to listen to the voice of the customer, continuous improvement, and in compliance with the performance agreement of anticipating the needs and providing enhanced products and services to the customers.🌱



## Developing World-Class Operations

### LANDBANK IMS: Making Operations at Par with the Best

With the Bank's continuous pursuit to develop world-class operations and recognize the importance of quality in the success and sustainability of the Bank, the Management approved the creation of the Integrated Management System (IMS) Working Committee that will enable the Bank to seamlessly implement an integrated quality and environmental management system standard bank wide that is certifiable to ISO 9001:2015 (QMS) and ISO 14001:2015 (EMS). The IMS Working Team have been consolidating and facilitating preparation activities leading to the certification of the core and support processes of the Bank represented by 70 multi-field unit sites nationwide including the LANDBANK Plaza.

Among the activities spearheaded by the Committee since the beginning of 2018 are the following: gap assessment and simulation of a third party audit in key units at Head Office, training of 56 IMS internal assessors from across all sectors of the Bank, bankwide IMS cascade to increase awareness of the Quality and Environmental Management System concepts and processes aligned with the ISO standards; IMS awareness training through LEAP where 98% participation was achieved bankwide; and the conduct of IMS internal assessment that included coaching for the audit proper by qualified IMS assessors of the 70 sites nationwide.

The IMS Framework centers on creating one standard for the Bank to attain its business goals and mission including inclusive growth and countryside development, therefore ensuring its sustainability.

#### Quality Circles Competition

The year 2018 also saw the first ever Bankwide Quality Circles competition, following the successful final project presentations of Batches 1 and 2. A total of nine teams from both batches presented their projects before a panel of judges composed of quality practitioners on 20 February 2018 at the LANDBANK Plaza in Manila.

Prior to the competition, the nine teams, along with other participants underwent basic courses and coaching sessions on quality. They were introduced to quality circle tools and various skills needed to analyze work problems, formulate and assess possible solutions, and devise action and implementation plans towards work improvement.

The Quali Team from the Bank's Systems Implementation Department bagged the first place in the competition, with their entry "e-Transmittal of weAccess Enrollment Forms". The team's project eliminated 14 to 28 non-value-adding days as the enrollment forms were enhanced and the transmittal is now via iNotes.

The first runner-up, Premium Quality Movers from the Mindanao Branches Group, established an Express Lane Counter for simple transactions that do not require signature verification. Their project reduced waiting time by 80%, from 2 ½ hours to 30 minutes.

Second runner-up, The Great MIND from the Central Clearing Department performed a 100% detection of negotiated duplicate items a day after the transaction date of the second presentment. Apart from improving accuracy, this project resulted in the elimination of complaints received from clients and other banks regarding double debiting of accounts. 🌱

# Information Technology Support and Bank Process Automation

With the promise of using the best technology solutions to deliver responsive financial and support services to our clients, the Bank completed several IT projects and initiatives for 2018.

## I. IT Projects and Initiatives Completed in 2018

1. **Integrated Treasury System (ITS) Upgrade**  
The upgrade provides a centralized front-to-back solution with straight-through processing for cash, liquidity, and multiple asset classes that are most commonly used by the Bank's treasury desk.
2. **Asset-Liability Risk Management System (ALRMS)**  
The system covers liquidity risk management, market risk management, funding and capital planning, profit planning and road projection.
3. **New Anti-Money Laundering System (NAMLS)**  
The system is an enhanced AML risk management system which includes prevention, identification, and reporting of all money laundering and terrorist financing activities.
4. **New Trust Banking System (TBS)**  
TBS is an integrated suite of investment and fund management solution with leveraging capabilities.
5. **Electronic Salary Loan (ESL)**  
ESL incorporates new functions and features to the existing Livelihood Loan System (LLS). This includes loan transactions for LANDBANK clients through MBA, iAccess, or LANDBANK Website, and Loan Origination and e-document management modules.
6. **Outsourcing of IT Systems by OFBank to LANDBANK**  
OFBank outsources its IT Systems to LANDBANK for the following transactions:
  - Loans
  - Deposits
  - Remittances
7. **National Retail Payment System (NRPS) - INSTAPAY**  
In support of BSP NRPS, the Bank enables the Interbank Fund Transfer functionality in various e-Banking channels via INSTAPAY (MBA, iAccess) which aims to establish a safe, efficient and reliable retail payment system in the country.
8. **Mainframe Upgrade**  
The acquisition of the new IBM Mainframe supports the Bank's capacity growth in the next five years.

9. **Acquisition of File Integrity Monitoring (FIM)**  
FIM is an internal control or process that performs the act of validating the integrity of operating system and application software files using verification method between the current file state and a known, good baseline.
10. **Subscription to Managed Detection and Response (MDR) Services**  
A managed service that provides threat hunting services and responds to threats once they are discovered.
11. **Installation of Data Loss Prevention System**  
Data Loss Prevention System is system for monitoring of credit card numbers at rest (in workstations and servers) and prevent credit card numbers in motion (network level) from being copied in compliance with Payment Card Industry Data Security Standard (PCIDSS).

## II. IT Projects and Initiatives Started in 2018

1. **Digitization of Bank Documents**  
The digitization facilitates tracking and monitoring of record boxes in records centers using the QR code, interface with Online Signature Verification System (OSVS) to Integrated Document and Reports Archival, and Retrieval System and cover other records other than customer information records.
2. **New Trade Finance System (NTFS)**  
NTFS aims to comply with regulatory requirements and centralize the Trade Finance operations with nationwide coverage.

## III. IT Projects and Initiatives Ongoing in 2018

1. **Agent Banking**  
Agent Banking is an electronic banking solution which will be implemented through cash agent operators via a device/facility wherein the Bank's customers can perform secured online, real-time deposit to and withdrawal from his/her own bank account, fund transfers and bills payment (self-service transactions).
2. **Asset-Liability and Risk Management System**  
The system modifies the source data from Integrated Treasury System version 4.0 to 6.0, as basis for further modules for implementation (i.e., Net Stable Funding Ratio (NSFR), Funds Transfer Pricing (FTP), Advanced Liquidity and Forecasting Scenarios).
3. **ATM Monitoring Solution**  
The solution provides real-time monitoring of the Bank's ATM environment allowing it to clearly see what is happening within the business as well as monitoring the normal operations along with detection and management of problem situations before they make an impact.



#### 4. Customer Relationship Management System

The project supports the Bank's initiative to provide quality customer service and products.

#### 5. Deposit System (Systematics) Upgrade

The upgrade runs on the latest version of Deposit System for the Bank to deliver additional layers of data security and other features.

#### 6. Enhancement of Link.BizPortal

The enhancement includes more bills payment merchants, especially government agencies.

#### 7. Enterprise Fraud Management System

The system is an analytical tool that covers alert monitoring, fraudulent case management, and reporting of fraudulent transactions.

#### 8. Internet Banking Upgrade

This upgrade changes the Bank's e-Banking system platform, iAccess Retail and weAccess Institutional Internet Banking Systems, from Visual Basic6 to Java platform.

#### 9. Job Tracking and Mobile Appraisal System

The system enhances the monitoring of various job orders of the Property Valuation and Credit Information Department on a nationwide scale through web-based solution and will address the delays in appraisal services.

#### 10. LANDBANK Phone Access Phase 3

This aims to comply with the Payment Card Industry-Data Security Standard through interface with the Hardware Security Module.

#### 11. Loans Origination System – Collateral Management System Interface Project

This solution interfaces the LOS and CMS to synchronize the information for uniformity and integrity of data regarding client and collateral information.

#### 12. ATM System Replacement

This complies with the BSP mandate to have an EMV-compliant ATM system and to support digital banking initiatives.

#### 13. New LANDBANK Website

The project aims to redesign the existing website with additional interactive features to be at par with other banks' websites in terms of accessibility, functionality, and security.

#### 14. New Trust Banking System

This project includes the following trust banking products: floating rate bonds, zero coupon bonds, tradable promissory notes, mortgage trade indenture, loan paying agency, etc.

#### 15. Payment Card Industry Data Security Standard

The advisory project aims to comply with Visa and Mastercard requirements to ensure that the cardholder's information is secured.

## IV. IT Projects and Initiatives for 2019

#### 1. Internationally-Issued Scheme Cards via POS and ATM

The proposed acquisition of platform consists of the following:

- ✓ To obtain an internationally-issued scheme cards via Point-of-Sale (POS) and Automated Teller Machine (ATM) Channel;
- ✓ To interface/connect with International Schemed cards (e.g. Visa, Mastercard, JCB, AMEX, etc.).

#### 2. Audit Management System

The proposed system provides a streamlined process for managing the entire internal audit process, which includes risk assessment, scheduling, planning, execution, review, report generation, periodic reporting to the Audit and Compliance Committee, and files and records retention.

#### 3. Cash Recycler Machine

This machine is a combination of an Automated Teller Machine (ATM) and Cash Deposit Machine (CDM). It is a two-in-one machine wherein the client can both perform cash withdrawal and cash deposit.

#### 4. Check Warehousing

The solution will enable LANDBANK branches to scan and transmit post-dated checks to Central Clearing Department, maximizing the existing module of the Check Truncation System (CTS).

#### 5. Credit Risk Engine System Upgrade

The upgrade will cover:

- ✓ Technical Upgrade of CRES that includes installation of new versions of Credit Scoring (CS) and Regulatory Risk Management (RRM) solutions and migrations of CRES objects
- ✓ Re-mapping of direct extraction from source systems (Integrated Treasury System (ITS), Livelihood Loan System (LLS) and Symbols Data Warehouse (DW))
- ✓ Upgrading of hardware requirements

#### 6. New Telling / Branch Office System Upgrade (CT Upgrade TCP/IP Based)

This solution will enhance the existing Consumer Transaction (CT)/ Telling System with various functionalities: IP-enabled more centralized capabilities, encrypted logs or journal and configuration files, barcoding, interface with other systems, increase in fields and tables, real-time posting of regular Advice of Checks Issued and Cancelled (ACIC), among others.

#### 7. Web-based Branch Queuing System

The facility will allow the Bank's clients to have an online appointment and advance submission of transactions in selected time slot.

#### 8. Subsidiary Ledger (SL) Upgrade

The technical upgrade will enable the users to utilize SAP-SL functionality related to Asset Management and Budget Management. 🌱

## Customer Care Center

More than addressing concerns, developing service methods is at the core of the Customer Care Center's (CCC) function. Each result is an input to systems checks and more efficient operations and business continuity.

As such, service management via phone system achieved top results in corresponding targets in 2018. Despite registering a 15% drop in calls received – 415,813 logged from 489,461 in 2017 – and the number of phonebankers reduced to 38 from last year's rollout of 39 agents, service level increased to 86% compared to the 52% achieved last year, constituting a 66% rise in service level.

The frequency of calls answered also rose from 254,755 in 2017 to 358,430 which is a 41% increase. Average Handling Time (AHT) was also improved to correspond to the target ideal of five minutes, with overall AHT recorded at three minutes and 49 seconds from January to December 2018 compared to four minutes and 14 seconds AHT in 2017. That affords a 25-second convenience and improvement on ease of operations. The 25-second improvement in AHT is equivalent to 2,489 hours for the entire year.

In terms of concerns and queries via email, the CCC was able to adhere to the set response timeframe of five days from the date of email receipt. Likewise, a 90% adherence was lodged in response rate on queries entered through both Facebook and Twitter, with a 100% response rate administered in the former. All entries were addressed within a 1-hour response time.

While a shortfall was seen in emails responded within Service Level Agreement – 177,750 received in 2018 from the 209,709 in 2017 – a 20% rise in email response rate was registered. Of those, 160,793 emails were answered within the turnaround time (TAT) compared to the 147,938 in 2017 under the same setup, surpassing the 71% translation seen in 2017 to a 90% upswing in overall email response rate.

Greater focus was also directed towards social media presence as a further means of access and communication to the banking public. In light of this, CCC assigned another Social Networking Site (SNS) Specialist to handle entries in the said channel to share the task of SNS monitoring. Social media responsiveness showed significant increases at 18,808 direct messages and comments replied to compared to 9,394 in 2017.





### a. Complaints Management

To monitor the impact of our services as well as our interaction with customers, complaints are equally valued as comments and concerns.

Our Customer Care Center - Complaints Management Team has gathered 571 complaints received from allied external channels regarding LANDBANK services – a more than two-fold rise from 274 complaints lodged in 2017, signifying LANDBANK's increasing consumer impact and widening service reach.

The 2017 figures charted 86% on complaints closed within TAT with only 235 completed of the total 273. But our performance this 2018, in contrast, has been markedly impressive with 515 complaints closed within TAT in all out of 571 logged – a high 90% average performance rating for 2018.

### Complaints Management

Channels	2017			2018		
	Received	Closed w/in TAT	%	Received	2018 Closed w/in TAT	%
	14	14	100%	326	300	92%
	122	105	86%	150	133	89%
	122	106	87%	49	40	82%
	9	6	67%	39	35	90%
Others	6	4	67%	7	7	100%
<b>TOTAL</b>	<b>273</b>	<b>235</b>	<b>86%</b>	<b>571</b>	<b>515</b>	<b>90%</b>



# 254,755

Total frequency of calls answered at the Customer Care Center



# 18,808

Direct messages received through social media



The CCC was also commended for conjuring a 95% resolution rate on complaints received via the 8888 national public service hotline. For this, we received a Certificate of Collaboration from the Office of the President of the Philippines.

## b. Backroom Support and Case Monitoring

A high note in case monitoring was achieved last year with a 100% mark for both cases logged and closed – 134,368 received and resolved. In 2018, though, a decrease was seen in performance as CCC was able to close 123,219 out of 123,322 total cases logged. This equates to a 99.92% rating in case resolution

Period	Cases Logged	Cases Closed	%
Jan – Dec 2017	134,368	134,368	100.00%
Jan – Dec 2018	123,322	123,219	99.92%

In the case of CCC's supplementary work handling backroom support operations, particularly through the weAccess institutional internet banking facility, operations have also been on the upswing.

Functionality and usage have certainly been on the rise as 12,585 total requests have been logged by the team compared to 9,997 last year. Requests range mostly on account activities.

## weACCESS Related Request

Request Type	2017	2018
Activation	6,075	5,698
Resetting	1,158	2,264
Unlocking	2,157	3,564
Email Update	607	1,059
<b>TOTAL</b>	<b>9,997</b>	<b>12,585</b>

Another charge for client support under CCC is updating and information dissemination through Short Message Service (SMS) blasts. The year 2018 registered more than 2.5 million SMS sent, the bulk of which were sent as Advisories in the period of July with over 2 Million SMS blasts delivered, signifying the Bank's and the CCC's constant drive towards improved service through persistent information sharing and relay.



## 80%

Percentage of activation status  
Workplace by Facebook



## 1,600

Total active users of  
Workplace by Facebook

### SMS Blast (For the Year 2018)

Period	Fraud	EMV	Advisories	Unposted Bills Payment	Total
Jan	1,603	-	-	-	1,603
Feb	1,340	-	-	-	1,340
Mar	782	22,983	-	-	23,765
Apr	454	62,746	-	1,763	64,963
May	202	68,210	-	767	69,179
Jun	403	292,750	-	-	293,153
Jul	735	17,446	2,036,329	27	2,054,537
Aug	155	9,435	-	3	9,593
Sep	91	1,175	-	17	1,283
Oct	21,265	-	-	-	21,265
Nov	2,997	-	-	-	2,997
Dec	3,532	-	-	-	3,532
<b>TOTAL</b>	<b>33,559</b>	<b>474,745</b>	<b>2,036,329</b>	<b>2,577</b>	<b>2,547,210</b>

### c. Workplace by Facebook

Launching an online community for all Landbankers by way of Workplace by Facebook SNS platform was done under the rationale of developing inter-coordination and fostering unity through establishing robust channels for communication.

As of December 2018, an 80% activation status has been noted, or 6,879 out of the total 8,599 LANDBANK employees have activated their accounts. Of these, 88% are mobile users.

Engagement among active members has been satisfactory as well, with more than 1,600 active users on average.

## Corporate Information

### • Bank website

LANDBANK's corporate website, [www.landbank.com](http://www.landbank.com), serves as a virtual window through which the public can access information about the institution, including its history, products and services, network directory, financial and operational highlights, and business thrusts. The website also contains links to the log in pages of the Bank's various electronic banking channels.

- **iAccess** – LANDBANK's retail Internet banking facility
- **weAccess** – the Internet banking channel for LANDBANK's client institutions, corporations, government agencies, and other organizations
- **i-Easy Padala** – where remittance partners can process their remittances in real-time
- **eTPS or e-Tax Payment System** – tax payment through the Internet, in support of the Bureau of Internal Revenue's Electronic Filing and Payment System Facility (EFPS)
- **eMDS or Electronic Modified Disbursement System** – allows clients that are national government agencies (NGAs) to do selected MDS transactions online
- **Link.BizPortal** – an internet payment platform for fees, dues and charges of government and other merchants 🌱

## Take the LEAD Program



LANDBANK continued to cascade the Take the LEAD program in 2018. It is a training program with the main objectives of: a) Defining “We Help You Grow” as a service brand; b) Empowering employees to deliver excellent customer experience consistent with the Bank’s corporate values; and c) Reinforcing the right behaviours that support exceptional customer experience.



# 2,075

Employee participants  
to the Bank’s LEAD Program



Regular personnel, service company workers and service providers, comprised the 61 batches with a total of 2,075 participants. Of the total, 40 were trained to serve as trainers for the Branches Groups.

Newly hired employees, as well as participants to the Bank’s Leadership Programs, including the LANDBANK Officer Development Program (LODP) and Branch Officer Development Program (BODP) were also given modules on the Take the LEAD in Customer Service. There were 11 batches conducted for a total of 859 participants.🌱



FEATURE STORY

*“I always tell farmers like myself to never give up, never give in, and just do what’s right. With hard work and perseverance, our dreams will come true.”*





# Sowing the Seeds of Faith in Humanity

Pacifico Cordada Jr., 52, is from T'Boli in South Cotabato, a municipality that bears the name of his lineage. The T'Boli are among the Lumad—indigenous people (IP) belonging to the ethnic communities in Mindanao. They have lived off the land for centuries but industrialization and commercialization continue to encroach on their culture, limiting their opportunities in life. With few prospects for income, the people formed cooperatives in the hopes of getting more access to public resources.


One such cooperative is Laconon 100 Multi-Purpose Cooperative (LMPC) in Barangay Edwards, which is chaired by Cordada. LMPC was part of the consortium that created T'Boli Agrarian Development Inc. (TADI). Under the consortium, farmers turned their fields into pineapple plantations managed by TADI, which in turn provided logistics and knowhow.

The T'Boli relied heavily on TADI for their livelihood until it was shut down due to mismanagement, and many were forced to sell their lands to traders. Meanwhile, TADI's financial responsibilities fell on the shoulders of the cooperatives. In 2003, Cordada met with LANDBANK's president to discuss the IP farmers' plight. The talks ultimately led to a tripartite agreement signed by the Bank, Dole Philippines, and the farmers' group to revive the pineapple business in the area. After what happened with TADI, it was difficult to win back the people's trust. But on the strength of Cordada's credibility and intensive dialogue with LANDBANK, the T'Boli's faith was restored.

Cordada contracted polio when he was just 2 (two) years old, but nobody seems to notice his disability because of his upbeat personality and sheer determination. "I always tell farmers like myself to never give up, never give in, and just do what's right. With hard work and perseverance, our dreams will come true." He has since diversified from pineapple plantations to cornfields; hog- and cattle-raising; and hauling and farm equipment businesses. Meanwhile, LMPC now has more than 700 members and 300 direct and indirect employees. Those with no land of their own are given jobs in the cooperative's businesses, as well as PhilHealth coverage and other benefits.

## LACONON 100 MULTI-PURPOSE COOPERATIVE T'boli, South Cotabato

There was a time when 70 percent of the T'Boli population lived below the poverty line, but now the number is down to 30 percent. According to Cordada—who served as Municipal Councilor and *Sangguniang Bayan* Member of T'boli, South Cotabato—LANDBANK was instrumental in turning T'Boli from a third-class to a first-class municipality. Aside from development initiatives, the Bank implemented medical and environmental programs benefiting smallholders in IP communities; and gives seminars to farmers on managing finances and growing a business.

At least 80 percent of agricultural lands in the area are now IP-owned—thanks in part to the Bank, which helped the farmers map out a strategy for legitimizing their claims. Today, only 20 percent of the land is loaned to traders. But the mission is far from over, not for the farmers and LANDBANK. And most definitely, not until the rest of the T'Boli's ancestral lands are in the hands of the rightful owners. 



# LAND BANK OF THE PHILIPPINES ORGANIZATIONAL STRUCTURE

## BOARD OF DIRECTORS

### RISK OVERSIGHT COMMITTEE (RiskCom)

Risk Management Group (RMG) - FVP Sofia C. Ladorez  
 • Business Risk Management Department (BRMD)  
 • Credit Risk Management Department (CRMD)  
 • Enterprise Risk Management Office (ERMO)  
 • Information Security & Technology Risk Management Office (ISTRMO)  
 • Treasury Risk Management Department (TRMD)  
 • Credit Policy Formulation and Review Unit (CPFRU)  
 • Investment and Loans Committee Secretariat & Support Unit (ISSU)

### TRUST COMMITTEE (TrustCom)

Trust Banking Group (TBG) – AVP Camilo G. Sanchez  
 • Third Party Custodianship & Registry Department (TCRD)  
 • Trust Account Management Department (TrAMD)  
 • Trust Business Development Department (TBDD)  
 • Trust Operations Department (TrOD)  
 • Trust Portfolio Management Department (TPMD)  
 • Trust Oversight and Strategic Management Department (TOSD)

Strategic Planning Group (SPG) - FVP Elcid C. Pangilinan  
 • Central MIS Department (CMISD)  
 • Corporate Planning & Economics & Policy Studies Department (CPEPSD)  
 • Customer Service & Product Development Department (CSPDD)  
 • Quality Management Department (QMD)

Corporate Development Department (CDD) - Vacant

Physical Security Officer (PSO) - Security Officer/VP Efren S. Tedor

### AUDIT & COMPLIANCE COMMITTEE

Compliance Management Group (CMG) - FVP Amelia S. Amparado  
 • Anti-Money Laundering Department (AMLDD)  
 • Regulatory Compliance Department (RCD)

Internal Audit Group (IAG) - VP Maria Edelwina D. Carreon  
 • Lending Operations Audit Department (LOAD)  
 • Field Operations Audit Department (FOAD)  
 • Head Office and Systems Technology Audit Department (HOSTAD)

### AGRI-AGRA SOCIAL CONCERNS COMMITTEE

### CORPORATE GOVERNANCE COMMITTEE (CGCom)

### INVESTMENT & LOANS COMMITTEE (ILC)

### RELATED PARTY TRANSACTIONS COMMITTEE

Office of the Corporate Secretary (CorSec)  
 - Corporate Secretary Myra Lyn S. Peñalosa

**ALEX V. BUENAVENTURA**  
PRESIDENT AND CEO

Legal Services Group (LSG) - FVP Noel B. Marquez  
 • Administrative Legal Department (ALD)  
 • Banking Legal Services Department (BLSDD)  
 • CARP Legal Services Department (CLSD)  
 • Litigation Department (LD)  
 • Field Legal Services Department (FLSD)

Agrarian Services Group (ASG) - SVP Alex A. Lorayes  
 • Agrarian Operations Center (AOCs)  
 • Bond Servicing Department (BSD)  
 • Agrarian Support Department (ASD)  
 • Land Transfer Processing Department (LTPD)

### Branching Banking Sector (BBS) EVP Liduvino S. Geron

**BRANCHES GROUP (10)**  
 • North NCR Branches Group (NNCRBG) - SVP Leila C. Martin  
 • South NCR Branches Group (SNCRBG) - SVP Ramon R. Monteloyola  
 • North Luzon Branches Group (NLBG) - FVP Ma. Belma T. Turla  
 • Central Luzon Branches Group (CLBG) - FVP Sylvia C. Lim  
 • Southwest Luzon Branches Group (SWLBG) - FVP Ma. Cielito D. Valdivia  
 • Southeast Luzon Branches Group (SELBG) - FVP Marilou L. Villafranca  
 • West Visayas Branches Group (WVBG) - FVP Althon C. Ferolino  
 • East Visayas Branches Group (EVBG) - FVP Delma O. Bandiola  
 • West Mindanao Branches Group (WMBG) - FVP Khurshid U. Kalabud  
 • East Mindanao Branches Group (EMBG) - FVP Camilo C. Leyba

Conditional Cash Transfer – Program Management Office (CCT-PMO)  
 – AVP Domingo Conrado G. Galsim

**CARD AND ELECTRONIC BANKING GROUP (CeBG)**  
 - FVP Randolph L. Montesa  
 • Cash Management Solutions Department (CMSD)  
 • Credit Card Administrations Department (CCAD)  
 • Debit Cards and ATM Management Department (DCAMD)  
 • Electronic Products Department (EPD)  
 • eBanking Support Unit

**OFW REMITTANCE GROUP (ORG)**  
 – AVP Jose James T. Figueras  
 • Domestic Remittance Marketing Department (DRMD)  
 • Overseas Remittance Marketing & Support Department (ORMSD)  
 • Overseas Representative Officers (OROs)

Branch Banking Support Department (BBSD)  
 - VP Elenita C. Rapanut

Systems Implementation Department (SID)  
 – AVP Aurelia M. Lavilla

### Treasury and Investment Banking Sector (TIBS) EVP Carel D. Halog

**ASSET AND LIABILITY MANAGEMENT GROUP (ALMG)**  
 - FVP Ma. Elizabeth L. Gener  
 • Balance Sheet Management Department (BSMD)  
 • Liquidity Reserve Management Department (LRMD)

**FINANCIAL MARKETS GROUP (FMG)**  
 - FVP Ma. Francia O. Titar  
 • Capital Markets Trading Department (CMTD)  
 • FX Sales & Hedging Solutions Department (FSHSD)  
 • Rates & FX Trading Department (RFTD)

**INVESTMENT BANKING GROUP (IBG)**  
 - FVP Gonzalo Benjamin A. Bongolan  
 • Investment Banking Department 1 (IBD 1)  
 • Investment Banking Department 2 (IBD 2)

Investment Sales & Distribution Department (ISDD)  
 - VP Lolita M. Almazar

Treasury Support Department (TSD)  
 - Chief Economist Guian Angelo S. Dimalagan

Product Development and Research Officer

Treasury and Investment Legal Officer

### Operations Sector (OS) EVP Alan V. Bornas

**BANKING OPERATIONS GROUP (BOG)**  
 - FVP Winston Rochel L. Galang  
 • Foreign and Domestic Remittance Department (FDRD)  
 • International Trade Department (ITD)  
 • Loans Implementation Department (LID)  
 • Property Valuation & Credit Information Department (PV-CID)

**BANKING SERVICES GROUP (BSG)**  
 - VP Reynaldo C. Capa  
 • ATM Operations Support Department (AOSD)  
 • Cash Operations Support Department (COSD)  
 • Central Clearing Department (CCD)  
 • MDS & Collections Management Department (MCDMD)

**CONTROLLERSHIP GROUP (CG)**  
 - SVP Annalene M. Bautista  
 • Administrative Accounting Department (AAD)  
 • Agrarian Accounting Department (AgAD)  
 • Financial Accounting Department (FAD)  
 • Systems and Methods Department (SMD)  
 • Treasury Operations Department (TOD)

**TECHNOLOGY MANAGEMENT GROUP (TMG)**  
 - FVP Alden F. Abitona  
 • Data Center Management Department (DCMD)  
 • E-Banking Systems Department (EBSDD)  
 • Enterprise Systems Department (ESD)  
 • IT-Project Management Department (IT-PMD)  
 • Network Operations Department (NOD)  
 • Retail Banking Systems Department (RBSD)  
 • IT Security Office (ITSO)  
 • Production Control & Administrative Services (PCAS)

IT-Quality Management Office (IT-QMO)  
 - PM Quality Assurance Officer Josie M. Castro

### Agricultural & Development Lending Sector (ADLS) EVP Joselito P. Gutierrez

**CORPORATE BANKING GROUP (CBG)**  
 - SVP Ma. Celeste A. Burgos  
 • Corporate Banking Department I (CBD I)  
 • Corporate Banking Department II (CBD II)  
 • Financial Institutions Department (FID)  
 • Micro Finance Institutions Department (MFID)  
 • Public Sector Department (PSD)

**RETAIL & MID-MARKET LENDING GROUP (RMLG)**  
 - FVP Lolita T. Silva  
 • Mortgage Banking Department I (MBD I)  
 • Mortgage Banking Department II (MBD II)  
 • SME – Mid-Market Lending Department I (SME-MLLD I)  
 • SME – Mid-Market Lending Department II (SME-MLLD II)

Lending Support Department (LSD)  
 - AVP Teresita S. Aringo

Loan Recovery Department (LRD)  
 - DM Eleanor D. Quicoy

**LENDING PROGRAMS MANAGEMENT GROUP (LPMG)**  
 - FVP Emellie V. Tamayo  
 • Development Assistance Department (DAD)  
 • Environmental Programs Management Department (EPMDD)  
 • Fund Sourcing Department (FSD)  
 • Programs Management Department I (PMD I)  
 • Programs Management Department II (PMD II)

**PROVINCIAL LENDING GROUPS (4)**  
 • Northern and Central Luzon Lending Group (NCLLG)  
 – SVP Filipina B. Monje  
 • Southern Luzon Lending Group (SLLG)  
 – FVP Lucila E. Tesorero  
 • Visayas Lending Group (VLG)  
 – FVP Elsie Fe B. Tagupa  
 • Mindanao Lending Group (MLG)  
 – FVP Charlotte I. Conde

Special Assets Department (SPAD)  
 - DM Margarita C. Laureano

### Corporate Services Sector (CSS) EVP Julio D. Climaco, Jr.

**HUMAN RESOURCE MANAGEMENT GROUP (HRMG)**  
 - VP Joselito B. Vallada  
 • Employee Relations Department (ERD)  
 • Organization Development Department (ODD)  
 • Personnel Administration Department (PAD)

Provident Fund Department (PFD)  
 - DM Virginia C. Limbo

**FACILITIES AND PROCUREMENT SERVICES GROUP (FPSG)**  
 - VP Dina Melanie R. Madrid  
 • Facilities Management Department (FMD)  
 • Procurement Department (ProcD)  
 • Project Management & Engineering Department (PMED)

Corporate Affairs Department (CAD)  
 – FVP Catherine Rowena B. Villanueva

Strategic Initiatives Office (SIO)



## Corporate Governance

As LANDBANK continually adheres to globally accepted governance principles and best practices, it maintains the Board's independence from management such that the Chairman of the Board and the President and CEO are two distinct individuals with clearly delineated duties and responsibilities.

### Overall Corporate Governance Structure and Practices

LANDBANK is fully compliant with the provisions of the Code of Corporate Governance.

LANDBANK's corporate governance is reflected in its organizational structure that defines a governance hierarchy led from top by the Board of Directors and its delegated duties and responsibilities through the seven Board-level Committees namely, (1) the Corporate Governance Committee, (2) the Audit and Compliance Committee, (3) the Risk Oversight Committee, (4) the Trust Committee, (5) the Investment and Loan Committee; (6) the Agri-Agra Social Concerns Committee; and (7) Related Party Transactions Committee. These seven committees are ably supported by independent Bank units — the Internal Audit Group, Risk Management Group, Trust Banking Group and Agrarian Services Group — which perform specific functions for the said Committees. These independent units report directly to the Board but are administratively supervised by the President and CEO. The Office of the Corporate Secretary provides logistical support to the LANDBANK Board, the Corporate Governance Committee and the Related Party Transactions Committee.

### Institutional Viability

As LANDBANK continually adheres to globally accepted governance principles and best practices, it maintains the Board's independence from management such that the Chairman of the Board and the President and CEO are two distinct individuals with clearly delineated duties and responsibilities.

While the Chairman assumes leadership, monitors the Bank's adherence to good governance policies, as well as the overall performance of the Bank; the President and CEO, on the other hand, directly manages the day-to-day operations of the Bank and executes the policies and strategies approved by the Board in pursuit of its institutional goals and objectives.

Specifically, the President and CEO supervises the Bank's five sectors, namely, (1) Agricultural and Development Lending Sector; (2) Branch Banking Sector; (3) Corporate Services Sector; (4) Operations Sector; and (5) Treasury and Investment Banking Sector. There are Bank units which report directly to the President and CEO, namely, the Strategic Planning Group, the Agrarian Services Group, the Legal Services Group, and the Physical Security Office.

### Selection Process for the Board

Under Sec. 15 of RA No. 10149, otherwise known as (An Act to Promote Financial Viability and Fiscal Discipline in Government-Owned and -Controlled (GOCCs) and to Strengthen the Role of the State in its Governance and Management to Make Them More Responsive to the Needs of Public Interest and for Other Purposes), all appointive directors of GOCCs are appointed by the President of the Philippines from shortlists prepared by the Governance Commission for GOCCs (GCG), which include only nominees who meet the Fit and Proper Rule and such other qualifications which the GCG may determine.

The President and CEO shall be elected by the members of the Board from among its ranks. However, the would-be President and CEO will only be qualified for election if he meets the requirements under the Fit and Proper Rule, and if he is appointed by the President of the Philippines into the



Governing Board of the GOCC. The President shall be subject to the disciplinary powers of the Board and may be removed by the Board for cause.

### Board's Overall Responsibility

The LANDBANK Board of Directors assumes certain responsibilities to the Bank's various stakeholders – the Bank itself, its stockholder, the National Government; its clients, its management and employees, the regulators, the deposit insurer and the public at large. These stakeholders have the right to expect that the institution is being managed in a prudent and sound manner. The Board of Directors is primarily responsible for the approval and oversight of the implementation of the Bank's strategic objectives, risk strategy, corporate governance and corporate values. They are also responsible for the monitoring and oversight of the performance of senior management as the latter manages the day-to-day affairs of LANDBANK.

The LANDBANK Board sets the overall policies and strategic directions of the Bank, which serve as the guide of management and operating units in the day-to-day operations. Moreover, the LANDBANK Board provides the oversight functions in the overall Bank performance, and champions good corporate governance by strong adherence to ethical standards and compliance with legal, institutional and regulatory requirements. The Board also ensures that the Bank remains accountable to its various stakeholders.

All Members of the Board of Directors are expected to abide by the following:

- a. Remain fit and proper for the position for the duration of his term.
- b. Conduct fair business transactions with the Bank and to ensure that personal interest does not bias board decisions.
- c. Act honestly and in good faith, with loyalty and in the best interest of the institution, its stockholders, regardless of the amount of their stockholdings, and other stakeholders such as its depositors, investors, borrowers, other clients, and general public.
- d. Devote time and attention necessary to properly discharge his duties and responsibilities.
- e. Act judiciously. Before deciding on any matter brought before the Board of Directors, every Director shall thoroughly evaluate the issues, ask questions and seek clarifications when necessary.
- f. To contribute significantly to the decision-making process of the Board. Directors should actively participate and exercise objective independent judgment on corporate affairs requiring the decision or approval of such Board.

- g. Exercise independent judgment. A Director shall view each problem or situation objectively. When a disagreement with others occurs, he shall carefully evaluate the situation and state his position. He should not be afraid to take a position even though it might be unpopular. Corollary, he shall support plans and ideas that he thinks are beneficial to the Bank.
- h. To have a working knowledge of the statutory and regulatory requirements affecting the institution, including the content of the LANDBANK Charter and by-laws, the requirements of the BSP, and the pertinent government agencies.
- i. Observe confidentiality. A Director should observe the confidentiality of non-public information acquired by reason of his position as Director. He should not disclose any information to any other person without the authority of the Board.
- j. Ensure the continuing soundness, effectiveness and adequacy of the Bank's control environment.
- k. A Director or Officer shall not solicit, nor accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan or anything of monetary value ("Gift") from any person where such Gift: (a) would be illegal or in violation of law; (b) is part of an attempt or agreement to do anything in return; (c) has a value beyond what is normal and customary in the Bank's business; (d) is being made to influence the member of Board's, or Officers' actions as such; or (e) could create the appearance of a conflict of interest.
- l. Attend orientation and training. A Director shall have an adequate orientation process and continuous development and education regarding the Bank's operations.

### Description of the Role and Contribution of Executive, Non-executive and Independent Directors, and of the Chairman of the Board

#### 1. Chairman of the Board of Directors (Non-executive)

The Chairman of the LANDBANK Board of Directors is responsible for the efficient functioning of the Board. He exercises control over quality, quantity, and timeliness of the flow of information between Management and the Board. He calls the meetings, approves and sets the agenda, and presides over Board meetings. He also ensures that all Directors are enabled and encouraged to actively participate in all discussions and resolutions on matters taken up by the Board. He promotes critical discussion and ensures that dissenting views can be expressed and discussed within the decision-making process.

## 2. Vice Chairman (Executive Director)

The Vice Chairman of the Board of Directors is the Bank's President and CEO. The President of the Philippines issues two appointment letters to the LANDBANK President and CEO – one appoints him as the Bank's Head of Agency and another as one of its appointive Directors.

In the absence of the Chairman of the Board, the Vice Chairman presides over the meetings of the Board.

Among the nine members of the LANDBANK Board of Directors, the Vice Chairman is the sole Executive Director in the Board of Directors.

## 3. Non-Executive Directors

The non-executive directors shall perform the duties and responsibilities of a Director as prescribed by the LANDBANK Charter, BSP MORB, GCG rules and regulations, and other laws and issuances as may be applicable. In addition, the Board, consisting of the Non-Executive Directors has disciplinary powers over the President, an Executive Director, and may remove him for cause.

## 4. Independent Directors

The Board of Directors appoints/nominates the Independent Directors from among the appointive directors, seeking thereafter the confirmation of such nomination by the Monetary Board. For 2018, the

Independent Directors were Directors Virgilio DV. Robes, Jesus V. Hinlo, Jr., Jaime L. Miralles, Nancy Irlanda Tanjuatco, and former Director Rodolfo V. Puno.

In the nomination of an independent director, the Board of Directors ensures that the nominee will be able to devote sufficient time to effectively carry out his duties and responsibilities.

Pursuant to BSP Circular No. 969, s. 2017, the Independent Directors are members of the following Board-level committees: (a) Audit and Compliance Committee (with at least three members, majority shall be independent including the chairperson); (b) Corporate Governance Committee (with at least three members, majority shall be independent including the chairperson); and (c) Risk Oversight Committee (with at least three members, majority shall be independent including the chairperson).

Board Composition	
Secretary of Finance	Chairman (Ex-Officio)
LANDBANK President and CEO	Vice-Chairman
Secretary of Agrarian Reform	Ex-Officio Member
Secretary of Labor and Employment	Ex-Officio Member
Secretary of Agriculture	Ex-Officio Member
Two members appointed by the President of the Philippines representing Agrarian Reform Beneficiaries	
Two members appointed by the President of the Philippines representing the Private Sector	

### Composition of the LANDBANK Board of Directors as of 31 December 2018

Carlos G. Dominguez	Ex-Officio Chairman	Secretary, Dept. of Finance	(Non-executive director; Assumed on 30 June 2016)
Alex V. Buenaventura	Vice Chairman	President/Chief Executive Officer	(Executive director; Assumed on 11 November 2016)
Emmanuel F. Piñol	Ex-Officio Member	Secretary, Dept. of Agriculture	(Non-executive director; Assumed on 30 June 2016)
John R. Castriciones	Ex-Officio Member	Secretary, Dept. of Agrarian Reform	(Non-executive director; Assumed on 06 December 2017)
Silvestre H. Bello III	Ex-Officio Member	Secretary, Dept. of Labor and Employment	(Non-executive director; Assumed on 30 June 2016)
Virgilio DV. Robes		Member, Agrarian Reform Beneficiaries Representative	(Non-executive director; Assumed on 13 December 2016)
Jaime L. Miralles		Member, Agrarian Reform Beneficiaries Representative	(Non-executive director; Assumed on 24 July 2018)
Nancy Irlanda Tanjuatco		Member, Private Sector Representative	(Non-executive director; Assumed on 25 September 2018)
Jesus V. Hinlo, Jr.		Member, Private Sector Representative	(Non-executive director; Assumed on 07 November 2017)
Crispino T. Aguelo		Member, Agrarian Reform Beneficiaries Representative	(Non-executive director; Assumed on 23 September 2010 Term ended on 24 July 2018)
Rodolfo V. Puno		Member, Private Sector Representative	(Non-executive director; Assumed on 25 April 2017 Resigned on 30 April 2018)

## Board Qualification

Pursuant to RA No. 8791, RA No. 10149, BSP Manual of Regulations for Banks, the LANDBANK Charter, GCG Memorandum Circular No. 2012-07, and other pertinent laws and regulations, the following are the qualifications of the LANDBANK Board of Directors:

1. No person shall be elected or Appointed Director of the Bank unless he is a natural born citizen of the Philippines, not less than 35 years of age, of good moral character and has attained proficiency, expertise and recognized competence in one or more of the following: banking, finance, economics, law, agriculture, agrarian reform, business management. Provided further, that no Director, stakeholder or employee of any other bank shall be eligible for election or appointment as member of the Board of Directors of the Bank.
2. For an Appointive Director, he must have a college degree with at least five years of relevant work experience, except for a sectoral representative who only needs to be a bonafide member of the indicated sector of the association being represented as provided for in the Charter or By-Laws.
3. He must have attended a special seminar on corporate governance for Board of Directors conducted or accredited by the BSP.
4. An Appointive Director must have attended or will attend within three months from the date of appointment, a special seminar on public corporate governance for Directors conducted by the GCG or any individual or entity accredited by the GCG.
5. He must be fit and proper for the position of a Director of the Bank. In determining whether a position is fit and proper for the position of a Director, the following matters must be considered:
  - integrity
  - physical/mental fitness
  - competence
  - relevant education/financial literacy/training
  - diligence
  - knowledge/experience

All members of the LANDBANK Board, the President and CEO, including Appointive Directors in Subsidiaries and Affiliates shall be qualified by the Fit and Proper Rule issued by the Governance Commission for GOCCs (GCG) approved by the President of the Philippines, including any future amendments and revisions thereof.

## Relevant Qualifications and Experiences Including Directorship and Officership in Other Companies

### Carlos G. Dominguez

Ex-Officio Chairman  
Secretary, Department of Finance  
Age: 73  
Nationality: Filipino  
Training in Banking and Other Related Fields

Nature/Title	Conducted By:	Year Taken
Corporate Governance Going Forward	Center for Training and Development, Inc.	2015
Management Trainee	Stanford Executive Program	1969

Past Position-Other Private Institution	Position	Date Assumed	Term Ended
Lafayette (Philippines) Inc.	President	2006	2008
RCBC Capital Corp	Independent Director	2004	2010
IPVC Corp.	Director	2004	2008
Manila Electric Corporation	Director	2001	2003
Phil. Associated Smelting and Refining Corp.	President	1999	2002
Northern Mindanao Power Corp.	Director	1994	2006
RCBC Capital Corporation	Chairman	1994	2002
OGDAT	President	1993	2016
Huntly Corporation	President	1993	2016
United Paragon Mining	Director	1993	2016
Philippine Airlines	President	1993	1995
Phil. Tobacco Flue Curing Redrying Corporation	President	1992	2016
Baesa Redevelopment Corp.	President	1992	2016
Halifax Capital Resources Inc.	President	1992	2016
Retail Specialist Inc.	President	1991	2016
BPI Agriculture Development Bank	President	1984	1986
BPI	Vice President	1983	1986



**Alex V. Buenaventura**

Vice Chairman

President and Chief Executive Officer

Age: 65

Nationality: Filipino

Training in Banking and Other Related Fields

Nature/Title	Conducted By	Year Taken
Fiduciary Essentials	fi360 Pacific	2018
Strategic Planning & Strategic Execution	R.G. Manabat & Co.	2018
Leading with Trust: A Session with Stephen M.R. Covey	ABS-CBN News Channel	2018
Study Tour on Poultry and Swine Business	Charon Tokthand	2018
BSP Cir. No. 706 as Amended by BSP Cir. No. 950, AMLA Law and the AML Risk Rating System for Board of Directors and Senior Management	Bankers Institute of the Philippines, Inc.	2018
ANC Leadership Series	ABS-CBN News Channel	2018
Command Conference of Heads of Posts	DFA	2018
Corporate Governance Orientation Program for Government Owned and Controlled Corporations	Institute of Corporate Directors	2017
Mitigating Risk on Current Trends in Money Laundering	AMLC – Atty. Julia C. Bacay-Abad	2015
Anti-Money Laundering Law	Bangko Sentral ng Pilipinas	2014
Basic Trust Banking for Bank Officers and Directors	Trust Institute Foundation of the Philippines, Inc. (TIFP)	2014
Updated AML Rules and Regulations (Cir. 706, ARRS, and AMLA Amendments – RA 10365)	Davao Federation of Rural Bankers	2013
Foreign Currency Deposit Unit	Banker's Institute of the Philippines	2012
Anti-Money Laundering Law	Anti-Money Laundering Project Phils. European Commission	2008
Corporate Governance & Risk Management for Bank's Board of Directors	Dev't. Finance Inst.	2002
Linkage Banking Experience in Asia	APRACA Agri-Development Bank of China	1998
Commercial Banks in Microfinance in Washington D.C.	USAID	1997
Islamic Banking in Bahrain, UAE	USAID	1997
Study Tour of Credit Agricole Operations in France	French Government	1988
Self Help Groups in Nanjing, China	APRACA	1986

Present Position – Other Private Institution	Position	Date Assumed	Term Ended
Buencor Farms, Inc.	Chairman/President (Stockholder)	2016	
ALN 3 Brothers, Inc.	Chairman/President (Stockholder)	2012	
Ultrabowl, Inc.	Chairman (Stockholder)	1986	

Past Position-Government	Position	From	To
Davao Del Norte State College, Panabo City	Trustee	1997	2003
Municipal Industrialization Task Force, Panabo City LGU	Chairman	1994	1996
Municipal Water District, Panabo City LGU	Director	1994	1996

Past Position-Other Private Institution	Position	From	To
One Network Bank (A Rural Bank of BDO)	President	2014	2016
Corporative System Foundation	Trustee	2007	2009
One Network Bank, Inc. (A Rural Bank)	President	2004	2014
Holy Cross of Davao College	Trustee	2000	2016
Microenterprise Access to Banking Services (MABS-USAID) Representing RBAP	MANCOM Member	1998	2005
Rural Bankers Research Development Foundation	Executive Director	1998	

Past Position-Other Private Institution	Position	From	To
DASURAI COR	Chairman	1997	2014
SMED National Council	Private Sector Representative For Mindanao	1995	1998
Ateneo De Davao University	Chairman, Board of Trustees	1995	1996
PAICOR	Chairman	1991	2014
Rural Bank of Panabo, Inc.	President/Gen. Manager	1980	1993
Bristol Laboratories	Product Group Manager	1979	1980
Unilever	Middle Manager	1978	1979
Unilever	Field Service Manager	1975	1976

### Emmanuel F. Piñol

Ex-Officio Member

Secretary, Department of Agriculture

Age: 65

Nationality: Filipino

Training in Banking and Other Related Fields

Nature/Title	Conducted By	Year Taken
Corporate Governance Orientation Program for Government Owned and Controlled Corporations	Institute of Corporate Directors	2016

Past Position – Government	Position	From	To
Provincial Government of Cotabato	Vice-Governor	07/01/2007	06/30/2010
Provincial Government of Cotabato	Governor	07/01/2001	06/30/2007
Provincial Government of Cotabato	Governor	07/01/2000	06/30/2001
Provincial Government of Cotabato	Governor	03/25/1998	12/31/2000
Local Government Unit M'Lang Cotabato	Municipal Mayor	01/01/1998	03/24/1998
Local Government Unit M'Lang Cotabato	Municipal Mayor	10/01/1996	12/31/1997
Local Government Unit M'Lang Cotabato	Municipal Mayor	01/01/1996	09/30/1996
Local Government Unit M'Lang Cotabato	Municipal Mayor	07/01/1995	12/31/1995
National Grains Authority	Public Relation Officer	02/16/1976	09/30/1977

### John R. Castriciones

Ex - Officio Member

Secretary, Department of Agrarian Reform

Age: 57

Nationality: Filipino

Training in Banking and Other Related Fields

Nature/Title	Conducted By	Year Taken
Corporate Governance Orientation Program	Institute of Corporate Directors	2018
Federalism and Good Governance: Best Practice Learning for Change – An International Benchmarking	Creative Learning, Washington DC, USA	2017
Task Force Electronic Crimes, New York	Department of Finance, USA	2005
Seminar on Whistle Blowing	University of Notre Dame, London	1998
Seminar Against Cybercrimes	National White Collar Crime Center, USA	1998
Colloquium on Teaching	Xavier School	1990

Past Position – Other Private Institutions	Position	From	To
Private Practice	Practicing Lawyer	2011	2015
Private Practice	Practicing Lawyer	2008	2008
Private Practice	Practicing Lawyer	1993	2005
Arellano University Law School	Law Professor	1986	2000
Xavier School, Greenhills	Teacher	1986	1990

Past Position – Government	Position	From	To
Department of the Interior and Local Government	Undersecretary for Operations	2016	2017
Office of Senator Aquilino Pimentel	Legal Consultant	2015	2016
ISLES, Department of Transportation and Communications	Director	2009	2010
Land Transportation Franchising and Regulatory Board	Legal Consultant	2006	2007

### Silvestre H. Bello III

Ex-Officio Member

Secretary, Department of Labor and Employment

Age: 74

Nationality: Filipino

Training in Banking and Other Related Fields

Nature/Title	Conducted By	Year Taken
Corporate Governance and Anti-Money Laundering Act Seminar	Philippine Securities Consultancy Corporation (PHILSECC)	2011

Present Position – Government	Position	Date Assumed	Term Ended
Department of Labor and Employment	Secretary	2016	
OWWA Board	Chairperson	2016	
National Wages and Productivity Council	Chairperson	2016	
POEA Board	Chairperson	2016	
Sugar Tripartite Council	Chairperson	2016	
National Maritime Polytechnic	Chairperson	2016	
ECC/OSHC	Chairperson	2016	
TESDA Board	Chairperson	2016	
National Housing Authority	Ex-Officio Member	2016	
PEZA Board	Ex-Officio Member	2016	
Philhealth Board	Ex-Officio Member	2016	
Dangerous Drugs Board	Ex-Officio Member	2016	
Construction Industry Authority of the Philippines	Ex-Officio Member	2016	
SSS Board	Ex-Officio Member	2016	
Pag-Ibig Board	Ex-Officio Member	2016	
Land Bank of the Philippines Board	Ex-Officio Member	2016	
Civil Aviation Authority of the Philippines Board	Ex-Officio Member	2016	

Past Position – Other Private institution	Position	From	To
San Miguel Purefoods Corp.	Independent Director	2013	2016
CAP College Foundation, Inc.	Board of Director	2012	2016
CAP Realty	Board of Director	2010	2016
Red Eagle Lending Investor Corp.	Board of Director	2009	2016
Camp John Hay Development Corp.	Board of Director	2008	2016
CAP General Insurance Corp.	Board of Director	2007	2016
CAP Philippines Inc.	Board of Director	2006	2016
Comprehensive Annuity Plan & Pension Corp.	Board of Director	2006	2016
CAP Life Insurance Corp.	Board of Director	2006	2016
Philippines Airlines	Board of Advisor	1993	1998
Puerto Azul	Board of Director	1993	1998
Baguio Country Club	Board of Director	1993	1998
Philippine Plaza Hotel	Board of Director	1993	1998
Urban Bank	Board of Director	1988	1990
Ambassador Hotel	Board of Director	1988	1990



Past Position – Government	Position	From	To
House of Representatives	Representative 1BAP Partylist 16 <sup>th</sup> Congress	2013	2016
Cabinet Secretary	Secretary	2008	2010
Cabinet Officer for Regional Development (CORD) for Region II	Secretary	2008	2010
Cabinet Oversight Officer for IP and NCIP Matters	Secretary	2008	2010
Presidential Adviser for New Government Centers	Secretary	2007	2008
Philippine Reclamation Authority	General Manager and Chief Executive Officer	2006	2006
PNOC Development and Management Corporation	President and Chief Executive Officer	2004	2005
GRP Negotiating Panel for Talks with the CPP/NPA/NDF	Chairman	2001	2004
Department of Justice	Secretary	1998	1998
Office of the Solicitor General	Solicitor General	1996	1998
Department of Justice	Secretary	1990	1992
Department of Justice	Undersecretary	1986	1990

### Virgilio DV. Robes

Representative, Agrarian Reform Beneficiaries

Age: 71

Nationality: Filipino

Training in Banking Other Related Fields

Nature/Title	Conducted By	Year Taken
Joint Audit & Compliance Committee and Risk Oversight Committee Learning Session	Land Bank of the Philippines	2018
BSP Cir. No. 706 as Amended by BSP Cir. No. 950, AMLA Law and the AML Risk Rating System for Board of Directors and Sr. Management	Bankers Institute of the Philippines, Inc.	2018
Corporate Financial Risk Management Program	Ateneo Graduate School of Business – Center for Continuing Education	2017
Finance For Directors Program	Institute of Corporate Directors	2017
Corporate Governance Orientation Program	Institute of Corporate Directors	2017
Corporate Governance Orientation Program for GOCCs	Institute of Corporate Directors	2017

Past Position-Other Private Institutions	Position	Date Assumed	Term Ended
Robesland, Inc.	Chairman	07/06/2005	
Igay Mega Cockpit, Inc.	Director	07/17/2000	
Guillermo C. Robes Realty Corp.	Director	05/29/1996	
Real Estate	Broker	1970	

Past Position-Other Private Institutions	Position	From	To
Robes Trading	Proprietor	1970	1980

Past Position-Government	Position	From	To
Province of Bulacan	OIC - Vice Governor	1987	1988
Province of Bulacan	Provincial Consultant	1988	1990

### Jaime L. Miralles

Representative, Agrarian Reform Beneficiaries

Age: 68

Nationality: Filipino

Training in Banking and Other Related Fields

Nature/Title	Conducted By	Year Taken
Corporate Governance Orientation Program	Institute of Corporate Directors	2018
Corporate Governance Orientation Program for GOCCs	Institute of Corporate Directors	2018
Professional Directors Program	Institute of Corporate Directors	2011
Corporate Governance Orientation Program	Institute of Corporate Directors	2011

Past Position-Other Private Institutions	Position	Date Assumed	Term Ended
Association of Genuine Labor Organizations	National President	2006	
Miralles & Associates	Senior Partner (Owner)	01/02/2013	
Association of Genuine Labor Organizations	Vice President-Legal Affairs Department	2002	2006
Flores – Miralles & Associates	Senior Partner	02/01/2000	12/31/2012
Banzuela –Flores Law Office	Senior Partner	01/02/1983	01/31/2000
Banzuela-Flores Law Office	Junior Partner	03/07/1979	12/20/1982

Past Position-Government	Position	From	To
Home Development Mutual Fund (Pag-Ibig Fund)	Board of Trustees	10/01/2010	01/01/2018
National Anti-Poverty Commission	Commissioner – representing Labor Sector	1998	1999

### Jesus V. Hinlo, Jr.

Representative, Private Sector

Age: 48

Nationality: Filipino

Training in Banking and Other Related Fields

Nature/Title	Conducted By	Year Taken
Joint Audit and Compliance Committee and Risk Oversight Committee Learning Session	Land Bank of the Philippines	2018
BSP Cir. No. 706 as Amended by BSP Cir. No. 950, AMLA Law and the AML Risk Rating System for Board of Directors and Sr. Management	Bankers Institute of the Philippines, Inc.	2018
Enhanced Corporate Governance Guidelines (BSP Cir. Nos. 969, 970, 971 and 972)	Bankers Institute of the Philippines, Inc.	2018
Beyond Compliance: Managing Technology and Cyber Security Risk (Highlighting BSP Cir. No. 982: Enhanced Guidelines on Information Security Management)	Bankers Institute of the Philippines, Inc.	2018
Corporate Governance Orientation Program	Institute of Corporate Directors	2018
Comparative Analysis of Recent Jurisprudence in Commercial Law as Lectured by Atty. Sergio Ceniza during MCLE Lecture Series 52 of the Asian Center for Legal Excellence	Asian Center for Legal Excellence	2018
Corporate Governance Orientation Program for GOCCs	Institute of Corporate Directors	2018

Past Position-Other Private Institutions	Position	From	To
JV Hinlo Law Office	Trial Lawyer	6/12/2008	6/29/2016
Amado Parreño Law Office	Trial Lawyer	01/00/2005	06/00/2008
E.L. Treyes and JV Hinlo Law Office	Trial Lawyer	08/00/2001	12/20/2004
Atty. Rowena Guanzon Law Office	Trial Lawyer	06/00/2001	10/00/2001
San Miguel Corp. Bacolod	Account Specialist	12/16/2000	5/31/2001
Law Firm Tumangan and Partners	Legal Assistant	11/00/1999	03/00/2000
Ultra Parts	In charge of Collecting Past Due accounts	1997	1997
Nissan Motors Bacolod	Field Operations Manager	01/00/1997	09/00/1997
Volkswagen at Philtown Motors Bacolod	Marketing/Sales Manager	06/00/1996	12/00/1996

Past Position-Government	Position	From	To
Department of the Interior and Local Government	Undersecretary	09/02/2016	11/06/2017
Department of the Interior and Local Government	Contract of Service	07/01/2016	09/01/2016
PLEB Bacolod City	Member	02/07/2014	02/09/2016
PNB General Insurers Co., Inc.	Officer-In-Charge	04/00/1993	06/00/1996
PNB Credit Card Co.	Collection Officer	06/00/1992	03/00/1993

9

### Nancy Irlanda Tanjuatco

Representative, Private Sector

Age: 50

Nationality: Filipino

Training in Banking and Other Related Fields

Nature/Title	Conducted By	Year Taken
Fiduciary Essentials for Investment Stewards	Asia Pacific Association for Fiduciary Studies	2018
Corporate Governance Orientation Program	Institute of Corporate Directors	2018
Finance for Directors	Institute of Corporate Directors	2018
Corporate Governance Orientation Program for GOCCs	Institute of Corporate Directors	2018
BSP Philippine Economic Briefing	BSP	2018
Addressing the Risks in Mergers and Acquisitions	AIG/AON	2018
IMMAP Digital Congress (moderator)	Internet Mobile Marketing Association of the Philippines	2016
BSP Philippine Economic Briefing (moderator)	BSP	2007
Management Association of the Philippines International CEO Conference (moderator)	MAP	2006
BSP CEO Forum (moderator)	BSP	2002
APEC Summit Mexico	APEC	2002

Present Position-Other Private Institution	Position	Date assumed	Term Ended
Petron Corporation	Consultant	01/01/2017	

Past Position-Other Private Institutions	Position	From	To
ABS-CBN News Channel (ANC)	News Anchor	2015	2017
Solar News Channel (presently CNN Philippines)	News Anchor	2011	2014
ABS-CBN News Channel (ANC)	News Anchor	1996	2008
Fisher Broadcasting Corporation USA	TV Associate Producer	1995	1996
Citibank	Customer Relationship Manager	1994	1995
Irlanda Industries, Inc.	Special Assistant to the President	1991	1994

10

### Crispino T. Aguelo (Term ended on 24 July 2018)

Representative, Agrarian Reform Beneficiaries

Age: 72

Nationality: Filipino

Training in Banking and Other Related Fields

Nature/Title	Conducted By	Year Taken
Joint Audit and Compliance Committee and Risk Oversight Committee Learning Session	Land Bank of the Philippines	2018
Trust Banking Seminar for BOD	Trust Institute Foundation of the Phils.	2015
Global Sustainable Finance Conference (trends and instruments on climate change mitigation & adaptation training)		2015
Study Tour/Orientation on Rural Farm School Act	Association International de Movimientos Familiares de Formacion Rural	2014
International Exposure Visit Program on Japan's Agricultural Recovery Measures from Disaster Damages	Japan Finance Corporation	2013
Deposit Training Function	Land Bank of the Philippines	2012
Investment Banking	Land Bank of the Philippines	2012
Assets and Liabilities Management	Land Bank of the Philippines	2012
Banking Services	Land Bank of the Philippines	2012
Banking Operations	Land Bank of the Philippines	2012
Overview of Lending	Land Bank of the Philippines	2012
Agrarian Operations	Land Bank of the Philippines	2012
Corporate Governance	Institute of Corporate Directors	2010
Audit Methodology and Audit Writing	Land Bank of the Philippines	1996



Past Position-Other Private Institutions	Position	From	To
Pambansang Kilusan ng Samahang Magsasaka	National President	2007	2013
Tangalan Integrated Service Association	Vice President	2002	2006
Pambansang Kilusan ng Samahang Magsasaka	National Council	1989	1992
Aklan Traders and Agency Co.	Branch Head	1979	1981
Filipinas Life Assurance Company	Debit Agent	1973	1979

Past Position-Government	Position	From	To
Department of Agrarian Reform	Member-Presidential Agrarian Reform Council	1992	1998
Local Government Unit	Municipal Councilor	1986	1989
Local Government Unit	Barangay Councilor	1984	1986

### Rodolfo V. Puno (Term ended on 30 April 2018)

Representative, Private Sector

Age: 69

Nationality: Filipino

Training in Banking and Other Related Fields

Nature/Title	Conducted By	Year Taken
Corporate Governance Orientation Program for GOCCs	Institute of Corporate Directors	2018
Corporate Governance Orientation Program	Institute of Corporate Directors	2017
RP-US Textile Agreement	US Trade Representative	1983-1984
ASEAN Economic Meeting	ASEAN	1982
RP-Europe Business Conference	World Economic Forum	1982

Past Position-Other Private Institutions	Position	From	To
Philippine Private Equity Holdings Inc.	Chief Executive Officer	May 2008	29 June 2017
DLA Global City Food enterprise	President	2003	2004
RPRP Ventures Mgt. & Devt Corp	Chairman of the Board	1995	2004
Micron Public Affairs Inc.	President	1991	2002
Fujiki Long Beach Ca. USA	Import/Export Manager	1989	1991
Investco, LA, California USA	Special Assistant	1987	1988
Regina Management Development Corp.	President	1983	1985
International Corporate Bank	Member, Board of Directors	1982	1984
Philippine International Trading Company	Officer in Charge	1982	1982
Garment & Textiles Export Board	Officer in Charge	1982	1982
RFC Securities Company	Executive Assistant	1972	1975

Past Position-Government	Position	From	To
Road Board Secretariat	Executive Director	2005	2008
Road Board of the Philippines Ministry of Trade and Industry	Special Trade Representative	1985	1986
National Cottage Industries Dev't. Authority	Administrator	1983	1985
NDC NACIDA	Director	1983	1985
National Coal Authority	Member, Executive Committee	1982	1984
Road Board of the Philippines Ministry of Trade and Industry	Head Executive Assistant	1982	1984
Task Force on the Duty Free Importation of Textile Materials	Head	1982	1984
Road Board of the Philippines Ministry of Trade and Industry	Assistant Secretary	1981	1986
Commission on Audit	Special Assistant to the Chairman	1975	1978

## Board-Level Committees including Membership and Function

As of 31 December 2018

### Corporate Governance Committee

The Corporate Governance Committee (CG Com) has the following duties and functions:

1. To review and recommend the organizational structure of the Bank and its units;
2. To review and evaluate the qualification standards for all positions in the Bank;
3. To review and recommend the selection/promotion of the officers as endorsed by the Selection Board II;
4. To ensure the Board's effectiveness and due observance of corporate governance principles and guidelines;
5. To oversee the periodic performance evaluation of the Board and its committees and executive management;
6. To conduct an annual self-evaluation of its performance;
7. To decide whether or not a director is able to and has been adequately carrying out his/her duties as director bearing in mind the director's contribution and performance;
8. To adopt, propose and recommend to the Board such internal guidelines to address the competing time commitments that are faced when directors and other Bank officers serve on multiple boards;
9. To study and recommend to the Board such policies regarding the continuing education of the Directors, assignment to Board Committees, succession plan for the senior officers and their remuneration commensurate with corporate and individual performance;
10. To decide the manner by which the Board's performance may be evaluated and propose an objective performance criteria to be approved by the Board;
11. To study and recommend policies to ensure appropriate and effective management through organizational and procedural controls and independent audit mechanisms;

12. To promote transparency and operational responsibility and accountability in a manner consistent with the Bank's vision, mission, strategic intent and operating values.

Chairperson	Director Virgilio De Vera Robes
Vice Chairperson	Director Jesus V. Hinlo, Jr.
Members	DOF Secretary Carlos G. Dominguez / Treasurer Rosalia V. de Leon /
	Deputy Treasurer Erwin D. Sta. Ana
	DOLE Secretary Silvestre H. Bello III /
	Usec. Claro Arellano / Asec. Joji Aragon
	Director Jaime L. Miralles
	Director Nancy Irlanda Tanjuatco

### Audit and Compliance Committee

The Audit and Compliance Committee's primary purpose is to provide assistance to the LANDBANK Board of Directors in fulfilling its oversight responsibilities specifically:

1. For Internal Audit and Internal Control:
  - a. To oversee Senior Management in establishing and maintaining an adequate, effective and efficient internal control framework. It shall ensure that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets
  - b. To oversee the internal audit function
2. For Compliance:

To oversee the implementation of the Bank's Compliance Program

Chairperson	Director Jesus V. Hinlo, Jr.
Members	Director Virgilio De Vera Robes
	Director Jaime L. Miralles

### Risk Oversight Committee

The Risk Oversight Committee (Risk Com) is primarily responsible for:

1. Fulfilling statutory, fiduciary and regulatory responsibilities.
2. Assisting the Board in defining the risk appetite of the Bank.

3. Ensuring alignment of risk management objectives with overall business strategies and performance goals.
4. Developing and overseeing the risk management programs of the Bank which include the following:
  - a. Oversight of management functions and approval of proposals regarding the Bank's policies, procedures and best practices relative to asset and liability management, credit, market and business operational risks ensuring that:
    - i. Risk Management systems are in place;
    - ii. Limits/tolerance levels are observed;
    - iii. System of limits remain effective; and
    - iv. Immediate corrective actions are taken whenever limits are breached or whenever necessary.
  - b. Ensuring compliance to written policies and procedures relating to the management of risks throughout the Bank. This shall include:
    - i. Comprehensive risk management approach;
    - ii. Detailed structure of limits, guidelines and other parameters used to govern risk-taking units;
    - iii. Clear delineation of lines of responsibilities for managing risk;
    - iv. Adequate system for measuring risk; and
    - v. Effective internal controls and a comprehensive risk reporting process;
5. Developing a continuing education program to enhance its members' understanding of relevant regulatory and banking industry issues.

Chairperson	Director Jaime L. Miralles
Vice Chairperson	DOF Secretary Carlos G. Dominguez / Treasurer Rosalia V. de Leon / Deputy Treasurer Erwin D. Sta. Ana
Members	DA Secretary Emmanuel F. Piñol / Usec. Francisco M. Villano, Jr.
	Director Jesus V. Hinlo, Jr.
	Director Virgilio D. Robes
	Director Nancy Irlanda Tanjuatco

Major LANDBANK initiatives and new/enhanced guidelines approved by the Risk Com are as follows:

1. **Credit RM**
  - Updated Industry Benchmarks for Credit Rating System of Universal Banks, Commercial, Offshore and Foreign Banks
  - Amendment to Policy on Write-off of Salary Loans
  - Parameters to be used in the statistically-based credit rating model for Countryside Financial Institutions

2. **Market RM**
  - Retention of Treasury Risk Limits for 2018
  - Policies and Procedural Guidelines for Conducting Behavioral Analysis on the Prepayment of Loans
  - Revised Guidelines for the Preparation of Liquidity Gap Report – Version 7
  - Guidelines on Monitoring Report on the Holding Period for Available-for-Sale Securities
  - Guidelines on Liquidity Risk Management – Version 3
  - Guidelines on Model Risk Management
  - Revised Guidelines for the Preparation of the Repricing Gap/Earnings-at-Risk Report – Version 6
  - General Guidelines on the Use of Voice Logger System – version 4
  - Updated Pre-Settlement Risk Weights for 2018
3. **Operational RM**
  - Updated Legal Risk Management Framework
  - Implementing Guidelines on Risk and Control Self-Assessment for Process Risk (Amendment to EO No.134, series of 2016)
  - Implementing Guidelines on Risk and Opportunity Assessment (ROA)
  - Key Risk Indicators for Branch Banking Operations
  - Outsourcing Proposal Risk Assessment Template (OPRAT) and Outsourcing Risk Monitoring Template (ORMT)
  - Business Continuity Management Awareness Training via LANDBANK e-Learning Access Portal (LEAP)
  - Revised IT Systems Prioritization for 2018
  - Updates to the IT Data Recovery Plan
  - Updates on Crisis Communication Plan for 2018
  - Implementing Guidelines on RCSA of LANDBANK's People Risk
4. **Information Security and Technology RM**
  - Revised Information Security Program
5. **Enterprise RM**
  - Revised Risk Dictionary
  - Revised LANDBANK's Early Warning Indicators for 2018
  - Revisions on Risk Management Program for LANDBANK Subsidiaries

## Trust Committee

The Trust Committee (Trust Com), duly constituted and authorized by the Board of Directors, performs its responsibility for overseeing the fiduciary activities of the Bank in accordance with its authority. In the discharge of its function, the Trust Com:

1. Ensures that policies and procedures are in place from account opening to account administration and management up to account termination, in conformity with applicable laws, rules and regulations and prudent practices;



2. Ensures that policies and procedures that translate the Board's objectives and risk tolerance into prudent operating standards are in place and continue to be relevant, comprehensive and effective;
3. Monitors the implementation of stringent controls for the prudent management of fiduciary assets and its appropriate administration; maintaining adequate books, records and files for each account;
4. Oversees the proper implementation of the risk management framework, compliance program and internal controls to ensure that accounts are managed accordingly in different cycle of the market;
5. Adopts an appropriate organizational structure and staffing complement that will enable the Trust business unit to efficiently carry out its function with utmost diligence and skill; and ensures proper and continuous training for its Trust officers and personnel considering growing sophistication and complexity in trust business and changes in the financial market environment.
6. Oversees and evaluates the performance of the Trust Officer and of the Trust operations with regard to business objectives and strategies, compliance and risk monitoring and management, requiring periodic reports on the different areas of responsibility;
7. Requires the review of trust and other fiduciary accounts at least once every three years or as needed depending on the nature of the account, to determine the advisability of retaining or disposing of the trust or fiduciary assets; and whether the account is being managed in accordance with the instrument creating the trust or other fiduciary relationship. For this purpose, the Trust Committee shall meet whenever necessary and keep minutes of its actions and make periodic reports thereon to the Board;
8. Reviews reports submitted by internal and external auditors and regulatory agencies, and deliberates on major exceptions or non-compliance with existing laws, rules and regulations, policies and procedures and acts on appropriate recommendations;
9. Ensures that the Trust Banking Group (TBG) is taking appropriate measures to address all regulatory requirements under applicable laws, rules and regulations and that plans and actions are taken to correct reported conditions and accomplishes satisfactory disposition of findings;
10. Reviews and approves the plans and program of activities of the TBG; and,
11. Regularly reports to BOD on matters arising from fiduciary activities.

In particular, the Trust Com oversees the performance of the Trust Officer who is vested with the function and responsibility of managing the day-to-day fiduciary activities.

Chairperson	DAR Secretary John R. Castriciones / Usec. Luis Meinrado C. Pañgulayan
Vice Chairperson	DOF Secretary Carlos G. Dominguez / Treasurer Rosalia V. de Leon / Deputy Treasurer Erwin D. Sta. Ana
Members	President/CEO Alex V. Buenaventura / Head, Branch Banking Sector DOLE Secretary Silvestre H. Bello III / Usec. Claro Arellano / Asec. Joji Aragon Director Nancy Irlanda Tanjuatco The Trust Officer

## Investment and Loan Committee

The ILC has the following duties and responsibilities:

1. Evaluate and approve (within its delegated authority), or recommend to the LANDBANK Board of Directors for consideration and approval investment and loan proposals in accordance with the provisions of the Codified Approving/Signing Authorities (CA/SA).
2. Evaluate and approve credit policies and guidelines, including but not limited to the following:
  - a. Limits on total loan exposures to different industry/ business sectors
  - b. Acceptable collaterals
    - Loan values and collateral cover
    - Appraisal policies
    - Estimated Construction Cost Ranges (ECCR)
  - c. Terms and conditions for each type of credit accommodation
  - d. Interest rate, penalty and other charges
  - e. Standards of account profitability yields on loan accounts
  - f. Credit Risk Rating Models and guidelines on implementation of such models
  - g. Credit Card policies
  - h. Remedial measures such as restructuring, refinancing and other form of work-out strategies
  - i. Foreclosure, dacion en pago, and other forms of settlement for loan accounts
  - j. Write-off of loans, real estate assets and personal property assets
3. Evaluate and recommend to the LANDBANK Board of Directors for consideration and approval investment policies and guidelines that define the structure, eligible investments and management of investment portfolios.
4. Review and monitor the following through reports submitted by the ILC Secretariat/Bank Units:
  - a. Loans Approved Below ILC
  - b. Non-Performing and Past Due Loans
  - c. Approved New Borrowers

- d. Changes in previously Approved Interest Rates
  - e. Amendment in terms and conditions of loans originally approved by the LANDBANK Board of Directors and ILC
  - f. Major Financial Indicators of Selected Local Commercial Banks
5. Present the Committee's Minutes of Meetings and Resolutions for confirmation of the Board. The Committee may refer to the Board any matter that the Committee believes should be addressed by the Board.

Chairperson	President and CEO Alex V. Buenaventura
Vice Chairperson	Director Jesus V. Hinlo, Jr.
Members	Director Virgilio De Vera Robes
	Director Jaime L. Miralles
	Director Nancy Irlanda Tanjuatco

The Committee meets weekly and held a total of 46 meetings in 2018 with an average attendance of 86.75%.

The ILC approved 665 loan accounts and endorsed 438 accounts to the LANDBANK Board for approval or confirmation. A total of 84 credit-related policies and programs were deliberated and approved for implementation. It likewise evaluated three investment accounts which were endorsed for approval of LANDBANK Board.

All Board level Committees, including the ILC, submitted Performance Rating Scorecards with parameters on Functions and Responsibilities, Structure, Processes and Performance. The overall rating of the ILC was 99.44% or Superior.

### Agri-Agra Social Concerns Committee

The Agri-Agra Social Concerns Committee (AASC) has the following duties and functions:

1. Formulate non-credit policies to improve the delivery of services on CARP and other agri-agra matters.
2. Serve as clearing house for CARP-related non-credit programs of LANDBANK and endorse to the LANDBANK Board for final approval.
3. Monitor the status of implementation of the various non-credit agri-agra programs of the Bank.
4. Monitor the status of implementation of social concerns programs of LANDBANK.
5. Attend to other functions as may be assigned by the Board of Directors.

Chairperson	LANDBANK President and CEO Alex V. Buenaventura
Members	DAR Secretary John R. Castriciones / Usec. Luis Meinrado C. Pañgulayan
	DA Sec. Emmanuel F. Piñol / Usec. Francisco M. Villano, Jr.
	Dir. Virgilio De Vera Robes
	Dir. Jaime L. Miralles

### Related Party Transactions Committee

The Related Party Transactions Committee (RPT Com) has the following duties and functions:

1. To evaluate on an ongoing basis existing relations between and among business and counterparties to ensure that all Related Parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (i.e., from non-related to related and vice versa) are captured;

**665**  
Loan accounts  
approved by the  
Investment and  
Loan Committee

**84**  
Credit-related policies  
and programs were  
deliberated and  
approved for  
implementation

2. To evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms to such RPs than similar transactions with non-related parties under similar circumstances;
3. To ensure that appropriate disclosure is made, and/or information provided to regulating and supervising authorities relating to the Bank's RPT exposures, and policies on conflicts of interest or potential conflicts of interest;
4. To report to the Board every quarter the status and aggregate exposures to each RP as well as the total amount of exposures to all RPs;
5. To ensure that RPTs, including write-off of exposures, are subject to periodic independent review or audit process; and
6. To oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.

## Director's Attendance at Board and Board-Level Committee Meetings

Name of Directors	Board Meeting		Corporate Governance Committee		Audit and Compliance Committee		Risk Oversight Committee		Trust Committee		Investment and Loan Committee		Agri-Agra Social Concerns Committee		Related Party Transactions Committee	
	(25 Meetings)		(13 Meetings)		(15 Meetings)		(17 Meetings)		(8 Meetings)		(46 Meetings)		(5 Meetings)		(10 Meetings)	
	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%
1. Carlos G. Dominguez	21	84.00	5	38.46	n/a	-	9	52.94	5	62.5	n/a	-	n/a	-	n/a	-
2. Alex V. Buenaventura	25	100.00	n/a	-	n/a	-	n/a	-	8	100.00	43	93.48	5	100.00	n/a	-
3. Emmanuel F. Piñol <sup>1/1</sup>	19	76.00	n/a	-	3 out of 4	75.00	5	29.41	n/a	-	n/a	-	2	40.00	n/a	-
4. John R. Castriciones <sup>2/2</sup>	16	64.00	n/a	-	n/a	-	5 out of 11	45.45	8	100.00	2 out of 5	40.0	4	80.00	n/a	-
5. Silvestre H. Bello III <sup>3/3</sup>	9	36.00	6	46.15	n/a	-	n/a	-	3 out of 6	50.00	n/a	-	n/a	-	n/a	-
6. Jesus V. Hinlo, Jr.	25	100.00	13	100.00	15	100.00	17	100.00	n/a	-	46	-	n/a	-	10	100.00
7. Rodolfo V. Puno <sup>4/4</sup>	7 out of 8	87.50	3 out of 3	100.00	3 out of 4	75.00	5 out of 6	83.33	1 out of 2	50.00	12 out of 14	85.71	n/a	-	4 out of 5	80.00
8. Crispino T. Aguelo <sup>5/5</sup>	13 out of 13	100.00	7 out of 7	100.00	9 out of 9	100.00	11 out of 11	100.00	n/a	-	27 out of 27	100.00	2 out of 3	66.66	1 out of 1	100.00
9. Virgilio DV. Robes	24	96.00	12	92.31	13	86.67	14	82.35	n/a	-	39	84.78	4	80.0	8	80.00
10. Jaime L. Miralles <sup>6/6</sup>	11 out of 12	91.67	6 out of 6	100.00	6 out of 6	100.00	6 out of 6	100.00	n/a	-	17 out of 20	85.00	1 out of 2	50.00	3 out of 3	100.00
11. Nancy Irlanda Tanjauto <sup>7/7</sup>	8 out of 8	100.00	2 out of 2	100.00	n/a	-	3 out of 3	100.00	2 out of 2	100.00	11 out of 11	100.00	n/a	-	2 out of 2	100.00
<b>Total Number of Meetings Held During the Year : 139</b>																

<sup>1/1</sup> Sec. Piñol is no longer a member of the Audit Com (Approved on 13 March 2018 BOD Meeting).

<sup>2/2</sup> Sec. Castriciones is no longer a member of the Risk Com due to the reorganization of Board Level Committees (Approved on 24 July 2018 BOD Meeting) and he temporarily sit as LLC member from 26 June to 24 July 2018 (Approved on 13 June 2018 BOD Meeting).

<sup>3/3</sup> Sec. Bello was succeeded by Dir. Puno in the Trust Com (Approved on 13 March 2018 BOD Meeting). Due to the resignation of Dir. Puno, Secretary Bello was once again designated as member of the Trust Com (Approved on 08 May 2019 BOD Meeting).

<sup>4/4</sup> Term as member of the LANDBANK Board ended on 30 April 2018

<sup>5/5</sup> Dir. Aguelo was designated as member of the RPT Com (Approved on 08 May 2018 BOD Meeting). Term as member of the LANDBANK Board ended on 24 July 2018

<sup>6/6</sup> Term as member of the LANDBANK Board started on 24 July 2018

<sup>7/7</sup> Term as member of the LANDBANK Board started on 25 September 2018



To ensure that appropriate disclosure is made, and/or information provided to regulating and supervising authorities relating to the Bank's RPT exposures, and policies on conflicts of interest or potential conflicts of interest

## Director Performance Review

One of the components of the Performance Evaluation for Directors in the GOCC Sector, appraises the performance of individual members of the GOCC Governing Board.

Chairperson	Director Virgilio De Vera Robes
Vice Chairperson	Director Jesus V. Hinlo, Jr.
Member/s	Director Jaime L. Miralles Director Nancy Irlanda Tanjuatco

The Committee meets at least quarterly and held a total of 10 meetings in 2018.

The RPT Com vetted 10 loan accounts, two procurement transactions and one HOCAD transaction.

The Board of Directors approved and confirmed the following:

- 1) Approved three reports on Material RPT;
- 2) Confirmed three reports on Non-Material RPT; and
- 3) Confirmed one report on status and aggregate exposures on related parties

### Changes in the Board of Directors

Director Rodolfo V. Puno resigned as member of the LANDBANK Board of Directors representing the Private Sector effective 30 April 2018.

Director Jaime L. Miralles assumed office as member of the LANDBANK Board of Directors representing the Agrarian Reform Beneficiaries, vice Director Crispino T. Aguelo on 24 July 2018.

Director Nancy Irlanda Tanjuatco assumed office on 25 September 2018 as member of the LANDBANK Board of Directors representing the Private Sector, vice Rodolfo V. Puno.

### Performance Assessment Program

As the Bank's corporate governance gravitates on the role of the Board of Directors, an assessment tool is vital for evaluating the Board's performance.

Developed by the Institute of Corporate Directors (ICD), performance rating sheets are disseminated yearly to evaluate the performance of the Board and the Board-level Committees. The results are then evaluated and deliberated upon annually by the Corporate Governance Committee in a duly constituted meeting.

Another performance evaluation tool for directors, the internet-based Performance Evaluation for Directors (iPED) System was developed by the Governance Commission for GOCCs (GCG) to increase the level of confidentiality and security in the information being given by the directors. The Director Performance Review (DPR), one of the components of the Performance Evaluation for Directors in the GOCC Sector, appraises the performance of individual members of the GOCC Governing Board. The DPR Forms are being accomplished and submitted by each director directly to the GCG through the iPED System.

### List of Major Stockholders:

The LANDBANK is wholly-owned by the National Government.

### Retirement Age:

Board of Directors	Senior Management
N/A	Under Section 4.2, RA No. 7641, the Compulsory Retirement age is 65 years old

### Term of Office of Board of Directors:

Under GCG Memorandum Circular No. 2012-04 (re-issued), any provision in the charters of each GOCC to the contrary notwithstanding, the term of office of each Appointive Director shall be for one year, unless sooner removed for cause provided, however, that the Appointive Director shall continue to hold office until his/her successor is appointed.

## Units Under the Board of Directors

Moreover, in compliance with international standards, internal auditing also adds value to LANDBANK's operation by evaluating its risk management and governance processes.

### Internal Audit Group

#### The structure of the internal audit and compliance functions including its role, mandate/authority, and reporting process

To ensure its independence, the Internal Audit Group (IAG) reports functionally to the Board-designated Audit and Compliance Committee (AC Com) and administratively to the President and CEO.

The IAG plays a key role in assisting the LANDBANK Board of Directors, through the AC Com, in the discharge of its corporate governance responsibilities (1) by performing an independent and objective evaluation/assessment of management controls and operations performance, including technology risk management processes and IT controls; and (2) by determining the degree of compliance with laws, regulations, managerial policies, accountability measures, ethical standards and contractual obligations. It covers an appraisal of the plan of organization and all the coordinated methods and measures, in order to recommend courses of action on matters relating to operations and management controls. Moreover, in compliance with international standards, internal auditing also adds value to LANDBANK's operation by evaluating its risk management and governance processes.

As provided for in the IAG Charter, with strict accountability for confidentiality and safeguarding records and information, IAG is authorized to have unrestricted access to any Bank documents, records, properties, personnel, and information technology assets pertinent to carrying out an engagement and is relatedly authorized to require any personnel of the audited units to supply information and/or explanation as needed; and have discussions with any personnel of the auditable units during reasonable office time.

The results of its assurance services, consulting services, special/fraud audits and other services aim to draw attention to any breakdown in internal control or significant issues so that (1) remedial action may be undertaken; (2) improvements in procedures and systems to prevent waste, extravagance and fraud are recommended; and (3) appropriate system of controls and other accounting and operational matters are advised. The IAG also provides periodic reports on the internal audit activity's purpose, authority, and responsibility, as well

as performance relative to its plan including significant risk exposures and control issues, fraud risks, governance issues, and other matters needed or requested.

The IAG is also responsible for reporting to Senior Management and the AC Com on the internal audit activity's Quality Assurance and Improvement Program, including results of on-going assessments and external assessments conducted at least every year and every five years, respectively, including the status of compliance on the agreed corrective actions/plans on unresolved audit issues.

#### The review process adopted by the Board to ensure effectiveness and adequacy of the internal control system

The AC Com's primary purpose is to provide assistance to the LANDBANK Board in fulfilling its oversight responsibilities over the Bank's reporting policies, practices and control, internal and external audit functions.

The IAG reports to the AC Com the results of its assurance services, consulting services, special/fraud audits and other services to ensure that Senior Management is taking necessary corrective actions in a timely manner to address any weakness, non-compliance with policies, laws and regulations, and other issues identified by auditors.

The AC Com holds its meetings at least once a month to ensure the effectiveness and adequacy of the internal control system and that risks are properly managed. On top of the discussion and notation of the regular reports of the IAG and the Compliance Management Group, the Committee also deliberates on various issues and concerns related to the Bank's existing internal controls, potential breaches and vulnerabilities, and likewise recommends ways and measures to strengthen internal controls and manage risks. The business units that fail in the audit are also required to present to the AC Com the status/action taken on audit's recommendations to address internal control breaches or related plans.

The minutes of the meetings of the AC Com are confirmed by the LANDBANK Board.

The AC Com held 15 meetings in 2018 with an average attendance of 93.43%.

## Functional Supervision of the Audit and Compliance Committee

### a. Compliance Function

- Approved CMG's Plans and Programs and Compliance Testing Plan for CY 2018, AML Compliance Self-Testing, updated Compliance Manual, Trust Compliance Manual, revised Whitelisting Guidelines, and enhanced AML Testing Program
- Confirmed CMG's 2018 Management-approved budget
- Noted CMG's participation in the Accounts Review Committee
- Noted various management and compliance reports, such as: (1) results of independent and periodic compliance testing (Bank proper and Trust operations), (2) Reports on Crimes and Losses, (3) Reports on Fines and Penalties, (4) regulations issued, and (5) regulatory ratios
- Noted CMG's updates on the Bank's action taken on open findings/recommendations in the BSP ROE as of 31 March 2016 and CY 2014 as of December 2017; and the BSP reply to the Bank's amended Letter of Commitment containing specific accounts to address the BSP directives on Bank's AML/CFT Framework; and the quarterly status of the amended Letter of Commitment to BSP on the Bank's AML/CTF Framework
- Noted the updates on the implementation of action plans on COA observations and recommendation as of CY 2017, such as: (1) Third Party Service Provider for ATMs, and (2) suggested solutions to address COA's observations
- Noted the results of assessment of the Trust Banking Group's compliance with laws, rules and regulations adopting the BSP Trust Rating System
- Noted the Minutes of Meetings of the AML Committee

### b. Internal Audit

- Approved the revisions in the AC Com Charter and the IAG Plans and Programs for CY 2018 including amendments thereof
- Approved various internal audit policies/action plans/audit tools, such as: (1) Audit Expectations for 2018, (2) revisions in the IAG Charter, (3) Audit Risk Scoring System of Business Units, (4) discontinuance of audit of Supervising Units except in meritorious cases, (5) targeted number of Risk Measurement/Pricing Models for independent validation in CY 2018 with focus on those being used by BRMD and CRMD only, and (6) amendment on the frequency of review of Related Party Transactions from semi-annual to annual
- Confirmed IAG's Management-approved budget for CY 2018
- Endorsed the Business Models for Financial Assets Classification for Board approval
- Noted IAG's declaration of organizational independence and various periodic reports, such as: (1) Accomplishment Reports, (2) results of Audit Client

Satisfaction Survey, (3) long outstanding findings, (4) major/common/recurring findings, (5) outstanding major findings, (6) annual confirmation of balances for private deposit accounts, and (7) various special audits/fact-finding reports

- Noted the presentation of action plans of units that failed the Risk-Based Internal Audit
- Noted the results of the External Quality Assurance Review and corresponding IAG action plans/taken
- Noted the Minutes of Meetings and Accomplishment Reports of the Accountability Assessment Committee
- Noted the AC Com reports, such as: (1) Accomplishment Report, and (2) Results of Performance Rating for PY 2017

## Risk Management Group

Risk management involves the oversight function covering risk identification, assessment, measurement, control, monitoring, and reporting of risks inherent in all activities of the Bank. The Risk Management Group (RMG), as an independent unit, performs the oversight function for all major risk areas of the Bank: credit, market, liquidity, operational, IT risk, information security, and consumer protection, among others. RMG reports functionally to the Risk Com and administratively to the President and CEO of LANDBANK.

RMG is composed of seven Bank Units namely, Business Risk Management Department, Credit Risk Management Department, Enterprise Risk Management Office, Information Security and Technology Risk Management Office, Treasury Risk Management Department, Credit Policy Formulation and Review Unit, and Investment and Loans Committee Secretariat and Support Unit.

RMG also performs risk management assessment for the Bank's subsidiaries and supports the Bank's Internal Capital Adequacy and Assessment Process (ICAAP) Steering Committee in the preparation of the ICAAP document submitted annually to the BSP. It provides guidance on the development and enhancement of the ICAAP framework using scenario analyses and stress testing measures.

## Trust Banking Group

The LANDBANK Trust Banking Group (TBG) ended 2018 on a high note. Guided by its slogan "Stewards for Growth and Good Governance", TBG's performance was marked by sustained increases in Asset Under Management (AUM) which reached ₱305.69 Billion, recording a 132% accomplishment versus target. This is highlighted by an increase of ₱76.24 Billion generated from its Custody and Registry Services, or 46% more than its asset under custody in 2017. The TBG also surpassed its income target for 2018.

The six Unit Investment Trust Funds (UITFs) of TBG posted improved industry rankings by end 2018. Foremost is the LANDBANK Global \$ Fund which improved eight notches from its 2017 level and ranked number 1 by end-2018. Also, the LANDBANK Equity Index Fund ranked number 8 among 52 equity funds from its 38<sup>th</sup> position in 2017. Total UITF AUM increased to ₱576.43 Million by end-2018, mostly from individual investors.



In 2018, TBG has implemented the UITF Auto-invest program that enabled regular UITF contribution from LANDBANK employees via an automatic debit arrangement. The launching of the TBG Stewardship Awards which recognized the efforts of the Bank's employees from the branches, lending centers and other marketing units has likewise contributed to the increase in number of trust accounts, AUM, and income, as well as wider awareness and knowledge on trusts products and services. Also, the new Trust Banking System (Moneyware) marked its "Go-live" status.

The TBG embarked on the completion of the BSP-mandated activities on the migration of the defunct Living Trust Account (LTA) to the Personal Management Trust (PMT). In addition, TBG has adopted its Business Models and accomplished the classification of its existing accounts in line with the BSP regulations governing the implementation of PFRS 9.

Powering into 2019 to promote inclusive growth especially for the underserved sectors, TBG has set its focus to achieve its respective targets in AUM and income and operational efficiency through the following plans and programs, to wit:

1. Offer the UITF Auto-Invest Program to the investing public;
2. Launch the UITF i-Invest Facility that will enable investors to add and withdraw using their smartphones or tablets; and
3. Full implementation of its new Trust Banking System to improve efficiency in its internal processes, ensuring compliance to regulations and maintain quality customer service.

## Compliance Management

The Compliance Management Group (CMG) oversees the implementation of the Bank's Compliance Risk Management System which is designed to identify and mitigate risks which may erode the franchise value of the Bank and ensures that business operations are conducted in accordance with laws, rules and regulations, code of conduct and sound policies and standards of good practice.

CMG has two departments, namely: Regulatory Compliance Department and Anti-Money Laundering Department responsible for the implementation of LANDBANK Compliance Program and Money-Laundering and Terrorist Prevention Program Manual, respectively. CMG is headed by the Chief Compliance Officer (CCO) who functionally reports to the Board of Directors through the Audit and Compliance Committee (ACCom).

All the CMG personnel attended various training programs to progressively build the competencies and have a broad blend of skills and experiences necessary to effectively carry out the compliance functions.

## Units under the Office of the President and CEO

The LANDBANK President and CEO assumes direct supervision over four bank units, namely: (1) Strategic Planning Group; (2) Agrarian Services Group; (3) Legal Services Group; and (4) Security Officer/Physical Security Office.

One of the highlights in 2018 was ASG's reorganization covering the AOCs, BSD and LAPD. The initiative was made to strengthen agrarian operations and better serve the needs of the ARBs, landowners, government and other CARP Implementing Agencies. This also include the replacement of PARCS device, an automated future-proof custom-designed collection system used by the ASG field collectors to streamline the Bank's ARR/FAR Collection's remittance processes; increase coverage of ARR/FAR collection; address the delay or non-remittance of collections by the Field Collectors; eliminate if not lessen the occurrence of tampering of collection documents; generate timely and accurate reports; and reduce Agri-Non-Performing Loans managed by the Loans Recovery Department.

The new PARCS device is the first Android POS machine to be introduced in the Philippines and can perform multi-application as compared to conventional POS. It is functionally scalable to handle micro-loan and deposit servicing.

The following are the programs and projects that will be pursued by ASG:

1. Automation of LTC Monitoring System – This will enhance efficiency in the monitoring and settlement of land transfer claims (LTCs) and provide LANDBANK and DAR timely information on the status of processed and approved LTCs.
2. Collection of Past Due Loans through Portable Agrarian Reform Collection System (PARCS) - ASG's contribution in the reduction of Agri- Non-Performing Loans, recovers past due agri-loans and generates revenues for the bank.
3. Management of Agricultural ROPA Accounts covered under CARP – ASG will assist SPAD in the monitoring and collection of payments for Agri-ROPAs covered under CARP.
4. Transfer of Custodianship of CLOAs and Emancipation Patents from LANDBANK to the DAR – This will enable the FBs to fully enjoy and exercise their right of ownership over their awarded lands and to empower them to become dignified and productive members of society.

## Agricultural and Development Lending Sector

The Agricultural and Development Lending Sector (ADLS), which was headed by EVP Joselito P. Gutierrez, manages the Bank's lending activities. The Sector is directly in charge of providing timely and responsive financial assistance and other interventions to the Bank's mandated and priority sectors

including farmers and fishers, agrarian reform beneficiaries and their associations, agri and aqua-related businesses, and other programs aligned with the priorities of the National Government with the end goal of helping improve the quality of life especially in the countryside and promote inclusive growth.

To deliver the Bank's loan products and services across the country, there were 44 Lending Centers located in the key provinces and nine Lending Units based at the Head Office that cater to retail, mortgage and corporate lending. For efficient management and control, the provincial Lending Units are clustered by major island groupings: the North and Central Luzon, Southern Luzon, Visayas and Mindanao Lending Groups. At the Head Office, the lending units are grouped into Corporate Banking and Retail and Mid-Market Lending.

The CBG is comprised of the Corporate Department I (CBD I) and the Corporate Banking Department II (CBD II), both handling large corporations; the Public Sector Department (PSD), handling government accounts; the Financial Institutions Department (FID), which handles financial institutions and rural banks; the Microfinance Institutions Department (MFID), a department which was newly created in August 2017, focuses on lending to cooperatives within the National Capital Region (NCR).

The Retail and Mid-Market Lending Group, on the other hand, oversees the administration, monitoring, supervision and management of housing mortgage and mortgage loans, Sales Contract Receivables, and accounts of Small and Medium Enterprises (SMEs), including livelihood (salary) and OFW loans in the NCR.

To support the Bank's lending activities, the Lending Programs Management Group is responsible for program development, monitoring, and sourcing of foreign and domestic funds. The Lending Support Department provides administrative and backroom support to the Sector. The Loan Recovery Department and the Special Assets Department handle matters related to loan recovery and past due loans for Head Office Lending Units, and management and disposal of ROPAs acquired by all Lending Units, respectively.

## Branch Banking Sector

The Branch Banking Sector (BBS), which is headed by EVP Liduvino S. Geron, handles the deposit-taking and deposit-related servicing of the Bank.

As of 31 December 2018, the Bank has a total of 359 branches, 37 extension offices (EOs), 49 LANDBANK Easy Access Facilities (LEAFs), 12 Teller/FX Booths and 119 Cash Deposit Machines (CDMs). These units are clustered into 10 geographical locations for an effective branch management and control, namely: North and South NCR; North Luzon; Central Luzon; Southeast and Southwest Luzon; East and West Visayas; and East and West Mindanao Branches Groups.

The BBS markets and implements the electronic card-based products and services and other alternative e-banking solutions of the Bank through the Card and Electronic Banking Group. In support to government programs, the Sector through the OFW Remittance Group provides support to OFWs in terms of remittances both domestic and overseas. Presently, the Bank covers 22 countries/overseas jurisdictions and employs 12 Overseas Remittance Officers. The CCT Program Management Office (CCT-PMO), on the other hand, oversees the implementation requirements of the National Government for its Cash Transfer Programs which include the Conditional Cash Transfer, Unconditional Cash Transfer, and Tax Reform Cash Transfer Programs (4Ps, Social Pension and Listahanan). The CCT-PMO closely coordinates with the Department of Social Welfare and Development, concerned Bank units, and LANDBANK-accredited CCT conduits to ensure the efficient delivery and distribution of cash grants to eligible beneficiaries.

Providing support to the sector are the Branch Banking Support Department which handles administrative support to the various units and the Systems Implementation Department for technical support to all system users in the Branches.

In 2018, the BBS launched the Digital On-Boarding System (DOBS), a web-based browser which facilitates deposit account opening and approval processes. The DOBS allows both individual and institutional clients to fill out digital account opening forms prior to proceeding to the branch for the account opening process. It was initially implemented in 18 pilot branches and will be fully implemented in 2019.

Further, the BBS continuously promotes the use of digital technologies for the convenient banking of its clients, more particularly via the implementation of the LANDBANK Link. BizPortal. The platform allows clients to pay for products and services via the internet from both the government and private institutions. A total of 193 new merchants were enrolled in 2018. Similarly, to cater to the online banking requirements of clients such as fund transfer, bills payments and account inquiries, digital nooks/corners were installed in 71 branches.

In line with continued expansion to deliver its products and services, the Bank opened 19 additional branches/extension offices/LEAFs in 2018. It installed 192 ATMs, 26 CDMs and 334 Point-of-Sale (POS) cash-out and debit/credit terminals nationwide.

**192**

Installed ATMs

**26**

CDMs

**19**

Additional branches/  
extension offices/  
LEAFs in 2018

**334**

Point of Sale (POS)  
cash-out and debit/  
credit terminals  
nationwide

In its mandate of powering inclusive growth in the countryside, the BBS aims to (1) establish partnerships with reputable cash-rich agents or cooperatives who have the integrity, probity and the necessary expertise to deliver cash withdrawal and cash acceptance services in underserved and unbanked areas; (2) make banking services available and accessible through expansion of branch networks including the establishment of mobile branch, installation of additional ATMs/POS/CDMs and deployment of mobile ATMs; (3) continuously enhance operations on e-banking to promote secure and convenience banking; (4) shorten processing time through the use of new technology solutions which include the full implementation of customer digital on-boarding solutions, digital nooks and digital hubs; (5) actively market electronic payments and cash management solutions that will promote more convenience in banking transactions; and (6) continuously expand remittance services for OFWs through forging tie-ups with remittance partners with global coverage/networks.

## Treasury and Investment Banking Sector

The overall supervision of the Bank's treasury operations, financial resource management and investment banking is taken on by the Treasury and Investment Banking Sector (TIBS). EVP Caryl S. Halog heads the TIBS which is comprised of three groups: (1) Asset and Liability Management Group (ALMG), (2) Financial Market Group (FMG), and (3) Investment Banking Group (IBG).

ALMG manages LANDBANK's balance sheet and liquidity and reserve positions.

FMG, on the other hand, undertakes the management of the Bank's trading units for both Peso and Foreign Currency-denominated instruments, and the formulation of trading strategies using fundamental and technical analysis.

IBG extends underwriting services and financial advisory for debt and equity capital market transactions, specialized and structured transactions, fund arrangement, and advisory services for corporate finance transactions. It also provides investment banking services for project finance transactions as well as monitoring the performance of all of the Bank's investments in equity and other financial instruments.

## Operations Sector

The Operations Sector (OS) is headed by EVP Alan V. Bornas. This Sector undertakes the provision of Bank-wide operational support including the accounting services and development and implementation of information technology system-related infrastructure. The OS is comprised of four groups with the following functions:

- The Banking Services Group (BSG) supervises the operations of its three Departments namely, (1) ATM Operations Support Department; (2) Cash Operations Support Department; (3) Central Clearing Department; and (4) MDS and Collections Management Department. This group is in charge of the central cash vault servicing such as cash withdrawals from the BSP, cash deliveries to

the Bank's cash centers in the NCR and nearby provinces, ATM monitoring and transactions reconciliation, check's monitoring, sorting and clearing, the processing of branches' collections and remittances, and the allocation and reimbursement of the National Government's Modified Disbursement Scheme (MDS).

- The Banking Operations Group (BOG) oversees the international trade, non-trade and foreign currency transactions, maintains the loans subsidiary ledgers, billing and collection functions related to lending operations, and processes inward and outward remittances both for foreign and domestic transactions. BOG has four bank units: (1) Foreign and Domestic Remittance Department; (2) International Trade Department; (3) Loans Implementation Department; and (4) Property and Valuation and Credit Information Department.
- The Controllershship Group supervises the performance of general accounting, inter-office floats management, preparation of the Bank's financial statements and reports for external regulatory bodies, Bank-wide budget preparation and control, management of the Bank's tax position and documentation of operations and preparation of procedural guidelines on Bank operations. It also supervises five departments: (1) Administrative Accounting Department; (2) Agrarian Accounting Department; (3) Financial Accounting Department; (4) Systems and Methods Department; and (5) Treasury Operations Department.
- The Technology Management Group oversees information technology (IT) management functions, particularly the coordination on the Bank's IT plans, designing of IT architecture, oversight on the implementation of IT programs in coordination with the designated project teams, management and enhancement of IT infrastructure and applications. It also provides technical evaluation or advice for end-user selection of application software and hardware. The group is comprised of the following departments: Data Center Management, E-Banking Systems, Enterprise Systems, IT Project Management, Network Operations and Retail Banking Systems.

## Corporate Services Sector

The Corporate Services Sector is headed by EVP Julio D. Climaco, Jr. This Sector is comprised of four bank units with corresponding functions: (1) Human Resource and Management Group (HRMG) handles the overall supervision of the delivery of human resource support services; (2) Facilities and Procurement Services Group (FPSG) administers the Bank's facilities, properties and supplies; (3) Provident Fund Department (PFD) manages the Bank's Provident Fund; and (4) Corporate Affairs Department (CAD) covers the management and administration of LANDBANK's media and external relations programs.



Risk Management (RM) goes hand-in-hand on co-equal footing with LANDBANK's business strategy. It is an integrative component of good governance which the LANDBANK Board, Risk Oversight Committee (Risk Com) and Senior Management oversee to ensure adequacy of framework, policies, internal controls, RM systems and procedures to manage risks.

## LANDBANK Risk Management Philosophy and Culture

Risk Management (RM) goes hand-in-hand on co-equal footing with LANDBANK's business strategy. It is an integrative component of good governance which the LANDBANK Board, Risk Oversight Committee (Risk Com) and Senior Management oversee to ensure adequacy of framework, policies, internal controls, RM systems and procedures to manage risks.

The Bank's core RM philosophy is to balance risk and reward by maximizing business opportunities, operating within the risk threshold and minimizing losses beyond its appetite. RM is also embedded in all the business processes of the Bank and it ascertains that risk-taking is commensurate with its risk appetite.

The Bank's RM completes the triumvirate of audit and compliance functions which focus on the risk controls of the Bank. Together with internal audit and compliance, the synergy of the three functions provides credence to the role of the Bank's corporate governance in implementing an effective RM framework.

LANDBANK's RM approach is governed by the Board-approved Enterprise RM (ERM) anchored on its mission, vision, and strategic objectives. The LANDBANK's implementation of the ERM system with defined pro-active RM departs from silo approach. Thus, RM is implemented beyond compliance across the entire organization with active participation of the Board, Senior Management and all business units (BUs) of the Bank. ERM is implemented in three levels, namely, strategic, portfolio, and transactional levels.

At the Strategic Level, the LANDBANK Board through the Risk Com and Senior Management, are actively involved in an enterprise-wide RM oversight which involves formulation and approval of RM framework, policies and strategies, internal controls, and RM system as well as the annual review thereof. The LANDBANK Board and Senior Management are also involved in an organizational-wide risk monitoring which is used as basis for decision-making and review of LANDBANK's controls/mitigating measures (operational, financial and compliance control) and RM system.

At the Portfolio Level, the Groups or Departments oversee the implementation of policies and processes and monitor possible breaches. RM Group (RMG) recommends policies, processes and revisions based on risk reports submitted by the risk-taking BUs to address risk occurrences that cannot be solved at the level of the risk-taking BUs.

At the Transactional Level, the Authorized Risk Takers (ARTs) who act as the first line of defense are involved in the actual implementation of risk policies and procedures. The ARTs embrace the continuous management of risk events and immediately escalate policy breaches, procedural infractions and related risk occurrences that cannot be solved at their level to the Department or Group Heads.

### Risk Governance Framework (RGF)

RM involves the oversight function covering risk identification, assessment, measurement, control, monitoring, and reporting of risks inherent in all activities of the Bank. The RMG, as an independent unit, performs the oversight function for all major risk areas (credit, market, operational, compliance, concentration/contagion, interest rate, counterparty, liquidity, reputation, IT risk, among others) of the Bank. RMG reports functionally to the Risk Com and administratively to the President and Chief Executive Officer (CEO) of LANDBANK.

### Subsidiaries RM

Part of the Bank's RGF involves managing risks residing in LANDBANK Subsidiaries. This ensures that there is an integrated perspective of risk exposures both at disaggregated and aggregated level.

Subsidiaries Risk is the risk on earnings and assets of LANDBANK (direct impact) arising from the reduction or decline in net income of non-financial allied subsidiaries and/or newly acquired entities/institutions.

The Bank provides RM oversight to LANDBANK Subsidiaries acknowledging that the LANDBANK Subsidiaries' operations also bear impact on the Bank's financial statements. It monitors and reports risk exposures of the LANDBANK Subsidiaries through the submission of consolidated financial reports.

RM oversight to the LANDBANK Subsidiaries is also an essential component of corporate governance of LANDBANK. It is a means of improving the Bank's

business and services in a group-wide activity that involves LANDBANK as Parent Bank and its six wholly-owned Subsidiaries including newly acquired entities/institutions in the pursuit of its business goals and objectives:

1. LANDBANK Resources and Development Corporation (LBRDC)
2. Masaganang Sakahan, Incorporated (MSI)
3. LANDBANK Insurance Brokerage, Incorporated (LIBI)
4. LANDBANK Leasing and Finance Corporation (LLFC)
5. LANDBANK Countryside Development Foundation, Incorporated (LCDFI)
6. Overseas Filipino Bank (OFBank)

The RM Program for Subsidiaries (RMPS) of the Bank was approved on 17 December 2018 by Risk Com per ROC Resolution No. 2018(12)560. This includes relevant methodologies, processes and tools which guide LANDBANK Subsidiaries in implementing a robust RM.

The RMPS incorporates the LANDBANK Subsidiaries' RM Framework which includes:

1. RM Policy (Principles)
2. RM Oversight Structure, key roles, and responsibilities
3. Levels of RM (Strategic, Portfolio, and Transactional level)
4. Process for Risk Identification, Measurement, Monitoring, and Reporting
5. RM Strategy Formulation
6. Programs to promote RM Awareness and culture in LANDBANK Subsidiaries
8. RM Operations and Tools

These policies mirror the RM Framework and policies of LANDBANK as Parent Bank and are compliant with the regulatory requirements articulated under BSP Circular No. 971 dated 22 August 2017 "Guidelines on Risk Governance". It considers the diversity of LANDBANK Subsidiaries' mandate, nature of business operations, structure, risk appetite and other variables.

Also, as part of the continuing education of the Risk Com members, an Annual Learning Session is held to re-orient and provide updates on regulatory issuances relative to risk policies, procedures, guidelines, strategies, and various operational aspects of LANDBANK. The overall 2018 performance rating of the Risk Com is 99.50% or Superior based on the following parameters: Function and Responsibilities, Structure, Process, and Performance.

## Credit Risk Management

Credit risk arises from the failure of counterparty to meet the terms of any contract with the Bank. Credit risk is not limited to the loan portfolio but is found in all the Bank's activities where success depends on counterparty, issuer, or borrower performance. It arises any time the Bank's funds are extended, committed, invested, or otherwise exposed through actual or implied contractual agreements, whether reflected on or off the balance sheet. The Bank considers its loan portfolio as the major source of credit risk. However, other sources of credit risk exist throughout the activities of the Bank, including the banking and trading books and On- and Off-Balance Sheet transactions.

## Maximum Credit Risk Exposure

The table below shows LANDBANK's maximum exposure to credit risk, before and after considering eligible collateral held or other credit enhancements.

On-Balance Sheet (BS) Items	2018 (In P Millions)							
	CEA	0%	20%	50%	75%	100%	150%	CRWA
Cash on Hand	36,941	36,941						
Checks & Other Cash Items (COCI)	51		51					10
Due from Bangko Sentral ng Pilipinas (BSP)	334,804	334,804						
Due from Other Banks	4,718		67	4,563		88		2,383
Financial Assets Designated at FVTPL	912					912		912
Available-for-Sale (AFS) Financial Assets	92,902	65,926		22,898		4,078		15,527
Held-to-Maturity (HTM) Financial Assets	496,134	462,778		15,075		18,281		25,819
Loans & Receivables	723,222		7,652	16,295	87,501	606,498	5,276	689,716
1. Interbank Loans Receivables	48,449		7,364	10,732		30,323	30	37,207
2. Loans & Receivables – Others								
a. LGUs & Public Sector Entities	33,044					33,044		33,044
b. Government Corporation	1,988					1,988		1,988
c. Corporates	511,703					511,703		511,703
d. Microfinance/Small & Medium Enterprise	87,995		288		87,501	206		65,889
e. Loans to individuals	34,574			5,563		29,011		31,793
3. Defaulted Exposures	5,469					223	5,246	8,092
Other Loans and Receivables <sup>1/</sup>	50,549	50,549						0
Sales Contract Receivable (SCR)	890					425	465	1,123
Real & Other Properties Acquired (ROPA)	4,855						4,855	7,283
Total Exposures Excluding Other Assets	1,745,978	950,998	7,770	58,831	87,501	630,282	10,596	742,771
Add: Other Assets	17,511	17				17,494		17,494
Total On-BS RWA not covered by CRM								72
<b>Total On-BS Exposures</b>	<b>1,763,489</b>	<b>951,015</b>	<b>7,770</b>	<b>58,831</b>	<b>87,501</b>	<b>647,776</b>	<b>10,596</b>	<b>760,339</b>

<sup>1/</sup> Arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse, and Securities Lending and Borrowing Transactions

Off-BS Items	2018 (In P Millions)							
	CEA	0%	20%	50%	75%	100%	150%	CRWA
A. Direct credit substitutes	4,810			158		4,652		4,731
B. Transaction-related contingencies	59,888					59,888		59,888
C. Trade-related contingencies	2,308			1,126		1,182		1,745
D. Other commitments								-
Total Off-BS Exposures	67,006	-	-	1,284	-	65,722	-	66,364
Counterparty RWA In The Trading Book	CEA	0%	20%	50%	75%	100%	150%	CRWA
Derivative Exposures	231		10	85		136		181
<b>TOTAL</b>	<b>1,830,726</b>	<b>951,015</b>	<b>7,780</b>	<b>60,200</b>	<b>87,501</b>	<b>713,634</b>	<b>10,596</b>	<b>826,882</b>

CEA: Credit Equivalent Amount

CRM: Credit Risk Mitigant

RWA: Risk Weighted Assets

CRWA: Credit Risk Weighted Assets

## Credit Exposures and Credit-Related Commitments

As of 31 December 2018, LANDBANK's Gross Loans and Receivables (GLR) amounted to ₱723,222 Million, net of credit risk mitigation which consists mainly of prime collaterals such as deposit holdout, government securities (GS) and sovereign guarantees. Net of Loans and Receivables, Corporates stood at ₱511,703 Million (70.75%), followed by Micro, Small and Medium Enterprises (MSMEs) at ₱87,995 Million (12.17%), Government Corporation/Entities at ₱35,032 million (4.84%) and Loans to Individuals at ₱34,574 Million (4.78%). The Bank also holds substantial receivables arising from Repurchase Agreements aggregating ₱50,549 Million. The ₱66,364 Million credit risk weighted asset of net Off-balance Sheet exposures of ₱67,006 Million is computed based on respective Credit Conversion Factors. These accounts are composed mainly of general guarantees of indebtedness (e.g., financial standby letters of credit – domestic and foreign), performance bonds and warranties related to particular transactions, and contingencies arising from movement of goods and trust transactions. Outstanding derivative exposures are mainly over-the-counter foreign exchange option contracts.

The Bank's GLR reflected a Credit RWA of ₱689,716 Million following the Standardized Approach. This represents 83.41% of the Total Credit RWA of ₱826,882 Million. The Total Credit RWA increased by ₱198,521 Million or 31.59%, from ₱628,361 Million in 2017 to ₱826,882 Million in 2018. The Total Credit RWA represents 91.31% of the Bank's Aggregate RWA of ₱905,541 Million.

## Management of Credit Risk

Credit RM aims to adequately manage the risk of financial loss arising from the failure of borrowers or counterparties to settle their obligations in accordance with the terms and conditions of the duly approved contractual agreement.

This involves the identification, measurement and monitoring of actual or potential losses and the implementation of appropriate measures, including the setting-up of applicable limits to keep credit risk exposures within the Bank's risk appetite or the acceptable level of credit risk that it is willing to accept in pursuit of its lending plans and programs.

The Bank also manages the credit risk inherent in the entire portfolio as well as the risk in individual credits or transactions and the correlation of credit risk with other risks. The effective management of credit risk is a critical component of a comprehensive approach to RM and essential to the long-term success of the Bank.

The Bank manages credit risk through a structured framework duly approved by the LANDBANK Board that sets out policies and procedures covering the identification, measurement, control, and monitoring of credit risk. Accordingly, approval of credit application goes through prescribed loan approving levels which, depending on the transaction or amount of loan applied, could be elevated to the Credit Committee a Management-level Committee, the Investment and Loan Committee (ILC), a Board-level Committee and up to the LANDBANK Board of Directors, whenever applicable. The approval process also covers proposed remedial actions aimed at helping problem accounts regain normal operations. The Bank has put in place comprehensive set of credit policies through the issuance of Credit Manual, Credit Policy Issuances (CPIs) and Credit Bulletins. As the Bank's middle office for credit risk, the Credit Risk Management Department handles credit risk oversight, risk measurement and risk rating of borrowers.

To effectively monitor and maintain the quality of its loan portfolio, the Bank conducts annual qualitative and impairment review to assure proper loan classification and setting-up of valuation reserves. As of 31 December 2018, the Bank's net Non-Performing Loan (NPL) stood at ₱3,715 Million or 0.428% of the total loan portfolio of ₱867,217 Million.

## Credit Risk Rating

LANDBANK's Credit Risk Engine System (CRES) serves as the main platform for the development of statistically-based credit rating models which will be used to conduct automated credit ratings of borrowers to help determine their credit worthiness. The Bank undertakes continuing development and implementation of the automated CRES scoring facility to provide support to its ongoing initiatives for the adoption of applicable banking regulations and global best practices and approaches in Credit Risk Management.

The said credit ratings are also needed for the eventual adoption of the advance approaches in credit RM under the Basel Committee on Banking Supervision principles on sound credit RM.

Toward this end, the Bank has developed the following statistically-based credit scoring models and their corresponding rating guidelines in 2018:

- Application Scoring Model for Individual Home Buyers
- Application Scoring Model for Salary Loan Availers
- Behavioral Scoring Model for Existing Salary Loan Availers<sup>1</sup>



- Behavioral Scoring Model for Local Government Units (LGUs)
- Behavioral Scoring Model for Small & Medium Enterprises (SMEs)
- Behavioral Scoring Model for Corporates
- Behavioral Scoring Model for Cooperatives
- Application Scoring Model for Credit Card<sup>1</sup>
- Application Scoring Model for Livelihood Mobile Loan Saver<sup>1</sup>
- Behavioral Scoring Model for Countryside Financial Institutions<sup>1</sup>

Nonetheless, the Bank shall continue to use the expert-based credit rating system for Universal Banks, Commercial Banks and Offshore Banks.

### Credit Risk Monitoring

The Bank has continuously adopted a formal reporting system for the LANDBANK BOD and Senior Management to be able to monitor the credit quality of individual and loan portfolio using asset quality indicators such as past due ratio, NPL ratio, level of non-performing assets, coverage ratio, concentration risk. Clean large exposures, breaches in regulatory and internal limits, potential credit risk, Directors, Officers, Stockholders and their Related Interests loans, Related Party Transactions and compliance with Real Estate Stress Test (REST) are intensively monitored by the ILC and the Risk Com. The recovery of written-off accounts is also within the radar of the LANDBANK Board and Senior Management.

### Collateral and Other Credit Enhancements

The Bank adopts a cash flow lending principle and collateral is not the primary factor in granting credit. The required amount and type of collateral and other credit enhancements to mitigate credit exposures depend primarily on the results of the holistic and prudent credit assessment. When needed, the Bank diligently evaluates the enforceability, realizable value and marketability of offered collaterals. The Bank's Credit Manual and CPIs provide the guidelines on the acceptability of loan collateral and maximum valuation for each type of collateral.

The primary collateral accepted are Holdout on Deposits, GS, Real Estate Mortgage and Chattel Mortgage. The Bank also accepts government guarantees, cross suretyship from corporations and such other eligible guarantees. In the case of agricultural and agriculture-related loans that are vulnerable to the effects of climate and weather disturbances, borrowers are encouraged to avail of crop insurance guarantees and other insurance mechanisms to shield them from these risks.

### Credit Stress Test

LANDBANK regularly conducts stress testing of individual large exposure and its loan portfolio taking into account plausible risk events with high probability of occurrence. Utilizing such scenarios with documented assumptions, tests are done to determine the magnitude of impact on the Bank's loan portfolio, on the Credit RWA, and finally on the Common Equity Tier 1 (CET1) Ratio. The stress testing also includes prescribed regulatory tests such as uniform stress test and REST. Results of the stress testing, together with the contingency plans, are escalated to the ILC and Risk Com.

## Market Risk Management

### Market Risk Management Framework

LANDBANK is exposed to market risks in both its trading and non-trading banking activities. The Bank assumes market risk in market making and position taking in government securities and other debt instruments, equity, FX and other securities, as well as, in derivatives or financial instruments that derive their values from price, price fluctuations and price expectations of an underlying instrument (e.g., share, bond, FX or index). The Bank's exposure on derivatives is currently limited to currency swaps and currency forwards to manage FX exposure. The Bank is also exposed to derivatives that are embedded in some financial contracts, although, these are relatively insignificant in volume.

The Bank uses a combination of risk sensitivities, Value-at-Risk (VaR), stress testing, Capital Adequacy Ratio (CAR) and capital metrics to manage market risks and establish limits. The LANDBANK Board of Directors (BOD), Risk Com and the Asset and Liability Committee (ALCO), define and set the various market risk limits for each trading portfolio. The Treasury and Investment Banking Sector (TIBS), particularly the Financial Markets Group (FMG) which manages the Bank's trading units as well as the Asset and Liability Management Group (ALMG) which manages the liquidity and reserve positions, conduct risk-taking activities within limits and ensures that breaches are escalated to the Senior Management for appropriate action.

A management alert is activated whenever losses during a specified period equal or exceed specified management alert level. The Bank controls and minimizes the losses that may be incurred in daily trading activities through the VaR, Management Action Triggers (MATs) and Stop Loss. Positions are monitored on a daily basis to ensure that these are maintained within established position limits to control losses. Position limits are subordinated to MATs, VaR and Stop Loss limits. Macaulay and Modified Duration are used to identify the interest rate sensitivity of the Bond Portfolio of the Bank. In the same way, certain subsidiaries of the Bank independently quantify and manage their respective market risk exposures by maintaining their respective RM system and processes in place.

### Market Risk Weighted Assets

As of 31 December 2018, the LANDBANK's Total Market RWA stood at ₱9,302 Million, broken down as follows:

In ₱ Million	
Particulars	Amount
Interest Rate Exposure	858
Equity Exposure	0
FX Exposure	138
Options	8,306
<b>Total Market RWA</b>	<b>9,302</b>

The Total Market RWA represents 1.03% of the Bank's Aggregate RWA of ₱905,541 Million.

## Managing Market Risk Components

Market Risk is associated to earnings arising from changes in interest rate, FX rates, equity and in their implied volatilities. Market risk arises in trading as well as non-trading portfolios.

The Bank manages the following key market risk components using its internal risk mitigation techniques:

### 1. Interest Rate Risk in the Trading Book

Interest Rate Risk represents exposures to instruments whose values vary with the level or volatility of interest rates as a result of market making and portfolio taking. LANDBANK continues to manage interest rate risk in trading activities through factor sensitivities and the use of an effective and independently validated VaR methodology and stress testing. Government Securities (GS) and Foreign Securities (FS) are subject to daily mark-to-market and controlled through risk limits such as position, VaR, MATs and Stop Loss.

Particular	Daily Limit		MAT	Stop Loss
	Position	VaR		
Government Securities	₱20,000.00M	₱150.00M	YTD Gain Erosion	₱200.00M
Foreign Securities	\$20.00M	\$0.20M	Group Target	\$0.64M

YTD: Year-to-Date

The Foreign Exchange Risk in FS is accounted under Foreign Exchange Risk Management.

**2,486,266** Total Gross FX Assets

## 2. Equity Price Risk Management

LANDBANK is exposed to equity price risk resulting from changes in the levels of volatility of equity prices, which in turn affect the value of equity securities and impacts on profit and loss of the Bank. Equities are subject to daily mark-to-market and controlled through risk limits such as position, VaR, MATs and Stop Loss.

In ₱ Million

Particular	Daily Limit		MAT	Stop Loss
	Position	VaR		
Equity	1,000.00	15.00	YTD Gain Erosion Group Target	90.00

## 3. FX Risk Management

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in FX rates. Using the Philippine Peso as the functional currency, the Bank monitors daily the currency positions to ensure that these are within established limits.

The following limits are set for foreign-currency related transactions:

In \$ Million

Particular	Daily Limit		MAT	Stop Loss
	Position	VaR		
FX Trading	50.00	0.36	YTD Gain Erosion	1.15
Foreign Securities	20.00	0.20	Group Target	0.64

LANDBANK had the following significant exposures denominated in foreign currencies as of 31 December 2018:

In \$ Thousand

Particular	USD	JPY	EUR	AUD	Others	Total
<b>ASSETS</b>						
Fx Currency Notes & Coins on Hand (FCNCH)/ Cash and Other Cash Items (COCI)	31,162	155	110	23	194	31,644
Due from Banks	78,419	1,761	6,567	208	1,130	88,085
Held for Trading	8,076	0	0	0	0	8,076
Available For Sale Investment	867,096	0	1	0	0	867,097
Investments in Bonds and Other Debt Instruments (IBODI)	636,840	0	0	0	0	636,840
Interbank Loans Receivable	344,000	0	0	0	0	344,000
Loans & Receivables	427,314	49,074	0	0	0	476,388
Other Assets	32,467	785	0	174	710	34,136
<b>Gross FX Assets</b>	<b>2,425,374</b>	<b>51,775</b>	<b>6,678</b>	<b>405</b>	<b>2,034</b>	<b>2,486,266</b>
<b>LIABILITIES</b>						
Deposit Liabilities	1,805,536	1,649	3,915	0	0	1,811,100
Bills Payable	268,081	292,899	28,589	0	0	589,569
Other Liabilities	130,273	1,565	1,680	174	710	134,402
<b>Gross FX Liabilities</b>	<b>2,203,890</b>	<b>296,113</b>	<b>34,184</b>	<b>174</b>	<b>710</b>	<b>2,535,071</b>

## Market Risk Measurement and Validation Tools

### 1. VaR Analysis

VaR is a statistical approach for measuring the potential variability of trading revenue. It is used to measure market risk in the trading book under normal conditions, estimating the potential range of loss in the market value of the trading portfolio, over a one-day period, at 99.0% confidence level, assuming a static portfolio.

The Bank uses internally developed Historical Simulation Model in computing VaR of Equities, FS, GS and FX trading portfolios as well as FX Net Open Position which is acceptable to BSP. Moreover, the Bank continuously pursues initiatives to improve its processes. The VaR disclosure is intended for external disclosure and for regulatory purposes.

The VaR both at portfolio and across portfolio level are monitored. Daily VaR calculations are compared against VaR limits which is the monetary amount of risk deemed tolerable by Management. The over-all VaR limit for the Treasury trading activities was set at ₱193 Million throughout 2018. The Bank also determines Diversified VaR that takes into account the diversification effect in which all losses in all securities in a portfolio are imperfectly correlated.

### 2. Stress Test

RM models have recently become the main focus of RM efforts in the banking industry where banking activities are exposed to changes in fair value of financial instruments. However, the Bank believes that the statistical models alone do not provide reliable method of monitoring and controlling risk because these models (while relatively sophisticated) have several known limitations, at the same time, do not incorporate the potential loss caused by very unusual market events. Thus, the VaR process is complemented by Stress Testing to measure this potential risk.

Stress Test is a RM tool used to determine the impact on earnings and capital of market movements considered "extreme", i.e., beyond "normal" occurrence. The Bank utilizes Stress Tests to estimate possible losses which the VaR does not capture.

The Bank's Portfolio Scenario Analysis (PSA) analyzes the impact of major risks that emerge out of the different scenarios, considering adverse and probable risk events, on activities related to Treasury's trading and investment portfolios. This seeks to establish how far the Bank can absorb certain levels of stress, to explore the events that could cause a significant impact to the Bank and to assess its vulnerabilities and capability to deal with shocks such as price risk, interest rate risk, FX risk and eventually, liquidity risk. Reverse Stress Tests are conducted to identify and simulate the events that can lead the Bank to a particular tail event.

Results of the PSA are also simulated in the CAR computation to be able to assess its impact on the Common Equity Tier (CET) 1 ratio set at 10.17% by BSP for LANDBANK as Domestic Systemically Important Banks (DSIB) for 2018.

### 3. Back-Test

LANDBANK adopts back-testing as the basic technique in verifying the quality of risk measures used by comparing actual trading results with model-generated risk measures.

Under the back-testing process, exception occurs if mark-to-market (MTM) and trading loss exceeds the result of the model-generated risk measure. The number of exceptions is noted and the model is classified into one of the three zones as follows:

zone classification	number of exceptions
safe/green zone	0-4 exceptions
non-conclusive/yellow zone	5-9 exceptions
problematic/red zone	10 or more exceptions

Back-testing results are presented to the ALCO and the Risk Com which examine the actual performance of portfolios against VaR measures to assess model accuracy and to enhance the risk estimation process in general.

### 4. Model Validation

Risk models used in managing market risk are subjected to independent model validation. The Internal Audit Group (IAG) is tasked to do model validation of RM models. The Bank has also engaged the services of a third party to conduct an independent model validation.

## Interest Rate Risk Management

### Interest Rate Risk in the banking book

For interest rate risk in the banking book, a key component of LANDBANK's asset and liability policy is the management of interest rate sensitivity. Interest rate sensitivity is the relationship between market interest rates and net interest income due to the maturity or re-pricing characteristics of rate sensitive assets and liabilities.

The Bank establishes the lending rates for its loans based on a spread over its internal base rate, reflecting the average cost of funds that is generally reset at the beginning of every two weeks. Interest rates on floating rate loans are typically reset every 30 to 90 days. For deposits, regular savings and time deposit account rates are set by reference to prevailing market rates.

The Bank manages interest risk based on approved policies and guidelines, established limit setting procedures and interest rate risk limits, application of interest rate risk measurement models and reporting standards such as Re-pricing Gap/Earning-at-Risk (EaR), Economic Value of Equity (EVE)-at-Risk, Bond Duration Report and Balance Sheet Duration Report.



The two interest rate risk perspectives adopted by the Bank in measuring interest rate risk in the banking book are as follows:

- Earnings Perspective:** The Bank uses the Earnings-at-Risk (EaR) Model to estimate changes in net interest income under a variety of rate scenarios over a 12 month horizon. EaR is a simulation method that analyzes the interest rate risk in the Banking Book in terms of earnings (accrual basis).

To determine the actual behavior of Non-Maturing Deposits (NMDs) and capture the Bank's actual interest rate risk exposure, the Bank analyzed its deposit base to estimate the proportion of core and non-core deposits and determine how actual maturity or re-pricing behavior may vary from the contractual terms.

Core Deposits are NMDs which are unlikely to re-price even under significant changes in interest rate environment while Non-Core (Volatile) Deposits are NMDs that are characterized by "activity" as manifested by the behavior based on withdrawal patterns, computed through statistical analysis of net withdrawal levels.

Non-Core NMDs are re-bucketed based on net withdrawal pattern for the past five years and Core NMDs are allocated in the "more than five years".

Furthermore, to enhance the process of forecasting cash flows from prepayment of loans and come up with a more accurate analysis of risk associated to interest rate in the banking book, a portion of the loan balance originally distributed across time bands is deducted representing loan prepayment and slotted in the nearest tenor "1 to 7-day bucket" based on the result of the behavioral analysis of prepayment of loans.

Excluded at the moment in the analysis of actual maturity or re-pricing behavior for the determination of Re-pricing Gap are the term deposits subject to early redemption risk. Early withdrawal of maturing deposits is considered an isolated case which will have minimal effect in the Bank's interest rate risk estimation.

The following table sets the Re-pricing Gap position of the Bank as of 31 December 2018 and the increase/decline in earnings for upward and downward interest rate shocks in the banking book:

					In ₱ Million
Particulars	Within 1 month	> 1 month to 3 months	> 3 months to 6 months	> 6 months to 12 months	
<b>Financial Assets</b>					
Liquid Assets	51,500	0	0	0	
Total Investments	4,531	5,268	6,731	30,783	
Total Loans	226,238	252,277	85,078	49,207	
Other Assets	10	4	3	5	
<b>Total Financial Assets</b>	<b>282,279</b>	<b>257,549</b>	<b>91,812</b>	<b>79,995</b>	
<b>Financial Liabilities</b>					
Deposits	438,550	152,076	40,953	12,195	
Bills Payable	4,206	493	12,531	0	
Others	0	0	0	0	
<b>Total Financial Liabilities</b>	<b>442,756</b>	<b>152,569</b>	<b>53,484</b>	<b>12,195</b>	
<b>Off-Balance Sheet</b>					
Commitments	0	0	0	(59,521)	
<b>Total Off-Balance Sheet</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(59,521)</b>	
<b>Re-pricing Gap</b>	<b>(160,477)</b>	<b>104,980</b>	<b>38,328</b>	<b>8,279</b>	

Change in Interest Rates - in basis points (bps)

								In ₱ Million
EaR	-300	-200	-100	-50	+50	+100	+200	+300
	1,208	806	403	201	(201)	(403)	(806)	(1,208)

2. **Economic Value Perspective:** The Bank uses the EVE-at-Risk Model to assess the potential long-term effects of changes in interest rates over the remaining life of its holdings. This model also measures the change in the Bank's EVE for specified changes in interest rates.

The table below shows the increase (decline) in economic value for upward and downward rate shocks using the EVE-at-Risk Model to measure interest rate risk in the banking book.

Change in Interest Rates - in bps  
In ₱ Million

Basis	Interest Rate Scenario		EVE-at-Risk
	Peso	Dollar	
Hypothetical	+300	+200	1,662
BIS-IRRBB Calculation	+271	+200	1,330
5-year Historical Data (Year-on-Year Change on Average Rates at 99% Level Confidence Level)	+251	+153	1,631
5-year Historical Data (Year-on-Year Change on Average Rates at 95% Level Confidence Level)	+178	+108	1,252
Market Sentiment	+100	+50	903
Market Sentiment	+50	+50	136
Market Sentiment	-50	-50	(151)
Market Sentiment	-100	-50	(1,099)
5-year Historical Data (Year-on-Year Change on Average Rates at 95% Level Confidence Level)	-178	-108	(1,811)
5-year Historical Data (Year-on-Year Change on Average Rates at 99% Level Confidence Level)	-251	-153	(2,749)
BIS-IRRBB Calculation	-271	-200	(2,404)
Hypothetical	-300	-200	(3,153)

Both viewpoints are assessed to determine the full scope of the Bank's interest rate risk exposure (especially if the Bank has significant long-term or complex interest rate risk positions). Moreover, interest risk in the Bank is not managed in isolation. Interest risk measurement systems are integrated into the Bank's general risk measurement system and results from models are interpreted in coordination with other risk exposures.

The interest rate risk exposures of the Bank are measured and reported to the ALCO and Risk Com at least on a monthly basis under the Earnings Perspective through EaR Model and quarterly for the Economic Value Perspective using EVE-at-Risk Model.

## Liquidity Risk Management

### Liquidity Risk Management Framework

The Bank's liquidity RM process is consistent with its general RM framework covering risk identification, measurement and analysis, monitoring and control. The policies and procedures that govern liquidity RM are reviewed and endorsed on a regular basis by ALCO and Risk Com for approval of the LANDBANK Board. The basic liquidity policy of the Bank is to maintain fund availability at all times and hence, to be in a position to meet all of its obligations, in the normal course of business.

The Bank considers liquidity risk based on market and funding liquidity risk perspectives. Trading or market liquidity risk refers to the inability to unwind positions created from market, exchanges and counterparties due to temporary or permanent factors. It is the risk that the Bank cannot easily offset or eliminate a position at the market price because of inadequate market depth or through market disruption.

Market liquidity risk is also associated with the probability that large transactions may have a significant effect on market prices in markets that lack sufficient depth. This liquidity risk perspective is captured through stress testing or scenario analysis.

Funding liquidity risk is the risk that the Bank will not be able to meet efficiently both expected and unexpected current and future cash flow and collateral needs without affecting either daily operations or the financial condition of the Bank. It occurs from the mismatch of asset, liability, exchange contract and contingent commitment maturities. Funding liquidity risk is being monitored and controlled through the classification of maturities of assets and liabilities over time bands and across functional currencies as reflected in the Liquidity Gap Report (LGR).

The LANDBANK Board exercises oversight through Risk Com and has delegated the responsibility of managing the overall liquidity of the Bank to the ALCO. The ALCO and the Treasury Investment Banking Sector (TIBS) are responsible for the daily implementation and monitoring of relevant variables affecting Bank's liquidity position. The ALCO reviews the assets and liabilities position on a regular basis, and in coordination with the TIBS, recommends measures to promote diversification of its liabilities according to source, instrument and currency to minimize liquidity risks resulting from concentration in funding sources.

The ALCO meets twice a month or more frequently as required by prevailing situations. The RMG, through the Treasury Risk Management Department (TRMD) is responsible for the oversight monitoring of the Bank's liquidity risk positions and ensures that reports on the Bank's current risk are prepared and provided to ALCO and Risk Com in a timely manner.

The Bank performs a comprehensive liquidity risk measurement and control using as tool the LGR covering the bank-wide balance sheet. Risk models used in liquidity RM are subjected to independent model validation as conducted by the IAG and by a Third party.

## Liquidity Risk Measurement Models

LANDBANK manages the liquidity risk using the following tools:

### 1. Liquidity Gap Report (LGR)

The Bank conducts liquidity gap analysis using the LGR. This risk measurement tool is used in identifying the current liquidity position and the Bank's ability to meet future funding needs. It categorizes balance sheet items according to estimated maturities of assets and liabilities in order to determine any future mismatch such as long-term assets growing faster than long term liabilities.

TRMD prepares RBU (Peso and FX Regular), FCDU, and Consolidated (Solo-Parent) LGR on a monthly basis. Parent and Subsidiary LGR is prepared on a quarterly basis. ALCO reviews the Bank's assets and liabilities position on a regular basis and recommends measures to promote diversification of its liabilities according to sources, instruments, and currencies to minimize liquidity risks resulting from concentration in funding sources. The table presents the assets and liabilities based on the contractual maturity, settlement and expected recovery dates:

In ₪ Thousand

Particulars	LANDBANK					
	2018 (Audited)			2017 (Restated)		
	Due within 1 year	Due >1 year	Total	Due within 1 year	Due > 1 year	Total
<b>ASSETS</b>						
Cash & Other Cash Items	36,968,265	0	36,968,265	31,384,485	0	31,384,485
Due from BSP	331,197,576		331,197,576	305,349,912		305,349,912
Due from Other Banks	5,707,747	1,705	5,709,452	5,104,789	1,698	5,106,487
Interbank Loan Receivable	18,096,177	0	18,096,177	20,981,027	0	20,981,027
Security Purchased Under Agreement to Resell	50,019,792	0	50,019,792	52,232,925	0	52,232,925
Loans & Receivables	354,791,109	437,599,763	792,390,872	266,386,189	346,329,221	612,715,410
Investments	80,551,059	539,397,877	619,948,936	36,584,475	535,440,215	572,024,690
Other Assets	4,784,696	18,577,569	23,362,265	4,537,445	19,505,134	24,042,579
<b>Total Assets</b>	<b>882,116,421</b>	<b>995,576,914</b>	<b>1,877,693,335</b>	<b>722,561,247</b>	<b>901,276,268</b>	<b>1,623,837,515</b>
<b>LIABILITIES</b>						
<b>Deposits</b>						
Demand	798,036,466	0	798,036,466	709,508,966	0	709,508,966
Savings	770,728,834	0	770,728,834	645,770,968	0	645,770,968
Time	73,336,620	3,039,357	76,375,977	57,114,142	2,079,279	59,193,421
LTNCD	5,000,000	6,000,000	11,000,000		11,000,000	11,000,000
Bills Payable	5,953,285	25,303,552	31,256,837	1,998,296	22,581,812	24,580,108
Unsecure Subordinated Debt	0	0	0	0	0	0
Due to BTr, BSP, & MCs/PCIC	1,473,410	305,976	1,779,386	1,650,798	299,984	1,950,782
Due to Local Banks	0	0	0	0	0	0
Other Liabilities & Payable	955,909	52,601,640	53,557,549	258,523	57,880,960	58,139,483
<b>Total Liabilities</b>	<b>1,655,484,524</b>	<b>87,250,525</b>	<b>1,742,735,049</b>	<b>1,416,301,693</b>	<b>93,842,035</b>	<b>1,510,143,728</b>



The Bank also prepares on a quarterly basis the Consolidated LGR (Parent and Subsidiaries).

- **Core Deposit:** Core Deposit is calculated based on Net Withdrawal Pattern. It serves as a buffer that protects the Bank's assets, which are subject to interest rate risks. Core Deposit level is computed to determine the lowest deposit level that is expected to be retained under normal operating conditions. The computation involves determining the deposit mix comprising of volatile and non-volatile or Core Deposits.
- **Non-Maturing Deposits:** Regular savings (Total savings less High Yield Savings Accounts and Easy Savings Plus) and demand deposits

are Non-Maturing Deposits (NMDs). An analysis made to proximate scenario is to simulate behavioral withdrawal pattern. This is done by observing the pattern of deposit decays of the total end-of-day data for demand deposit account based on a five-year historical demand deposit data. The highest withdrawal percentage change is determined for each tenor bucket. The percentages are used as basis for slotting the NMD amount under the different tenors.

The following table sets forth the asset-liability gap position over the detailed time period for the Bank at carrying amounts as of 31 December 2018 based on contractual repayment arrangements which take into account the effective maturities as indicated by the deposit retention history.

In ₱ Million						
Particulars	Due within 3 months	Due > 3 months to 6 months	Due > 6 months to 1 year	Due > 1 year to 5 years	Due > 5 years	Total
<b>Financial Assets</b>						
Cash & Due from Banks	323,533	0	50,340	0	2	373,875
Total Loans	257,773	93,884	71,250	176,883	260,717	860,507
Total Investments	19,241	6,731	54,579	219,817	319,581	619,949
Other Assets	3,118	0	1,666	114	18,464	23,362
<b>Total Assets</b>	<b>603,665</b>	<b>100,615</b>	<b>177,835</b>	<b>396,814</b>	<b>598,764</b>	<b>1,877,693</b>
<b>Financial Liabilities</b>						
Deposits	30,121	972	1,603	451	1,622,994	1,656,141
Borrowings	4,651	224	1,078	8,044	17,260	31,257
Other Liabilities & Unsecured Subordinated Debt	1,473	0	956	0	52,908	55,337
<b>Total Capital</b>					<b>134,958</b>	<b>134,958</b>
<b>Total Liabilities &amp; Capital</b>	<b>36,245</b>	<b>1,196</b>	<b>3,637</b>	<b>8,495</b>	<b>1,828,120</b>	<b>1,877,693</b>
<b>Gap Position</b>	<b>567,420</b>	<b>99,419</b>	<b>174,198</b>	<b>388,319</b>	<b>(1,229,356)</b>	

As of 31 December 2018, the Bank has in its possession a comfortable level of highly liquid assets to cover for liquidity risk that may arise in the earlier tenor buckets. Most assets (particularly loans and investments) have long term maturities. Cumulative gap after contingent accounts is positive in all buckets except in the "more than 5 years" bucket. Maximum Cumulative Outflow (MCO) limit was not breached in the entire time bucket within the one year horizon.

The Bank has established guidelines for liquidity risk limit setting to enable it to properly and prudently manage and control liquidity risk, consistent with the nature and complexity of its business activities, overall level of risk and its risk appetite.

The MCO limit set by the LANDBANK Board is one of the tools used to manage and control the liquidity risk in the Bank's gap report. It is a measure of the liquidity gap between maturing assets and liabilities. MCO limits put a cap on the total amount of negative gaps in the "1 day to 1 year" time buckets.

## 2. Financial Ratio Analysis

Financial Ratio Analysis is another liquidity risk measurement tool that calculates and compares liquidity and leverage ratios derived from information on the Bank's financial statements against set liquidity/leverage limits.

The following table sets out the LANDBANK's liquidity ratios as of the dates indicated:

Particulars	In Million except when expressed in percentage			
	31 December			
	2018 (Audited)	2017 (Audited)	2016 (Audited)	2015 (Audited)
Liquid Assets <sup>(*)</sup>	₱1,032,595	₱972,283	₱867,250	₱722,850
Financial Ratios:				
Liquid Assets to Total Assets	54.99%	59.88%	61.83%	60.08%
Liquid Assets to Total Deposits	62.35%	68.21%	70.17%	69.09%

\*Note: Liquid Assets include the following:

1. Cash and other Cash Items
2. Interbank Loans
3. Government Securities
4. Tradable non-Government securities and commercial paper

### 3. Liquidity Stress Test

The Bank conducts regular stress testing and scenario analysis to further assess the Bank's vulnerability to liquidity risk. This activity supplements the risk models used by the Bank which simulates various probable to worst-case scenarios happening in the industry that would affect LANDBANK. The following are the stress testing conducted by the Bank:

- Liquidity Stress Test/Scenario Analysis
- Fund Source Stress Test
- FX Regular Stress Test
- FCDU Stress Test

## Operational Risk Management

The Bank continued to take steps to strengthen its Operational Risk Management (ORM) system to fully adhere with BSP Circular 900 (Guidelines on Operational Risk Management) and BSP Circular 951 [Guidelines on Business Continuity Management (BCM)].

To strengthen the risk management culture, Risk Management Group (RMG) has conducted series of awareness cascading sessions on ORM and BCM to various units of the Bank.

Among the major improvement to adhere with BSP Circular 900 and to intensify risk assessment process are the following:

- Enhancement of Risk and Control Self-Assessment (RCSA) templates
- Revision of the Implementing Guidelines on RCSA for Process Risk and People Risk
- Implementation of top-level Key Risk Indicators (KRIs)
- Development of Risk and Opportunity Assessment (ROA) template and guidelines
- Enhancement of the risk assessment process of Bank products, programs, services, processes and other activities, including outsourcing.

The Bank also conducts regular review and continuous enhancement of the following ORM frameworks:

- Business Process Risk Management Framework (BPRMF)
- People Risk Management Framework (PRMF)
- Business Continuity Management Framework (BCMF)
- Legal Risk Management Framework (LRMF)

The frameworks aim to establish and implement RM strategies and best practices to effectively address and manage operational risk that are embedded in the day-to-day operations.

The Bank has a BCM Program which is compliant with BSP Circular 951 and ISO 22301:2012 (Business Continuity Management System). The BCM Framework is composed of the Bank's BCM Governance and Process.

As part of the Bank's BCM process, the Bank conducts annual Business Impact Analysis (BIA) and Business Continuity Risk Assessment (BCRA) to prioritize risks and implement corresponding controls, and identify and prioritize the Bank's most critical functions and IT systems in case of disruptions. Also, Business Continuity Plan (BCP) components are being reviewed, updated and tested annually to ensure validity and effectiveness of the Plans. The Bank has also supported the continuing education of officers and staff of Risk Management Group (RMG) through the certification programs where employees were licensed as Certified Risk Analysts (CRAs), Certified Risk Manager (CRM) and the BRMD Head passed the Bank Risk Management – Module 1 certification exam of Asian Institute of Chartered Banks (AICB).

Embedding of ORM across the institution is manifested with the BUs becoming aware of the specific operational risks they are confronted with. Taking a proactive stance in managing and escalating breaches as soon as they occur strengthens governance and enhances the oversight of these risks. BUs conduct self-assessment using various RM tools such as RCSA, BIA, BCRA, BCQ, heat maps, and hazard maps to quantify potential operational losses which serve as their dashboard in monitoring operational risk. RMG regularly monitors and escalates to RISKCOM and Management Committee the 2018 actual losses versus estimated losses.

## Operational Risk Exposure

LANDBANK uses the Basic Indicator Approach in calculating the capital charge for operational risk under Pillar 1. The average Gross Revenue of the Bank for the last three years is used to calculate the Operational RWA. Thus, with the Gross Revenue of the Bank consistently increase with business expansion, the Operational RWA has also been increasing annually. As of 31 December 2018, the Bank's Total Operational RWA using the Basic Indicator Approach was ₱69,356 Million or 7.66% of the Bank's Aggregate RWA of ₱905,541 Million.

Cognizant that Gross Revenues (BSP proxy data) are but a shadow indicator of operational risks in the Basic Indicator Approach, LANDBANK conducts a simulation of the computation of the estimated losses using the Bank's actual historical losses and estimated probability of occurrence to determine the variance from the Basic Indicator Approach model. Self-risk assessment of the five sub-risks of operational risk (people, process, systems/IT, event and legal risks) shows that the total estimated loss is way below the Total Operational RWA under the Basic Indicator Approach.

## Information Security and Technology Risk Management

The LANDBANK Board and Senior Management take the lead in the governance of information security and technology risk management and ensure that the Bank's strategic plans are aligned with business strategies by employing organizational, technical, and physical controls such as:

- Enhancement of and compliance with Bank policies and guidelines on InfoSec and IT risk management
- Strict observance of procurement process and monitoring of the performance of service providers
- Conduct of internal audit and external assessment of IT operations and security posture

- Conduct of awareness campaigns on information security and data privacy through various briefings, cascading sessions, and other communication channels
- Conduct of risk assessment on the Bank's information assets and processes
- Enhancement and testing of BCP and Disaster Recovery Plan (DRP) for critical banking processes and operations
- Development and testing of Cyber Resiliency Plan through tabletop exercises
- Continued upgrading of IT infrastructure and electronic banking channels
- Implementation of multi-factor authentication for high-risk transactions in e-banking channels
- Development of systems to comply with legal and regulatory requirements and to keep abreast with evolving technologies
- Issuance and posting of the Bank's Data Privacy Statement on the official website and in conspicuous areas in the branches
- Transfer of designation and functions of the Data Protection Officer (DPO) from the RMG to the Legal Services Group
- Attendance of the Bank's DPO, InfoSec and IT personnel to technical and soft skills trainings for the required skills and competence

The Bank employed the services of third-party consultants to assess the level of compliance and help the Bank in achieving certifications for the Payment Card Industry Data Security Standard (PCI DSS) and Integrated Management System (IMS). During these engagements, possible improvements on the Bank's systems and operations have been identified and acted upon to comply with the requirements of the standards. Major improvements include formulation and review of InfoSec and IT related policies and procedures, strengthening of security controls, enhancement of asset management and inventory, among others.

## Internal Capital Adequacy Assessment Process

LANDBANK as one of the major players in the banking industry annually conducts a thorough and comprehensive Internal Capital Adequacy Assessment Process (ICAAP) to determine the quality and adequacy of its capital, given the existing risk exposures as well as future risks arising from growth, new markets and expansion of the product portfolio.

To align with the local and global best practices, the LANDBANK Board and Senior Management performed collaborative governance and provided directions to enhance the ICAAP development and RM processes, and to strengthen the capital position of the Bank with the following enhancements:

- Enhanced and articulated the Risk Appetite Statement (RAS) and Materiality Threshold for Pillar 2 risks and Early Warning Indicators/alerts required by the BSP
- Updated the qualitative and quantitative Bank-wide stress testing of Pillar 1 and Pillar 2 Risks



- Enhanced the articulation of bases of assumptions for the quantification of Pillar 1 and Pillar 2 risks
- Presented contingency plans to continue the Bank's services

## ICAAP Culture

The ICAAP is embedded in the Bank's operating philosophy and has been cascaded down to the Business Unit (BU) level, forming an integral part of the Bank's RM process. This process enables the LANDBANK Board and Senior Management to assess all the risks that are inherent in the daily activities of the BUs on a continuing basis.

All BUs of the Bank are aware of the corresponding capital charge for the losses that could arise from any transaction or business they undertake. In monitoring the efficient performance of the BUs across the organization in the area of RM and capital utilization, the Bank adopts a rigorous escalation and thorough monitoring process via regular reports on actual losses versus estimated losses for each risk category established in the ICAAP.

## Strengthening Capital Planning

For 2018, LANDBANK's capital was strong and sufficient to deliver its mandated services and to cover the risks inherent in its operations. Under the most probable scenario, the Bank estimated the 2018 year-end CAR at 13.81% versus the 10.17% minimum regulatory requirement for CAR.

The actual CAR recorded as of 31 December 2018 was 12.69% implying an objective risk assessment and capital planning for the year. The actual CAR of 12.69% and CET 1 ratio of 11.86% of the Bank were above the BSP minimum requirements of 10.17% CAR and CET 1 ratio and were compliant with Basel III requirements.

LANDBANK maintains a strong capital base at all times to boost customer confidence, enhance competitiveness, ensure stability, and sustain long-term growth and viability. As such, the Bank continues to adhere with BSP's policies, rules and more specifically, comply with regulatory requirements on capital structure and capital adequacy. The Bank vigorously continues to preserve its capital to sustain developmental pursuit and quality service to its mandated clients while maintaining acceptable Return on Equity (ROE) of at least equal to the average ROE of the whole commercial banking industry.

LANDBANK's General Policy on Capital Planning was enhanced to establish capital levels that will adequately support the Bank's business plans and ensure continued compliance with the evolving capital and capital ratio requirements of the BSP. Given that internal capital generation through earnings remains as the principal source of the Bank's capital accumulation, the primary thrust of LANDBANK's capital planning activities is to maximize its profitability and consequently, attain higher retained earnings.

The Bank strictly manages its income-generating assets by managing the Risk Weighted Assets (RWA) via diversification of loan portfolio, review of loans/ provision of reserves in a timely manner, compliance with regulatory ratios, internal limits and risk appetite, strict monitoring of clean large exposures and DOSRI loans and timely calibration of credit and market risk measurement tools.

## Consumer Protection Risk Management System (CPRMS)

The LANDBANK's CPRMS is part of the Bank's enterprise-wide Risk Management System. It identifies, measures, monitors, and controls consumer protection risks inherent in LANDBANK's operations. Thus, the Bank ensures that its consumer protection practices address and prevent or mitigate identified or associated risk of financial harm to the Bank and its clientele (depositors, borrowers and other clients).

As part of oversight function on CPRMS, RMG ensures that board-approved CPRMS policies and procedures are in place, complaints management are strictly implemented, escalation of CPRMS-related issues are within the set timeline and training of Bank personnel are undertaken.

Further, RMG submits periodic report on a summary and analysis of the Customer Service Incident Reports (CSIRs) to Risk Com to regularly assess the trends of customer complaints and determine potential risk exposures on a continuing basis. RMG also conducts risk assessment of new, modified, or expanded product, programs, services and other activities, including outsourcing from third party service providers to deliver quality service and protect LANDBANK's clients.

To protect clients' information, RMG implements a bank-wide risk management program to manage information security risk.

The CPRMS Oversight Framework is aligned with and adheres to the following Financial Consumer Protection Standards of Conduct prescribed under BSP Circular No. 857:

- Disclosure and Transparency;
- Protection of Client Information;
- Fair Treatment;
- Effective Recourse; and
- Financial Education and Awareness

## Compliance Management

To continuously build and strengthen working relationship with Bank Units, periodic meetings with the Compliance Coordinators were held. Advisory service and guidance in managing compliance issues was also provided through CMG's participation in various committees and Technical Working Groups and in the preparation of the implementing guidelines.

The Compliance Management Group (CMG) oversees the implementation of the Bank's Compliance Risk Management System which is designed to identify and mitigate risks which may erode the franchise value of the Bank and ensures that business operations are conducted in accordance with laws, rules and regulations, code of conduct and sound policies and standards of good practice. CMG is headed by the Chief Compliance Officer (CCO) who functionally reports to the LANDBANK Board through the Audit and Compliance Committee (ACCom).

All the CMG personnel attended various training programs to progressively build the competencies and have a broad blend of skills and experiences necessary to effectively carry out the compliance functions.

### Compliance Manual

The Compliance Manual which documents the Bank's risk-based Compliance Program was updated and approved by the Board of Directors in July 2018 to incorporate new or updates to laws, rules and regulations and standards applicable and relevant to the Bank's operations and the changing responses to evolving internal and external conditions. The Compliance Program sets out the compliance function's planned activities such as the review of new regulations and identification of the requirements; regulatory risk assessment; communication and training of Bank personnel on regulations and compliance matters; compliance monitoring and testing; and reporting to Senior Management and Board of Directors.

### Money Laundering and Terrorist Prevention Program (MLPP) Manual

On 20 March 2018, the updated Money laundering and Terrorist Prevention Program (MTPP) Manual was approved by the Board. The MTPP Manual embodies the recent

amendments to the AML rules and regulations including, but not limited to the 2016 Revised Implementing Rules and Regulations of AMLA and BSP Circular 950 s. 2017 – AML Regulations and also the Bank's updated policies/guidelines on (1) Know your Customer and Due Diligence; (2) Additional Control Measures to Combat Money Laundering; (3) Risk Management Practices When Dealing Remittance Partners; (4) Reporting Chain/Approval of Suspicious Transaction Report; and (5) Revised/enhanced AML Compliance Testing Program, among others.

**Anti-Money Laundering (AML)/Combating Financing of Terrorism (CFT) governance, culture and description of the over-all Money Laundering/Terrorist Financing (ML/TF) risk management framework to prevent the use of the Bank for ML/TF activities**

LANDBANK has the duty to maintain the highest level of integrity in the conduct of its affairs. To ensure that the Bank will not be used, intentionally or unintentionally, as a vehicle for ML/TF, LANDBANK adopts a comprehensive and risk-based policies and procedures, consistent with the AML/CFT laws such as RA 9160 AML Act, as amended, and RA 10168 Terrorist Financing Prevention and Suppression Act, their respective Implementing Rules and Regulations, as well as regulatory issuances by the Bangko Sentral ng Pilipinas and AML Council.

To properly guide the Board of Directors, Management Team and all employees, the LANDBANK's AML/CFT policies and procedures are embodied in the Board-approved Money Laundering & Terrorist Financing Prevention Program (MTPP) which is posted in Integrated Documents and Reports Archival and Retrieval System (IDRARS) making it available to all. The provisions of the MTPP are being implemented on a consolidated basis encompassing the Bank's branches, offices and subsidiaries.

AML/CFT compliance remains the basic responsibility of each Landbanker, from the Board of Directors, Management Team and to all employees. To effectively manage ML/TF risk, the Bank has defined the functions of all Landbankers to ensure that the risks associated in ML/TF are identified, assessed, monitored, mitigated and controlled.

The Board of Directors, thru the Audit and Compliance Committee (ACCom), oversee the implementation of the AML/CFT policy and ensure that compliance issues are resolved expeditiously.

One of the best methods to prevent and deter ML/TF is through sound knowledge of customers' profile and patterns of financial transactions. The adoption of policies and procedures on Know Your Customer, Customer Due Diligence and Transaction Monitoring policies and procedures is not only a principle of good business but also an essential tool to avoid involvement in ML/TF.

LANDBANK conducts regular AML/CFT Training Program for all Landbankers. This is to ensure that the Board of Directors, Management and all employees are informed and regularly updated of the new developments and issuances related to prevention of ML/TF as well as be reminded of their respective responsibilities on these aspects. Likewise, the Bank provides AML/CFT training to the representatives of non-covered counterparties prior to onboarding.

Management of the implementation of the MTPP is the primary task of AML Department (AMLD) of the Compliance Management Group (CMG). To ensure its independence, CMG has a direct reporting line to the Board thru ACCom on all matters related to AML/CFT which include: (1) identify and inform all responsible personnel of the regulatory issuances and compliance requirements on AML/CFT; (2) conduct of periodic AML compliance testing which also covers evaluation of existing policies and procedures; (3) ensure that AML compliance breaches are immediately addressed/corrected; and (4) report to the Management or Board on AML/CFT compliance issues and concerns.

Internal Audit Group is responsible for the periodic and independent evaluation of the risk management and degree of adherence to internal control mechanisms associated with ML/TF.

LANDBANK also adopts a Record Retention Program which is in accordance with AMLA, as amended. All customer identification documents and records, account files, business correspondences and other necessary records are retained in such forms as admissible in court pursuant to existing laws, rules and regulations.

## Identification and Assessment of Compliance Risk, Monitoring Compliance and Reporting

CMG identified and conducted risk assessment of laws, rules and regulations and other areas with exposure to compliance risk. To help update Bank personnel on new regulatory issuances, these were reviewed, requirements identified and disseminated to the concerned Units/personnel through the issuance of Compliance Bulletins. The Bank Units were required to submit the Compliance Action Plans which were monitored and validated. In CY 2018, there were 320 regulatory issuances.

To further check compliance, different compliance testing approaches suited to the identified and assessed regulatory risks were adopted. Pre-testing involves the checking of initial actions taken or plan of action to implement the requirements of new regulatory issuances. Periodic testing refers to the regular checking of compliance to existing laws, rules and regulations while independent testing involves a more detailed/thorough review of areas/activities identified to be exposed or vulnerable to high compliance risk. AML Compliance Testing (ACT) was also conducted which involved checking of the Bank's compliance with AML laws, rules, regulations and internal policies. The ACT Program, which was further enhanced and revised, was approved by the ACCom on 16 April 2018. In 2018, 206 regulations were subjected to pre-testing and periodic compliance testing. Independent testing was also conducted on various regulatory reports, accounts and high risk regulations/compliance issues. On-site ACT was conducted on 32 Units while 125 Units were subjected to off-site ACT. To supplement the ACT being conducted by CMG, starting 1 October 2018, AML Compliance Self-testing by branches was implemented to promptly identify and remediate non-compliance areas/issues. Also, in 2018 the Performance Measurement for Branches' AML Compliance was enforced.

The results of the compliance testing and the noted breaches or deviations were immediately referred to the concerned Units for corrective or appropriate action.

On a regular basis, the CCO reports to the AML Committee, Management Committee and to the Board through the ACCom. Reports include new regulations, compliance testing results and corrective measures taken, general status of the Bank's regulatory compliance, areas with compliance vulnerabilities and emerging regulatory risk.

## Training and Communication

Embedding compliance culture and fostering increased level of awareness among Bank personnel, appropriate training strategies to enhance knowledge on regulations were adopted. Lectures on regulations including AML were conducted through the LANDBANK in Perspective Program for new hires, BBS Trainors' Training for Branch personnel and agency tie-ups, various Management and Development Training Programs and classroom trainings for Internal Audit Group, Trust Banking Group and various Branches Groups.

Compliance advisories and reminders through "Compliance Nuggets", an easy-to-read tidbit of information on Compliance and AML, were regularly issued through the Lotus Notes, the Bank's e-mail facility and Newsgroup, LANDBANK's newsletter for employees.

The Compliance Function Database, the repository or central record of regulations easily accessible to Bank employees, was kept updated.

To continuously build and strengthen working relationship with Bank Units, periodic meetings with the Compliance Coordinators were held. Advisory service and guidance in managing compliance issues was also provided through CMG's participation in various committees and Technical Working Groups and in the preparation of the implementing guidelines.

## Constructive Working Relationship with Regulators

The Bank maintains a cooperative and constructive working relationship with various regulatory agencies. Open and transparent communications and frequent dialogues and consultations to clarify specific concerns on regulations have strengthened and broadened the existing relationship with the regulators.

## AML System Enhancements

Enhancements are continuously being made to the Bank's AML System (AMLS) to improve the generation and reporting of covered transactions to AMLC and the process of detecting red flags/alerts for review and evaluation to determine possible suspicious transactions. Also, other systems interfaced with AMLS are being enhanced to meet the BSP and AMLC reporting requirements.





## Human Resource Management



**1,632**

Head Office-based employees who availed of on-site APE in 2018



**280**

Officers underwent Executive Check-Up (ECU) at different partner clinics and hospitals nationwide



### Continuing Compliance with the Anti-Red Tape Act of 2007

LANDBANK has consistently been improving its frontline services. In January 2018, LANDBANK was recognized as one of the Top 3 Frontline Service Champions and one of the Top 3 Hall of Famers by the Civil Service Commission during the 10<sup>th</sup> Anniversary of the Anti-Red Tape Act (ARTA) of 2007.

In May 2018, Republic Act (RA) No. 11032 (An Act Promoting Ease of Doing Business and Efficient Delivery of Government Services, Amending for the Purpose RA No. 9485, otherwise known as the Anti-Red Tape Act of 2007, and for Other Purposes), was signed by the President of the Republic of the Philippines.

### Annual Medical Examination

LANDBANK values its human resources and provides its employees with opportunities to maintain their health and well-being. Since 2016, LANDBANK has made mandatory the annual medical examination with the issuance of Executive Order (EO) No. 001, Guidelines on the Mandatory Annual Medical Examinations (AME) for LANDBANK Employees. This is in line with the Bank's thrusts of safeguarding employee health, safety and well-being, promoting productivity, and complying with the Occupational Safety and Health Standards and the Policy on Working Conditions at the Workplace set by regulatory bodies including the Civil Service Commission.

In addition to HMO-accredited facilities for the conduct of the AME nationwide, the on-site Annual Physical Examination at the LANDBANK Plaza was organized to make the service more accessible to LANDBANK personnel. This facility was availed of by 1,632 Head Office-based employees in 2018.

Also in 2018, 280 officers underwent Executive Check-Up (ECU) at different partner clinics and hospitals nationwide with LANDBANK shouldering the cost.

## Vaccination Program

To protect the health of employees and prevent communicable diseases, LANDBANK procures vaccines and implements a nationwide annual Influenza Vaccination Program on a voluntary basis. For 2018, there were 5,190 vaccine recipients.

## Healthcare Services

To provide its employees with access to medical services, LANDBANK operates a worksite Medical Clinic manned by healthcare professionals (i.e., internists, occupational health physicians, nurses) offering services such as consultation, first aid treatment, medical record-keeping, certification/fitness assessment and emergency ambulance transportation, if necessary. In 2018, medical consultation in the LANDBANK Medical Clinic was availed 5,717 times.

As an additional health promotion initiative for its employees, LANDBANK implements "My Access to Health Program" to assist Head Office employees in attaining compliance with physician's recommendations for proper nutrition, prescription medications and follow-through laboratory examinations. This brings to the worksite the following services:

- Phlebotomists are available twice a week at the LANDBANK Medical Clinic to extract blood from those with medical conditions requiring regular monitoring.
- A registered dietician offers nutritional counselling twice a month for those in need of guidance on proper nutrition. In 2018, 64 individuals sought dietary advice.

## Health Education

Part of the efforts to promote health involve providing employees with accurate and updated information on health with the objective of creating awareness, gaining new insights, and motivating practical application of learning to their daily life.

In 2018, seven Wellness Forums were conducted with a combined number of 263 participants. Wellness experts were invited to talk on various topics and promote adoption of healthy and well-balanced life. "Health Notes", a communication tool which aims to

keep LANDBANK employees informed about health issues (e.g., ADHD, autism awareness, bird flu, blood donation, breast health, dengue, drug abuse prevention, earthquake preparedness and response measures, HIV-AIDS, influenza, preventing stroke, privileges of persons with disability, rabies, reducing cancer risk, sexually transmitted infections, smoking cessation) were disseminated through various means of communication including internal e-mail network and social media. Forty-five health advisories were released in 2018.

## Occupational Safety and Health Promotion

In line with its thrust of promoting health and wellness in the workplace, the Employee Relations Department, together with the Corporate Affairs Department and Life-Care Fitness Management, Inc. (third-party service provider for the LANDBANK Gym and Fitness Center), produced the "Fit o'Clock Habit".

The "Fit o'Clock Habit" is a series of instructional videos on exercises that may be performed by Bank personnel while at their desk, and as a break during trainings/meetings, to help reduce the number of cases of work-related musculoskeletal disorders among LANDBANK employees. These videos are accessible to employees via Workplace by Facebook.

To help address ergonomic hazards (e.g., prolonged sitting, static posture, repetitive motions) and prevent musculoskeletal disorders, a survey was conducted using the Cornell Musculoskeletal Discomfort Questionnaire wherein 1,169 employees nationwide participated.

To ensure proper deployment of newly-hired personnel, 745 personnel were evaluated and classified based on their individual health risks and the health hazards that may accompany the work assignment.

In order to prevent the spread of pulmonary tuberculosis (PTB) in the workplace, contact tracing/screening was implemented for four primary cases of PTB, with 25 close contacts evaluated for the disease.





# 1,544

Participants joined group exercises offered at the LANDBANK Gym and Fitness Center

## Other Mechanisms to Support Employees' Health

In addition to assisting employees secure healthcare coverage administered by a Health Maintenance Organization (HMO), LANDBANK provides health-related benefits to its employees who had undergone gynecologic procedures (92 requests for special leave privileges under the Magna Carta of Women), sustained injuries due to work-related accidents (eight cases reviewed for special leaves/Rehabilitation Privilege), or been diagnosed with dreaded diseases or critical/debilitating medical conditions (71 claims for financial assistance and 26 requests for sick leave extension due to dreaded illnesses, 42 cases evaluated for separation due to medical conditions) to facilitate recovery and rehabilitation, or to properly manage health for those leaving the service.

## LANDBANK Gym and Fitness Center

Employees are provided with opportunities to pursue physical fitness through the LANDBANK Gym and Fitness Center (LANDBANK-GFC), a worksite gym that operates before and after office hours. A fitness instructor is available to design individualized programs and ensure participants' safety while using gym equipment. In 2018, the LANDBANK-GFC was accessed 7,388 times.

Group exercises offering a wide range of activities (e.g., dance aero, yoga, yogalates, zumba) were also held daily with a total of 1,544 participants.

In addition to these, 12 fitness-related special activities (e.g., beach body work out, duo fitness challenge, battling rope workout, body composition analysis, yoga block workout, stroops challenge, boot camp series challenge, speed agility) were held at the LANDBANK-GFC.

Employees in the Head Office also participated in the FitFil National Weight Loss Challenge, wherein challengers were asked to pledge weight loss of at least three pounds or roughly 1.4 kilograms within a six-month period. For 2018, the participants pledged a total of 1,693 pounds or 768 kilograms.

## Psychological Support Program

In compliance with RA No. 11036 or the Mental Health Act, and as a tangible manifestation of LANDBANK's paramount concern of uplifting the general well-being of its employees, LANDBANK Management approved the implementation of psychological counselling services in August 2018.

This is a proactive approach to help Bank employees build the necessary resilience to cope with the challenges of a changing organization and job context, highly competitive business environment, intense customer expectations, and fast-paced multitasking tasks vis-à-vis the demands of their personal lives.

## Random Drug Testing Program

LANDBANK is committed to safeguard the health, safety, and well-being of its employees by maintaining a drug-free work environment. In 2017, LANDBANK started to implement a drug-free workplace program which aims to



comply with various laws and policies including RA No. 9165 - Comprehensive Dangerous Drugs Act of 2002; Malacañang Memorandum Circular No. 89, series of 2015; Dangerous Drugs Board Regulation No. 2 series of 2004; and Civil Service Commission (CSC) Memorandum Circular (MC) No. 13, series of 2010; and CSC MC No. 13, series of 2017.

In 2018, LANDBANK conducted 11 batches of drug testing among 1,254 randomly selected Head Office-based employees.

Also, an accredited physician from the Dangerous Drugs Board conducted a forum on Substance use and abuse in September 2018.

## LANDBANK Day Care Center

Since 2005, a worksite day care center for employees' children with ages three to 12 years has been operating to assist employees in maintaining work life balance and help resolve gender and development (GAD) issues related to childcare and parenting.

The LANDBANK Day Care Center (LBDCC) implements a 10-month Early Childhood Care and Development (ECCD) program accredited by the Department of Social Welfare and Development (DSWD) with an Outstanding rating (5-star/level 3 compliance). In 2018, there were 40 children who attended the regular program (benefiting 53 employee-parents). In addition to this, a total of 140 walk-in attendees availed the LBDCC service (benefiting 160 employee-parents).

## Lactation Station

LANDBANK is a strong advocate of exclusive breastfeeding and has been recognized by the Department of Health as a "Mother-Baby Friendly Workplace". Notable is the continuing operations of a worksite Lactation Station where nursing employees can express and store their breast milk in a clean and sanitary environment. Thirty-six personnel accessed the facility in 2018.

Moreover, the Department of Health renewed the LANDBANK Lactation Station's "Mother-Baby Friendly Workplace" in October 2018.

To further motivate employees, two learning sessions on breastfeeding were held in 2018. The importance of breastfeeding was the subject matter in two issues of the internal communication tool, "Health Notes".

## Employee Wellness Program

Holistic wellness (i.e., addressing physical, mental, social, and spiritual dimensions of health) for employees is promoted via the ILiveWellness Program which is implemented Bankwide.

## Sports and Recreation Program

In the Head Office, competitive sports events (e.g., badminton, basketball, billiards, bowling, chess, darts, table tennis, volleyball) held at the worksite LANDBANK Recreation Center, or in nearby venues, were conducted year-round with 967 participants.

Participation in sports activities (e.g., badminton, basketball, billiards, bowling, gold, practical shooting, volleyball) organized by external institutions like the Government Corporation Athletic Association and the Bankers Athletic Association were also supported by LANDBANK with 183 employees.

Employee clubs were likewise provided support to enable them to pursue a hobby or interest. In 2018, LANDBANK supported seven employee clubs for seven recreational/sports events with 592 participants.

Also under the ILiveWellness program are fellowship and family-oriented activities with 15 events held in 2018 (i.e., ballroom dancing sessions, Christmas Party for children of employees, musical theatre workshop for employees' dependents and Officers' Night).



### Financial Wellness Program

Learning sessions primarily aimed at equipping employees with knowledge and skills on potential entrepreneurial ventures were conducted in 2018 with 12 sessions joined by 343 participants (i.e., barista/coffee making, bartending, bed cover and linen making, car maintenance for beginners, complete body massage, everyday hairstyle and make-up, herbal gardening, home repairs, native cakes and delicacies, no bake cake, and pillow case).

### Spiritual Wellness in the Workplace Program

Regular worship services and spiritual counselling are conducted at the LANDBANK Chapel in coordination with the Catholic employee community. Spiritual learning sessions participated by other employee spiritual groups are also being held.

In 2018, the Philippine Bible Week was observed with the conduct of two Servant Leadership workshops. Employees also donated a portion of the Corporate Social Responsibility (CSR) Fund to support the "May They Be One" ecumenical bible distribution advocacy program of the Philippine Bible Society.

### Employee Volunteerism Activities

Worksite bloodletting activities were conducted thrice in 2018 in partnership with the Philippine Red Cross (PRC). The campaign yielded 426.60 liters of blood from 948 donors. For these initiatives, the PRC recognized LANDBANK as one of its Outstanding Blood Services Partner for 2018.

Bank employees who are nursing mothers donated a total of 7,836 mL of breastmilk to the Milk Bank of the Philippine General Hospital in 2018.

LANDBANK employees gave a positive response to the call for monetary contributions to the Bank's CSR Fund through the project "Hour Time to Share" yielding 20,689 work hours donated by 6,896 employees or 87% of the total population.

The equivalent monetary value, ₱4.4 Million, of these work hours are then channeled mostly to the Bank's GAWAD PATNUBAY scholarship program for deserving but financially-disadvantaged students pursuing agriculture and fisheries-related courses.

### Gender and Development (GAD) Program

The LANDBANK's Internal GAD Program initiated a Gender Analysis and Harmonized Gender and Development Guidelines in February 2018.

In partnership with the Department of Finance (DOF), LANDBANK sponsored a GAD Immersion Program in Davao City on 29 - 31 May 2018. It also sponsored the GAD Orientation/Reorientation Workshop in June 2018



at LANDBANK Plaza attended by 40 representatives from the GAD Technical Working Groups of the different DOF-attached agencies. Trainings were conducted to equip members with knowledge and skills in the implementation of GAD programs.

Several GAD promotion activities were also held in 2018, namely, Women's Month Celebration, a Pampering week, "All About Eve and Her Steve", for female and male personnel was also held with about 1,262 participants, and advocacy campaign to end violence against women and children including sexual harassment.

### Fruit Distribution Program

During the Bank's Health and Wellness Fair in August 2018, the "FRUITductive Fridays" Program was initially launched in line with the Bank's advocacy to put premium on health and wellness of its human resources.





Fresh fruits (e.g., apples, bananas, oranges) were distributed to Bank personnel for free on a weekly basis at the Head Office. Its objectives are to concretize the Bank's support for its personnel's healthier lifestyle choice by promoting the importance of eating healthy, to help increase productivity of workforce by providing them with inexpensive food sources that are rich in nutrients and to boost the morale and loyalty of the human resources by showing them that the Bank shows concern for its employees' overall health and well-being.

The full-blown fruit distribution program officially commenced in the same month, in time for LANDBANK's 55<sup>th</sup> Anniversary Celebration and the fruit distribution continued every Friday thereafter.



## Relief and Disaster Assistance (RDA) Program

In accordance with LANDBANK Executive Order (EO) No. 028, series of 2015, as amended by LANDBANK EO No. 61, series of 2017, Guidelines on the Implementation of the RDA Program, a total of ₱4,560,000 financial assistance, ranging from ₱5,000 to ₱20,000, was granted by the Bank through its Relief and Disaster Assistance Fund (RDAF) in 2018 for 561 personnel whose residential houses were damaged by various calamities, disasters, and fire.

The RDA Program, through LANDBANK EO No. 028, series of 2015, was established as a form of assistance offered by the Bank through the RDAF to alleviate the condition of eligible beneficiaries/Bank personnel who are suffering from the effects of disaster/calamity and are at the time in need of basic necessities.

## Employee Discipline and Accountability

Cognizant of its responsibility to continually uphold the highest standards of ethics and excellence among its employees, LANDBANK formulated and implemented LANDBANK Administrative Order (AO) No. 141, series of 2018, otherwise known as the Revised Guidelines on Internal Whistleblowing and Reporting.

LANDBANK AO No. 141 was issued to fully comply with the provisions of Governance Commission for GOCCs (GCG) Memorandum Circular No. 2016-02 No. 2016-02, or the Revised Whistleblowing Policy for the GOCC Sector. Major changes include additional reporting channels and a listing of reportable conditions such as acts or omissions that are illegal, unethical, and violative of good governance principles and those that are against public policy and morals, promote unsound and unhealthy business practices, and are grossly disadvantageous to the Bank and/or the Government.

## Collective Negotiation Agreement

Starting 2018 up to 2020, the Bank and its employees adopted the Sixth Collective Negotiation Agreement (CNA). This agreement between the Management panel and the LANDBANK Employees' Association (LBPEA) panel for 2017-2020 was successfully reached in December 2017.

The 6<sup>th</sup> CNA incorporated the new core values of LANDBANK. It was also emphasized in the 6<sup>th</sup> CNA that the joint and continuing efforts of the Bank and its employees in accomplishing performance targets and attaining efficiency through cost-cutting measures and systems improvement, as well as their commitment to adopt measures that promote productivity, efficiency and economy in the Bank's operations and achievement of performance targets, as one of the requirements for the grant of the CNA Incentive.

A CNA is a contract between the Bank and the LBPEA on the terms and conditions of employment and its improvement that are not fixed by law. The negotiation is viewed as an excellent opportunity for both the Bank Management and LBPEA to listen, understand, and gain insights from each other on issues that are vital and beneficial to the Bank and all its employees.

## Learning and Development Initiatives

Guided by its mission of developing and nurturing talents who exemplify the highest standards of ethics and excellence, consistent with the best in the world, LANDBANK provides its employees with learning and development (L&D) interventions. The Organization Development Department (ODD), the Bank's training arm, adopts the 70-20-10 principle, where learning is sourced through various modes — on-the-job (70%), informal (20%) and formal (10%), both classroom and online.

There were 811 talents who joined LANDBANK in 2018. As part of their on-boarding and to facilitate their smooth integration into the organization, they attended a series of training programs, where Bank officers and supervisors served as resource persons.





The three-day orientation program dubbed as LANDBANK in Perspective introduced them to the Bank's strategy map, history, organizational structure and culture among others. A one-day session on Professional Image Enhancement (PrImE) was conducted to improve their capability to project a more positive, professional, confident, and credible image in dealing with existing and potential clients.

Additionally, new hires for branches underwent classroom-type training on branch banking for four days, followed by an on-the-job training in the designated Training Branches.

In 2018, 95% of the Bank's workforce was provided with at least two L&D programs, while the remaining 5% had one.

To enhance the employees' performance and maximize their potential to assume higher and more critical responsibilities in the Bank, a total of four batches of Management and Leadership Development Programs commenced in 2018: one batch each for the Branch Officers Development Program (with 23 participants) and Lending Officers Development Program (with 23 participants), and two batches of Leadership Development Program (Batch XI and Batch XII with 26 and 30 participants, respectively). These programs will end in 2019.

Screening and selection of participants for Batch VII of the Management Training Program took place in 2018, in time for its implementation in 2019.

These programs aim to ensure a readily available talent pool for succession. Numerous accolades for these programs were also received, both here and abroad, since their institutionalization in 2011.

Other leadership programs were also conducted to strengthen the people skills of the officers and supervisors, such as Applied HR for Line Managers (with 127 participants), and Coaching and Mentoring Workshop (with 49 participants). In addition, to enhance public speaking skills, two new in-house Toastmasters Clubs (with 41 Landbankers) were created bringing a total of five Toastmasters Clubs in LANDBANK.

The Bank continued to implement the Graduate Education Program (GEP) for employees interested in pursuing higher studies. A total of 79 employees were granted GEP scholarship in 2018.

The in-house Masters of Business Administration, in partnership with the College of the Holy Spirit, further expanded its coverage to Davao, with 31 participants. The new Head Office batch started with 32 participants. Classes of the Naga batch, with 30 participants, are on-going, while the 56 students from the Iloilo and Urdaneta batches are awaiting graduation.

The Management also approved the professional certifications in relevant fields, wherein 71 personnel passed and were certified (e.g. ITIL v3 (2011) Foundation, Resilia Foundation, UITF Certification, BAP Treasury Certification Program, among others) while 16 more are undergoing review or awaiting exam results.

## Competency Framework Development Initiative

LANDBANK continued to close the competency gaps of concerned employees identified from the supervisors' assessment in 2016. In addition to formal trainings and Job Knowledge Enhancement (JKE) sessions, the procedures for the preparation of the Competency-based Individual Development Plan (CIDP) were finalized and communicated by ODD.

Institutional programs were also implemented to promote the Bank's core values such as Innovation, Accountability, Customer Focus, Collaboration, Excellence, and Social Responsibility (IACCES).

For Excellence, 22 batches of PrImE programs (with 1,112 participants) were conducted. Trained assessors for PrImE audited 14 branches/extension offices and proposed recommendations to sustain the Bank's standard professional image.

On Customer Focus, the Bank sustained the conduct of trainings under the Take the LEAD program. (Please see page 61 under Customer Service, for the total number of batches and participants in 2018). An integrated assessment tool for PrImE and Take the LEAD Program was also crafted to ensure effectiveness of both programs.

For Innovation, the Bank was able to create eight Quality Circles after attendance to training, capability building and coaching by the Quality Management Department.

## Orientation and Education Program for Directors and Senior Management

To strengthen their oversight functions and as part of their continuing education, the LANDBANK Board attended seminars on corporate governance and banking operations. They also participated in study tours abroad to gain exposure on current issues affecting the financial services industry. The learning and development programs they had in 2018 are listed below. For other trainings in banking and other related fields undertaken by the Members and Alternate Members of the LANDBANK Board of Directors, please refer to pages 68 to 75.



Name	Program	Date	Provider
<b>President and CEO Alex V. Buenaventura</b>	Fiduciary Essentials for Investment Stewards	16 November 2018	Asia Pacific Association for Fiduciary Studies
	Strategic Planning and Strategic Execution	24-26 October; 9 November 2018	R.G. Manabat and Company
	Leading with Trust: Session with Stephen Covey	19 June 2018	ABS-CBN News Channel
	Study Tour on Poultry and Swine Business	9-13 May 2018	Charoen Pokphand Foods Corporation
	BSP Circular No. 706 as amended by BSP Circular No. 950, AMLA Law and AML Risk Rating System of Board of Directors and Senior Management	27 April 2018	Bankers Institute of the Philippines
	Command Conference of Heads of Posts of Europe, Middle East and Africa	27-28 January 2018	Department of Finance
<b>Sec. Atty. John R. Castricones</b>	Corporate Governance Orientation Program	6 June 2018	Institute of Corporate Directors
<b>Director Crispino T. Aguelo</b>	2018 Joint Accom and Riskcom Director's Learning Session	23-25 May 2018	LANDBANK AC Committee
<b>Director Virgilio D. Robes</b>	2018 Joint Accom and Riskcom Director's Learning Session	23-25 May 2018	LANDBANK AC Committee
	BSP Circular No. 706 as amended by BSP Circular No. 950, AMLA Law and the AML Risk Rating System for Board of Directors and Senior Management	27 April 2018	Bankers Institute of the Philippines
<b>Director Rodolfo V. Puno</b>	Corporate Governance Orientation Program for GOCCs	21 February 2018	Institute of Corporate Directors
<b>Director Jesus V. Hinlo, Jr.</b>	2018 Joint Accom and Riskcom Director's Learning Session	23-25 May 2018	LANDBANK AC Committee
	BSP Circular No. 706 as amended by BSP Circular No. 950, AMLA Law and the AML Risk Rating System for Board of Directors and Senior Management	27 April 2018	Bankers Institute of the Philippines
	Enhanced Corporate Governance Guidelines Seminar	16 March 2018	Bankers Institute of the Philippines
	Beyond Compliance: Managing Technology and Cyber Security Risk	14 March 2018	Bankers Institute of the Philippines
	Corporate Governance Orientation Program	7 March 2018	Institute of Corporate Directors
	Mandatory Continuing Legal Education	22-23 February; 1-2 March 2018	Asian Center for Legal Excellence
	Corporate Governance Orientation Program for GOCCs	21 February 2018	Institute of Corporate Directors

Name	Program	Date	Provider
<b>Atty. Francisco M. Villano, Jr.</b>	2018 Joint Accom and Riskcom Director's Learning Session	23-25 May 2018	LANDBANK AC Committee
<b>Usec. Luis Meinrado C. Pangulayan</b>	Fiduciary Essentials for Investment Stewards	26 November 2018	Asia Pacific Association for Fiduciary Studies
	2018 Joint Accom and Riskcom Director's Learning Session	23-25 May 2018	LANDBANK AC Committee
<b>Atty. Jaime L. Miralles</b>	Corporate Governance Orientation Program	14 November 2018	Institute of Corporate Directors
	Corporate Governance Orientation Program for GOCCs	18 October 2018	Institute of Corporate Directors
<b>Director Nancy Irlanda Tanjuatco</b>	Corporate Governance Orientation Program for GOCCs	18 October 2018	Institute of Corporate Directors
	Finance for Directors Program	15 November 2018	Institute of Corporate Directors
	Corporate Governance Orientation Program	20 November 2018	Institute of Corporate Directors
	Fiduciary Essentials For Investment Stewards	26 November 2018	Asia Pacific Association for Fiduciary Studies
	Addressing the Risks in Mergers and Acquisitions	3 December 2018	AIG Philippines Insurance Inc.
<b>DTOP Erwin D. Sta. Ana</b>	Fiduciary Essentials for Investment Stewards	26 November 2018	Asia Pacific Association for Fiduciary Studies
<b>Asec. Joji V. Aragon</b>	Fiduciary Essentials for Investment Stewards	16 November 2018	Asia Pacific Association for Fiduciary Studies

On the other hand, the Bank's Senior Officers enhanced their knowledge on the business of banking and its major functional areas, and obtained updates on banking regulations through the 250 L&D programs they attended. They also managed to strengthen strategic partnerships with other financial institutions and stakeholders, including multilateral organizations and government agencies.

On human capital development, they played a major role in the implementation of Management and Leadership Development Programs (MLDP) aimed to strengthen the Bank's Succession Program.

Aside from being resource persons, they also served as members of the panel to whom the participants presented and defended their integrating projects (IP). Others were designated by Management as IP advisers.

## Performance Assessment Program

In accordance with LANDBANK AO No. 072, series of 2018, or the Revised Implementing Guidelines on the LANDBANK Strategic Performance Management System (SPMS), LANDBANK has established and implemented its own SPMS pursuant to CSC MC No. 6, series of 2012, and CSC Resolution No. 1200481.

The basic elements present in the SPMS include alignments of performance goals to the organization's performance scorecard and objectives, clear delineation of rater and ratee's roles, and presence on information system to support performance monitoring.

The LANDBANK SPMS guidelines cover all full-time Bank officers and staff, whether permanent, temporary or co-terminus, regardless of the assignment, for the full performance management cycle.

## Retirement Policy

LANDBANK's Retirement Program is in compliance with the appropriate rules and regulations issued by various regulatory bodies. These regulations support lengthy tenures resulting in capable and experienced senior personnel who have dedicated their lives and career to LANDBANK's mandate.

To improve overall work productivity, provide flexibility and retain key personnel, the Bank implements an early separation program for employees aside from the optional and mandatory retirement pursuant to applicable retirement laws. This mechanism has allowed the institution to attract fresh talents to join its workforce. It has also allowed for movement across LANDBANK which encourages development and growth for the next set of leaders.

## Succession Policy

LANDBANK ensures the readiness of successors for critical positions in the Bank for the continuity of its business operations through Succession Planning (SP).



In partnership with incumbents, the Human Resources Management Group (HRMG) conducts the SP process which involves the following activities: (a) identification of key positions in the organization; (b) determination of appropriate qualification and competency standards for these positions; (c) assessment of possible successors against the standards; (d) mapping of candidates in the succession pool; and (e) design and implementation of development programs to ensure and continuously monitor the readiness of potential successors to assume the functions and responsibilities of the position.

To ensure the availability of a highly trained and qualified management pool, the Management and Leadership Development Program (MLDP), the Bank's premier training program for its high potentials and high performers, is continuously being conducted annually.

To date, LANDBANK has four MLDP tracks: (a) Management Training Program for first line Supervisors; (b) Branch Officers Development Program for future Branch Managers; (c) Lending Officers Development Program to harness our Account Officers in the lending operations; and (d) Leadership Development Program for current Heads of Units to strengthen and reinforce management skills in building high performing teams.

## Remuneration Policy

LANDBANK's basic salary rates are aligned with the National Government's Salary Standardization Law.

The Bank pays salaries, allowances, benefits and incentives in accordance with the issuances from the National Government agencies (Office of the President of the Philippines Administrative/Executive Orders, Memorandum Circulars issued by the Department of Budget and Management (DBM), Civil Service Commission (CSC), and Governance Commission for GOCCs (GCG).

The compensation package of the Bank's Senior Officers consists of monetary and non-monetary benefits, fringe benefits, incentive, recognition, and rewards for those who meet their performance targets or goals. The compensation package consists of basic salaries, standard allowances, benefits and incentives like Personnel Economic and Relief Allowance, Clothing Allowance, Mid-Year Bonus, Year End Bonus, and Cash Gift. Specific purpose allowances and benefits, such as, Representation Allowance and Transportation Allowance (RATA), per diem, and honoraria are also given to Senior Officers under specific conditions related to the actual performance of work at prescribed rates.

The Bank also provides awards and incentives to its Senior Officers through the grant of the annual Performance Based Bonus (PBB), Productivity Enhancement Incentive (PEI), CNA Incentive, and Program on Awards and Incentives for Service Excellence (PRAISE) which are linked to organizational and individual performance.

LANDBANK's Remuneration Policy includes indirect compensation which are regulated under existing laws like the Bank's share to GSIS, PhilHealth, Pag-IBIG, Provident Fund, and various leave benefits authorized by the CSC.

## Compensation of the LANDBANK Board of Directors

The current Allowances, Benefits and Incentives (ABI) are governed by the guidelines released by regulatory agencies and adopted by the Bank's Board.

The ABIs of the LANDBANK Board are guided by EO No. 24, series of 2011 "Prescribing Rules to Govern the Compensation of Members of the Board of Directors/ Trustees in GOCCs including GFIs", issued by then President Benigno Aquino III, and by GOCC Circulars (1) MC2016-01-Compensation Framework for GOCC Governing Boards and (2) Reissued MC 2012-02-Revised Interim Rules on Per Diem and other entitlements of Members of the Governing Boards of GOCCs covered by RA No.10149.

The Bank's Corporate Secretary oversees the implementation of the ABIs of LANDBANK's appointive Directors. The Director's attendance and actual performance in their chosen committees are reported on a regular basis to the Bank's Board.

## Selection Process

The Recruitment, Selection and Placement (RSP) process of LANDBANK for its personnel is based on merit and fitness to ensure competent and efficient performance of the duties and assumption of responsibilities of the positions to which these personnel may be appointed.

LANDBANK applies the Equal Employment Opportunity Principle (EEOP) to all employees and applicants for employment without regard to race, color, religion, political belief or affiliation, gender, ethnicity, age, height, weight, disability or any other form of prejudicial and arbitrary classifications.

As a Government Financial Institution (GFI), however, the Bank observes and complies with the fit and proper rule issued by the Bangko Sentral ng Pilipinas (BSP), GCG, and other regulatory bodies in addition to internal documentary requirements as well as the CSC rules on promotion.

Selection of senior officer positions in LANDBANK is in accordance with applicable CSC, BSP, and GCG rules and regulations. All candidates for such positions are to be endorsed for hiring via proposal by the LANDBANK President and CEO and/or the respective Head of the Sector where the vacancy is identified.

Upon receipt of the duly endorsed proposal, the Personnel Administration Department (PAD) will facilitate the validation of the position followed by the administration of the necessary pre-employment examination (e.g., Executive Profiling exam). The candidate is then provided with the list of LANDBANK Pre-employment requirements they need to submit for the processing of their proposal, including a set of medical tests which the candidate must undergo as part of the Bank's process in assessing candidates in accordance to the "fit and proper rule" issued by the regulatory bodies.

The position and item number they are being considered for shall be posted in the Bank's bulletin and published by the CSC for at least 10 days. PAD shall also process the request for the conduct of the person's Background and Credit Investigation (BI/CI) as well as the assessment of his/her training requirements vis-à-vis the LANDBANK Qualification Standards (QS) of the position.

Once the exam results are generated and the pre-employment requirements have been complied with, the candidate will undergo an interview by the Corporate Services Sector (CSS) Head. Upon completion of all the necessary requirements such as the BI and CI report, training certification and medical clearance, the proposal of the candidate will then be subject for deliberation and evaluation of the Selection Board II (SB II).

Once the SB II decides to favorably endorse the candidate, the proposal will be submitted by PAD to the Corporate Governance Committee and LANDBANK Board of Directors for approval. Approval from both authorities shall allow the candidate to assume duty on the first working day of the following month.

## Executive Officers/Senior Managers

As of 31 December 2018

Alex V. Buenaventura	- President and Chief Executive Officer
Carel D. Halog	- Executive Vice President, Treasury and Investment Banking Sector
Alan V. Bornas	- Executive Vice President, Operations Sector
Joselito P. Gutierrez	- Executive Vice President, Agricultural and Development Lending Sector
Julio D. Climaco, Jr.	- Executive Vice President, Corporate Services Sector
Liduvino S. Geron	- Executive Vice President, Branch Banking Sector
Leila C. Martin	- Senior Vice President, North NCR Branches Group
Filipina B. Monje	- Senior Vice President, Northern and Central Luzon Lending Group
Ramon R. Monteloyola	- Senior Vice President, South NCR Branches Group
Annalene M. Bautista	- Senior Vice President, Controllershship Group
Ma. Celeste A. Burgos	- Senior Vice President, Corporate Banking Group
Alex A. Lorayes	- Senior Vice President, Agrarian Services Group
Lolita T. Silva	- First Vice President, Retail and Mid-Market Lending Group
Elsie Fe B. Tagupa	- First Vice President, Visayas Lending Group
Ma. Elizabeth L. Gener	- First Vice President, Asset and Liability Management Group
Lucila E. Tesorero	- First Vice President, Southern Luzon Lending Group
Camilo C. Leyba	- First Vice President, East Mindanao Branches Group
Ma. Cielito D. Valdivia	- First Vice President, Southwest Luzon Branches Group
Sylvia C. Lim	- First Vice President, Central Luzon Branches Group
Ma. Belma T. Turla	- First Vice President, North Luzon Branches Group
Emellie V. Tamayo	- First Vice President, Lending Programs Management Group
Renato G. Eje	- First Vice President, OFW Remittance Group
Charlotte I. Conde	- First Vice President, Mindanao Lending Group
Khurshid U. Kalabud	- First Vice President, West Mindanao Branches Group
Noel B. Marquez	- First Vice President, Legal Services Group
Winston Rochel L. Galang	- First Vice President, Banking Operations Group
Althon C. Ferolino	- First Vice President, West Visayas Branches Group
Alden F. Abitona	- First Vice President, Technology Management Group
Marilou L. Villafranca	- First Vice President, Southeast Luzon Branches Group
Ma. Francia O. Titar	- First Vice President, Financial Markets Group
Delma O. Bandiola	- First Vice President, East Visayas Branches Group
Randolph L. Montesa	- First Vice President, Card and Electronic Banking Group

Catherine Rowena B. Villanueva	- First Vice President, Corporate Affairs Department
Sofia C. Ladores	- First Vice President, Risk Management Group
Amelia S. Amparado	- First Vice President, Compliance Management Group
Elcid C. Pangilinan	- First Vice President, Strategic Planning Group
Gonzalo Benjamin A. Bongolan	- First Vice President, Investment Banking Group
Merceditas N. Oliva	- Vice President, Financial Accounting Department
Lolita M. Almazar	- Vice President, Investment Sales and Distribution Department
Virgilio C. Paranal	- Vice President, Buendia Branch
Bernardo B. Bayangos	- Vice President, Isabela Lending Center
Reynaldo C. Capa	- Vice President, Banking Services Group
Maria Edelwina D. Carreon	- Vice President, Internal Audit Group
Marietta B. Cajuguiran	- Vice President, Corporate Banking Department II
Elenita C. Rapanut	- Vice President, Branch Banking Support Department
Allan R. Bisnar	- Vice President, Cebu South Lending Center
Eduardo N. Reyes, Jr.	- Vice President, Nueva Ecija Lending Center
Dina Melanie R. Madrid	- Vice President, Facilities and Procurement Services Group
Emma M. Brosas	- Vice President, Corporate Banking Department I
Ivy C. Sacramento	- Vice President, Balance Sheet Management Department
Esperanza N. Martinez	- Vice President, Public Sector Department
Emmanuel G. Dimaano	- Vice President, Capital Markets Trading Department
Eulalio G. Lagapa, Jr.	- Vice President, Cebu North Lending Center
Marjorie R. Cortez	- Vice President, Business Risk Management Department
Enrique L. Sazon, Jr.	- Vice President, Network Operations Department
Pacifico C. De Paz, Jr.	- Vice President, Electronic Products Department
Rose Marie E. Sotelo	- Vice President, Treasury Risk Management Department
Emmanuel G. Hio, Jr.	- Vice President, Organization Development Department
Cielito H. Lunaria	- Vice President, Financial Institutions Department
Arthur E. Dalampan	- Vice President, Electronic Banking Systems Department
Grace Ofelia Lovely V. Dayo	- Vice President, Retail Banking Systems Department
Adelfa R. Masacupan	- Vice President, Liquidity and Reserve Management Department
Joselito B. Vallada	- Vice President, Human Resources Management Group
Efren S. Tedor	- Vice President, Physical Security Office
Maria Aurora R. Bocato	- Vice President, Credit Risk Management Department
Rossana S. Coronel	- Relationship Officer, South NCRBG Cluster A

## Executive Officers and Senior Managers, and their Relevant Qualifications and Experiences

As of 31 December 2018

Name	Relevant Qualifications/Experience
ALEX V. BUENAVENTURA President and Chief Executive Officer 65 years old, Filipino	<ul style="list-style-type: none"> <li>• 11 November 2016 to 31 December 2018 – Land Bank of the Philippines</li> <li>• June 2016 – Chairman/President – Buencor Farms, Incorporated</li> <li>• September 2014 to 10 November 2016 – President – One Network Bank, Incorporated (A Rural Bank of BDO)</li> <li>• 2012 – Chairman/President – ALN 3 Brothers, Incorporated</li> <li>• April 2004 to August 2014 – President – One Network Bank (A Rural Bank)</li> <li>• 1986 – Chairman – Ultra Bowl, Incorporated</li> </ul>
CAREL D. HALOG Executive Vice President Treasury and Investment Banking Sector 54 years old, Filipino	<ul style="list-style-type: none"> <li>• Geodetic Engineer</li> <li>• 16 March 1988 to present – Land Bank of the Philippines; in present position since 16 June 2016</li> <li>• 11 July 1985 to 15 March 1988 – Geodetic Engineer – Bureau of Mines and Geodetic Science</li> </ul>



ALAN V. BORNAS Executive Vice President Operations Sector 52 years old, Filipino	<ul style="list-style-type: none"> <li>• 5 April 1988 to present – Land Bank of the Philippines; in present position since 14 July 2016</li> <li>• 16 June 1987 to 15 December 1987 – Instructor - AMA Computer Learning Center</li> </ul>
JOSELITO P. GUTIERREZ Executive Vice President Agricultural and Development Lending Sector 59 years old, Filipino	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• 1 August 1988 to present – Land Bank of the Philippines; in present position since 1 March 2018</li> <li>• 1 February 1981 to 31 July 1988 – Assistant Manager – Republic Planters Bank</li> <li>• 1 November 1979 to 31 January 1981 – Clerk – Bank of America – Finance Corporation</li> </ul>
JULIO D. CLIMACO, JR. Executive Vice President Corporate Services Sector 61 years old, Filipino	<ul style="list-style-type: none"> <li>• 7 December 1993 to present – Land Bank of the Philippines; in present position since 2 July 2012</li> <li>• 1 July 1991 to 6 December 1993 – Managing Consultant – Joaquin Cunanan and Company/Price Waterhouse</li> <li>• 1 July 1990 to 30 June 1991 – Supervising Consultant – Joaquin Cunanan and Company/Price Waterhouse</li> <li>• 1 December 1988 to 30 June 1990 – Senior Consultant – Joaquin Cunanan and Company/Price Waterhouse</li> <li>• 16 November 1987 to 30 November 1987 – Staff Officer – The Hongkong and Shanghai Banking Corporation</li> <li>• 1 May 1985 to 15 November 1987 – Market Analyst – The Hongkong and Shanghai Banking Corporation</li> <li>• 1 October 1981 to 30 April 1985 – Research Associate – Center for Research and Communication</li> <li>• 1 January 1981 – 31 August 1981 – Purchasing Officer – Castilex Industrial Corporation</li> </ul>
LIDUVINO S. GERON Executive Vice President Branch Banking Sector 54 years old, Filipino	<ul style="list-style-type: none"> <li>• 20 June 1994 to present – Land Bank of the Philippines; in present position since 18 July 2016</li> <li>• 13 May 1992 to 19 June 1994 – Division Chief – National Post-Harvest Institute for Research and Extension</li> <li>• 1 July 1989 to 12 May 1992 – Project Development Officer - National Post-Harvest Institute for Research and Extension</li> <li>• 7 May 1985 to 30 June 1989 – Research Assistant – National Post-Harvest Institute for Research and Extension</li> </ul>
LEILA C. MARTIN Senior Vice President North NCR Branches Group 57 years old, Filipino	<ul style="list-style-type: none"> <li>• 5 May 1982 to present – Land Bank of the Philippines; in present position since 3 July 2017</li> </ul>
FILIPINA B. MONJE Senior Vice President Northern and Central Luzon Lending Group 57 years old, Filipino	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• 3 November 1983 to present – Land Bank of the Philippines; in present position since 3 October 2016</li> <li>• 1 June 1983 to 31 October 1983 – Accounting Instructor – Luzon Colleges</li> <li>• 1 July 1982 to 30 November 1983 – Clerk/Bookkeeper – Ministry of Human Settlements</li> </ul>
RAMON R. MONTELOYOLA Senior Vice President South NCR Branches Group 57 years old, Filipino	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• 21 November 1983 to present – Land Bank of the Philippines; in present position since 3 October 2016</li> <li>• 16 October 1983 to 20 November 1983 – BWP Assistant – Bureau of Forest Development</li> <li>• 28 September 1979 to 15 October 1983 – Clerk Typist – Bureau of Forest Development</li> </ul>
ANNALENE M. BAUTISTA Senior Vice President Controllership Group 55 years old, Filipino	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• 6 January 1986 to present – Land Bank of the Philippines; in present position since 16 April 2018</li> <li>• 1 April 1985 to 30 September 1985 – Bookkeeper – Faith Insurance Services</li> <li>• 1 December 1984 to 31 March 1985 – Instructress – Amadeo Western Cavite Institute</li> </ul>
MA. CELESTE A. BURGOS Senior Vice President Corporate Banking Group 54 years old, Filipino	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• 10 February 1986 to present – Land Bank of the Philippines; in present position since 3 October 2016</li> </ul>

ALEX A. LORAYES Senior Vice President Agrarian Services Group 56 years old, Filipino	<ul style="list-style-type: none"> <li>• Civil Engineer</li> <li>• Geodetic Engineer</li> <li>• 26 December 1988 to present – Land Bank of the Philippines; in present position since 1 September 2015</li> <li>• 1 June 1985 to 30 November 1988 – Reviewer – Besevilla Engineering Review Center</li> <li>• 1 June 1985 to 30 November 1988 – Lecturer – Divine Word College of Legazpi</li> <li>• 15 May 1982 to 31 December 1983 – Survey Returns Verifier - Bureau of Lands</li> </ul>
LOLITA T. SILVA First Vice President Retail and Mid-Market Lending Group 59 years old, Filipino	<ul style="list-style-type: none"> <li>• 27 December 1982 to present – Land Bank of the Philippines; in present position since 1 September 2015</li> <li>• 1 July 1982 to 15 December 1982 – Clerk – Planters Development Bank</li> <li>• 16 December 1981 to 30 April 1982 – Secretary – Hanalex Trading</li> <li>• 1 July 1979 to 1 December 1981 – Executive Secretary – El Buen Asenso, Inc.</li> </ul>
ELSIE FE B. TAGUPA First Vice President Visayas Lending Group 58 years old, Filipino	<ul style="list-style-type: none"> <li>• 25 April 1983 to present – Land Bank of the Philippines; in present position since 3 July 2017</li> </ul>
MA. ELIZABETH L. GENER First Vice President Asset and Liability Management Group 55 years old, Filipino	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• 1 September 1983 to present – Land Bank of the Philippines; in present position since 16 April 2018</li> </ul>
LUCILA E. TESORERO First Vice President Southern Luzon Lending Group 55 years old, Filipino	<ul style="list-style-type: none"> <li>• 2 July 1985 to present – Land Bank of the Philippines; in present position since 3 July 2017</li> </ul>
CAMILO C. LEYBA First Vice President East Mindanao Branches Group 56 years old, Filipino	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• 19 November 1984 to present – Land Bank of the Philippines; in present position since 1 July 2015</li> <li>• 15 June 1984 to 18 November 1984 – Junior Auditor - Golden Farms, Inc.</li> </ul>
MA. CIELITO D. VALDIVIA First Vice President Southwest Luzon Branches Group 54 years old, Filipino	<ul style="list-style-type: none"> <li>• 8 September 1987 to present – Land Bank of the Philippines; in present position since 16 April 2018</li> <li>• 1 June 1986 to 31 March 1987 – High School Teacher – Liceo de Paete</li> <li>• 1 September 1985 to 30 April 1986 – Research Assistant – Forest Research Institute</li> </ul>
SYLVIA C. LIM First Vice President Central Luzon Branches Group 51 years old, Filipino	<ul style="list-style-type: none"> <li>• 23 November 1987 to present – Land Bank of the Philippines; in present position since 16 April 2018</li> </ul>
MA. BELMA T. TURLA First Vice President North Luzon Branches Group 51 years old, Filipino	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• 3 April 1989 to present – Land Bank of the Philippines; in present position since 16 April 2018</li> <li>• 1 November 1987 to 2 April 1989 – Personal Assistant - Atty. Arnulfo P. Fuentebella Law Office</li> </ul>
EMELLIE V. TAMAYO First Vice President Lending Programs Management Group 51 years old, Filipino	<ul style="list-style-type: none"> <li>• 21 August 1989 to present – Land Bank of the Philippines; in present position since 1 March 2018</li> <li>• 1 January 1987 to 20 August 1989 – Junior Auditor - Sycip, Gorres, Velayo and Co.</li> </ul>
RENATO G. EJE First Vice President OFW Remittance Group 55 years old, Filipino	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• 19 September 1989 to present – Land Bank of the Philippines; in present position since 1 July 2015</li> <li>• 17 September 1984 to 17 September 1989 – Project Accountant/Head of Admin-Finance - MERALCO Industrial Engineering Services Corporation</li> </ul>
CHARLOTTE I. CONDE First Vice President Mindanao Lending Group 53 years old, Filipino	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• 15 August 1988 to present – Land Bank of the Philippines; in present position since 16 April 2018</li> <li>• 1 April 1987 to 31 October 1987 – Accounting Clerk – EMCOR, Incorporated</li> </ul>
KURSHID U. KALABUD First Vice President West Mindanao Branches Group 50 years old, Filipino	<ul style="list-style-type: none"> <li>• 18 June 1990 to present – Land Bank of the Philippines; in present position since 3 July 2017</li> </ul>
NOEL B. MARQUEZ First Vice President Legal Services Group 57 years old, Filipino	<ul style="list-style-type: none"> <li>• Eligibility - Bar</li> <li>• 18 December 1990 to present – Land Bank of the Philippines; in present position since 3 July 2017</li> <li>• 1 May 1989 to 31 January 1990 – Associate Lawyer – Bengzon Law Office</li> </ul>

WINSTON ROCHEL L. GALANG First Vice President Banking Operations Group 56 years old, Filipino	<ul style="list-style-type: none"> <li>• Civil Engineer</li> <li>• 12 November 1990 to present – Land Bank of the Philippines; in present position since 16 April 2018</li> </ul>
ALTHON C. FEROLINO First Vice President West Visayas Branches Group 52 years old, Filipino	<ul style="list-style-type: none"> <li>• 21 June 1991 to present – Land Bank of the Philippines; in present position since 3 July 2017</li> <li>• 1 January 1990 to 28 February 1991 – Irrigator’s Development Officer – National Irrigation Administration</li> <li>• 1 June 1989 to 30 October 1989 – Instructor – Iligan Medical Center Colleges and Mindanao State University</li> </ul>
ALDEN F. ABITONA First Vice President Technology Management Group 48 years old, Filipino	<ul style="list-style-type: none"> <li>• 24 September 1991 to present – Land Bank of the Philippines; in present position since 1 March 2018</li> </ul>
MARILOU L. VILLAFRANCA First Vice President Southeast Luzon Branches Group 50 years old, Filipino	<ul style="list-style-type: none"> <li>• 16 March 1992 to present – Land Bank of the Philippines; in present position since 3 July 2017</li> <li>• 1 March 1992 to 15 March 1992 – Acting Administrative Officer – Lumang Bayan Realty Development Corporation</li> <li>• 21 January 1991 to 29 February 1992 – Executive Secretary – Lumang Bayan Realty Development Corporation</li> <li>• 17 July 1989 to 15 October 1990 – Legal Secretary – Ote Law Offices</li> </ul>
MA. FRANCIA O. TITAR First Vice President Financial Markets Group 48 years old, Filipino	<ul style="list-style-type: none"> <li>• 10 August 1992 to present – Land Bank of the Philippines; in present position since 16 April 2018</li> <li>• 9 January 1992 to 30 June 1992 – Clerk Typist – Excellent Manpower Services – FEBTC</li> <li>• 1 March 1989 to 30 June 1989 – Sales Clerk – Ever Grand Central</li> </ul>
DELMA O. BANDIOLA First Vice President East Visayas Branches Group 48 years old, Filipino	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• 16 September 1992 to present – Land Bank of the Philippines; in present position since 16 April 2018</li> <li>• 8 January 1992 to 31 March 1992 – Bookkeeper – Surge Multi-Resources Trading Corporation</li> </ul>
RANDOLPH L. MONTESA First Vice President Card and Electronic Banking Group 51 years old, Filipino	<ul style="list-style-type: none"> <li>• 1 August 2003 to present – Land Bank of the Philippines; in present position since 1 July 2015</li> <li>• 1 April 2000 to 30 November 2002 – Project Manager – IBM Philippines</li> <li>• 16 February 1998 to 31 May 1999 – Technical Support Analyst – Oracle Systems (Philippines)</li> <li>• 1 August 1988 to 15 February 1998 – System Manager – Philippine Airlines, Incorporated</li> </ul>
CATHERINE ROWENA B. VILLANUEVA First Vice President Corporate Affairs Department 47 years old, Filipino	<ul style="list-style-type: none"> <li>• 2 January 2012 to present – Land Bank of the Philippines; in present position since 1 October 2015</li> <li>• 1 August 2010 to 30 January 2011 – CSR Head, Public Affairs Office – Citibank NA, Philippines</li> <li>• 1 December 2008 to 30 July 2010 – Head, Marketing Communications for Retail Bank – Citibank, NA, Philippines</li> <li>• 15 July 2006 to 15 August 2007 – Head, Acquisitions Marketing and e-Business – Citibank International Personal Bank, Singapore</li> <li>• 1 September 2005 to 1 July 2006 – Head, Micromarketing &amp; Strategic Alliance – Citibank NA, Philippines</li> <li>• 1 May 2004 to 30 June 2005 – Head, Branding &amp; Micromarketing for Retail Bank – Citibank NA, Philippines</li> <li>• 12 March 2001 to 30 April 2004 – Events and Media Manager – Citibank NA, Philippines</li> <li>• 15 January 2001 to 1 March 2001 – Marketing Head – Philamcare</li> <li>• 1 January 1996 to 1 September 2000 – Manager, Special Projects &amp; Concurrent Executive Producer – Slimmers World International</li> <li>• 1 June 1994 to 1 December 1996 – TV Production Supervisor and Scriptwriter – Slimmers World International</li> <li>• 1 March 1994 to 31 May 1994 – Marketing and Promotions Coordinator – Slimmers World International</li> <li>• 1 January 1993 to 1 March 1994 – Advertising Assistant – Slimmers World International</li> <li>• 1 July 1992 to 31 December 1993 – Public Relations Officer – Slimmers World International</li> </ul>
SOFIA C. LADORES First Vice President Risk Management Group 64 years old, Filipino	<ul style="list-style-type: none"> <li>• 16 May 2012 to 31 December 2018 – Land Bank of the Philippines; in present position since 16 April 2018</li> <li>• 1 January 2003 to 7 May 2012 – Assistant Vice President – Philippine National Bank</li> </ul>



<p>AMELIA S. AMPARADO First Vice President Compliance Management Group 61 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• 1 July 2014 to present – Land Bank of the Philippines;</li> <li>• 1 February 2010 to 30 June 2014 – Chief Compliance Officer/ First Vice President – Metropolitan Bank &amp; Trust Company</li> <li>• 1 August 2009 to 15 January 2010 – Chief Compliance Officer/ Vice President – East West Banking Corporation</li> <li>• 5 January 2009 to 31 July 2009 – Consultant – East West Banking Corporation</li> <li>• 16 May 1982 to 31 July 2000 – Internal Auditor – China Banking Corporation</li> <li>• 1 October 1978 to 30 April 1982 – Auditor – Sycip, Gorres, Velayo CPAs</li> </ul>
<p>ELCID C. PANGILINAN First Vice President Strategic Planning Group 50 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• 30 June 2017 to present – Land Bank of the Philippines</li> <li>• 1 November 2013 to 29 June 2017 – Director – USAID – FPI and Surge (Project)</li> <li>• 1 May 2011 to 30 November 2013 – Director – Millenium Challenge Account – Philippines</li> <li>• 1 August 2007 to 31 December 2010 – Senior Policy Adviser – Department of Education</li> <li>• 1 January 2003 to 31 July 2006 – Program Support Manager – United Nations Development Program – Philippines</li> <li>• 1 February 1995 to 4 April 2002 – Bank Executive Officer – Land Bank of the Philippines</li> <li>• 1 February 1989 to 31 October 1993 – Presidential Staff Officer – Office of the President of the Philippines</li> </ul>
<p>GONZALO BENJAMIN A. BONGOLAN First Vice President Investment Banking Group 53 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• 24 January 2018 to present – Land Bank of the Philippines</li> <li>• January 2011 to January 2018 – Vice President – Philippine Commercial Capital, Incorporated (PCCI)</li> <li>• May 2001 to May 2010 – Manager – Home Guaranty Corporation</li> <li>• September 1998 to May 2001 – Assistant Vice President - PCCI Securities Brokers Corporation</li> <li>• May 1998 to September 1998 – Manager – First Metro Investment Corporation</li> <li>• January 1997 to March 1998 – Manager – Belson-Prime East Asia Capital, Incorporated</li> <li>• June 1996 to January 1997 – Senior Economist – Banque Nationale de Paris-PrimeEast</li> <li>• July 1995 to May 1996 – Legislative Staff Officer – House of Representatives</li> <li>• June 1993 to October 1994 – Teaching Fellow – UP School of Economics</li> <li>• March 1990 to June 1995 – Research Fellow – Philippine Center for Policy Studies</li> <li>• June 1987 to October 1988 – Teaching Fellow – UP School of Economics</li> </ul>
<p>MERCEDITAS N. OLIVA Vice President Financial Accounting Department 61 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• 23 August 1982 to present – Land Bank of the Philippines; in present position since 3 July 2017</li> <li>• 1 April 1979 to 22 August 1982 – Accounting Clerk – Oriental Media, Incorporated</li> <li>• 1 February 1978 to 31 March 1978 – Accounting Clerk – Quadratic Construction, Incorporated</li> </ul>
<p>LOLITA M. ALMAZAR Vice President Investment Sales and Distribution Department 54 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• 7 January 1986 to present – Land Bank of the Philippines; in present position since July 1, 2015</li> </ul>
<p>VIRGILIO C. PARANIAL Vice President Buendia Branch 56 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• 19 October 1987 to 8 February 1989 – Land Bank of the Philippines; in present position since 1 October 2018</li> <li>• 14 August 1987 to 14 October 1987 – Accounting Clerk – Woodstown Condominium Corporation</li> <li>• 16 October 1984 to 30 November 1986 – Clerk – Mariano Marcos State University</li> </ul>
<p>BERNARDO B. BAYANGOS Vice President Isabela Lending Center 55 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• 14 December 1987 to present – Land Bank of the Philippines; in present position since 1 March 2018</li> <li>• 9 September 1986 to 13 December 1987 – Administrative Assistant – Ayala Agricultural Development Corporation</li> <li>• 1 April 1985 to 31 August 1986 – Senior Auditor – Santiago, Cruz and Company CPAs</li> </ul>
<p>REYNALDO C. CAPA Vice President Banking Services Group 55 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• 7 March 1989 to present – Land Bank of the Philippines; in present position since 1 March 2018</li> <li>• 1 January 1985 to 1 January 1986 – Proof Settling Clerk – Manila Bank</li> </ul>

MARIA EDELWINA D. CARREON Vice President Internal Audit Group 58 years old, Filipino	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• 11 July 1988 to present – Land Bank of the Philippines; in present position since 3 July 2017</li> <li>• 13 February 1981 to 8 July 1988 – Section Chief – Great Pacific Life</li> <li>• 6 January 1981 to 12 February 1981 – Accounting Clerk – Peace Advertising Corporation</li> </ul>
MARIETTA B. CAJUGUIRAN Vice President Corporate Banking Department II 53 years old, Filipino	<ul style="list-style-type: none"> <li>• 2 November 1988 to present – Land Bank of the Philippines; in present position since 1 March 2018</li> <li>• 1 December 1986 to 31 January 1988 – Supervisor – B.I. Cottonhouse Philippines, Incorporated</li> </ul>
ELENITA C. RAPANUT Vice President Branch Banking Support Department 55 years old, Filipino	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• 30 January 1989 to present – Land Bank of the Philippines; in present position since 2 November 2016</li> <li>• 1 July 1988 to 29 January 1989 – Financial Analyst – Concepcion Industries, Incorporated</li> <li>• 1 February 1984 to 30 June 1988 – Clerk – Philippine Cotton Corporation</li> </ul>
ALLAN R. BISNAR Vice President Cebu South Lending Center 50 years old, Filipino	<ul style="list-style-type: none"> <li>• 1 September 1989 to present – Land Bank of the Philippines; in present position since 1 March 2018</li> </ul>
EDUARDO N. REYES, JR. Vice President Nueva Ecija Lending Center 54 years old, Filipino	<ul style="list-style-type: none"> <li>• 1 August 1988 to present – Land Bank of the Philippines; in present position since 3 July 2017</li> <li>• 16 February 1987 to 31 July 1988 – Economic Researcher – Office of the Provincial Agriculturist – Nueva Ecija</li> <li>• 1 October 1986 to 15 February 1987 – Extension Services Technologist – Office of the Provincial Agriculturist – Nueva Ecija</li> <li>• 28 October 1984 to 31 October 1985 – Project Research Assistant – University of Life/Ministry of Human Settlement</li> </ul>
DINA MELANIE R. MADRID Vice President Facilities and Procurement Services Group 56 years old, Filipino	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• 23 May 1989 to present – Land Bank of the Philippines; in present position since 1 October 2018</li> <li>• 1 July 1986 to 22 May 1989 – Accountant – Solidphil Security Services, Incorporated</li> <li>• 1 July 1984 to 30 June 1986 – Cost Accounting Clerk – Graphic Arts Service, Incorporated</li> <li>• 1 January 1984 to 30 June 1984 – Accounting Clerk – Vintas International, Incorporated</li> </ul>
EMMA M. BROSAS Vice President Corporate Banking Department I 52 years old, Filipino	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• 17 July 1989 to present – Land Bank of the Philippines; in present position since 16 January 2017</li> <li>• 16 February 1989 to 15 April 1989 – Audit Staff – SGV and Co.</li> </ul>
IVY C. SACRAMENTO Vice President Balance Sheet Management Department 53 years old, Filipino	<ul style="list-style-type: none"> <li>• 21 March 1990 to present – Land Bank of the Philippines; in present position since 3 July 2017</li> <li>• 16 June 1987 to 28 February 1990 – Cashier – San Lorenzo Freezing Point</li> <li>• 1 January 1987 to 15 June 1987 – Executive Secretary – Link Management and Services, Incorporated</li> </ul>
ESPERANZA N. MARTINEZ Vice President Public Sector Department 51 years old, Filipino	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• 1 June 1990 to present – Land Bank of the Philippines; in present position since 1 October 2018</li> <li>• 1 February 1989 to 30 April 1990 – Accountant – Solid Business Machines Center, Incorporated</li> </ul>
EMMANUEL G. DIMAANO Vice President Capital Markets Trading Department 57 years old, Filipino	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• 3 June 1991 to present – Land Bank of the Philippines; in present position since 1 October 2018</li> <li>• 1 November 1989 to 31 May 1991 – Audit Examiner – Boston Bank of the Philippines</li> <li>• 1 May 1989 to 31 October 1989 – Internal Auditor – Drugmakers Laboratories, Incorporated</li> <li>• 1 September 1986 to 31 August 1988 – Branch Accountant – Manila Banking Corporation</li> <li>• 16 May 1983 to 31 August 1986 – Audit Examiner – Manila Banking Corporation</li> <li>• 8 May 1982 to 15 May 1983 – Accountant – Scannex Corporation</li> </ul>
EULALIO G. LAGAPA, JR. Vice President Cebu North Lending Center 48 years old, Filipino	<ul style="list-style-type: none"> <li>• Agricultural Engineer</li> <li>• 8 October 1991 to present – Land Bank of the Philippines; in present position since 1 October 2018</li> </ul>

MARJORIE R. CORTEZ Vice President Business Risk Management Department 49 years old, Filipino	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• 18 November 1991 to present – Land Bank of the Philippines; in present position since 1 October 2018</li> <li>• 1 July 1991 to 16 November 1991 – Account Management Trainee – Dasmariñas Garments Corporation</li> <li>• 1 November 1990 to 30 June 1991 – Secretary/Land Researcher – Cortez Survey Office</li> <li>• 1 February 1988 to 30 November 1989 – Compiler/Researcher – Anap Research Services Foundation, Incorporated</li> </ul>
ENRIQUE L. SAZON, JR. Vice President Network Operations Department 49 years old, Filipino	<ul style="list-style-type: none"> <li>• Electronics and Communications Engineer</li> <li>• 16 July 1992 to present – Land Bank of the Philippines; in present position since 1 October 2018</li> <li>• 1 September 1996 to 31 January 1997 – Assistant Manager – Banco de Oro</li> <li>• 1 December 1994 to 31 August 1996 – Information Technology Specialist – Duty Free Philippines</li> <li>• 3 December 1993 to 30 November 1994 – Communication Specialist – Duty Free Philippines</li> </ul>
PACIFICO C. DE PAZ, JR. Vice President Electronic Products Department 57 years old, Filipino	<ul style="list-style-type: none"> <li>• Civil Engineer</li> <li>• 1 July 1993 to present – Land Bank of the Philippines; in present position since 2 November 2016</li> <li>• 16 January 1993 to 30 June 1993 – Account Management Specialist – Development Bank of the Philippines</li> <li>• 31 July 1991 to 15 January 1993 – Appraiser – Development Bank of the Philippines</li> <li>• 1 June 1990 to 30 July 1991 – Office Engineer – Fisher Engineering and Maintenance Company</li> <li>• 1 February 1989 to 31 May 1990 – Project Engineer – Federal Builders</li> <li>• 16 September 1987 to 31 December 1987 – Formwork Engineer – KJS Construction</li> <li>• 16 January 1987 to 15 September 1987 – Project Engineer – Unimasters Conglomerate, Incorporated</li> <li>• 1 September 1986 to 15 January 1987 – Office Engineer Estimator – Unimasters Conglomerate, Incorporated</li> <li>• 16 December 1984 to 15 August 1986 – Assistant Project Engineer – Unimasters Conglomerate, Incorporated</li> <li>• 1 September 1984 to 15 December 1984 – Civil Engineer Aide – Provincial Government of Leyte</li> </ul>
ROSE MARIE E. SOTELO Vice President Treasury Risk Management Department 56 years old, Filipino	<ul style="list-style-type: none"> <li>• 21 June 1993 to present – Land Bank of the Philippines; in present position since 1 October 2018</li> <li>• 1 October 1989 to 14 June 1993 – Supervising TLO Officer – Technology and Livelihood Research Center (TLRC)</li> <li>• 1 October 1989 to 1 October 1989 – Project Disbursement Head – TLRC</li> <li>• 1 July 1989 to 30 September 1989 – Senior TLO Officer – TLRC</li> <li>• 2 November 1987 to 30 June 1989 – Project Evaluation Officer II – TLRC</li> <li>• 3 March 1986 to 31 July 1987 – Senior Project Specialist – KKK National Secretariat</li> <li>• 1 October 1985 to 1 March 1986 – Senior Technical Specialist – KKK National Secretariat</li> <li>• 1 October 1983 to 30 September 1985 – Investment Analyst – KKK National Secretariat</li> <li>• 1 November 1982 to 30 September 1983 – Financial Analyst – MHS Livelihood Development Group</li> </ul>
EMMANUEL G. HIO, JR. Vice President Organization Development Department 46 years old, Filipino	<ul style="list-style-type: none"> <li>• 1 September 1994 to present – Land Bank of the Philippines; in present position since 1 March 2018</li> <li>• 1 June 1992 to 31 August 1994 – Faculty Teacher – De La Salle University</li> </ul>
CIELITO H. LUNARIA Vice President Financial Institutions Department 55 years old, Filipino	<ul style="list-style-type: none"> <li>• Chemical Engineer</li> <li>• 23 May 1994 to present – Land Bank of the Philippines; in present position since 1 July 2015</li> <li>• 1 October 1992 to 31 July 1993 – Junior Processing Engineer – P.T. Astra Microtronics Technology</li> <li>• 15 August 1988 to 31 August 1991 – Technical Sales Supervisor – Accord International, Incorporated</li> <li>• 2 January 1987 to 31 January 1988 – Feature Writer – Line Publications Mapua Ches.-Chem. Alumni</li> <li>• 2 January 1986 to 14 August 1988 – Sales Engineer – Cougar Resources Corporation</li> </ul>



ARTHUR E. DALAMPAN Vice President Electronic Banking Systems Department 46 years old, Filipino	<ul style="list-style-type: none"> <li>• Associate Electrical Engineer</li> <li>• 15 April 1996 to present – Land Bank of the Philippines; in present position since 1 March 2018</li> <li>• 1 September 1994 to 31 March 1995 – Programmer Trainee – NETCOR</li> </ul>
GRACE OFELIA LOVELY V. DAYO Vice President Retail Banking Systems Department 46 years old, Filipino	<ul style="list-style-type: none"> <li>• 25 June 1998 to present – Land Bank of the Philippines; in present position since 1 October 2018</li> <li>• 1 July 1996 to 31 March 1998 – Science Research Specialist – University of the Philippines Solar Laboratory</li> <li>• 3 January 1996 to 30 June 1996 – Science Research Analyst – University of the Philippines Solar Laboratory</li> </ul>
ADELFA R. MASACUPAN Vice President Liquidity and Reserve Management Department 45 years old, Filipino	<ul style="list-style-type: none"> <li>• 3 February 2003 to present – Land Bank of the Philippines; in present position since 16 November 2018</li> <li>• 1 April 2001 to 2 February 2003 – Researcher/Special Assistant – Department of Environment and Natural Resources</li> <li>• 1 April 2001 to 30 August 2001 – Foreign Exchange Trader – Belkin Management Consultancy</li> <li>• 1 July 1998 to 31 March 2001 – Researcher/Special Assistant – Office of Congressman Heherson Alvarez</li> <li>• 27 May 1993 to 30 June 1998 – Legislative Staff Officer – Office of Senator Heherson Alvarez</li> </ul>
JOSELITO B. VALLADA Vice President Human Resources Management Group 47 years old, Filipino	<ul style="list-style-type: none"> <li>• Eligibility – Bar</li> <li>• 1 April 2003 to present – Land Bank of the Philippines; in present position since 4 July 2017</li> <li>• 1 November 2000 to 30 March 2003 – Associate – Peña Sanchez Lacson Mison and Figueroa Law Offices</li> <li>• 1 October 1999 to 31 August 2000 – Figueuroa and Associates Law Office</li> </ul>
EFREN S. TEDOR Vice President Physical Security Office 64 years old, Filipino	<ul style="list-style-type: none"> <li>• 26 August 2011 to 31 December 2018 – Land Bank of the Philippines; in present position since 1 September 2015</li> <li>• 20 June 2010 to 25 August 2011 – Naval Officer – Armed Forces of the Philippines (AFP)</li> <li>• 9 September 2009 to 19 June 2010 – Chief – AFP Command Center, General Headquarters</li> <li>• 7 July 2008 to 19 January 2009 – Naval Internal Auditor – Philippine Navy</li> <li>• 22 January 2008 to 28 July 2008 – Commander – Bonifacio Naval Station</li> <li>• 12 February 2007 to 22 January 2008 – Deputy Commander – Naval Base Cavite, Philippine Navy</li> <li>• 1 January 2004 to 31 December 2006 – Defense and Armed Forces Attache – MIG 21, ISAFP</li> <li>• 1 January 2003 to 23 July 2003 – Chief of Staff – Naval Forces Central Philippine Navy</li> </ul>
MARIA AURORA R. BOCATO Vice President Credit Risk Management Department 53 years old, Filipino	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• 5 July 2017 to present – Land Bank of the Philippines; in present position since 1 October 2018</li> <li>• 1 January 2006 to 3 July 2017 – Senior Assistant Vice President – Philippine National Bank (PNB) – Market and ALM Division</li> <li>• 7 August 2003 to 31 December 2005 – Manager/Risk Management Officer – PNB Risk Management Group</li> <li>• 29 December 1994 to 6 August 2003 – Senior Assistant Manager/Risk Management Officer – PNB Credit Policy and Risk Control Division</li> <li>• 11 July 1994 to 28 December 1994 – Bank Executive Officer – PNB Credit Department</li> <li>• 16 February 1992 to 10 July 1994 – Loans and Distribution Officer – PNB</li> <li>• 18 December 1990 to 15 February 1993 – Loans Analyst – PNB</li> <li>• 1 March 1990 to 17 December 1990 – Financial Analyst/Acting Accountant – PNB</li> <li>• 1 August 1988 to 28 February 1990 – Bank Teller – PNB</li> <li>• 12 October 1987 to 31 July 1988 – Accounting Clerk – PNB</li> </ul>
ROSSANA S. CORONEL Relationship Officer South NCRBG Cluster A 55 years old, Filipino	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• 4 April 1989 to present – Land Bank of the Philippines; in present position since 2 November 2016</li> <li>• 1 January 1988 to 3 April 1989 – Budget Examiner – Department of Health (DOH)</li> <li>• 5 November 1985 to 31 December 1987 – Budget Aide – DOH</li> </ul>

## Trainings for Executive Officers and Senior Managers

Executive Officer/ Senior Manager		Name of the Business Event	Start date	End date	Provider
1.	ALEX V. BUENAVENTURA President and CEO	Fiduciary Essentials	11/26/2018	11/26/2018	APAFS
		Strategic Planning & Strategic Execution	10/24/2018	11/9/2018	R.G. MANABAT & CO.
		Leading With Trust: Session with Stephen Covey	06/19/2018	06/19/2018	ABS-CBN
		Study Tour on Poultry & Swine Business	05/09/2018	05/13/2018	CHAROEN
		BSP Cir. 706, AMLA Law, AML Risk Rating	04/27/2018	04/27/2018	BAIPHIL
		ANC Leadership Series	03/20/2018	03/20/2018	ANC
		Command Conference of Heads of Posts	01/27/2018	01/28/2018	DFA
2.	CAREL D. HALOG EVP, Treasury and Investment Banking Sector	Mart Annual Convention	11/09/2018	11/11/2018	MART
		Strategic Planning & Strategic Execution	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		Philippine Economic Briefing	09/18/2018	09/19/2018	BSP - IRO
		AML Updating LEAP	04/20/2018	04/20/2018	AML 2017
		ACI Philippines Annual Convention	04/20/2018	04/22/2018	ACI PHILS
		Corporate Governance Orientation Program for GOCCs	04/18/2018	04/18/2018	ICD
		ANC Leadership Series	03/20/2018	03/20/2018	ANC
		FMAP Annual Convention	03/09/2018	03/11/2018	FMAP 2010
3.	ALAN V. BORNAS EVP, Operations Sector	Impact of Train Law on Government Banks	01/25/2018	01/25/2018	SGV
		Strategic Planning & Strategic Execution	10/24/2018	11/9/2018	R.G. MANABAT & CO.
		SAS Leaders Exchange Conference	06/20/2018	06/21/2018	SAS INSTI
		Inaugural Forum of AFS-IT	05/08/2018	05/09/2018	AFSIT
		AML Updating LEAP	04/20/2018	04/20/2018	AML 2017
		Corporate Governance Orientation Program for GOCCs	04/18/2018	04/18/2018	ICD
		ANC Leadership Series	03/20/2018	03/20/2018	ANC
4.	JOSELITO P. GUTIERREZ EVP, Agricultural and Development Lending Sector	Impact of Train Law on Government Banks	01/25/2018	01/25/2018	SGV
		Strategic Planning & Strategic Execution	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		Karlsruhe Sustainable Finance Awards & Conference	07/12/2018	07/13/2018	EOSD
		AML Updating LEAP	04/20/2018	04/20/2018	AML 2017
		ANC Leadership Series	03/20/2018	03/20/2018	ANC
5.	JULIO D. CLIMACO, JR. EVP, Corporate Services Sector	FELDA/FELCRA Development Model	03/12/2018	03/16/2018	JICA
		Strategic Planning & Strategic Execution	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		PMAP Annual Conference	10/10/2018	10/12/2018	PMAP
		AML Updating LEAP	04/20/2018	04/20/2018	AML 2017
		Corporate Governance Orientation Program for GOCCs	04/18/2018	04/18/2018	ICD
6.	LIDUVINO S. GERON EVP, Branch Banking Sector	ANC Leadership Series	03/20/2018	03/20/2018	ANC
		Strategic Planning & Strategic Execution	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		AML Updating LEAP	04/20/2018	04/20/2018	AML 2017
		Corporate Governance Orientation Program For GOCCs	04/18/2018	04/18/2018	ICD
		ANC Leadership Series	03/20/2018	03/20/2018	ANC
7.	LEILA C. MARTIN Senior Vice President North NCR Branches Group	Impact of Train Law on Government Banks	01/25/2018	01/25/2018	SGV4
		Strategic Planning & Strategic Execution	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		Orientation on the Revised LANDBANK SPMS	08/24/2018	08/24/2018	PAD
		AML Updating LEAP	04/20/2018	04/20/2018	AML 2017
8.	FILIPINA B. MONJE Senior Vice President Northern and Central Luzon Lending Group	Corporate Governance Orientation Program for GOCCs	04/18/2018	04/18/2018	ICD
		Strategic Planning & Strategic Execution	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		AML Updating LEAP	04/20/2018	04/20/2018	AML 2017
		Strategic Planning & Strategic Execution	10/24/2018	11/09/2018	R.G. MANABAT & CO.
9.	RAMON R. MONTELOYOLA Senior Vice President South NCR Branches Group	Orientation on the Revised LANDBANK SPMS	08/24/2018	08/24/2018	PAD
		AML Updating LEAP	04/20/2018	04/20/2018	AML 2017
		Corporate Governance Orientation Program for GOCCs	04/18/2018	04/18/2018	ICD
		Strategic Planning & Strategic Execution	10/24/2018	11/09/2018	R.G. MANABAT & CO.

10.	<b>ANNALENE M. BAUTISTA</b> Senior Vice President Controllershship Group	Microsoft Excel Advanced	12/07/2018	12/07/2018	MS EXCEL-CG
		Tax And PFRS Updates	11/17/2018	11/17/2018	SGV
		Strategic Planning & Strategic Execution	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		Accountancy Week	07/19/2018	07/19/2018	GACPA&PICPA
		COSO Enterprise Risk Management	06/29/2018	06/29/2018	COSO PICPA
		Tools & Tips For Powerful Communication	06/18/2018	06/18/2018	PICPA
		GACPA 40Th Annual National Convention	05/23/2018	05/26/2018	GACPA
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
		Effective Conversation Fluency	04/20/2018	04/20/2018	PICPAEMM
		PFRS9 Project KTS: CALCN Exercise PF	04/19/2018	04/19/2018	SGV
		PFRS 9 Project KTS: CALCN Exer for UB/KB	04/19/2018	04/19/2018	SGV
		Corporate Governance Orientation Program for GOCCs	04/18/2018	04/18/2018	ICD
		Benefits of Corporate Governance	01/29/2018	01/29/2018	ATENEOCCE
		Impact of Train Law on Government Banks	01/25/2018	01/25/2018	SGV
11.	<b>MA. CELESTE A. BURGOS</b> Senior Vice President Corporate Banking Group	Strategic Planning & Strategic Execution	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
		Corporate Governance Orientation Program for GOCCs	04/18/2018	04/18/2018	ICD
		Global Forum on Infrastructure Strategies	01/18/2018	01/18/2018	PCM ASIA
12.	<b>ALEX A. LORAYES</b> Senior Vice President Agrarian Services Group	Strategic Planning & Strategic Execution	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
		Corporate Governance Orientation Program for GOCCs	04/18/2018	04/18/2018	ICD
13.	<b>LOLITA T. SILVA</b> First Vice President Retail and Mid-Market Lending Group	Metro Manila Tourism Forum 2018	08/30/2018	08/31/2018	AAP
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
14.	<b>ELSIE FE B. TAGUPA</b> First Vice President Visayas Lending Group	Strategic Planning & Strategic Execution	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		Karlsruhe Sustainable Finance Awards & Conference	07/12/2018	07/13/2018	EOSD
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
15.	<b>MA. ELIZABETH L. GENER</b> First Vice President Asset and Liability Management Group	Strategic Planning & Strategic Execution	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		Managing Risk From FX & Interest Rate Exposures	07/05/2018	07/06/2018	ATENEO
		GACPA 40Th Annual National Convention	05/23/2018	05/26/2018	GACPA
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
		Corporate Governance Orientation Program for GOCCs	04/18/2018	04/18/2018	ICD
		Conduct of Stress Testing Exercises	03/02/2018	03/02/2018	BAIPHIL
16.	<b>LUCILA E. TESORERO</b> First Vice President Southern Luzon Lending Group	Impact of Train Law on Government Banks	01/25/2018	01/25/2018	SGV
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
17.	<b>CAMILO C. LEYBA</b> First Vice President East Mindanao Branches Group	Training on Revised IRR of RA No. 9184/PHILGEPS	10/22/2018	10/24/2018	GPPB
		Orientation on the Revised LANDBANK SPMS	08/24/2018	08/24/2018	PAD
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
18.	<b>MA. CIELITO D. VALDIVIA</b> First Vice President Southwest Luzon Branches Group	Training on Revised IRR of RA No. 9184/PHILGEPS	10/08/2018	10/10/2018	GPPB
		Orientation on the Revised LANDBANK SPMS	08/24/2018	08/24/2018	PAD
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
		Corporate Governance Orientation Program for GOCCs	04/18/2018	04/18/2018	ICD
19.	<b>SYLVIA C. LIM</b> First Vice President Central Luzon Branches Group	Training on Revised IRR of RA No. 9184/PHILGEPS	10/08/2018	10/10/2018	GPPB
		Orientation on the Revised LANDBANK SPMS	08/24/2018	08/24/2018	PAD
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
		Corporate Governance Orientation Program for GOCCs	04/18/2018	04/18/2018	ICD
20.	<b>MA. BELMA T. TURLA</b> First Vice President North Luzon Branches Group	Training on Revised IRR of RA No. 9184/PHILGEPS	10/08/2018	10/10/2018	GPPB
		Orientation on the Revised LANDBANK SPMS	08/24/2018	08/24/2018	PAD
		BIR-LINK.BIZPORTAL	03/17/2018	03/17/2018	EPD
21.	<b>RENATO G. EJE</b> First Vice President OFW Remittance Group	Corporate Governance Orientation Program for GOCCs	04/18/2018	04/18/2018	ICD
22.	<b>CHARLOTTE I. CONDE</b> First Vice President Mindanao Lending Group	Strategic Planning & Strategic Execution	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		Study Tour on Poultry & Swine Business	05/09/2018	05/13/2018	CHAROEN
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
		FELDA/FELCRA Development Model	03/12/2018	03/16/2018	JICA
23.	<b>KHURSHID U. KALABUD</b> First Vice President West Mindanao Branches Group	Training on Revised IRR of RA No. 9184/PHILGEPS	10/22/2018	10/24/2018	GPPB3
		Orientation on the Revised LANDBANK SPMS	08/24/2018	08/24/2018	PAD
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017



24.	<b>NOEL B. MARQUEZ</b> First Vice President Legal Services Group	Strategic Planning & Strategic Execution	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		Corporate Governance Orientation Program for GOCCs	10/18/2018	10/18/2018	ICD
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
25.	<b>WINSTON ROCHEL L. GALANG</b> First Vice President Banking Operations Group	2018 Global Payments	09/21/2018	09/21/2018	WFARGO
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
		Corporate Governance Orientation Program for GOCCs	04/18/2018	04/18/2018	ICD
26.	<b>ALTHON C. FEROLINO</b> First Vice President West Visayas Branches Group	Strategic Planning & Strategic Execution	10/24/2018	11/9/2018	R.G. MANABAT & CO.
		Training on Revised IRR of RA No. 9184/PHILGEPS	09/24/2018	09/26/2018	GPPB3
		Orientation on the Revised LANDBANK SPMS	08/24/2018	08/24/2018	PAD
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
27.	<b>ALDEN F. ABITONA</b> First Vice President Technology Management Group	Strategic Planning & Strategic Execution	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
		Corporate Governance Orientation Program for GOCCs	04/18/2018	04/18/2018	ICD
28.	<b>MARILOU L. VILLAFRANCA</b> First Vice President Southeast Luzon Branches Group	ACST, AML Updates & Common Audit Findgs	11/30/2018	11/30/2018	SELBG
		Strategic Planning & Strategic Execution	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		Orientation on the Revised LANDBANK SPMS	8/24/2018	08/24/2018	PAD
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
29.	<b>MA. FRANCIA O. TITAR</b> First Vice President Financial Markets Group	Corporate Governance Orientation Program for GOCCs	04/18/2018	04/18/2018	ICD
		Mart Annual Convention	11/09/2018	11/11/2018	MART2
		Strategic Planning & Strategic Execution	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		Building Blocks of Fixed Income Strategies	09/28/2018	09/28/2018	MART
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
		Impact Of Train Law On Government Banks	01/25/2018	01/25/2018	SGV
30.	<b>DELMA O. BANDIOLA</b> First Vice President East Visayas Branches Group	Training on Revised IRR of RA No. 9184/PHILGEPS	09/24/2018	09/26/2018	GPPB3
		Orientation on the Revised LANDBANK SPMS	08/24/2018	08/24/2018	PAD
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
31.	<b>RANDOLPH L. MONTESA</b> First Vice President Card and Electronic Banking Group	CCAP Annual Planning Conference	05/10/2018	05/12/2018	CCAP
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
		Corporate Governance Orientation Program for GOCCs	04/18/2018	04/18/2018	ICD
32.	<b>CATHERINE ROWENA B. VILLANUEVA</b> First Vice President Corporate Affairs Department	Strategic Planning & Strategic Execution	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		Applied HR for Line Managers	09/19/2018	09/21/2018	ATENEO-CCE
		Integrating Culture and Core Values Program	05/25/2018	05/25/2018	TEAMBUILDING
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
33.	<b>SOFIA C. LADOREZ</b> First Vice President Risk Management Group	Corporate Governance Orientation Program for GOCCs	04/18/2018	04/18/2018	ICD
		Joint Audit & Compliance	05/23/2018	05/24/2018	JAC
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
		Executive Briefing on IMS	04/03/2018	04/03/2018	EXECUTIVE BRIEFING IMS
		Impact of Train Law on Government Banks	01/25/2018	01/25/2018	SGV
34.	<b>AMELIA S. AMPARADO</b> First Vice President Compliance Management Group	Strategic Planning & Strategic Execution	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		Responsible Finance	10/16/2018	10/16/2018	ABA
		ABCOMP-AMLO 3rd Biennial AML Conference	08/02/2018	08/03/2018	ABCOMP
		Enhanced AML	06/18/2018	06/18/2018	CRD
		Joint Audit & Compliance	05/23/2018	05/24/2018	JAC
		Corporate Governance Orientation Program for GOCCs	04/18/2018	04/18/2018	ICD
		Impact of Train Law on Government Banks	01/25/2018	01/25/2018	SGV
35.	<b>ELCID C. PANGILINAN</b> First Vice President Strategic Planning Group	56th PES Annual Meeting And Conference	11/08/2018	11/08/2018	PES
		Strategic Planning & Strategic Execution	10/24/2018	11/9/2018	R.G. MANABAT & CO.
		National Quality Forum	10/17/2018	10/18/2018	PSQ
		National Government Portal Scope & Resource Planning	07/18/2018	07/20/2018	DICT
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
		Corporate Governance Orientation Program for GOCCs	04/18/2018	04/18/2018	ICD
		Executive Briefing on IMS	04/03/2018	04/03/2018	EXECUTIVE BRIEFING IMS

# INSTITUTIONAL VIABILITY

36.	<b>GONZALO BENJAMIN A. BONGOLAN</b> First Vice President Investment Banking Group	Treasury Certification Program: Forex	11/12/2018	11/20/2018	ATENEO BAP
		Strategic Planning & Strategic Execution	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		Treasury Certification Program: Money Market Module	09/17/2018	10/02/2018	ATENEO-BAP
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
		Corporate Governance Orientation Program for GOCCs	04/18/2018	04/18/2018	ICD
		Impact of Train Law on Government Banks	01/25/2018	01/25/2018	SGV
37.	<b>MERCEDITAS N. OLIVA</b> Vice President Financial Accounting Department	Microsoft Excel Advanced	12/07/2018	12/07/2018	MS EXCEL-CG
		Tax And PFRS Updates	11/17/2018	11/17/2018	SGV
		Strategic Planning & Strategic Execution	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		Training on Branch Operations Accounting	08/25/2018	08/25/2018	FAD
		GACPA 40th Annual National Convention	05/23/2018	05/26/2018	GACPA
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
		PFRS 9 Project KTS: Loss Given Default	04/20/2018	04/20/2018	SGV
		Understanding the Impact of Law on Train	04/10/2018	04/10/2018	PICPA
		Impact of Train Law on Government Banks	01/25/2018	01/25/2018	SGV
38.	<b>LOLITA M. ALMAZAR</b> Vice President Investment Sales and Distribution Department	AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
39.	<b>VIRGILIO C. PARANIAL</b> Vice President Buendia Branch	Integrated Management System (LEAP)	12/14/2018	12/14/2018	IMS
		Users' Training On ATM Replacement - Phase 3	11/10/2018	11/10/2018	ATM 3
		ATM Replacement Phase 3 Trainor's Training	10/26/2018	10/26/2018	ATM 3
		Enterprise Risk Management (LEAP)	09/28/2018	09/28/2018	ERM1
		BPS: Remittance Operations	08/31/2018	08/31/2018	CEBG PROD1
		BPS: Credit Card Operations	08/31/2018	08/31/2018	CEBG PROD2
		BPS: Debit Card and ATM Operations	08/31/2018	08/31/2018	CEBG PROD3
		BPS: Electronic Products & Services	08/31/2018	08/31/2018	CEBG PROD4
		Check Truncation System (CTS) Retooling	06/02/2018	06/02/2018	CTS
		Business Continuity Management Awareness (LEAP)	05/04/2018	05/04/2018	BRMD
		Trainors' Training on Branch Operations Retooling	04/17/2018	04/18/2018	BBS PROGRAM
		Understanding the Impact of Law on Train	10/04/2018	10/04/2018	PICPA
		LANDBANK's Environmental Policies & Programs	07/30/2018	07/30/2018	EPMD
40.	<b>BERNARDO B. BAYANGOS</b> Vice President Isabela Lending Center	2018 Introduction To Quality Circles	04/13/2018	04/13/2018	QC
41.	<b>REYNALDO C. CAPA</b> Vice President Banking Services Group	2018 Introduction To Quality Circles	04/13/2018	04/13/2018	QC
42.	<b>MARIA EDELWINA D. CARREON</b> Vice President Internal Audit Group	Agia Annual National Convention Cum Seminar	10/09/2018	10/12/2018	AGIA
		New International Professional Practices Framework	03/10/2018	03/10/2018	ISPPIA
		ISACA Annual Conference	09/13/2018	09/14/2018	ISACA
		Certified Internal Control Auditor Program	07/07/2018	07/14/2018	CICAP
		Joint Audit & Compliance	05/23/2018	05/24/2018	JAC
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
		Corporate Governance Orientation Program for GOCCs	04/18/2018	04/18/2018	ICD
		Executive Briefing on IMS	04/03/2018	04/03/2018	EXECUTIVE BRIEFING IMS
		Pre & Post Implementation System Review	03/26/2018	03/27/2018	ISACA
		Fraud Risk Management	02/24/2018	02/24/2018	BAIPHIL
		Check Truncation/CICS	01/25/2018	01/25/2018	CTS
		Impact of Train Law on Government Banks	01/25/2018	01/25/2018	SGV
		LANDBANK's Environmental Policies & Programs	11/28/2018	11/28/2018	EPMD
43.	<b>MARIETTA B. CAJUGUIRAN</b> Vice President Corporate Banking Department II	The Philippine Economy 2019: Fearless Forecast	11/16/2018	11/16/2018	FUTURISTICS
		AML Updating LEAP	09/02/2018	09/02/2018	AMLA 2017
		Global Forum on Infrastructure Strategies	01/18/2018	01/18/2018	PCM ASIA
44.	<b>ELENITA C. RAPANUT</b> Vice President Branch Banking Support Department	AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
		Understanding the Impact of Law on Train	10/04/2018	10/04/2018	PICPA
45.	<b>ALLAN R. BISNAR</b> Vice President Cebu South Lending Center	IMS Cert Audit Prep Workshop	08/18/2018	08/18/2018	IMS
46.	<b>EDUARDO N. REYES, JR.</b> Vice President Nueva Ecija Lending Center	Training on Revised IRR of RA No. 9184/PHILGEPS	10/08/2018	10/10/2018	GPPB
		LANDBANK's Environmental Policies & Programs	07/16/2018	07/16/2018	EPMD
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017

47.	DINA MELANIE R. MADRID Vice President Facilities And Procurement Services Group	Strategic Planning & Strategic Execution	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
		Course in Occupational Health & Safety	04/18/2018	04/26/2018	UP-CPH
		Executive Briefing on IMS	04/03/2018	04/03/2018	EXECUTIVE BRIEFING IMS
48.	EMMA M. BROSAS Vice President Corporate Banking Department I	Customization Of IMS Certification Checklist	05/29/2018	05/29/2018	IMS
		GACPA 40th Annual National Convention	05/23/2018	05/26/2018	GACPA
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
		Global Forum on Infrastructure Strategies	01/18/2018	01/18/2018	PCM ASIA
49.	IVY C. SACRAMENTO Vice President Balance Sheet Management Department	AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
		FMAP Annual Convention	03/09/2018	03/11/2018	FMAP 2010
50.	ESPERANZA N. MARTINEZ Vice President Public Sector Department	Enterprise Risk Management (LEAP)	09/28/2018	09/28/2018	ERM
		Basic Trade Transactions (LEAP)	08/31/2018	08/31/2018	ITD TRADE
		GACPA 40th Annual National Convention	05/23/2018	05/26/2018	GACPA
		Business Continuity Management Awareness (LEAP)	05/04/2018	05/04/2018	BRMD
		Applied HR for Line Managers	03/21/2018	03/23/2018	ATENEO-CCE
		LDP 10: Leadership and Managing Change	02/15/2018	02/16/2018	LDP
51.	EMMANUEL G. DIMAANO Vice President Capital Markets Trading Department	LDP 10: Strategic Thinking	02/13/2018	02/14/2018	LDP
		Integrated Management System (LEAP)	12/14/2018	12/14/2018	IMS
		Towards New Horizons (Pre-Retirement Sem)	10/25/2018	10/26/2018	WALKING THRU
		Business Continuity Management Awareness (LEAP)	05/04/2018	05/04/2018	BRMD
		2018 Introduction to Quality Circles	04/13/2018	04/13/2018	QC
		FMAP Annual Convention	03/09/2018	03/11/2018	FMAP 2010
52.	EULALIO G. LAGAPA, JR. Vice President Cebu North Lending Center	AML Updating LEAP	02/09/2018	02/09/2018	AMLA 2017
		Integrated Management System (LEAP)	12/14/2018	12/14/2018	IMS
		Enterprise Risk Management (LEAP)	09/28/2018	09/28/2018	ERM
		Basic Trade Transactions (LEAP)	08/31/2018	08/31/2018	ITD TRADE
53.	MARJORIE R. CORTEZ Vice President Business Risk Management Department	Business Continuity Management Awareness (LEAP)	05/04/2018	05/04/2018	BRMD
		Embedding Risk Management in New Product Development	11/15/2018	11/15/2018	BAIPHIL
		Crisis Management	09/03/2018	09/04/2018	NEVILCLARK
		Overview of Outsourcing Framework	05/19/2018	05/19/2018	BAI PHIL
		People Risk Management	05/11/2018	05/11/2018	BAIPHIL
		Understanding the Impact of Law on Train	04/10/2018	04/10/2018	PICPA
		Executive Briefing on IMS	04/03/2018	04/03/2018	EXECUTIVE BRIEFING IMS
54.	ENRIQUE L. SAZON, JR. Vice President Network Operations Department	PMS Annual Convention 2018	03/15/2018	03/15/2018	PMS
		Enterprise Risk Management (LEAP)	09/28/2018	09/28/2018	ERM
		Business Continuity Management Awareness (LEAP)	05/04/2018	05/04/2018	BRMD
55.	PACIFICO C. DE PAZ, JR. Vice President Electronic Products Department	Payment Card Industry Data Security Standard	05/02/2018	05/03/2018	SPARTAN
		Business Analytics Foundation	11/19/2018	11/20/2018	PHOENIX1.1
		Cybersafe	05/11/2018	05/11/2018	PHOENIX 1.1
56.	ROSE MARIE E. SOTELO Vice President Treasury Risk Management Department	AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
		Certification Seminar for Phase 1 of the Sec Exam	10/25/2018	10/26/2018	SEC
		Enterprise Risk Management (LEAP)	09/28/2018	09/28/2018	ERM
		2018 PSAI Annual Conference	09/19/2018	09/21/2018	PSA
		Risk MGT in BKG: Principles & Framework	07/14/2018	07/17/2018	RMB MOD
		Managing Risk from FX&INT Rate Exposures	07/05/2018	07/06/2018	ATENEO
		Joint Audit & Compliance	05/23/2018	05/24/2018	JAC
		Business Continuity MGT Awareness (LEAP)	05/04/2018	05/04/2018	BRMD
		Conduct of Stress Testing Exercises	03/02/2018	03/02/2018	BAIPHIL
57.	EMMANUEL G. HIO, JR. Vice President Organization Development Department	Integrated Management System (LEAP)	11/26/2018	11/26/2018	IMS
		International Executive Development Program on Engaging Leaders	11/13/2018	11/15/2018	APRACA
		Asia OD Network Learning Event	10/24/2018	10/26/2018	ODPN
		Public Sector HR Symposium	07/18/2018	07/20/2018	CSC
		PSTD National Convention	04/10/2018	04/11/2018	PSTD
		LODP: Anti-Money Laundering Act	03/15/2018	03/15/2018	LODP 1.10
58.	CIELITO H. LUNARIA Vice President Financial Insitutions Department	Landbank's Environmental Policies & Programs	11/28/2018	11/28/2018	EPMD
		2018 Global Payments	09/21/2018	09/21/2018	WFARGO
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017



## INSTITUTIONAL VIABILITY

59.	ARTHUR E. DALAMPAN Vice President Electronic Banking Systems Department	Fintech & Blockchain Innovation	03/21/2018	03/22/2018	ENDERUN
		Big Data Foundation	03/19/2018	03/20/2018	APEX GLOBAL
		Enterprise Architecture Conference	03/08/2018	03/09/2018	AEA PHILS
60.	GRACE OFELIA LOVELY V. DAYO Vice President Retail Banking Systems Department	Enterprise Risk Management (LEAP)	09/28/2018	09/28/2018	ERM
		Business Continuity Management Awareness (LEAP)	05/04/2018	05/04/2018	BRMD
61.	ADELFA R. MASACUPAN Vice President Liquidity And Reserve Management Department	Enterprise Risk Management (LEAP)	09/28/2018	09/28/2018	ERM
		Business Continuity Management Awareness (LEAP)	05/04/2018	05/04/2018	BRMD
		FMAP Annual Convention	03/09/2018	3/11/2018	FMAP 2010
62.	JOSELITO B. VALLADA Vice President Human Resource Management Group	Strategic Planning & Strategic Execution	10/24/2018	11/09/2018	R.G. M & CO.
		PMAP Annual Conference	10/10/2018	10/12/2018	PMAP
		Public Sector HR Symposium	07/18/2018	07/20/2018	CSC
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
		Corporate Governance Orientation Program for GOCCs	04/18/2018	04/18/2018	ICD
		Impact of Train Law on Government Banks	01/25/2018	01/25/2018	SGV
63.	EFREN S. TEDOR Vice President Physical Security Office	Security Management International Convention	08/29/2018	08/30/2018	PSIS
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017
		Course In Occupational Health & Safety	04/18/2018	04/26/2018	UP-CPH
		Philippine Exchange With American Law Enforcers	02/07/2018	02/07/2018	PSIS
64.	MARIA AURORA R. BOCATO Vice President Credit Risk Management Department	Updated Guidelines On Sound CRM	10/05/2018	10/06/2018	BAIPHIL
		Joint Audit & Compliance	05/23/2018	05/24/2018	JAC
		PFRS 9 Project KTS: Loss Given Default	04/20/2018	04/20/2018	SGV
		PFRS 9 Project KTS: Forecasting Assessment	04/20/2018	04/20/2018	SGV
		PFRS 9 Project KTS: Calcn Exercise PF	04/19/2018	04/19/2018	SGV
		PFRS 9 Project KTS: Calcn Exer For UB/KB	04/19/2018	04/19/2018	SGV
		PFRS 9 Project KTS: ECL Calculation	04/18/2018	04/18/2018	SGV
		PFRS 9 Project KTS: PD Modeling	04/18/2018	04/18/2018	SGV
		Impact of Train Law on Government Banks	01/25/2018	01/25/2018	SGV
65.	ROSSANA S. CORONEL Relationship Officer South Ncrbg Cluster A	ATM Replacement Phase 3 Trainor's Training	10/26/2018	10/26/2018	ATM
		Branch Operations Retooling Seminar	09/08/2018	09/09/2018	BBS
		AML Updating LEAP	04/20/2018	04/20/2018	AMLA 2017



# LANDBANK's Overarching Policy and Procedures for Managing Related Party Transactions (RPTs)

At LANDBANK, RPTs are allowed provided these are done on an arm's length basis to avoid abuses disadvantageous to the Bank and ensure that RPTs are handled in a prudent manner with integrity.

Related Party Transactions (RPTs) are transactions or dealings with Related Party (RPs) of the Bank, including its Trust Department, regardless of whether or not a price is charged. It covers all types of transactions (on- and off-balance sheet transactions) with Directors, Officers, Stakeholders, and other Related Interests (DOSRI) and their Closed Family Members (CFMs) or juridical entity.

At LANDBANK, RPTs are allowed provided these are done on an arm's length basis to avoid abuses disadvantageous to the Bank and ensure that RPTs are handled in a prudent manner with integrity. The LANDBANK Board exercises rigorous and appropriate overall governance and controls on RPTs by issuing Board-approved policies.

## Board of Directors' Duties and Responsibilities

The Board of Directors shall have the overall responsibility in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interest of depositors, creditors and other stakeholders.

Towards this end, the Board of Directors shall carry out the following duties and responsibilities:

1. To observe good governance and approve an overarching policy on the handling of RPTs to ensure that there is effective compliance with existing laws;
2. To approve all material RPTs, including those that cross the materiality threshold, write-off of material exposures to related parties, and renewal or material changes in the terms and conditions of RPTs;

3. Delegate to Management Committee (ManCom) the vetting of non-material RPTs and confirm all non-material RPTs vetted in accordance with the CASA as presented by the RPTCommittee. ManCom Minutes shall articulate the discussions on RPT;
4. Direct Management to establish an effective system to:
  - a. Direct, identify, and monitor RPs and RPTs;
  - b. Continuously review and evaluate existing relationship between and among businesses and counterparties; and
  - c. Identify, measure, monitor, and control risks arising from RPTs;
5. Maintain adequate capital against risks associated with exposures to RPs;
6. Oversee the integrity, and effective implementation of the Bank's whistleblowing policy; and
7. Constitute an RPT Committee and provide adequate resources to said Committee, including the authority to procure the assistance of independent experts, if necessary, to assess the fairness of RPTs.

**Material Related Party Transactions**  
**LAND BANK OF THE PHILIPPINES**  
**As of 31 March 2018**

Parent Bank/ QB and Subsidiary/ Affiliate	Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/ Contract Price (in Php Millions)	Terms
<b>A. Bank/QB</b>						
<b>a. Subsidiaries and Affiliates</b>						
	Metrobank Card Corporation (A Finance Company)	LANDBANK Director Rodolfo V. Puno is the brother of Mr. Regis V. Puno, who is one of the Directors of Metrobank Card Corporation.  Hence, Mr. Regis V. Puno is related within the second degree of consanguinity with Director Rodolfo V. Puno.	02/20/2018	Renewal with increase of Short Term Loan Line and Money Market Line	₱1,060.00	No Preferential Terms
<b>b. DOSRI</b>						
	Alsons Consolidated Resources, Inc. (ACR)	The LANDBANK Chairman of the Board, Sec. Carlos G. Dominguez III, is the brother-in-law of Ms. Rosvida A. Dominguez, who is a minority shareholder of Alsons Corporation, Alsing Power Holdings Corp. and Alsons Development and Investment Corp. (shareholders of ACR). She is married to Mr. Paul Dominguez, brother of the Secretary. Hence, they are related within the second degree of affinity.	01/30/2018	1) Amendment of the previously approved Terms and Conditions on:  a) Prepayment penalty for optional prepayment b) Financial covenants (Minimum Interest Cover Ratio and Maximum Debt to Equity Ratio)  2) Waiver on the declaration of an Event of Default resulting from the non-compliance by ACR of the Financial Covenants  3) Waiver on the Pro-rata sharing and pari-passu provision on partial prepayment	₱2,625.00	No Preferential Terms
	Philippine Deposit Insurance Corporation	Finance Secretary Carlos G. Dominguez serves as Chairman to both PDIC and LANDBANK	02/13/2018	1) Renewal of Short Term Loan Line 2) Renewal with decrease of Domestic Bills Purchase Line 3) Exemption from CPI 2016-006 standard loan pricing to give 0.25% spread instead of 0.5% required for accounts rated "Prime".	₱7,000.00	No Preferential Terms
	Maynilad Water Services, Inc.	Agricultural and Development Lending Sector Head and LANDBANK Insurance Brokerage, Inc. Director EVP Edward John T. Reyes is the brother-in-law of Atty. Alex Erlito S. Fider, who is the Corporate Secretary of Maynilad.  Hence, Atty. Alex Erlito S. Fider is related within the second degree of affinity with EVP Edward John T. Reyes.	02/13/2018	Establishment of Corporate Notes, Short Term Loan Line and Documents against Acceptance/ Documents against Payment/ Letter of Credit	₱19,723.04	No Preferential Terms
	Italpinas Development Corporation (IDC)	IDC's Independent Director, Mr. Rafael Dominguez, holding 10,000 shares of the Company with a par value of ₱0.50 or ₱5,000.00 is the son of LANDBANK Chairman of the Board, Sec. Carlos Dominguez and related within the first degree of consanguinity.	02/27/2018	Request for seven year Term Loan facility	₱420.00	No Preferential Terms



**Material Related Party Transactions**  
**LAND BANK OF THE PHILIPPINES**  
**As of 30 June 2018**

Parent Bank/ QB and Subsidiary/ Affiliate	Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/ Contract Price (in Php Millions)	Terms
<b>A. Bank/QB</b>						
<b>a. Subsidiaries and Affiliates</b>						
	LANDBANK - Provident Fund (LANDBANK-PF)	DOSRI – Related Interest – LANDBANK Officers	04/10/2018	Renewal without change in amount of Short Term Loan Line and Cancellation of Long Term Revolving Credit Line and Domestic Bills Purchase Line	₱500.00	<ol style="list-style-type: none"> <li>1. To allow loan value of 100% of the face value of the Deposits for Hold-out and Government Securities, instead of 90% and 80%, respectively as provided in the CASA Section A.1.17</li> <li>2. Continuous exemption from Bank Policy not to use the prevailing PDST-R2 as base rate, exemption from the imputation of minimum spread based on the Borrower's credit rating and floor rate per CPI Nos. 2016-006 and 2017-005. This was previously approved by LANDBANK Board per Resolution No. 00-083 dated 22 February 2000.</li> <li>3. Continuous waiver on the conduct of credit and background investigations on LANDBANK-PF's Board of Trustees and Key Officers as provided by in the Credit Manual and CPI No. 2015-006. This was previously approved by LANDBANK Board per Resolution No. 00-083 dated 22 February 2000</li> <li>4. Cost of Documentary Stamp Tax (DST) and Gross Receipt Tax (GRT) shall be for the account of LANDBANK</li> </ol>
	Philippine Export- Import (PhilEXIM) Credit Agency	The National Government is common Stockholder of PhilEXIM and LANDBANK.	04/10/2018	Fifth 180-day extension of Availability End Date (AED) of the approved ₱1,950 Million Short Term Loan Line and ₱150 Million Domestic Bills Purchase Line from 31 March 2018 to 30 September 2018	₱2,100.00	No Preferential Terms
	Overseas Filipino Bank (OFBank) - Formerly Philippine Postal Savings Bank	The Bank is owned by ROP and Philippine Postal Corporation. However, per EO No. 44, series of 2017, OFBank will be owned by LANDBANK once the necessary regulatory approvals are secured.	05/08/2018	Reinstatement without change in amount of Money Market Line	₱1,000.00	Deviation from the criteria on profitability, net past due ratio, capital, and "Poor" credit rating
<b>b. DOSRI</b>						
	Central Luzon State University (CLSU)	CLSU is a state owned University created by virtue of RA No. 4067. LANDBANK's Credit Policy Issuance (CPI) No. 2016-008 states that loans granted to SUCs are considered as Government Borrowings thus classified as DOSRI Loans.	6/5/2018	Request for Term Loan	₱65.00	No Preferential Terms
	PNOC Exploration Corporation*	GOCC - (Exempted from review/ approval as Related Party since the loan implementation is subject to the issuance of the Monetary Board Opinion.)	06/26/2018	<ul style="list-style-type: none"> <li>• Reallocation of the Amount of the Existing Credit Facilities; (Letter of Credit/ Trust Receipt Line, Foreign/Domestic Standby LC, Short Term Loan Line, Domestic Bills Purchase Line and Settlement Risk Line)</li> <li>• Reduction of the Interest Spread and Floor Rate;</li> <li>• Waiver on CPI No. 2016-001, Requiring All Insurable Collateral (i.e. Trust Receipt on goods) to be insured with an Insurance Company Accredited by LANDBANK and LANDBANK Insurance Brokerage, Incorporated (LIBI) as Designated Insurance Broker; and</li> <li>• Additional Terms and Conditions: Total Amount of Deposit with LANDBANK Shall not Fall Below the LC/TR Outstanding Balance/ Availment at any Given Time</li> </ul>	₱3,250.00	No Preferential Terms

\*This is considered as DOSRI and subject to DOSRI Rules.

# Material Related Party Transactions LAND BANK OF THE PHILIPPINES As of 30 September 2018

Parent Bank/ QB and Subsidiary/ Affiliate	Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/ Contract Price (in Php Millions)	Terms
<b>A. Bank/QB</b>						
<b>a. DOSRI</b>						
	Duty Free Philippines Corporation (DFPC)*	DFPC is 100% GOCC that runs under the direct supervision of the Department of Tourism through the Philippine Tourism Authority - (Exempted from review/approval as Related Party since the loan implementation is subject to the issuance of the Monetary Board Opinion.)	09/25/2018	3 <sup>rd</sup> 180-day extension of Availability End Date (AED) of the Short Term Loan Line; Letter of Credit/ Trust Receipt/ Standby Letter of Credit Line; and Foreign/Domestic Bills Purchase Line from 25 September 2018 to 24 March 2019.	₱1,100.00	No Preferential Terms

\*This is considered as DOSRI and subject to DOSRI Rules.

# Material Related Party Transactions LAND BANK OF THE PHILIPPINES As of 31 December 2018

Parent Bank/ QB and Subsidiary/ Affiliate	Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/ Contract Price (in Php Millions)	Terms
<b>A. Bank/QB</b>						
<b>a. Subsidiaries and Affiliates</b>						
	LBP Resources and Development Corp.	Subsidiary	10/09/2018	Award of Contract for six months Contract Extension of Building Maintenance and Janitorial Services for LANDBANK Plaza Headquarters and Satellite Offices	₱57.21	No Preferential Terms
	LBP Leasing and Finance Corp.	Subsidiary	10/09/2018	Award of Contract for One Year Fleet Management Service under Financial Lease of 304 Units Service Vehicles	₱91.00	No Preferential Terms
	LBP Resources and Development Corp.	Subsidiary	11/13/2018	Award of Contract for One Year Services of 520 Utility Workers/ Messengers at LANDBANK Field Units for the period of 1 January 2019 to 31 December 2019	₱132.77	No Preferential Terms
	LBP Resources and Development Corp.	Subsidiary	11/13/2018	Award of Contract for One Year Building Maintenance and Janitorial Services for LANDBANK Headquarters and Satellite Offices including Supply of Bank-Prescribed Sanitizing Agents and Consumables	₱96.81	No Preferential Terms
	Land Transportation Franchising & Regulatory Board (LTFRB)	Government Agency	12/18/18	<ul style="list-style-type: none"> <li>Disposal of ROPA covered by TCT Nos. 162702, 162703 and 162704 thru Negotiated Sale in favor LTFRB for 34,789,000.00 (at latest Appraised Value) on cash basis.</li> <li>Exemption from the following: <ul style="list-style-type: none"> <li>a. Payment of 10% of offered price</li> <li>b. Publication of new/updated Indicative Price of ₱34,789,000.00</li> </ul> </li> </ul>	₱34.00	No Preferential Terms

Parent Bank/ QB and Subsidiary/ Affiliate	Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/ Contract Price (in Php Millions)	Terms
<b>b. DOSRI</b>						
	Philippine Export- Import Credit Agency (PhilEXIM)*	GOCC - (Exempted from review/ approval as Related Party since the loan implementation is subject to the issuance of the Monetary Board Opinion.)	10/09/18	Sixth 180-Day Extension of Availability End Date (AED) of the Approved ₱1,950.0 Million Short Term Loan Line and ₱150.0 Million Domestic Bills Purchase Line From 30 September 2018 to 31 March 2019		No Preferential Terms
	Power Sector Assets and Liabilities Management Corporation (PSALM)*	GOCC - (Exempted from review/ approval as Related Party since the loan implementation is subject to the issuance of the Monetary Board Opinion.)	10/23/2018	<ul style="list-style-type: none"> <li>Request for Term Loan</li> <li>To Allow a Minimum Spread of 0.40% per annum Instead of 1.50% per annum required for account rated as "Good".</li> <li>To Allow the Availability Period of Two Years from Loan Signing.</li> <li>Waiver on Collection of Handling and Commitment Fees.</li> </ul>	₱76,512.00	No Preferential Terms
	National Food Authority(NFA)*	GOCC - (Exempted from review/ approval as Related Party since the loan implementation is subject to the issuance of the Monetary Board Opinion.)	10/23/2018	<ul style="list-style-type: none"> <li>Purchase of the existing exposure/ notes of private banks, via increase in LANDBANK's participation by up to ₱19.544 Billion in the remaining balance of the ₱75.0 Billion ROP Guaranteed Syndicated Term Loan Facility.</li> <li>To allow amendment of the interest rate structure including minimum spread of 0.3% instead of the required 2.5% for the account rated as "Satisfactory".</li> </ul>	₱24,844.00	No Preferential Terms
	LBP Service Corporation (LBPSC)*	DOSRI - (Exempted from review/ approval as Related Party since the Bank strictly adheres to the provisions of RA No. 9184 (Government Procurement Act) and its 2016 Revised Implementing Rules and Regulations (IRR) which provides public monitoring of the procurement process and the implementation of awarded contracts with the end in view of guaranteeing that these contracts are awarded pursuant to the provisions of the Act and its IRR, and that all these contracts are performed strictly according to specifications. The said law also requires disclosure of relations wherein relation to the Head of the Procuring Entity, BAC members, TWG, BAC Secretariat or end-user Unit within the third civil degree of consanguinity or affinity shall automatically disqualify a bidder from participating in the procurement of contracts of procuring entity.)	11/13/2018	Award of Contract for Four Months Extension of Office Manpower Services for Deployment to Various Units of LANDBANK.	₱160.76	No Preferential Terms
	PNOC Group of Companies*	GOCC - (Exempted from review/ approval as Related Party since the loan implementation is subject to the issuance of the Monetary Board Opinion.)	11/27/18	First 180-day extension of Availability End Date of various credit lines of the PNOC Group in the total amount of ₱3,250.00 Million LC/TR Lines, F/ DSL, STLL, DBPL and SRL from 30 November 2018 to 31 May 2019		No Preferential Terms

Parent Bank/ QB and Subsidiary/ Affiliate	Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount/ Contract Price (in Php Millions)	Terms
<b>b. DOSRI</b>						
	PNO Group of Companies *	GOCC - (Exempted from review/ approval as Related Party since the loan implementation is subject to the issuance of the Monetary Board Opinion.)	11/27/2018	<p>PHILIPPINE NATIONAL OIL COMPANY</p> <ul style="list-style-type: none"> <li>• Renewal of (the Letters of Credit/ Trust Receipt (LC/TR)) Line</li> <li>• Renewal of Foreign/Domestic Standby Letter of Credit (F/ DLC),</li> <li>• Renewal of Short Term Loan Line (STLL)</li> <li>• Renewal of Domestic Bills Purchase Line (DBPL)</li> <li>• Renewal of Settlement Risk Line (SRL)</li> </ul> <p>PNO EXPLORATION CORPORATION</p> <ul style="list-style-type: none"> <li>• Renewal of LC TR Line</li> <li>• Renewal of F/DLC</li> <li>• Renewal of DBPL</li> </ul> <p>PNO RENEWABLES CORPORATION</p> <ul style="list-style-type: none"> <li>• Renewal of STLL</li> <li>• Renewal of DBPL</li> <li>• To allow a minimum spread of 0.50% instead of 1.50% for "Good" rating per CPI 2018-007 for PNO RC only.</li> <li>• Waiver on CPI No. 2016-001, requiring all insurable collateral (i.e. Trust Receipt on goods) to be insured with an insurance company accredited by LANDBANK and LANDBANK Insurance Brokerage, Incorporated (LIBI) as designated insurance broker for PNO and PNO EC only.</li> </ul>	₱3,250.00	No Preferential Terms



**Report on the Status and Aggregate Exposures to Related Parties**  
**LAND BANK OF THE PHILIPPINES**  
**As of 31 December 2018**

Name of Counterparty	Relationship	Date Granted	Type of Transaction	Amount	Outstanding Balance as of 31 December 2018
Alsons Consolidated Resources, Inc.	The LANDBANK's Chairman of the Board, Sec. Carlos G. Dominguez III, is the brother-in-law of Ms. Rosvida A. Dominguez, who is a minority shareholder of Alsons Corporation, Alsing Power Holdings Corp. and Alsons Development and Investment Corp. (shareholders of ACR). She is married to Mr. Paul Dominguez, brother of the Secretary. Hence, they are related within the second degree of affinity.	01/24/2018 - approved by the Credit Committee	1) Amendment of the previously approved Terms and Conditions on: a) Prepayment penalty for optional prepayment b) Financial covenants (Minimum Interest Cover Ratio and Maximum Debt to Equity Ratio) 2) Waiver on the declaration of an Event of Default resulting from the non-compliance by ACR of the Financial Covenants 3) Waiver on the Pro-rata sharing and pari-passu provision on partial prepayment	₱2,500,000,000.00	₱194,250,000.00
Alsons Aquaculture Corporation		1/30/18 - approved by the Investment and Loan Committee		₱125,000,000.00	₱20,000,000.00
Metrobank Card Corporation (A Finance Company)	LANDBANK Director Rodolfo V. Puno is the brother of Mr. Regis V. Puno who is one of the Directors of Metrobank Card Corporation. Hence, Mr. Regis V. Puno is related within the second degree of consanguinity with Director Rodolfo V. Puno.	02/14/18 - approved by the Credit Committee 6/26/18 - approved by the Investment and Loan Committee 6/26/18 - approved by the Board	• Renewal with increase of Short Term Loan Line • Renewal of Money Market Line	₱2,500,000,000.00	₱2,000,000,000.00
Philippine Deposit Insurance Corporation	DOSRI - Hon. Carlos G. Dominguez III, Finance Secretary serves as Chairman to both PDIC and LANDBANK	02/07/2018 - approved by the Credit Committee 2/13/18 - approved by the Investment and Loan Committee 2/27/18 - approved by the Board	• Renewal of STLL • Renewal with decrease of DBPL • Exemption from CPI 2016-006 standard loan pricing to give 0.25% spread instead of 0.5% required for accounts rated "Prime"	₱7,000,000,000.00	₱677,685.39
Maynilad Water Services, Inc.	EVP Edward John T. Reyes (Agricultural and Development Lending Sector Head and LBP Insurance Brokerage, Inc. (LIBI) Director), is the brother-in-law of Atty. Alex Erlito S. Fider, who is the Corporate Secretary of Maynilad. Hence, Atty. Alex Erlito S. Fider is related within the second degree of affinity with EVP Edward John T. Reyes.	02/07/2018 - approved by the Credit Committee	• Establishment of Corporate Notes • Establishment Short Term Loan Line • Establishment Documents against Acceptance/ Documents against Payment/ Letter of Credit	₱12,669,980,000.00	₱1,643,145,000.00
Metro Manila Waste Water Management Project		2/13/18 - approved by the Investment and Loan Committee 2/13/18 - approved by the Board		₱7,053,060,000.00	₱6,138,222,510.48
Italpinas Development Corporation	IDC's independent Director, Mr. Rafael Dominguez, holding 10,000 shares of the Company with a par value of ₱0.50 or ₱5,000.00 is the son of DOF Secretary and LANDBANK Chairman of the Board, Mr. Carlos Dominguez and related within the first degree of consanguinity.	02/21/18 - approved by the Credit Committee 02/27/18 - approved by the Investment and Loan Committee 2/27/18 - approved by the Board	Establishment of term loan facility	₱420,000,000.00	₱38,600,000.00
LBP Service Corporation	LANDBANK - PFD is a major stockholder of LANDBANKSC and LANDBANK Officers sit as BOD Member	02/21/18 - approved by the Credit Committee 2/27/18 - approved by the Investment and Loan Committee	• Renewal without change in amount of Short Term Loan Line • Renewal without change in amount of Domestic Stand-by LC	₱150,000,000.00	No availment yet
Angelito M. Villanueva	Husband of FVP Catherine Rowena B. Villanueva (Head of LANDBANK Corporate Affairs Department)	10/13/2017 - approved by the Management Committee	Landbank Mobile Loan Saver (LMLS)	₱1,800,000.00	₱1,163,139.71
Sps. Mary Jean V. Piñol & Ferdinand F. Piñol	Sister-in-Law and Brother of LANDBANK Director/Sec. Emmanuel F. Piñol (Department of Agriculture)	09/28/17 - approved by the Head Office Committee Assets Disposal 11/07/17 - approved by the Board	Disposal of ROPA through Negotiated Sale of Property in favor of Sps. Mary Jean V. Piñol & Ferdinand F. Piñol	₱790,000.00	N/A
LANDBANK - Provident Fund (LANDBANK-PF)	DOSRI - Related Interest - LANDBANK Employees	03/21/18 - approved by the Credit Committee 04/10/18 - approved by the Investment and Loan Committee 4/10/18 - approved by the Board	• Renewal without change in amount of Short Term Loan Line • Cancellation of ₱1,500.00 Million Long Term Revolving Credit Line • Cancellation of ₱100 Million Domestic Bills Purchase Line	₱500,000,000.00	₱200,000,000.00
Philippine Export-Import Credit Agency	Common Stockholder of PhilEXIM and LANDBANK is the National Government	03/21/18 - approved by the Credit Committee 04/10/18 - approved by the Investment and Loan Committee	Fifth 180-day extension of Availability End Date (AED) of the approved ₱1,950 Million Short Term Loan Line and ₱150 Million Domestic Bills Purchase Line from 31 March 2018 to 30 September 2018	₱2,100,000,000.00	₱771,637,500.00
Overseas Filipino Bank (OFBank) - Formerly Philippine Postal Savings Bank	The Bank is owned by ROP and Philippine Postal Corporation. However, per E.O. No. 44, Series of 2017, OFBank will be owned by LANDBANK once the necessary regulatory approvals are secured.	05/08/18 - approved by the Credit Committee and Investment and Loan Committee 5/08/18 - approved by the Board	Reinstatement without change in amount of Money Market Line	₱1,000,000,000.00	₱1,000,000,000.00

# INSTITUTIONAL VIABILITY

Name of Counterparty	Relationship	Date Granted	Type of Transaction	Amount	Outstanding Balance as of 31 December 2018
Central Luzon State University (CLSU)	CLSU is a state owned University created by virtue of RA No. 4067. LANDBANK's Credit Policy Issuance (CPI) No. 2016-008 states that loans granted to SUCs are considered as Government Borrowings thus classified as DOSRI Loans.	05/30/18 - approved by the Credit Committee 06/5/18 - approved by the Investment and Loan Committee 6/13/2018 - approved by the Board	<ul style="list-style-type: none"> <li>Establishment of Term Loan</li> <li>To allow a minimum spread of 1.00% instead of 1.50% required for accounts rated as Good.</li> </ul>	₱65,000,000.00	No availment yet
PNOC Exploration Corporation *	GOCC - (Exempted from review/ approval as Related Party since the loan implementation is subject to the issuance of the Monetary Board Opinion.)	06/11/18 - approved by the Credit Committee 06/19/18 - approved by the Investment and Loan Committee	<ul style="list-style-type: none"> <li>Reallocation of the Amount of the Existing Credit Facilities; (Letter of Credit/ Trust Receipt Line, Foreign/Domestic Standby LC, Short Term Loan Line, Domestic Bills Purchase Line and Settlement Risk Line)</li> <li>Reduction of the Interest Spread and Floor Rate;</li> <li>Waiver on CPI No. 2016-001, Requiring All Insurable Collateral (i.e. Trust Receipt on goods) to be insured with an Insurance Company Accredited by LANDBANK and LANDBANK Insurance Brokerage, Incorporated (LIBI) as Designated Insurance Broker; and</li> <li>Additional Terms and Conditions: Total Amount of Deposit with LANDBANK Shall not Fall Below the LC/TR Outstanding Balance/Availment at any Given Time</li> </ul>	₱1,850,000,000.00	No outstanding balance
Duty Free Philippines Corporation (DFPC)*	DFPC is 100% GOCC that runs under the direct supervision of the Department of Tourism through the Philippine Tourism Authority - (Exempted from review/approval as Related Party since the loan implementation is subject to the issuance of the Monetary Board Opinion.)	09/12/18 - approved by the Credit Committee 09/18/18 - approved by the Investment and Loan Committee 9/25/18 - approved by the Board	3 <sup>rd</sup> 180-day extension of Availability End Date (AED) of the Short Term Loan Line; Letter of Credit/ Trust Receipt/ Standby Letter of Credit Line; and Foreign/ Domestic Bills Purchase Line from 25 September 2018 to 24 March 2019.	₱1,100,000,000.00	No outstanding balance
VP Francisco E. Burgos, Jr. (Assistant Vice President/ Head of LANDBANK EDSA Greenhills Branch)	Husband of Ma. Celeste A. Burgos, (Senior Vice President/Head of LANDBANK Corporate Banking Group and Chairperson of the Head Office Committee on Asset Disposal)	7/12/18 - approved by Head Office Committee Assets Disposal 7/24/2018 - approved by the Board	Lease of the Bank's 12.50 sq.m. parking slot identified as parking slot no. B2- S071, covered by CCT No. 66686 located at the Kingswood Makati Condominium, P. Ocampo Sr. Avenue (Vito Cruz) Extension corner Metropolitan Avenue and Cabanillas St., Brgy. La Paz, Makati City - ₱3,000.00 per month inclusive of 5% EWT subject to escalation rate of 5% starting on the 2 <sup>nd</sup> year, in case of continued occupancy.	₱3,000.00	N/A
Ana Edelwisa E. Mariano	LANDBANK officer (Assistant Department Manager - Treasury Support Department)	7/12/18 - approved by Head Office Committee Assets Disposal 7/24/2018 - approved by the Board	Disposal of ROPA covered by TCT No. T-49758 thru Negotiated Sale in favor of Ms. Ana Edelwisa E. Mariano for ₱1,700,000.00 (at indicative price) to be paid as follows:  a) 10% of the offered price paid on 02 May 2018 per LANDBANK Official Receipt No. 0021803 b) 90% balance payable thru Provident Fund Office financing.	₱1,700,000.00	N/A
Avelina L. Dino	LANDBANK officer (Branch Operations Officer at LANDBANK - Calbayog Branch)	7/12/18 - approved by Head Office Committee Assets Disposal 7/24/2018 - approved by the Board	Disposal of ROPA covered by TCT Nos. T-8807, T-8808 & T-8810 thru Negotiated Sale in favor of Ms. Avelina L. Dino for ₱656,000.00 (at indicative price) on installment basis for five years at 9% fixed interest rate per annum. Payable as follows:  a) 10% offered price paid on 30 January 2018 per LANDBANK OR No. 0013909 b) 90% remaining balance payable in equal monthly installment over five years at a fixed interest rate of 9% per annum.	₱656,000.00	N/A
Sps. Elvera and Rimon Arbinoya	Ms. Arbinoya is a LANDBANK employee (Customer Associate assigned at LANDBANK Janiway Branch)	7/12/18 - approved by Head Office Committee Assets Disposal 7/24/2018 - approved by the Board	Disposal of ROPA covered by TCT No. T-181487 thru Negotiated Sale in favor of Sps. Elvera and Rimon Arbinoya for ₱100,000.00 (Indicative Price) on cash basis.	₱100,000.00	N/A
Rubilyn C. Simangan	LANDBANK employee (Treasury Sales Specialist under Investment Sales and Distribution Department assigned at Cauayan Branch)	7/12/18 - approved by Head Office Committee Assets Disposal 8/14/2018 - approved by the Board	Disposal of ROPA covered by TCT No. T-122438 thru Negotiated Sale in favor of Rubilyn C. Simangan for ₱500,000.00 (Indicative Price) on installment basis for three years at 8% fixed interest rate per annum payable as follows:  a) 10% offered price paid on 16 April 2018 per LANDBANK OR No. 0025749 b) 15% additional down payment to be paid within 30 calendar days from date of Notice of Approval c) 75% remaining balance payable in equal monthly installment over three years at a fixed interest rate of 8% per annum.	₱500,000.00	N/A
John Kevin T. David	LANDBANK employee (Agrarian Affairs Processor/Analyst at LANDBANK-Agrarian Office (AOC III))	7/12/18 - approved by Head Office Committee Assets Disposal 8/14/2018 - approved by the Board	Disposal of ROPA covered by TCT No. T-042-2017010182 thru Negotiated Sale in favor of John Kevin T. David for ₱528,000.00 (Indicative Price) via Provident Fund Office (PFO) Financing payable as follows:  a) 10% of offered price paid on 12 March 2018 per LANDBANK OR No. 0062185 b) 90% remaining balance payable thru PFO Financing within 30 days from date of annotation of mortgage in favor of LANDBANK-PFO on the title of the property.	₱528,000.00	N/A

Name of Counterparty	Relationship	Date Granted	Type of Transaction	Amount	Outstanding Balance as of 31 December 2018
Maricris DR. Rodriguez	LANDBANK employee (Account Assistant under Mortgage Banking Department I)	7/12/18 - approved by Head Office Committee Assets Disposal 8/14/2018 - approved by the Board	Disposal of ROPA covered by TCT No. T-042-2017010181 thru Negotiated Sale in favor of Maricris DR. Rodriguez for ₱669,000.00 (Indicative Price) via PFD Financing payable as follows:  a) 10% of offered price paid on 01 March 2018 per LANDBANK OR No. 0021052 b) 90% remaining balance payable thru PFD Financing within 30 days from date of annotation of mortgage in favor of LANDBANK-PFD on the title of the property.	₱669,000.00	N/A
LBP Resources and Development Corp.	Subsidiary	1/11/2018	LANDBANK Paco Warehouse Renovation Project	₱2,321,662.25	N/A
LBP Resources and Development Corp.	Subsidiary	1/11/2018	1. LANDBANK Ilagan Branch Renovation/Relocation - ₱4,969,345.00 2. LANDBANK Harrison Plaza Branch Renovation - ₱923,070.00	₱5,892,415.00	N/A
LBP Resources and Development Corp.	Subsidiary	1/11/2018	1. LANDBANK Aparri Branch Renovation - ₱6,828,304.00 2. Overseas Filipino Bank Main Building Repainting and Minor Repairs - ₱2,461,316.00	₱9,289,620.00	N/A
LBP Resources and Development Corp.	Subsidiary	1/25/2018	1. LANDBANK Cataingan Extension Office Building Construction - ₱13,627,149.00 2. LANDBANK Moalboal Branch Renovation - ₱5,150,061.00	₱18,777,210.00	N/A
LBP Resources and Development Corp.	Subsidiary	2/8/2018	1. LANDBANK Laoag Branch Major Renovation Project - ₱8,601,826.00 2. LANDBANK Cebu Osmeña Branch Various Civil Works for Site Development - ₱7,850,237.00 3. LANDBANK Baguio Branch Relocation/ Renovation - ₱5,966,028.00 4. LANDBANK Sagay Branch Relocation/ Renovation - ₱4,616,634.00	₱27,034,725.00	N/A
LBP Resources and Development Corp.	Subsidiary	2/15/2018	1. LANDBANK Lapu-Lapu Branch Renovation - ₱4,639,202.00 2. LANDBANK San Andres (Catanduanes) Extension Office - ₱4,591,081.00	₱9,230,283.00	N/A
LBP Resources and Development Corp.	Subsidiary	3/8/2018	LANDBANK Harrison Plaza (Century Park Hotel) Branch Relocation/Renovation Project (Supplemental Contract)	₱313,050.19	N/A
LBP Resources and Development Corp.	Subsidiary	3/8/2018	LANDBANK Legaspi Office Building Service Entrance Rewiring/ Rehabilitation	₱921,328.00	N/A
LBP Resources and Development Corp.	Subsidiary	3/15/2018	1. LANDBANK Binangonan Branch/Records Center Renovation - ₱8,078,875.00 2. LANDBANK Lebak Branch Renovation - ₱5,550,665.00	₱13,629,540.00	N/A
LBP Resources and Development Corp.	Subsidiary	4/12/2018	1. LANDBANK Cabagan Extension Office (New Unit) Renovation - ₱5,638,247.00 2. LANDBANK Tayug Branch Renovation - ₱5,672,292.00	₱11,310,539.00	N/A
LBP Resources and Development Corp.	Subsidiary	5/3/2018	1. LANDBANK Claver Branch Renovation - ₱4,789,017.00 2. LANDBANK Muñoz Extension Office (EO) Renovation - ₱4,717,428.00 3. LANDBANK Koronadal EO Renovation - ₱4,143,697.00 4. LANDBANK Guihulngan Renovation - ₱6,419,178.00	₱20,069,320.00	N/A
LBP Resources and Development Corp.	Subsidiary	5/17/2018	LANDBANK Cebu Osmeña Branch Various Civil Works for Site Development Project (Supplemental Contract)	₱1,329,577.27	N/A
LBP Resources and Development Corp.	Subsidiary	5/31/2018	LANDBANK Moalboal (Cebu) Branch Renovation Project (Supplemental Contract)	₱1,075,785.73	N/A
LBP Resources and Development Corp.	Subsidiary	5/31/2018	Preventive Maintenance of Air-conditioning Units and Components for the Period 9 February 2018 to 8 February 2020 for LANDBANK Baclaran, Caloocan, Greenhills and West Avenue Cash Centers	₱216,000.00	N/A
LBP Resources and Development Corp.	Subsidiary	6/7/2018	LANDBANK Cabarroguis (Quirino Province) Branch Renovation Project (Supplemental Contract)	₱1,279,485.00	N/A
LBP Resources and Development Corp.	Subsidiary	6/21/2018	LANDBANK Isulan (Sultan Kudarat) Branch Renovation Project (Supplemental Contract)	₱766,737.81	N/A
LBP Resources and Development Corp.	Subsidiary	6/28/2018	LANDBANK Pili Branch Renovation	₱3,243,601.00	N/A
LBP Resources and Development Corp.	Subsidiary	7/26/2018	1) LANDBANK Ortigas Center Extension Office Renovation - ₱5,035,767.00 2) LANDBANK Balanga Branch Renovation - ₱1,994,872.00	₱7,030,639.00	N/A
LBP Resources and Development Corp.	Subsidiary	8/30/2018	LANDBANK Tanauan City Branch Renovation	₱4,025,065.00	N/A
LBP Resources and Development Corp.	Subsidiary	9/20/2018	LANDBANK COA Branch Renovation	₱4,452,409.00	N/A
LBP Resources and Development Corp.	Subsidiary	9/20/2018	LANDBANK El Salvador Extension Office Renovation	₱3,921,733.00	N/A
LBP Resources and Development Corp.	Subsidiary	9/20/2018	LANDBANK BOC-MICP Branch Renovation	₱1,743,038.00	N/A

Name of Counterparty	Relationship	Date Granted	Type of Transaction	Amount	Outstanding Balance as of 31 December 2018
LBP Resources and Development Corp.	Subsidiary	9/27/2018	Renovation of the following LANDBANK Offices: 1) Romblon Branch - ₱11,241,404.00 2) South Harbor Branch - ₱6,787,285.00 3) Limay Branch - ₱5,093,908.00 4) YMCA Branch - ₱4,510,980.00 5) Talibon Branch - ₱3,608,902.00 6) Nueva Vizcaya Lending Center - ₱3,576,243.00 7) Tacloban Real Branch - ₱3,124,232.00	₱37,942,954.00	N/A
LBP Resources and Development Corp.	Subsidiary	9/27/2018	1) LANDBANK Bauang Branch Renovation - ₱6,273,555.00 2) LANDBANK Imus Branch Renovation - ₱5,131,070.00	₱11,404,625.00	N/A
LBP Resources and Development Corp.	Subsidiary	9/27/2018	One (1) Year Chaufferring Services for LANDBANK-Owned Service Vehicles for the period 8 April 2018 to 7 April 2019 for the following Offices: 1) LANDBANK Head Office for LLFC-Donated Vehicle 2) Occidental Mindoro Lending Center 3) Zamboanga del Sur Lending Center 4) Samar Lending Center	₱1,058,541.83	N/A
LBP Leasing and Finance Corp.	Subsidiary	3/20/2018	Lease Schedule No. FS-RO-04-00 - Finance Lease of 6 units service vehicles - ₱244,020.00/month	₱244,020.00	N/A
LBP Leasing and Finance Corp.	Subsidiary	3/20/2018	Lease Schedule No. FS-RO-05-00 - Finance Lease of 20 units service vehicles - ₱813,400.00/month	₱813,400.00	N/A
LBP Leasing and Finance Corp.	Subsidiary	3/23/2018	Lease Schedule No. FF-HO-02-00 - Finance Lease of 1 unit service vehicle - ₱51,010.00/month	₱51,010.00	N/A
LBP Leasing and Finance Corp.	Subsidiary	3/23/2018	Lease Schedule No. FS-RO-03-00 - Finance Lease of 23 units service vehicles - ₱986,470.00/month	₱986,470.00	N/A
LBP Leasing and Finance Corp.	Subsidiary	3/23/2018	Lease Schedule No. FF-HO-03-00 - Finance Lease of 5 units service vehicles - ₱255,050.00/month	₱255,050.00	N/A
LBP Leasing and Finance Corp.	Subsidiary	5/3/2018	Full-Service Financial Lease of Two (2) Units 2012 Mitsubishi L200 with Customized ATM Body under LS No. FF2-HO-01-00 for the Period 16 July 2017 to 15 July 2019	₱2,959,200.00	N/A
LBP Leasing and Finance Corp.	Subsidiary	25-Jul-18, 8-Aug-18 and 20-Sept-18	Repairs and maintenance and insurance on various vehicles, cash donations and security deposits	₱136,507.85	N/A
LBP Leasing and Finance Corp.	Subsidiary	9/20/2018	Full Service Operating Lease of Two Units Hyundai County with Chaufferring Services	₱13,783,140.00	N/A
LBP Insurance Brokerage, Inc.	Subsidiary	7/25/2018	Sale of Debt Security	₱15,000,000.00	N/A
LBP Insurance Brokerage, Inc.	Subsidiary	8/24/2018	Sale of Debt Security	₱10,000,000.00	N/A
LBP Insurance Brokerage, Inc.	Subsidiary	9/27/2018	Sale of Debt Security	₱15,000,000.00	N/A
LBP Insurance Brokerage, Inc.	Subsidiary	Jul 6, 31, Aug 10, 23 and Sept 07, 2018	Insurance Premium for various motor vehicle lease availers	₱658,595.52	N/A
Overseas Filipino Bank	Subsidiary	7/6/2018	Initial Capital Infusion	₱428,992,000.00	N/A
Overseas Filipino Bank	Subsidiary	9/14/2018	Deposit	₱1,000,000,000.00	N/A
Small Business Guarantee and Finance Corp.	LANDBANK has equity investment with the counterparty	7/6/2018	Sale of Debt Security	₱50,303,000.00	N/A
Small Business Guarantee and Finance Corp.	LANDBANK has equity investment with the counterparty	7/19/2018	Sale of Debt Security	₱67,851,000.00	N/A
Small Business Guarantee and Finance Corp.	LANDBANK has equity investment with the counterparty	8/2/2018	Sale of Debt Security	₱100,624,000.00	N/A
Small Business Guarantee and Finance Corp.	LANDBANK has equity investment with the counterparty	9/14/2018	Sale of Debt Security	₱50,201,000.00	N/A
Small Business Guarantee and Finance Corp.	LANDBANK has equity investment with the counterparty	9/27/2018	Sale of Debt Security	₱50,000,000.00	N/A
Small Business Guarantee and Finance Corp.	LANDBANK has equity investment with the counterparty	9/27/2018	Sale of Debt Security	₱50,242,000.00	N/A
LBP Resources and Development Corp.	Subsidiary	10/9/2018	Award of Contract for six months Contract Extension of Building Maintenance and Janitorial Services for LANDBANK Plaza Headquarters and Satellite Offices	₱57,494,129.21	N/A
LBP Leasing and Finance Corp.	Subsidiary	10/9/2018	Award of Contract for One Year Fleet Management Service under Financial Lease of 304 Units Service Vehicles	₱91,078,320.00	N/A
LBP Resources and Development Corp.	Subsidiary	11/13/2018	Award of Contract for One Year Services of 520 Utility Workers/Messengers at LANDBANK Field Units for the period of 1 January 2019 to 31 December 2019	₱132,613,025.77	N/A
LBP Resources and Development Corp.	Subsidiary	11/13/2018	Award of Contract for One Year Building Maintenance and Janitorial Services for LANDBANK Headquarters and Satellite Offices including Supply of Bank-Prescribed Sanitizing Agents and Consumables	₱96,631,218.81	N/A



Name of Counterparty	Relationship	Date Granted	Type of Transaction	Amount	Outstanding Balance as of 31 December 2018
Land Transportation Franchising & Regulatory Board (LTFRB)	Government Agency	12/18/2018	<ul style="list-style-type: none"> <li>Disposal of ROPA covered by TCT Nos. 162702, 162703 and 162704 thru Negotiated Sale in favor of LTFRB for 34,789,000.00 (at latest Appraised Value) on cash basis.</li> <li>Exemption from the following:               <ol style="list-style-type: none"> <li>Payment of 10% of offered price</li> <li>Publication of new/updated Indicative Price of ₱34,789,000.00</li> </ol> </li> </ul>	₱34,789,000.00	N/A
Philippine Export-Import Credit Agency (PhilEXIM)*	GOCC - (Exempted from review/ approval as Related Party since the loan implementation is subject to the issuance of the Monetary Board Opinion.)	10/9/2018	Sixth 180-Day Extension of Availability End Date (AED) of the Approved ₱1,950.0 Million Short Term Loan Line and ₱150.0 Million Domestic Bills Purchase Line From 30 September 2018 to 31 March 2019	***	***
Power Sector Assets and Liabilities Management Corporation (PSALM)*	GOCC - (Exempted from review/ approval as Related Party since the loan implementation is subject to the issuance of the Monetary Board Opinion.)	10/23/2018	<ul style="list-style-type: none"> <li>Request for Term Loan</li> <li>To Allow a Minimum Spread of 0.40% per annum Instead of 1.50% per annum required for account rated as "Good".</li> <li>To Allow the Availability Period of Two Years from Loan Signing.</li> <li>Waiver on Collection of Handling and Commitment Fees.</li> </ul>	₱76,512,500,000.00	₱52,512,500.00
National Food Authority (NFA)*	GOCC - (Exempted from review/ approval as Related Party since the loan implementation is subject to the issuance of the Monetary Board Opinion.)	10/23/2018	<ul style="list-style-type: none"> <li>Purchase of the existing exposure/ notes of private banks, via increase in LANDBANK's participation by up to ₱19.544 Billion in the remaining balance of the ₱75.0 Billion ROP Guaranteed Syndicated Term Loan Facility.</li> <li>To allow amendment of the interest rate structure including minimum spread of 0.3% instead of the required 2.5% for the account rated as "Satisfactory".</li> </ul>	₱24,844,000,000.00	₱34,704,359,577.72
LBP Service Corporation (LBPSC)*	DOSRI - (Exempted from review/ approval as Related Party since the Bank strictly adheres to the provisions of RA No. 9184 (Government Procurement Act) and its 2016 Revised Implementing Rules and Regulations (IRR) which provides public monitoring of the procurement process and the implementation of awarded contracts with the end in view of guaranteeing that these contracts are awarded pursuant to the provisions of the Act and that all these contracts are performed strictly according to specifications. The said law also requires disclosure of relations wherein relation to the Head of the Procuring Entity, BAC members, TWG, BAC Secretariat or end-user Unit within the third civil degree of consanguinity or affinity shall automatically disqualify a bidder from participating in the procurement of contracts of procuring entity.)	11/13/2018	Award of Contract for Four Months Extension of Office Manpower Services for Deployment to Various Units of LANDBANK	₱160,089,868.76	N/A
PNOC Group of Companies *	GOCC - (Exempted from review/ approval as Related Party since the loan implementation is subject to the issuance of the Monetary Board Opinion.)	11/27/2018	<p>First 180-day extension of Availability End Date of various credit lines of the PNOC Group in the total amount of ₱3,250.00 Million LC/TR Lines, F/DSL, STLL, DBPL and SRL from 30 November 2018 to 31 May 2019</p> <p>PHILIPPINE NATIONAL OIL COMPANY</p> <ul style="list-style-type: none"> <li>Renewal of (the Letters of Credit/ Trust Receipt (LC/TR)) Line</li> <li>Renewal of Foreign/Domestic Standby Letter of Credit (F/DSL),</li> <li>Renewal of Short Term Loan Line (STLL)</li> <li>Renewal of Domestic Bills Purchase Line (DBPL)</li> <li>Renewal of Settlement Risk Line (SRL)</li> </ul> <p>PNOC EXPLORATION CORPORATION</p> <ul style="list-style-type: none"> <li>Renewal of LC/TR Line</li> <li>Renewal of F/DSL</li> <li>Renewal of DBPL</li> </ul> <p>PNOC RENEWABLES CORPORATION</p> <ul style="list-style-type: none"> <li>Renewal of STLL</li> <li>Renewal of DBPL</li> <li>To allow a minimum spread of 0.50% instead of 1.50% for "Good." rating per CPI 2018-007. for PNOC RC only.</li> <li>Waiver on CPI No. 2016-001, requiring all insurable collateral (i.e. Trust Receipt on goods) to be insured with an insurance company accredited by LANDBANK and LANDBANK Insurance Brokerage, Incorporated (LIBI) as designated insurance broker for PNOC and PNOC EC only.</li> </ul>	₱3,250,000,000.00	No outstanding balance
Sps. Ma. Gerni and Geterito Gementiza**	Ma. Gerni Gementiza is the sister of FVP Charlotte I. Conde	11/13/2018	Renewal of Short Term Loan Line	₱7,220,000.00	N/A

# INSTITUTIONAL VIABILITY

Name of Counterparty	Relationship	Date Granted	Type of Transaction	Amount	Outstanding Balance as of 31 December 2018
Ms. Julieta B. Delos Reyes	Landbank employee (Branch Operations Officer/ Acting Head at LANDBANK España Branch)	10/09/2018	Disposal of ROPA covered by TCT Nos. T-176386 to 176389 thru LANDBANK-Provident Fund Department (LANDBANK-PFD) financing, in favor of Ms. Julieta B. Delos Reyes for ₱3,265,000.00 (at indicative price) to be paid as follows:  a) 10% of the offered price paid on 05 July 2018 per LANDBANK Official Receipt No. 0000359 b) 90% remaining balance payable thru PFD Financing within 30 days from date of annotation of mortgage in favor of LANDBANK-PFD on the title of the property  Late payments shall be charged a penalty of 24% per annum  Failure to pay the balance within sixty (60) calendar days from due date shall cause immediate cancellation of the sale and forfeiture of the 10% of the offered price in favor of the Bank.	₱3,265,000.00	N/A
LBP Resources and Development Corp.	Subsidiary	10/04/2018	LANDBANK Iligan Branch Renovation	₱11,202,551.00	N/A
LBP Resources and Development Corp.	Subsidiary	10/04/2018	LANDBANK Paco Warehouse Renovation Project (Variation Order)	₱151,280.03	N/A
LBP Resources and Development Corp.	Subsidiary	10/18/2018	Five Hundred (500) Utility Worker/Messengerial Services for LANDBANK Field Units (Extension of Contract)	₱45,935,786.67	N/A
LBP Resources and Development Corp.	Subsidiary	10/18/2018	Back-up Site of Various Units at LANDBANK West Avenue Branch	₱5,268,590.55	N/A
LBP Resources and Development Corp.	Subsidiary	10/18/2018	Overseas Filipino Bank Main Building Provision of PDOS Area and Rehabilitation of Existing Amenities and Finishes (Phase 2)	₱2,508,131.00	N/A
LBP Resources and Development Corp.	Subsidiary	10/18/2018	LANDBANK Claver (Surigao del Norte) Branch Renovation Project (Variation Order)	₱280,328.00	N/A
LBP Resources and Development Corp.	Subsidiary	10/22/2018	One (1) Year Services of Property Caretaker for the National Livelihood Development Corporation Property located at Brgy. San Andres, Alaminos, Laguna	₱82,800.00	N/A
LBP Resources and Development Corp.	Subsidiary	11/08/2018	LANDBANK Atimonan (Quezon) Extension Office	₱3,979,811.00	N/A
LBP Resources and Development Corp.	Subsidiary	11/08/2018	One (1) Lot Supply, Delivery and Installation of Covered Parking for Antipolo Warehouse	₱521,000.00	N/A
LBP Resources and Development Corp.	Subsidiary	11/08/2018	LANDBANK Dau Branch Renovation	₱3,684,707.00	N/A
LBP Resources and Development Corp.	Subsidiary	11/08/2018	LANDBANK Camiling Branch Renovation	₱2,834,806.00	N/A
LBP Resources and Development Corp.	Subsidiary	11/08/2018	LANDBANK Cataingan (Masbate) Extension Office Building Construction Project (Variation Order)	₱401,765.20	N/A
LBP Resources and Development Corp.	Subsidiary	11/22/2018	Chauffeur Services for LANDBANK-Owned Service Vehicles for LANDBANK Negros Oriental Lending Center for the Period 15 July 2018 to 14 July 2020	₱609,164.08	N/A
LBP Resources and Development Corp.	Subsidiary	11/22/2018	Chauffeur Services for LANDBANK-Owned Service Vehicles for the Period 8 April 2018 to 7 April 2019 for the following Offices:  1) LANDBANK Head Office for LLFC-Donated Vehicle 2) Occidental Mindoro Lending Center 3) Zamboanga del Sur Lending Center 4) Samar Lending Center	₱1,058,541.83	N/A
LBP Resources and Development Corp.	Subsidiary	11/22/2018	LANDBANK Aparri Branch Renovation Project (Variation Order)	₱652,111.97	N/A
LBP Resources and Development Corp.	Subsidiary	11/29/2018	LANDBANK Koronadal Extension Office Relocation/ Renovation	₱1,227,540.00	N/A
LBP Resources and Development Corp.	Subsidiary	11/29/2018	LANDBANK Subic Branch Building Construction Project (Variation Order)	₱2,268,418.00	N/A
LBP Resources and Development Corp.	Subsidiary	11/29/2018	LANDBANK BOC-MICP Branch Renovation Project (Variation Order)	₱68,555.04	N/A
LBP Resources and Development Corp.	Subsidiary	11/29/2018	LANDBANK Guihulngan (Negros Oriental) Branch Renovation/ Relocation (Variation Order)	₱91,141.00	N/A
LBP Leasing and Finance Corp.	Subsidiary	10/18/2018	Fleet Management Service under Semi-Service Financial Lease of Two (2) Service Vehicles	₱582,480.00	N/A
Masaganang Sakahan, Inc.	Subsidiary	12/06/2018	500 Packs of Two (2) Kilograms of Rice with Plastic Packaging for LANDBANK Share-a-Gift Program for Street Children	₱46,000.00	N/A
				<b>₱143,116,980,686.12</b>	<b>₱46,764,567,913.30</b>

\*This is considered as DOSRI and subject to DOSRI Rules.

\*\*vetted by the RPTCOM on 13 November 2018

\*\*\*₱2,100.00 Million existing total exposure to the Bank

\*\*\*\*₱3,250.00 Million existing total exposure to the Bank

## List of Material Related Party Transactions (Off-Balance Sheet Commitment) LAND BANK OF THE PHILIPPINES

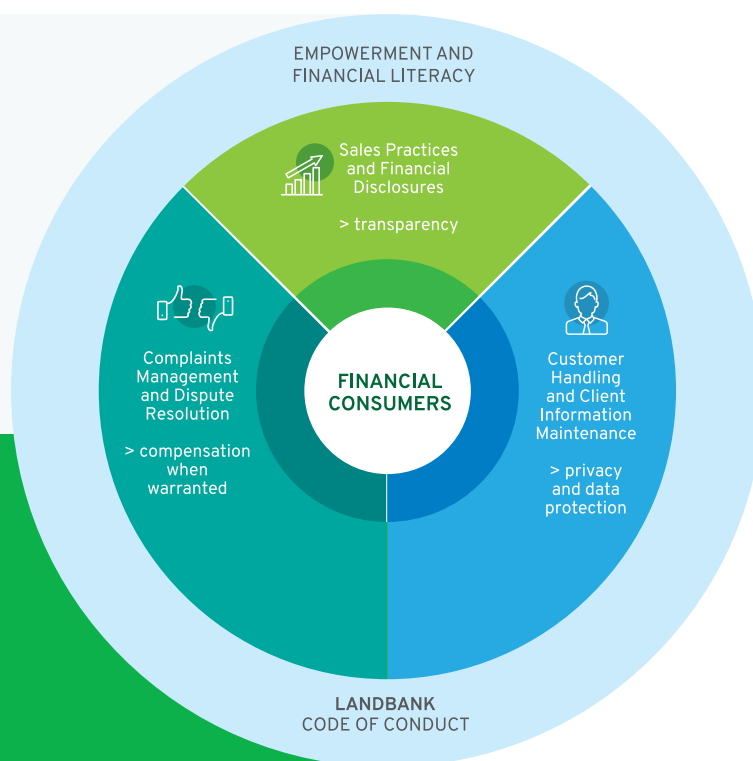
Parent Bank/ QB and Subsidiary/ Affiliate	Related Counterparty	Relationship Between the Parties	Transaction Date	Type of Transaction	Amount (USD)	Amount (PHP)	Terms
	Maynilad Water Services, Inc.	EVP Edward John T. Reyes (Agricultural and Development Lending Sector Head and LBP Insurance Brokerage, Inc. (LIBI) Director), is the brother-in-law of Atty. Alex Erlito S. Fider, who is the Corporate Secretary of Maynilad. Hence, Atty. Alex Erlito S. Fider is related within the second degree of affinity with EVP Edward John T. Reyes.	02/13/2018	Establishment of Corporate Notes, Short Term Loan Line and Documents against Acceptance/Documents against Payment/ Letter of Credit	20,759,366.48	1,091,527,489.52	No Preferential Terms
	Italpinas Development Corporation	IDC's independent Director, Mr. Rafael Dominguez, holding 10,000 shares of the Company with a par value of ₱0.50 or ₱5,000.00 is the son of DOF Secretary and LBP Chairman of the Board, Mr. Carlos Dominguez and related within the first degree of consanguinity.	02/27/2018	Request for seven year term loan facility	-	381,400,000.00	No Preferential Terms



## Financial Consumer Protection (FCP)

### LANDBANK'S Financial Consumer Protection (FCP) Framework

An FCP Framework that is appropriate to LANDBANK's corporate structure, operations and risk profile shall be adopted. It shall set the mechanism that will guide the Bank in preventing and/or addressing risks that have occurred in relation to financial losses to consumers.



Cognizant of the need for a dynamic financial marketplace where there is financial inclusion and stability, and wherein consumers make informed decisions, the BSP issued Circular No. 857 for all BSP-Supervised Financial Institutions (BSFIs) to come up with a Financial Consumer Protection (FCP) Framework. The FCP sets the rules and regulations that cover and underscores FCP as a part of the Bank's corporate governance and culture.

The FCP provides an enabling environment that protects the interest of financial consumers and institutionalizes the responsibilities of all stakeholders.

Guided by the BSP Circular, LANDBANK came up with FCP Framework and guidelines to implement the Bank's FCP Framework (Annex A).

The success of LANDBANK's FCP Program is determined by the level of support and cooperation among LANDBANK personnel, from top management to individual employees, and strengthened by the appropriate systems, processes and people.

## A. CONSUMER PROTECTION OVERSIGHT FUNCTION

### Role and Responsibility of the Board of Directors and Senior Management

#### LANDBANK BOARD OF DIRECTORS (BOD)

The LANDBANK BOD shall be primarily responsible for ensuring that consumer protection rules and regulations are incorporated in the Bank's business operations and strategies. The responsibilities of LANDBANK BOD, in relation to FCP, include the following:

- a. Approve LANDBANK FCP Framework and FCP policies and mechanisms which outline consumer protection best practice standards;
- b. Ensure availability of resources devoted to consumer protection to maintain compliance with the provisions of the Bank's FCP Framework; and
- c. Oversee the implementation of the consumer protection programs, processes, systems, and other related activities.

#### LANDBANK SENIOR MANAGEMENT

The LANDBANK Senior Management shall be responsible for the proper implementation and effective management of consumer activities and policies approved by the BOD through the establishment of LANDBANK FCP Working Team (WT), ensure that consumer protection issues and areas for improvement are resolved effectively and taken at the right time, and perform other duties and responsibilities as may be assigned by the Board.

LANDBANK FCP WT shall be responsible for formulating, updating, and reporting/monitoring pertinent policies, systems and other prerequisites that may be required under the BSP Circular No. 857 and other BSP issuances related to Financial Consumer Protection that embrace the FCP standards of conduct namely: (1) Disclosure and Transparency; (2) Protection of Client Information; (3) Fair Treatment; (4) Effective Recourse; (5) Financial Education and Awareness consistent with the Components of the LANDBANK FCP particularly: (1) FCP Framework; (2) Governance and Oversight; (3) Consumer Protection Risk Management System (CPRMS); and Consumer Assistance Management System (CAMS).

## A.2 CONSUMER PROTECTION RISK MANAGEMENT SYSTEM (CPRMS)

The LANDBANK's CPRMS is part of the Bank's enterprise-wide Risk Management System. It identifies, measures, monitors, and controls consumer protection risks inherent in LANDBANK's operations including its financial consumers. Detailed discussions on LANDBANK's CPRMS can be found in the Bank's Risk Management.

## B. CONSUMER PROTECTION PROGRAMS

### 1. Consumer Protection Compliance Program

- a. An FCP Compliance Program is established in order to prevent or reduce regulatory violations and protect consumers from associated harm or loss.
- b. Any findings and recommendations from the Compliance Program mechanisms shall be elevated by the CMG to the BOD, through the ACC for assessment of the effectiveness and adequacy of approved policies and internal controls for FCP.

### 2. Consumer Protection Internal Audit Program

- a. An independent and periodic assessment of Bank Units' adherence to consumer protection practices, internal policies, procedures, and laws, rules and regulations is conducted by the IAG.
- b. Audit results from the said assessment shall be elevated by IAG to the BOD, through the ACC, to ascertain the effectiveness and adequacy of approved policies and internal controls for FCP.

### 3. Consumer Protection Training Program

- a. The Bank appropriate trainings and development programs to enhance the competencies of its human resources through the ODD.
- b. In addition to its in-house programs, the Bank allows its employees to participate in external training programs, both local and foreign, provided, a re-tooling seminar, roadshow or IT system roll-out programs shall be cascaded to concerned Bank employees.
- c. The training programs are categorized into:
  - Management and leadership;
  - Operational courses; and
  - Foundational (organizational and behavioural) courses



#### 4. Consumer Assistance Management System

LANDBANK CAMS per AO No. 101 s. 2018 is centralized at the CAD-CCC.

For CAMS to be effectively carried out, CCC undertakes the following:

- a. Receive, handle, register, and provide feedbacks to customer inquiries and complaints received from different Bank channels, such as LANDBANK PhoneAccess, LANDBANK electronic mails, LANDBANK Website – WEBMASTER, and LANDBANK Facebook page;
- b. Consolidate and analyse recorded calls and reports on complaints, and report results thereof to MANCOM for resolution and approval of mitigating strategies;
- c. Ensure competency and quality in the delivery of CCC's services through provision of trainings and seminars on excellent customer service and other relevant development workshops, in coordination with ODD; and
- d. Provide a dedicated and an organic team that ensures quality services thru its Quality and Complaint Management Unit which handles process improvement, call quality assurance, complaint management, and Management Information System (MIS)/Feedback Management.

### C. FCP Accomplishments CY 2018 – 2019

FCP Plans & Programs	Accomplishments
1. FCP Refresher to Branches Groups and Field Units	<ul style="list-style-type: none"><li>Conducted FCP Refresher to Branches Groups and Field Units from August – September 2018 using FCP AVP presentation materials. Covered field units in Central Luzon, North and South Luzon, and Visayas and Mindanao</li></ul>
2. Consumer Protection Training Programs thru e-LEAP	<ul style="list-style-type: none"><li>Bank-wide implementation of FCP module to LEAP system from 02 September – 15 October 2019</li></ul>
3. Consumer Assistance Management System (CAMS)	<ul style="list-style-type: none"><li>AO 101 s. 2018 – Guidelines on LANDBANK's Customer Assistance Management approved last 04 September 2018</li></ul>
4. Updates on LANDBANK FCP Manual	<ul style="list-style-type: none"><li>Updates and revisions on FCP chapters for Board Approval</li></ul>
5. FCP Plans in CYs 2019-2021	<ul style="list-style-type: none"><li>Proposed FCP programs involving various initiatives for financial consumer protection</li></ul>



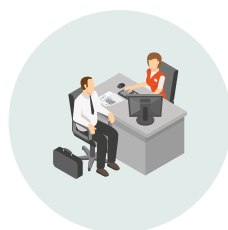
# Financial Results of Business Segments

Operating segments are reported according to the nature and type of services provided with a segment representing a strategic business unit.

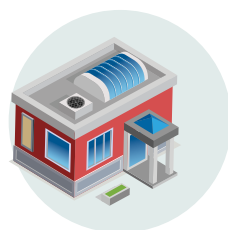
LANDBANK's business segments are as follows:



- a. Retail Banking – this segment principally provides and offers wide range of financial products and services to individual customers. Products and services include individual deposit products, payment remittances, foreign exchange transactions, loans to small farmers and fishers (SFF), agrarian reform beneficiaries (ARBs), consumer loans, as well as unit investment trust funds (UITFs), among others.



- b. Corporate Banking – this segment principally handles loans and other credit facilities and deposit accounts for corporate, small and medium enterprises, and institutional customers such as Rural Financial Institutions (RFI) and Cooperatives as conduits to SFFs and ARBs, LGU and GOCCs.



- c. Treasury and Investment Banking – this segment principally provides money market, trading and treasury services as well as the management of LANDBANK's funding operations by use of treasury bills, government securities and placements and acceptances with other banks, through treasury and wholesale/corporate banking.
- d. Others – consists of LANDBANK's other sectors and various support units.

Segment revenues and expenses that are directly attributable to the business segment and the relevant portion of LANDBANK's revenues and expenses that can be allocated to that business segment are accordingly reflected as revenues and expenses of that business segment.

## Summary of Financial Performance of the Business Segment

All income-generating business segments recorded a higher interest income in 2018 compared with 2017 levels. Corporate Banking improved by 45% or ₱10.3 Billion to ₱33.2 Billion, while Treasury and Investment Banking is higher by 6% or ₱1.4 Billion reaching ₱23.6 Billion.

In terms of net profit, Treasury and Investment Banking segment contributed the highest at ₱24.4 Billion given its minimal manpower complement, while the "Others" segment composed of support and other cost centers have a negative net income contribution.

## Contribution of each major business segment to the total revenue of the Bank

Corporate Banking contributed more than half of the total interest income of the Bank in 2018 at 55%. Combined with Treasury and Investment Banking, these two segments accounted for 95% of LANDBANK's total interest income. Retail Banking contributed majority of the rest at 5%, and this segment is expected to expand its share going forward given the Bank's updated strategic initiatives to focus more on financial inclusion and more aggressive lending to small farmers and fishers. The Bank's total interest income in 2019 accounted for 90% of the Bank's total revenues.

## Significant Developments and Future Plans and Targets

### Corporate Banking Group

The Corporate Banking Group (CBG) completed the year with a total of ₱19.10 Billion in gross revenues. This is 54.8% higher than the ₱12.3 Billion income in 2017. The Group registered 143.0% accomplishment over the Gross Income target of ₱13.95 Billion.

The Group's Loan Portfolio reached ₱435.2 Billion in 2018, surpassing the 2017 Portfolio by ₱114.4 Billion or a growth rate of 35.7% over the previous year's total loans of ₱320.7 Billion.

The loans to the Priority Sector reached a total amount of ₱403.3 Billion, increasing by ₱94.07 Billion, or a growth of 30.4% over the previous year's total of ₱309.2 Billion.

The loans to these projects reached ₱333.4 Billion, increasing by 134.9% from the 2017 year-end total of ₱274 Billion.

CBG's coverage of the SMEs was remarkable with a total of ₱58.7 Billion in loans granted by the end of the year, recording a 59.2% increase over the total from the previous year.

The foundation for these efforts rests on expanding and advancing our lending productivity via extensive marketing, partnerships with other government agencies, syndications with other banks, and improved business processes.

The Group aims to achieve growth that is sustainable while taking into consideration the Bank's financial stability and institutional viability.

The CBG will continue to grow by focusing on serving our customers & clients, by continuing to manage our risks well. With all these, the CBG aims to be a catalyst of development and sustainable growth.

### Retail and Mid-market Lending Group

The Retail and Mid-market Lending Group (RMLG) remained committed in providing financial assistance to Micro, Small, and Mid-market Enterprises (MSMEs) in the National Capital Region. Despite the highly competitive environment in the retail market, RMLG's loan portfolio grew significantly from ₱14,762 Million in 2017 to ₱21,585 Million by end of 2018.

RMLG is continuously promoting strong government support to target markets/sector (MSMEs, OFWs, infrastructure, health, education, transportation, housing, tourism).

In addition, RMLG supported the Bank's new program, LANDBANK SPEED PUV program, which would ensure safety, convenience and order in the operation of Public Utility Vehicles (PUVs) that would benefit existing jeepney driver-operators. This program is in accordance with the Philippine government thrust of modernizing public transportation in the country. With this, RMLG's market will further expand and workload will significantly increase. As of December 2018, RMLG has secured approval of loans aggregating to ₱243.45 Million for the acquisition of 125 PUVs.

In the coming years, RMLG shall unceasingly respond to the needs of the majority of MSME businesses which are located in the NCR. Moreover, it shall continue to strengthen its lending to the priority sectors, prioritize and pursue loans to agri-agra clients as well as other priority programs of the Bank. It shall continue promoting the SPEED, in accordance to government thrust of modernizing public transportation in the country, and the Bank's GO GREEN in support of the thrust in the reduction of electric consumption by promoting the use of energy efficient solutions. RMLG shall continue participating in the promotion of the K-12 Bridge Financing to school owners to be part of the value change for the education of the Filipinos. Further, it shall replicate the same to other sectors such as to the contractors for the BUILDERS program, hospital owners for HealthPlus, individuals for the OFW-RP and housing loan programs of the bank, among others.

Moreover, continuous attendance of RMLG personnel in seminars and trainings, that will enhance credit and human related skills to provide excellent customer service, will be undertaken.

### Treasury and Investment Banking Group

Domestic financial markets suffered in 2018 amid souring US-China trade relations, increasing local inflation, and aggressive tightening moves by the Bangko Sentral ng Pilipinas (BSP). The tit-for-tat trade dispute between the world's two largest economies dampened market sentiment, resulting in the drop in the local stock index by about 15% year-on-year. Domestic developments were also challenging, with inflation hitting an annual average of 5.2%. To anchor inflation back to its 2-4% target, the BSP hiked policy rates for a total of 175 bps for the entire year. This aggressive move of the BSP caused the 10-year benchmark rate to peak at about 8.25% from just 6.25% at the start of 2018. The increase in local interest rates also slashed about 2.5% from the value of the Philippine peso against the US dollar.

Despite the financial market downturn in 2018, TIBS exceeded its annual target and registered a total income of ₱26.14 Billion, which came from investment income, treasury loans, due from BSP deposit facilities, and fee-based income.

#### • **Dominant Industry Position**

LANDBANK was chosen to be part of the Bureau of the Treasury's (BTr's) Interdealer Government Securities (GS) Repurchase Agreement Program, as well as one of the 10 Market Makers among GS Eligible Dealers (GSEDs) in the country.

For eight straight years, LANDBANK remains to be among the Top 5 Fixed-Income Dealing Participants in the secondary market as conferred by the Philippine Dealing and Exchange Corporation during the Philippine Dealing System (PDS) Annual Awards for 2018.

- **Investment Banking and Capital Markets**

Investment Banking Group (IBG) has established its solid track record in arranging and managing various types of debt finance transactions to private and government entities.

It has successfully arranged sources of funding for the financial requirements of three companies with the same goal of country development in terms of addressing demands on water supply, promoting financial inclusion, and providing maritime transportation.

LANDBANK through the IBG, acted as the sole Lead Issue Manager for the BTr's 21<sup>st</sup> Tranche of the Three-Year Retail Treasury Bonds (RTBs) with issue date on 13 June 2018. The RTB offering from 30 May to 08 June 2018 was met with strong demand from the investing public with the RTB's current marketing campaign, #RTBparaReadyTayoBukas.

IBG also monitors the performance of the Bank's investments in equity and other financial instruments.

- **Strong Sales and Distribution Network**

LANDBANK, as Lead Issue Manager and one of the selling agents for the ₱121.76 Billion RTB Tranche 21 of the BTr issued on 13 June 2018, was able to capture the largest share of the total issue size at 37% or ₱45.48 Billion through Investments Sales and Distribution Department's strong hold on retail, individual, and GOCC clients.

LANDBANK also strengthened the distribution of its Treasury products to retail clients as well as new clients from various industries such as Thrift and Rural Banks, Cooperatives, Insurance Companies, Local Government Units, State Universities and Colleges and other Educational Institutions, Water Districts and Hospitals through participation in various primary corporate issuances of Vista Land and Lifescapes, Inc., SM Prime Holdings, Metrobank, Aboitiz Power, Petron, Ayala Land, Inc., San Miguel Corporation Global Power Bonds, North Luzon Expressway and San Miguel Corporation. LANDBANK's participation in said primary issuances amounted to a total sales of ₱1.237 Billion.

ISDD's aggressive sales and distribution of various treasury products for the year ended December 2018 amounted to ₱235.51 Billion with an income of ₱50.65 Million resulting to LANDBANK gaining recognition in the PDS Annual Awards for 2018.

The PDS Group conferred LANDBANK as the Top 2 Fixed-Income Brokering Participant among 30 other participants for generating the most trading volume for 2018 as measured by the total volume turnover of securities transacted by face amount in the PDS Annual Awards.

This is the second time that LANDBANK was given this recognition. In 2017, LANDBANK was also a recipient of the same award.

ISDD's increased sales volume likewise resulted to additional PDS award in 2018 as the Top 2 Fixed Income Dealing Participant for generating the most trading volume as measured by the total volume turnover of securities transacted by face amount.

LANDBANK's FX Sales and Hedging Solutions Department (FSHSD) actively marketed clients' FX requirements and facilitated \$1.73 Billion worth of FX transactions. FSHSD has continued their aggressive, yet collaborative, marketing initiatives by providing real-time competitive rates and strengthening linkages and partnerships with various trade associations/organizations such as Philippine Exporters Confederation, Inc. (Philexport) and Chamber of Furniture Industries of the Philippines (CFIP) as well as government agencies such as Department of Trade and Industry (DTI) and Center for International Trade Expositions and Missions (CITEM). 🌱



# Financial Highlights (Group)

## Results of Operation

LANDBANK maintained its position as one of the top performing banks in the Philippine Banking Industry in 2018, having reached milestones in various areas of its operations. The Bank continues to effectively fulfill its mandate while remaining financially viable, having reached ₱16.1 Billion in net income for the end of 2018, ₱872 Million or 5.7% higher than the ₱15.3 Billion net income recorded in 2017. This translated to a return on equity of 14.1%, which is higher than the industry average of 9.3%.

Growth in revenues is mainly due to significant increase of interest income in 2018. Interest income reached ₱60.7 Billion, ₱12.7 Billion or 26.4% higher than ₱48.0 Billion generated in 2017.

Interest income from loans and investments accounted for ₱59.9 Billion, or 98.8% of total interest income. Interest income from loans amounted to ₱38.8 Billion or 63.9% of total interest income of the Bank, while interest income from investments amounted to ₱21.1 Billion or 34.8% of total interest income.

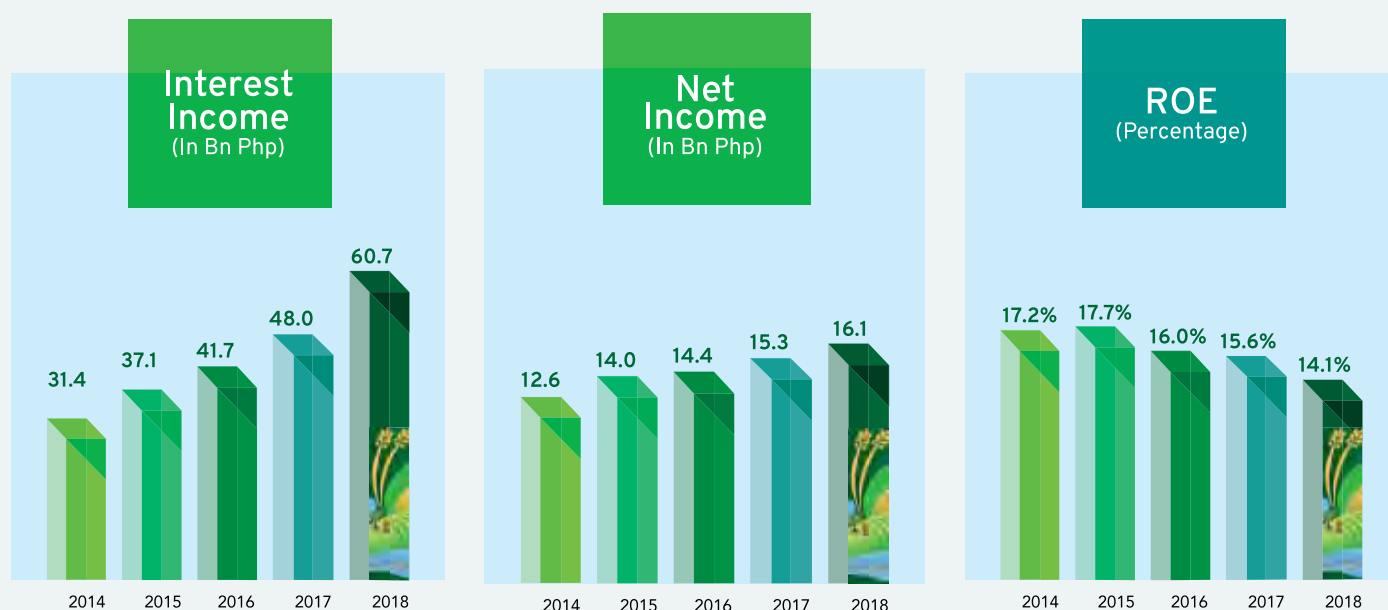
Other operating income amounted to ₱7.63 Billion, a ₱974 Million increase from ₱6.65 Billion in 2017.

Financial Summary/Financial Highlights (In Php Million)

Minimum Required Data	Group <sup>1</sup>		Parent	
	2018	2017 As Restated	2018	2017 As Restated
<b>Profitability</b>				
Total Net Interest Income	46,596.50	38,172.95	45,972.03	38,031.16
Total Non Interest Income	7,628.75	6,654.52	7,244.74	6,243.10
Total Non Interest Expenses	33,529.81	28,007.39	32,612.85	27,669.79
Pre-provision Profit	20,695.44	16,820.08	20,603.92	16,604.47
Provision for Credit/Impairment Losses	4,295.34	1,136.84	3,852.49	1,109.63
Net Income	16,144.12	15,271.40	16,589.96	15,175.22
<b>Selected Balance Sheet Data</b>				
Liquid Assets	991,505.00	920,693.08	986,896.67	919,489.51
Gross Loans	872,401.68	674,516.92	867,217.35	674,360.20
Total Assets	1,888,776.08	1,627,078.41	1,877,693.34	1,623,837.51
Deposits	1,663,262.24	1,425,219.51	1,656,141.28	1,425,473.36
Total Equity	137,016.83	116,222.71	134,958.29	113,693.79
<b>Selected Ratios</b>				
Return on Equity (ROE) <sup>2/</sup>	12.75%	14.41%	14.05%	15.57%
Return on Assets (ROA) <sup>2/</sup>	0.92%	1.01%	0.96%	1.04%
CET 1 capital ratio	11.86%	10.93%	11.82%	10.90%
Tier 1 capital ratio	11.86%	10.93%	11.82%	10.90%
Capital Adequacy Ratio	12.69%	11.77%	12.65%	11.74%
BASEL III Leverage Ratio	5.55%		5.51%	
<b>Per common share data</b>				
Net Income per share:				
Basic				
Diluted				
Book value				
<b>Others</b>				
Cash dividends declared			-	1,960.00
Headcount			8,599	7,985
Officers			1,139	1,013
Staff			7,460	6,972

<sup>1</sup>Consolidated Amount of Parent and Subsidiaries

<sup>2</sup>Parent's ROE and ROA as reflected in the notes to F/S were computed as Total Equity and Average Total Assets are equal to sum of January to December outstanding balance ÷ 12.



## Financial Condition

LANDBANK remains among the leading institutions in the Philippine Banking Industry, achieving top spots in major balance sheet accounts.

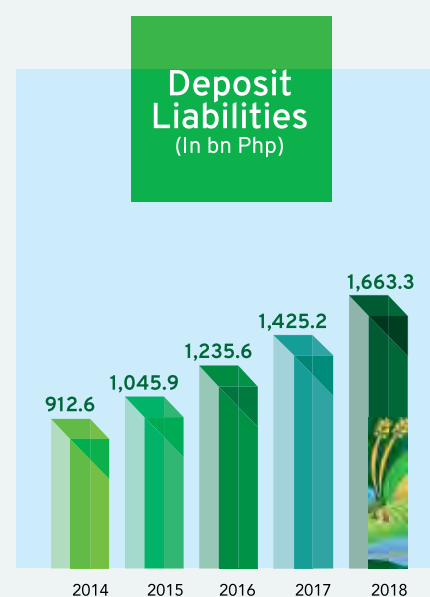
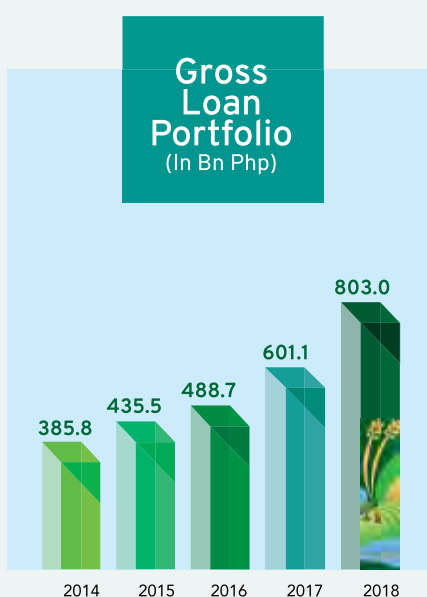
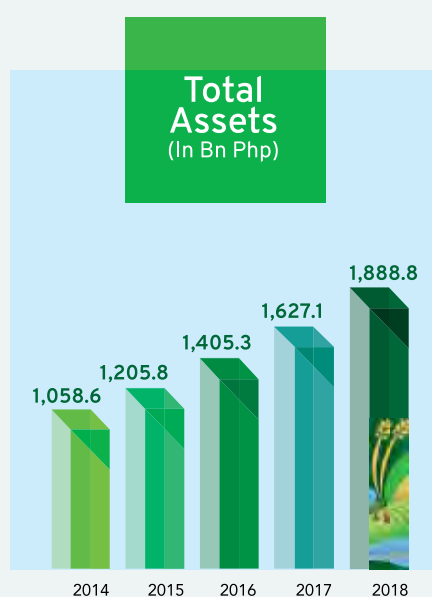
Total resources amounted to ₱1.89 Trillion in 2018, 16.1% or ₱261.7 Billion higher than the same period in 2017. Total loans amounted to ₱803.0 Billion in 2018, accounting for 42.5% of total resources. Loans to the priority sectors increased by a significant ₱170.2 Billion, which resulted in 32.3% increase or ₱201.8 Billion higher than ₱601.1 Billion posted in 2017.

The Bank's total deposit liabilities amounted to ₱1.66 Trillion by the end of 2018, 16.7% or ₱238.0 Billion higher than the ₱1.43 Trillion balance from the previous year. It fully covers the Bank's loan and investment portfolios combined. Growth in the Bank's deposits were due to significant expansion of government deposits that reached ₱1.21 Trillion and accounted for 73% of the Banks total deposit liabilities for 2018.

## Capital and Capital Ratios

As of 31 December 2018, LANDBANK has authorized capital stocks amounting to ₱200.0 Billion consisting of two billion common shares at ₱100.0 par value per share. Paid-up capital increased to ₱26.29 Billion from ₱20.98 Billion in 2017 due to additional capital booked from the closure of National Livelihood Development Corporation (NLDC). The common stocks are fully subscribed by the NG.

Consistent with Basel III and BSP requirements, contained in the following table below are the details and composition of the Bank's comparative common equity tier 1 (CET1) capital, regulatory deductions, and total qualifying capital for 2018 and 2017 (except for the ratios, all amounts in ₱ Millions).



	Group <sup>2</sup>		Parent	
	2018	2017	2018	2017
<b>Tier 1 Capital</b>				
<b>Common Equity Tier 1 (CET 1) Capital</b>				
Paid-up Common Stock	26,861.78	20,981.00	26,290.78	20,981.00
Retained Earnings	78,108.68	64,144.95	78,043.28	64,144.95
Undivided Profits	14,918.11	13,859.33	15,478.21	14,058.26
Other Comprehensive Income	11,704.31	5,411.94	11,805.22	5,411.94
<b>Total</b>	<b>131,592.88</b>	<b>104,397.22</b>	<b>131,617.49</b>	<b>104,596.15</b>
<b>Regulatory Deductions from CET 1 Capital</b>				
<b>a.</b> Unsecured DOSRI Loans	826.29	1,146.69	970.20	1,274.44
<b>b.</b> Deferred Income Tax	510.09	516.58	441.26	441.26
<b>c.</b> Other intangible assets	1,166.03	1,270.34	1,155.22	1,269.75
<b>d.</b> Investments in equity of unconsolidated subsidiary banks and quasi-banks, and other financial allied undertakings (excluding subsidiary securities dealers/brokers and insurance companies), after deducting related goodwill, if any (for solo basis only and as applicable)	-	-	1,912.76	1,418.83
<b>e.</b> Investments in equity of unconsolidated subsidiary securities dealers/brokers and insurance companies after deducting related goodwill, if any (for both solo and consolidated bases and as applicable)	1,051.79	989.18	990.40	950.12
<b>f.</b> Significant minority investments (10%-50% of voting stock) in banks and quasi-banks, and other financial allied undertakings after deducting related goodwill, if any (for both solo and consolidated bases)	647.22	450.29	512.15	360.00
<b>g.</b> Minority investments (below 10% of voting stock) in subsidiary banks and quasi-banks, and other financial allied undertakings (excluding subsidiary securities dealers/brokers and insurance companies), after deducting related goodwill, if any (for both solo and consolidated bases)	313.30	281.74	43.15	96.44
<b>h.</b> Other equity investments in non-financial allied undertakings and non-allied undertakings	19,697.89	23,629.95	19,620.19	23,187.93
<b>Total</b>	<b>24,212.61</b>	<b>28,284.77</b>	<b>25,645.33</b>	<b>28,998.77</b>
<b>Net CET 1 Capital</b>	<b>107,380.27</b>	<b>76,112.45</b>	<b>105,972.16</b>	<b>75,597.38</b>
<b>Additional Tier 1 Capital</b>	-	-	-	-
<b>Total Tier 1 Capital</b>	<b>107,380.27</b>	<b>76,112.45</b>	<b>105,972.16</b>	<b>75,597.38</b>
<b>Tier 2 Capital</b>				
General Loan Loss Provision	7,522.09	5,806.69	7,490.00	5,790.00
<b>Total Tier 2 Capital</b>	<b>7,522.09</b>	<b>5,806.69</b>	<b>7,490.00</b>	<b>5,790.00</b>
<b>Total Qualifying Capital</b>	<b>114,902.36</b>	<b>81,919.14</b>	<b>113,462.16</b>	<b>81,387.38</b>

The Bank's total CET 1 capital increased in 2018 due to additional capital booked from the abolition of NLDC combined with higher retained earnings and OCI. With lower regulatory deductions, net CET1 capital improved by 41.1% to ₱107.38 Billion from ₱76.11 Billion the previous year. Given the significant improvement in CET1 capital, total qualifying capital likewise increased by 40.3% or ₱32.07 Billion, ₱114.90 Billion in 2018 from ₱81.92 Billion in 2017.

<sup>2</sup>Consolidated with Subsidiaries

## INSTITUTIONAL VIABILITY

The full reconciliation of all regulatory capital elements back to the balance sheet in the audited financial statements are as follows (amount in Million Php):

Account Description	GROUP <sup>3</sup>					
	2018			2017 As Restated		
	Regulatory Capital	Reconciling Items	Audited Financial Statements	Regulatory Capital	Reconciling Items	Audited Financial Statements
Paid-up common stock	26,861.78	(571.00)	26,290.78	20,981.00		20,981.00
Paid-in Surplus		101.10	101.10		101.10	101.10
Retained earnings	78,108.68	4,222.55	82,331.23	64,144.95	10,256.41	74,401.36
Revaluation Increment		61.20	61.20		61.20	61.20
Undivided profits	14,918.11	1,226.01	16,144.12	13,859.33	1,412.07	15,271.40
Other Comprehensive Income						
Net unrealized gains or losses on AFS securities	11,409.62	451.17	11,860.79	5,411.94		5,411.94
Remeasurement of retirement benefit obligation		(4.15)	(4.15)		(5.29)	(5.29)
Currency Translation Difference		231.76	231.76			
Others	294.69	(294.69)	-			
Deductions	(24,212.61)	24,212.61	-	(28,284.77)	28,284.77	-
<b>Tier I (CET 1) capital/Total equity</b>	<b>107,380.27</b>	<b>29,636.56</b>	<b>137,016.83</b>	<b>76,112.45</b>	<b>40,110.26</b>	<b>116,222.71</b>
<b>Tier 2 Capital</b>	<b>7,522.09</b>	<b>(7,522.09)</b>	<b>-</b>	<b>5,806.69</b>	<b>(5,806.69)</b>	<b>-</b>
<b>Total Qualifying Capital/Total equity</b>	<b>114,902.36</b>	<b>22,114.47</b>	<b>137,016.83</b>	<b>81,919.14</b>	<b>34,303.57</b>	<b>116,222.71</b>

Account Description	PARENT					
	2018			2017 As Restated		
	Regulatory Capital	Reconciling Items	Audited Financial Statements	Regulatory Capital	Reconciling Items	Audited Financial Statements
Paid-up common stock	26,290.78		26,290.78	20,981.00		20,981.00
Paid-in Surplus		101.10	101.10		101.10	101.10
Retained earnings	78,043.28	1,792.87	79,836.15	64,144.95	7,879.57	72,024.52
Undivided profits	15,478.21	1,111.75	16,589.96	14,058.26	1,116.97	15,175.23
Other Comprehensive Income						
Net unrealized gains or losses on AFS securities	11,510.53	398.02	11,908.55	5,411.94		5,411.94
Currency Translation Difference		231.75	231.75			
Others	294.69	(294.69)	-			
Deductions	(25,645.33)	25,645.33	-	(28,998.77)	28,998.77	-
<b>Tier I (CET 1) capital/Total equity</b>	<b>105,972.16</b>	<b>28,986.13</b>	<b>134,958.29</b>	<b>75,597.38</b>	<b>38,096.41</b>	<b>113,693.79</b>
<b>Tier 2 Capital</b>	<b>7,490.00</b>	<b>(7,490.00)</b>	<b>-</b>	<b>5,790.00</b>	<b>(5,790.00)</b>	<b>-</b>
<b>Total Qualifying Capital/Total equity</b>	<b>113,462.16</b>	<b>21,496.13</b>	<b>134,958.29</b>	<b>81,387.38</b>	<b>32,306.41</b>	<b>113,693.79</b>

There is a significant increase in total risk-weighted assets (RWA) at 30.1%, from ₱696.23 Billion in 2017 to ₱905.54 Billion in 2018, mainly due to higher credit and operational RWAs from substantial expansion in loans and gross revenues.

<sup>3</sup>Consolidated Amount of Parent and Subsidiaries



	GROUP		PARENT	
	Dec. 2018	Dec. 2017	Dec. 2018	Dec. 2017
<b>Risk-Weighted Assets</b>				
Credit Risk-Weighted Assets				
Total Risk -Weighted On-Balance Sheet Assets	760,337.51	574,229.49	753,133.32	572,037.74
Total Risk-Weighted Off-Balance Sheet Assets	66,363.84	53,455.13	65,330.97	53,455.13
Total Counterparty Risk-Weighted Assets in the Trading Books	180.82	676.86	180.82	676.86
<b>Total Credit Risk-Weighted Assets</b>	<b>826,882.17</b>	<b>628,361.48</b>	<b>818,645.11</b>	<b>626,169.73</b>
Market Risk-Weighted Assets				
Interest Rate Exposures	858.00	2,860.51	842.65	2,860.51
Equity Exposures	-	-	-	-
Foreign Exchange Exposures	138.59	238.53	138.59	238.53
Options	8,305.89	3,623.02	8,305.89	3,623.02
<b>Total Market Risk-Weighted Assets</b>	<b>9,302.48</b>	<b>6,722.06</b>	<b>9,287.13</b>	<b>6,722.06</b>
<b>Total Operational Risk-Weighted Assets</b>	<b>69,356.38</b>	<b>61,152.10</b>	<b>68,688.10</b>	<b>60,605.09</b>
<b>Total Risk-Weighted Assets</b>	<b>905,541.03</b>	<b>696,235.64</b>	<b>896,620.34</b>	<b>693,496.88</b>

Increase in CET 1 ratio to 11.86% in 2018 from 10.93% the previous year is due to improvement of CET 1 capital. With no outstanding AT1 capital, Tier 1 capital ratio likewise stood at 11.86% which is well above the BSP requirement.

	GROUP		PARENT	
	Dec. 2018	Dec. 2017	Dec. 2018	Dec. 2017
<b>CET 1 Capital Ratio</b>	<b>11.86%</b>	<b>10.93%</b>	<b>11.82%</b>	<b>10.90%</b>
Minimum CET 1 Ratio	6.00%	6.00%	6.00%	6.00%
Capital Conservation Buffer	5.86%	4.93%	5.82%	4.90%
<b>Tier 1 Capital Ratio</b>	<b>11.86%</b>	<b>10.93%</b>	<b>11.82%</b>	<b>10.90%</b>
<b>Risk-Based Capital Adequacy Ratio (CAR)</b>	<b>12.69%</b>	<b>11.77%</b>	<b>12.65%</b>	<b>11.74%</b>

LANDBANK's December 2018 Capital Adequacy Ratio (CAR) improved to 12.69% from 11.77% in 2017, which is comfortably above the BSP requirement of 10.0%.

As a Government Financial Institution, LANDBANK is subject to and complies with the provisions of the dividend law – RA No. 7656 issued in 1993. The Bank regularly declares and remits at least 50% of its annual net earnings as cash dividends and until 2017, has remitted an aggregate amount of ₱46.15 Billion to the National Government. To ensure that it can sustain its support to various government initiatives, the Bank has to strengthen or at least preserve its capital and occasionally requests the government for a dividend relief or a lower dividend rate.

LANDBANK requested the Department of Finance for a dividend relief for its 2018 earnings in May 2019 to support continued loan expansion to its priority sectors and various government initiatives and directives. The request for dividend relief was favorably endorsed by the Department of Finance (DOF) to the Office of the President of the Philippines. 🌱

# LANDBANK

## Foundation and Subsidiaries



# 3,215

Cooperative officers and personnel benefited from the trainings conducted by LCDFI



**LANDBANK  
COUNTRYSIDE  
DEVELOPMENT  
FOUNDATION, INC.  
(LCDFI)**

The LANDBANK Countryside Development Foundation, Inc. (LCDFI) was established in March 1983 as a non-stock, non-profit corporate foundation of the Land Bank of the Philippines (LANDBANK). The Foundation embodies LANDBANK's commitment to spur development in the countryside particularly among its priority sectors such as the small farmers and fishers, agrarian reform beneficiaries, countryside Financial Institutions, small and medium enterprises (SMEs) and Overseas Filipino Workers (OFWs), among others.

In 2013, it was classified by the Governance Commission for GOCCs (GCG) as a government-owned and controlled corporation (GOCC). As such, LCDFI endeavors to comply with all pertinent rules and regulations governing GOCCs and government entities.

### Financial Highlights

(In ₱ Millions)

	2018	2017	Growth Rate (%)
Revenue	31.57	25.54	24
Expenses	36.05	26.02	39
Net Income After Tax	(4.48)	(0.47)	843
Total Assets	101.40	105.04	(3)
Total Liabilities	2.64	1.98	34
Total Fund Balance/ Equity	98.76	103.06	(4)

In 2018, the total revenue of LCDFI increased by ₱6.03 Million (or 24% growth) to ₱31.57 Million from ₱25.54 Million in 2017. This was mainly due to the increase in the number of training batches requested by LANDBANK, from 105 batches in 2017 to 119 in 2018. Given this, there was a proportional increase in the donation or source of LCDFI's revenue from LANDBANK.

Meanwhile, total expenses accelerated from ₱26.02 Million in 2017 to ₱36.05 Million in 2018 or an increase of 39% or ₱10.03 Million. This is accounted for by the additional manpower complement and corresponding SSL salary adjustments resulting from the increased number of training batches conducted by the Foundation.

### Capacity Building Program

The Foundation extends capacity-building services to Bank-assisted cooperatives on training implementation, module development, monitoring and evaluation, and customized training. In 2018, a total of 119 batches of training requested by the Bank's Lending Program Management Group (LPMG), were conducted by the Foundation. This is higher than the 115 in 2017 and even surpassed the target of 105 training batches for an accomplishment rate of 113%.

All training batches benefited 3,215 cooperative officers and personnel who took the various training courses. They were members of 880 LANDBANK Borrowing Cooperatives where 531 co-ops have Maturity Levels A and B; 267 co-ops with Maturity Levels C and D; and 82 co-ops from other categories.

In particular, the Foundation held 12 Priority Training Modules all over the country with 34 batches conducted in Northern and Central Luzon; 41 batches in Southern Luzon and Bicol; 23 batches in the Visayas and 21 batches in Mindanao for a total of 119 batches. The Priority Training Modules, facilitated by Capacity Building Officers (CBOs), consisted of courses on Risk and Control Self-Assessment (RCSA), Remedial Management, Account Management, Credit Administration, and Monitoring and Evaluation. During the year, the Foundation



also conducted four batches of customized trainings requested by three cooperatives to include Fundamentals of Cooperatives, Governance and Management of Cooperatives, and Risk Management Assessment.

## Enterprise Development Program

### Enterprise Development Program Sites

For 2018, the Foundation continued to expand its areas of operation or coverage sites under its Enterprise Development Program (EDP) with support from donations of LANDBANK and the LCDFI Program Development Fund.

From the 16 established project sites in 2015 to 2017, nine new EDP sites were established in 2018 bringing a total of 25 EDP sites: 10 in Luzon, nine in the Visayas and six in Mindanao. These sites were developed to implement for the Project Likas Saka (PLS) and the Project Coco BinHi (PCB), especially for areas which are coconut growing sites.

In 2018, a total of 1,125 Agrarian Reform Beneficiaries and small farmers in the 25 EDP sites benefited.

### Project Likas Saka (PLS)

Project Likas Saka, which typically covers vegetable-growing areas, assists farmers who are willing to shift from conventional farming to natural farming. The objectives of the project are: (1) organize farmers into clusters as pre-coop stage; (2) make these farmer-beneficiaries eventually become clients/customers of LANDBANK, and, (3) develop relationships with LGUs for a variety of service opportunities.

During the same period, LCDFI exceeded its target under the Project Likas Saka with the addition of 11 new farmer-clusters bringing total to 30 farmer-clusters established in the 25 EDP sites.

The Foundation conducted natural farming training seminars which were facilitated by 25 Local Farm Technicians (LFTs) who serve as farmer-leaders in each

EDP site. The Foundation made 68 site monitoring and visits during the year to determine the needs of participating farmer-clusters and to provide updates in the natural farming technology. This initiative benefited 669 farmer-members in the EDP sites.

LCDFI was also able to distribute organic farm inputs, such as multi-strain and multi-species bio-fertilizer, and vegetables seed to all Project Likas Saka areas.

### Project Coco BiNHi (PCB)

Pursuant to its commitment to spur development in the countryside, the Foundation continues its partnership with the Philippine Coconut Authority-Zamboanga Research Center (PCA-ZRC) to establish the "Project Coco BiNHi (Bigay and Hiram)" in 2018.

The project aims to pilot test an approach that will help small coco farmers increase the productivity of their coconut farms and the income they earn from those farms by going beyond being mere recipients of dole-outs to becoming credit-worthy borrowers for production purposes. Also, LCDFI has identified the following objectives in the course of the Coco BiNHi implementation: (1) provide capacity building intervention for selected small-holding coconut farmers, which includes organizing participants into farmer-clusters, and technology transfer training seminars on planting/replanting using improved coconut populations and planting systems, and rehabilitation of coconut farms through fertilization and intercropping; (2) grant an initial supply of fertilizers/nutrients (e.g. Coco Gro) and other farm inputs as may be identified; and (3) assist in linking the farmers to LANDBANK for possible loans to finance additional fertilization or for the processing of coconut products.

In 2018, another Memorandum of Agreement (MOA) with Philippine Coconut Authority (PCA) was signed for the project to conduct 10 training batches at PCA-ZRC.



Each of the three-day seminar consisted of about 30% classroom-type lectures by officials and scientists of PCA-ZRC and 70% field/hands-on training demonstrations that introduced coconut farmers to new farming technologies and manufacturing of high-value products from coconuts (e.g., coco sugar, VCO, handicrafts and furniture).

LCDFI, through Project Coco BiNHi and in partnership with PCA-ZRC, provided support for capacity building interventions such as technology transfer trainings on replanting, fertilization and intercropping for coconut farmers in project sites.

Likewise, LCDFI partnered with Allied Botanical Corp. in the distribution of organic fertilizers and joint-fertilization activity for the coconut farmer-beneficiaries aimed to increase the yield nuts per coconut tree, thereby increasing income of coconut farmers.

#### Project Kabuhayan Sibol

In 2018, LANDBANK, through the Corporate Affairs Department (CAD) tapped LCDFI to partner for a pilot livelihood program in three upland communities—one site each for Luzon, Visayas and Mindanao—under the Bank's Gawad Sibol Program, previously known as the Adopt-A-Watershed Program.

LCDFI conducted training on natural/organic vegetable and livestock raising, delivery of vegetable seeds and farm materials, and made monitoring visits for three selected peoples' organizations (PO) who are existing partners of LANDBANK-CAD, providing extra income for their impoverished families who help protect and nurture the watersheds adopted by LANDBANK.

Once the pilot program proves to be successful, it will be replicated in the other Gawad Sibol Program sites nationwide.

### CSR Programs

The Foundation continued to be an active member of the Corporate Social Responsibility Technical Working Group (CSR-TWG) of LANDBANK where it played significant roles in the various CSR Programs of the Bank being managed by the LANDBANK-CAD.

#### LANDBANK Gawad Patnubay Scholarship Program

For 2018, LCDFI continued as an active partner to the tri-partite Trust Agreement with LANDBANK (through LANDBANK-CAD) and the LANDBANK-Trust Banking

Group (TBG), signed in 2017, in maintaining the Scholarship Fund which is invested and held in trust by the LANDBANK-TBG.

The Agreement allowed the consolidation of the scholarships funds being held by LCDFI and LANDBANK from the annual voluntary donations of the Bank's employees being administered by LANDBANK's Employee Relations Department (ERD). The pooled funds were then invested by LANDBANK-TBG.

As "Program Partner" of the Fund, LCDFI was tasked to monitor the progress of the Scholarship Program funded by the Scholarship Fund based on the reports submitted by CAD, review the completeness and accuracy of the reports, and process the request for the release of funds from TBG upon request of CAD for disbursement to the scholars and partner-universities involved in the Scholarship Program.

Likewise, LCDFI continued to sit in the Screening Committee of the Scholarship Program, together with representatives from the LBP Employees Association (LBPEA), Middle Management and Officers Association (MMOA) and Senior Management to interview and screen the applicants for scholarship all over the country.

In 2018, the Foundation participated in the final screening of Gawad Patnubay Scholars at Benguet State University, La Trinidad, Benguet and University of the Philippines – Visayas in Miagao, Iloilo.

#### Manila Bay SUNSET Partnership Program, Inc. (MBSPPI)

The Foundation continued to play an important role in the Manila Bay SUNSET Partnership Program, Inc. (MBSPPI), the flagship CSR program of LANDBANK which aims not only to clean-up Manila Bay and nearby coastal areas but also promote environmental awareness, protection and conservation.

LCDFI employees joined the "Manila Bay Clean-up Activity" spearheaded by the Bank on 11 August 2018 as part of its anniversary celebration. The event was also participated-in by other volunteer-partners who were able to collect truckloads of trash from Manila Bay.

Our employees also assisted in the production of "effective microorganism" or EM mudballs that were used to help clean-up esteros, as well as in manufacturing trash boats made of empty PET bottles which were later donated to the Metropolitan Manila Development Authority (MMDA) for its drive to clean-up esteros in the Metro.



Finally, in all capacity building trainings conducted by LCDFI nationwide, the short film “That Thing Called Basura,” an IEC program of MBSPPI advocating for proper waste disposal and management, were shown in between breaks.

LCDFI Executive Director Roy C. Oscillada is newly elected by the Board to perform the function of corporate treasurer of MBSPPI in 2018.

## Organizational Development

### Competency Framework

In December 2018, as part of its commitment to the Governance Commission for GOCCs (GCG) and the LCDFI Performance Scorecard for 2018, the Foundation completed its evaluation to determine the average competency baseline of the organization by identifying the competency gaps of employees.

The employees were evaluated in the required LCDFI Competencies – core, organizational, leadership, and technical ; and Competency Proficiency Indicators – level 1 (basic), level 2 (immediate), level 3 (advance), and level 4 (expert).

In 2018, the average competency of LCDFI employees is 53% meet the required competencies.

### Executive Order (EO) No. 36 (SSL)

On 21 May 2018, the Governance Commission for GOCCs (GCG) has issued authorization for LCDFI to adopt the compensation framework under Executive Order No. 36, “Suspending the Compensation and Position Classification System (CPCS) Under EO No. 203 (S. 2016), Providing for Interim Compensation Adjustments, and for Other Purposes.”

The salaries of LCDFI employees are now at par with industry levels.

### ISO 9001:2015 Certification

Since 2017, LCDFI, in coordination with three other LANDBANK subsidiaries—LBP Resources and Development Corp. (LBRDC), LBP Insurance and Brokerage, Inc. (LIBI), and Masaganang Sakahan, Inc. (MSI)—engaged the services of BCJA Training, Consultancy and Events thru public bidding for its Quality Management Systems (QMS), en route to ISO Certification.

Last 25 December 2018, LCDFI was issued the certification (CB Certificate No. 67787) for ISO 9001:2015 for quality management by NQA, the third party certifying body.

The ISO certification is a hallmark to LCDFI’s professional excellence and a testament to its commitment to provide quality training services to its beneficiaries and to LANDBANK.

## Plans and Programs for 2019

For 2019, LCDFI shall continue to conduct capacity building programs for LANDBANK Borrowing Cooperatives based on the requested training batched by the Bank. It shall likewise continue to provide assistance to small household farmers through technology transfer of natural and organic farming systems and techniques.

LCDFI shall continue to support LANDBANK’s strengthening capacity building programs for farmers and farmers’ cooperatives by providing training programs on financial literacy and institutional development.



**LBP INSURANCE  
BROKERAGE, INC.**

The LANDBANK Insurance Brokerage, Inc. (LIBI) is one of the wholly-owned subsidiaries of LANDBANK established on 22 October 1981. The business engages primarily in providing insurance requirements for the Bank and its clients while its secondary business engagement involves the buying and selling of foreign currencies.

## Financial Highlights

(In ₱ Millions)


	2018	2017	Growth Rate (%)
Gross Income	174.05	149.87	16
Total Expenses	56.07	54.02	4
Net Income After Tax	93.58	77.02	21
Total Resources	1,301.41	1,257.71	3
Total Liabilities	250.16	267.31	(6)
Total Equity	1,051.25	990.40	6

In 2018, LIBI's gross income recorded an increase of ₱24.18 Million from the ₱149.87 Million in 2017 to ₱174.05 Million. Likewise, total expenses increased by ₱2.05 Million to ₱56.07 Million from last year's ₱54.02 Million. This resulted in net income after tax (NIAT) of ₱93.58 Million which is higher by ₱16.56 Million or 21% compared to the 2017 NIAT of ₱77.02 Million. Thus, LIBI surpassed its 2018 NIAT target of ₱80.67 Million by 16% or ₱12.91 Million.

Last 27 December 2018, LIBI was able to secure its ISO 9001:2015 certifications for Quality Management System, which is one of the major accomplishments of LIBI for 2018.

LIBI deployed Account officers in Davao City, Davao del Sur, and Tagum City in 2018, to bring closer its quality products and personalized customer service to customer clients.

For 2019, LIBI will deploy account officers in the provinces of Cebu, Cagayan de Oro, and Isabela due to emerging demands of clients' needs.

 **P174.05mn**  
LIBI gross income

 **ISO 9001:2015**  
Certification obtained for LIBI's QMS



**MASAGANANG  
SAKAHAN, INC.**

The Masaganang Sakahan Inc. (MSI) started its operations in July 1975 as a wholly-owned and controlled subsidiary of LANDBANK that provides the needed marketing support and other agri-related opportunities and services for small farmers and fishers' cooperatives.

Through 43 years, MSI has been religiously fulfilling its mandate in the delivery of marketing interventions to farmers assisted by the Bank.

The year 2018 is challenging for MSI due to the implementation of EO No. 36 (Salary Standardization Law) which led to the removal of the Bank's rice benefit to employees and consequently affected MSI overall sales performance.

## Financial Highlights

(In ₱ Millions)

	2018	2017	Growth Rate (%)
Gross Revenues	198.61	333.29	(40)
Total Expenses	186.70	289.46	(35)
Net Income After Tax	8.47	30.74	(72)
Total Resources	188.00	221.57	(15)
Total Liabilities	39.52	62.08	(36)
Total Equity	148.47	159.49	(7)

In 2018, MSI recorded total gross revenue of ₱198.61 Million, a decrease of 40% compared to last year's ₱333.29 Million. Total expenses decreased by 35% from ₱289.46 Million in 2017 to ₱186.70 Million in 2018. MSI net income after tax stood at ₱8.47 Million, lower by 72% compared to ₱30.74 Million in 2017.

MSI's total resources reached ₱188.00 Million in 2018, lower by 15% compared to ₱221.57 Million recorded during the previous year. Total liabilities declined by 36% from ₱62.08 Million a year ago to ₱39.52 Million in 2018. Stockholder's equity declined by 9% or ₱11.02 Million from last year's ₱159.49 Million to ₱148.47 Million this year.

## Focus on Social Impact

### On Market Access

MSI marketing efforts were focused on corporate accounts for milled rice, and developed and expanded market.

In 2018, MSI served a total number of 99 corporate clients which is an increase of 50% from the 66 corporate clients of the previous year. There was also a recorded 22% increase in volume of milled rice sold from 20,243 bags in 2017 to 24,634 bags in 2018.

### On Assistance to Mandated Sectors

The Payment-in-Kind (PIK) Scheme aimed to assist farmers with their loan payment through their produce such as *palay* and other agricultural commodities. MSI, through PIK Scheme, was able to improve farmer's ability to pay credit and loan collection of the Bank.

MSI assisted 14 cooperatives in its Payment-In-Kind (PIK) for loan payment to LANDBANK amounting to ₱98.64 Million.

MSI continued to support to its mandated sector by providing marketing assistance and free solar drying facilities. In 2018, MSI management, through the Board's stewardship, initiated to implement the "free usage of truck scale services" for a more expanded assistance to these PIK paying cooperatives.

## Centered on Customers/Stakeholders

### On Customers Satisfaction

MSI conducted for the fourth year a survey to assess the level of customer satisfaction to the quality of our services. The survey showed a result of average 4.42 (using a 5-point rating scale with adjectival equivalent of 5-Excellent, 4-Very Good, 3-Good, 2-Fair and, 1-Poor) which can affirm satisfaction of the MSI customers in its goods and services.

## Enhancing Internal Processes

The toll milling process of MSI improved its milling recovery efficiency which was recorded at 64%. This represents the higher end of the industry average range of milling recovery from a low of 62% to a high of 64%.

With MSI strengthened logistics operation, it was able to deliver 100% of the orders on time or within four days. This is 100% of the set 2018 target of 100% delivery of orders on time.

In 2018, MSI secured its ISO 9001:2015 certifications for quality management system, which is also a testament to its commitment in providing quality service to its clients/stakeholders.

## Efforts on Learning and Growth

In 2018, MSI provided essential (basic and/or intermediate) trainings to all employees to strengthen its human resources capabilities, likewise, continuously strengthening its employees' competencies.

For 2019, MSI will address the competency gaps identified through trainings and seminars in collaboration with globally competitive institutions to abridge inadequacies on technical, administrative and other competencies essential to the business operations.

## Future Plans

The LANDBANK Board of Directors approved the request of ManCom for the classification of MSI into in-active/non-operational status in its meeting held last 11 September 2019.

With the approval of the LANDBANK Board on MSI's classification into in-active/non-operational status, the Bank will undertake the following set of activities: (1) submission of documentary requirements to GCG for evaluation; (2) release of GCG memorandum order for MSI de-activation; (3) notification to SEC on the retention for the Juridical Personality of MSI; and (4) implementation of dispositive actions of MSI functions, assets, and liabilities.



**LBP LEASING  
AND FINANCE  
CORPORATION**

LBP Leasing and Finance Corporation (LLFC) continues to complement services of LANDBANK by making available various leasing and financial facilities that support priority sectors in the acquisition of equipment and other capital assets as well as in providing working capital requirements which allows them to expand, upgrade or modernize their operations.

## Financial Highlights

(In ₱ Millions)

	2018	2017	Growth Rate (%)
Gross Revenues	582.39	471.32	24
Total Expenses	422.62	345.80	22
Net Income After Tax	115.21	94.08	22
Total Resources	4,748.35	4,247.07	12
Total Liabilities	3,257.39	2,824.14	15
Total Equity	1,490.96	1,422.93	5

As of 31 December 2018, LLFC generated total gross revenue of ₱582.39 Million; higher by 24% from last year's ₱471.32 Million. Total expenses increased by 22% from ₱345.80 Million in 2017 to ₱422.62 Million in 2018. This resulted to the LLFC's net income after tax (NIAT) of ₱115.21 Million, which is 22% higher than the 2017 NIAT of ₱94.1 Million.

Total Resources stood at ₱4,748.35 Million as of end-2018, ₱501.28 Million or 12% higher than last year's ₱4,247.07 Million. This increase in the total resources was driven primarily by the growth in total portfolio during the year. As of end-2018, total portfolio reached ₱3.95 Billion which higher by 11% from the ₱3.57 Billion total portfolio in 2017. Total portfolio for priority sectors is recorded at ₱3.16 Billion or 80% of the total portfolio as of year-end 2018. These identified priority sectors of LLFC include: agri- and food chain enterprises, government accounts, government contractors and suppliers, and enterprises engage in energy and environment related services, medical and social services, and transportation.

For 2019, LLFC's Major Plans and Programs include: (1) strengthening LANDBANK-LLFC complementation by establishing processes and defining contact points between LANDBANK and LLFC both in business generation and operations; (2) human capital build-up which will cover recruitment and training of personnel to build-up sufficient human resources who are competent and more engaged; (3) funding source expansion by increasing the number of creditor banks (existing funding source) and developing, at least, one alternative funding source to support expansion in credit and leasing operations; and (4) quality improvement through review and updating of policies and process as the corporation secures ISO 9001:2015 certification during the year.



## LBP RESOURCES AND DEVELOPMENT CORPORATION

In May 1975, LBP Resources and Development Corporation (LBRDC) was created by LANDBANK as an investment diversification vehicle for landowners whose properties have been covered by the agrarian reform.

It is mandated to be a LANDBANK partner towards the attainment of infrastructure development and other related projects for countryside development. As a wholly-owned subsidiary of the LANDBANK, it handles the Bank's construction requirements particularly branch construction, renovation and relocation.

LBRDC also assists the Bank in the disposal of non-performing or foreclosed assets in property management, maintenance services and brokering and provides sanitation, housekeeping, janitorial and messengerial services, among others.

## Financial Highlights

(In ₱ Millions)

	2018	2017	Growth Rate (%)
Gross Revenues	458.78	394.80	16
Total Expenses	382.62	296.06	29
Net Income After Tax	53.99	69.87	23
Total Resources	675.05	648.70	4
Total Liabilities	93.10	78.29	19
Total Equity	581.95	570.41	2

In 2018, LBRDC's total gross revenue increased by 16% to ₱458.78 Million from the ₱394.80 Million in 2017 generated from the construction, manpower services, property management, air conditioning units (ACU) maintenance services, and commission fees. Total expenses of LBRDC increased to ₱382.62 Million from





the ₱296.06 Million in 2017, which is higher by 29%. This posted a net income after tax (NIAT) of LBRDC of ₱53.99 Million which is lower by 23% from last year's ₱69.87 Million.

LBRDC's total resources amounted to ₱675.05 Million for 2018 with marked increase of ₱26.35 Million from ₱648.70 Million in 2017. This was primarily due to the increase in short-term investments, other current assets, inventories, non-current assets, and long-term investments. Total liabilities increased by 19% or ₱14.72 Million to ₱93.01 Million from ₱78.29 Million due to the increased government and other liabilities dues. Total equity of LBRDC increased by 2% or ₱11.54 Million due to the higher net income generated in 2018.

In addition, LBRDC's other accomplishments for 2018 would include its ISO 9001:2015 certification for quality management system, approval of the Philippine Contractors' Accreditation Board approved the renewal of LBRDC license from Category "A" to "A medium B", completion of four construction projects and 37 renovation projects, and provision of essential trainings to all LBRDC personnel to strengthen its human resources capabilities.

LBRDC's major plans and programs for 2019 include the following: (1) construction/renovation of LANDBANK branches (i.e., construction of two buildings and

35 renovation projects; (2) market construction/renovation projects and manpower/janitorial requirements of different Government Agencies that do not require bidding; and (3) provide 70% manpower requirement of LANDBANK such as technicians, janitorial, messengerial services and other skilled workers.



**OVERSEAS  
FILIPINO BANK  
(OFBank)**

By virtue of Executive Order No. 44 signed by President R. Duterte in September 2017, LANDBANK acquired the Philippine Postal Savings Bank, Inc. (Postbank) through transfer of shares of the Bureau of the Treasury (23% share) and Philippine Postal Corporation (77% share) to the Bank. As such, Postbank became a wholly-owned and fully-controlled subsidiary of LANDBANK and was converted into Overseas Filipino Bank (OFBank) to cater to the banking needs of migrant workers worldwide.

In January 2018, President Duterte led the launching of the OFBank. While OFBank continued to undertake winding down of operations such as manpower and interest expenses reduction, house cleaning of books of accounts, resolution of legal cases and ROPA disposal, among others, the Bank was able to launch its seven products and services in 2018: (1) OFBank Visa Debit Card; (2) OFBank Mobile App; (3) OFBank High-Yield Savings Account; (4) OFBank Checking Account; (5) OFBank Easy Savings Plus; (6) OFBank US Dollar Savings Deposit Account; and (7) OFBank US Dollar Time Deposit.

### Financial Highlights

(In ₱ Millions)

	2018	2017	Growth Rate (%)
Gross Revenue	468.06	529.59	(12)
Total Expense	1,192.53	636.36	87
Net Income After Tax	(724.47)	(106.77)	(578)
Total Resources	9,034.65	9,144.48	(1)
Total Liabilities	8,794.64	8,302.48	6
Total Equity	240.02	842.00	(71)

As of 31 December 2018, year-to-date revenues reached ₱468.06 Million while total expenses totaled at ₱1,192.53 Million, hence, year to date net loss (before tax) is (₱724.47) Million. Compared with the same period last year, total revenue decreased by 12% to ₱468.06 Million in 2018 from ₱529.59 Million in 2017. Meanwhile, total expenses increased by 87% from ₱636.36 Million in December 2017 to ₱1,192.53 Million in December 2018.

Net loss for 2018 is higher by ₱617.70 Million than the ₱106.77 Million of the previous year resulting in net loss figure to ₱724.47 Million. This is a result from higher expenses, bulk of which are the provisions for losses and impairment losses as required by the Bangko Sentral ng Pilipinas and separation pay of remaining personnel of the former Postbank. Lower revenue also resulted of transition, winding down of operations in preparation for the full implementation of the OFBank's new Business Model.

As of 31 December 2018, total assets reached ₱9.03 Billion. Total assets decreased slightly by 1% or ₱109.83 Million from the ₱9,144.48 Million in December 2017 to ₱9.03 Billion in December 2018. Decrease in total assets was brought mainly by lower loan portfolio, bank premises and other assets as a result of the winding down of operations.

OFBank's total liabilities registered at ₱8,794.64 Million in 2018, bulk of which was accounted for deposit portfolio of ₱8.32 Billion. Total liabilities were further increased by 6% which was attributed to the increased deposit liabilities by 4% or ₱337.05 Million from ₱7.98 Billion in December 2017 to ₱8.32 Billion in December 2018.

Even in transition, OFBank managed to still increase its deposit portfolio.

As of 31 December 2018, total capital decreased to ₱240.02 Million, lower by 71% (or ₱601.98 Million) from last year's ₱842.00 Million in December 2017. Even with capital infusion, total equity decreased due to the net loss in the past three years.

### Contribution of Major Business Segments to Total Revenue

OFBank's bulk of revenue reached ₱266.41 Million (or 56.92% share), generated from the interest income on loans and discounts. The remaining 43.08% were sourced from the interest income on the dues from the BSP (₱84.71 Million), miscellaneous income from the penalties

on past due loans (₱72.04 Million), and investments, loans and receivables from RA/CA/PR/SLB, deposits with banks, sales contract receivable, foreign exchange, and other fees and commission (₱44.90 Million).

### Highlights of Major Activities during the Year

For 2018, OFBank highlighted four major activities which have impact on the bank's operations. First, it implemented the new IT Systems outsourced from LANDBANK. This enhanced the OFBank's business efficiency in providing banking services to its clients under the terms and conditions set forth in the agreement. OFBank also introduced and offered various products and services (such as deposit, loan, and remittance services) to its target market including the land-based OFWs, seafarers, immigrants and Filipinos with working visas.

In the same year, OFBank and LANDBANK sought BSP approval through the joint-letter request of the OFBank 5-Year Strategic Business Plan (2019-2023), closure of 30 OFBank branches, 30 new branch licenses as "White Knight" incentive for LANDBANK, and regulatory reliefs for OFBank. Lastly, the Bank's on-going implementation of the Early Retirement Incentive Plan (ERIP) involving a total of 75 employees that resulted from the directive of the National Government's acquisition of Philippine Postal Savings Bank by the Land Bank of the Philippines.

During the year, OFBank has also five (5) major strategic initiatives, as follows: (1) tightened its collection efforts due to increasing problem accounts. As early as end of December 2016, the Bank was closely monitoring the collection and conversion of these problem accounts into good accounts. The collection team was created in May 2017 to continuously doing collection and remedial efforts to recover these past due loans. This team was composed of various officers from the Credit Management Group, Corporate Banking Group and Branch Banking Group; (2) completed the initial phase of its remittance operation by outsourcing from LANDBANK a remittance system which allowed OFWs to send funds from abroad to an OFBank account as destination account or cash pick-up at any OFBank branch; (3) introduced a mobile application to give clients easier access to their accounts, with a secured mobile banking experience for the Overseas Filipino Workers and Filipino immigrants abroad; (4) managed the Bank's operations while it is in transition for the implementation of the new business model of clean-up long outstanding audit and compliance issues

to substantially reduce our financial and market risk; generation and implementation of cost-saving measures and adopt cost-cutting initiatives; focus on the massive collection efforts by all lending units; do the necessary remedial actions to recover past due accounts (last resort for loan recovery is foreclosure); and house cleaning of loan accounts; (5) while at the same time, the Bank is accelerating business and operational integrity as a "New Bank" focused on improving CAMELS rating by addressing all BSP ROE and PCA directives; aggressive deposit-taking for both private and government accounts; and engage in more cross-selling activities.

### Significant Developments during the Year

- Last 06 April 2018, OFBank Board of Directors approved to close Overseas Filipino Bank provincial branches and consolidate it with the Land Bank of the Philippines and implement the "One-Branch-Bank" Model.
- OFBank Stockholder's and Board of Directors also approved the increase in the Bank's authorized capital from ₱1,000,000,000.00 to ₱3,500,000,000.00.
- LANDBANK infused a total of ₱428.992 Million capital to OFBank completing the subscription to the ₱1,000,000,000.00 authorized capital stock of OFBank. The remaining amount of ₱571.01 Million were the capital amount transferred from the PHILPost (₱440.00 Million) and the National Government (₱131.01 Million) to LANDBANK.
- OFBank was able to secure approval of its 5-Year Strategic Business Plan (2019-2023) through OFBank Secretary's Certificate on the Board Resolution No. 2018-195 last 16 October 2018.

### Future Plans

OFBank as a "Digital Bank" will continue to serve the OFWs and immigrants, and at the same time, to be profitable for the benefit of its stakeholders. These lead to the crafting of the Bank's five major plans for the year 2019 to improve its business operations including other factors which could affect its operation efficiency: **(1) deposits and loans** – increase the volume of deposits from government entities target clientele to include the OFs (Overseas Filipinos), OFWs (Overseas Filipino

Workers) and their beneficiaries; and concentrate lending to micro, small and medium enterprises (MSMEs) and consumer loans such as housing, salary, and multi-purpose for the Overseas Filipinos, Overseas Filipino Workers (OFWs) and their beneficiaries; **(2) Management and Corporate Governance** – regularly monitor the status and report to the Management, the projects and programs of the Bank, such as mobile banking app upgrade, launch of core and non-core products and services for the OFs, OFWs and their beneficiaries and the outsourcing of IT systems; and adhere to all the requirements of regulatory bodies, e.g. BSP, COA and GCG, among others; **(3) Capital Build-Up** – secure approval of the increase in authorized capital stock from ₱1.0 Billion to ₱3.5 Billion in preparation of the Bank's plan in offering preferred shares to the OFs and OFWs in the future and/or additional equity through infusion from LANDBANK; **(4) Organizational Development** – continuously develop the capabilities of Bank officers and employees in the attainment of the organization's objectives; and **(5) Technology Advancement** – implement its core-banking systems that have been outsourced from LANDBANK which will promote efficiency and accuracy in critical banking processes.

### Targets

For 2019, OFBank sets its business targets aligned with the Business Plan and Budget approved by the Bank's Board of Director's last 28 November 2018. Revenue is estimated to reach ₱1,741.79 Million while expenses at ₱1,590.49 Million, which will result in net income before tax of ₱151.30 Million.

In the same year, total deposit portfolio is projected to expand to ₱19,200.00 Million (private deposit – ₱3,840.00 Million, government deposit – ₱15,360.00 Million). This included the additional deposit requirement of ₱10,883.76 Million (or 31%) from last year's ₱8,316.24 Million. In addition, total loan portfolio is targeted at ₱15,968.26 Million which is higher by ₱11,924.24 Million or 295% loan requirement from last year's ₱4,044.02 Million.



# 2018 LANDBANK Products and Services

## 1. DEPOSIT PRODUCTS

### Regular Passbook Savings Account

An interest-bearing peso account, with a minimum initial deposit and required monthly Average Daily Balance (ABD) of ₱10,000, which requires presentation of a passbook for deposit and withdrawal transactions.

### US Dollar Savings Account

An interest-bearing dollar savings account, with a minimum initial deposit and required monthly Average Daily Balance (ADB) of \$100 which requires presentation of a passbook for deposit and withdrawal transactions.

### US Dollar Time Deposit

A specific amount of funds in dollar which earns interest at a pre-determined competitive rate for a fixed period of time (minimum of 30 days) with "Certificate of Time Deposit" (CTD) as proof of deposit.

### Easy US Dollar Pension

A deposit account whereby the monthly pension/benefit of pensioners/ beneficiaries of various US Federal agencies residing in the Philippines are directly credited to their account maintained with LANDBANK. The US pensioner/beneficiary has the option to open either an individual Peso Savings Account or individual Dollar Savings Account.

### Euro Savings Account

A Euro non-interest bearing deposit account evidenced by a passbook. Funds can be deposited or withdrawn by presenting the passbook together with duly accomplished deposit or withdrawal slips.

### Euro Time Deposit Account

A deposit of a definite sum in Euro currency, evidenced by a certificate payable at a specified maturity date.

### High Yield US Dollar Time Deposit (HYUSD TD)

A special time deposit account, with a minimum initial deposit of \$2,000, which earns higher interest than a regular savings account and with lower requires minimum placement than the regular US dollar denominated time deposit.

### Auto-Save Deposit Account

The Auto-Save deposit account is created primarily to generate low-cost private deposits for the Bank and to encourage LANDBANK payroll account holders to save.

### Overseas Filipino (OF) Deposit Account

Account opened and processed in the Philippines or abroad by LANDBANK Overseas Remittance Officers (OROs), or opened and processed in the Philippines by officially designated/authorized personnel of Overseas Remittance Marketing and Support Department (ORMSD), Domestic Remittance Marketing Department (DRMD), and by LANDBANK Branches and Extension offices (EOs).

### Regular Current Account

A non-interest bearing peso account, also known as Checking or Demand Deposit Account, wherein deposits are made over-the-counter and withdrawals are made through the issuance of a check.

### ATM Savings Account

An interest-bearing peso savings account wherein deposit, withdrawals and cashless purchase can be done through following channels:

Transaction	Deposit	Withdrawal	Cashless Purchase
Over-the-Counter	✓	✓	
ATM (Bancnet)	✓	✓	
Cash Deposit Machine (CDM)	✓		
Point-of-Sale (POS)			✓

Cashless purchases may also be done through any Point-of-Sale (POS) terminal of partner merchants from department stores, supermarkets and accredited establishments.

### Current Account with ATM Access

A non-interest-bearing peso savings account wherein deposit, withdrawals and cashless purchase can be done through following channels:

Transaction	Deposit	Withdrawal	Cashless Purchase
Over-the-Counter	✓	✓	
ATM (Bancnet)	✓	✓	
Cash Deposit Machine (CDM)	✓		
Point-of-Sale (POS)			✓



### Peso Earning Access and Sure Yield (EASY) Check

An interest-bearing peso checking account (IBCA), with a minimum initial deposit of ₱10,000 for individual clients and ₱20,000 for institutional clients, where deposits are made over-the-counter while withdrawals are made through issuance of a check.

### Peso Earning Access and Sure Yield (EASY) Check with ATM Access

An interest-bearing peso savings account wherein deposit, withdrawals and cashless purchase can be done through following channels:

Transaction	Deposit	Withdrawal	Cashless Purchase
Over-the-Counter	✓	✓	
ATM (Bancnet)	✓	✓	
Cash Deposit Machine (CDM)	✓		
Point-of-Sale (POS)			✓

Cashless purchases may also be done through any Point-of-Sale (POS) terminal of partner merchants from department stores, supermarkets and accredited establishments.

### Regular Peso Time Deposit

A fixed amount of peso investment/deposit which earns interest a pre-determined rate over a fixed period of time (minimum of 30 days) with "Certificate of Time Deposit" (CTD) as proof of deposit.

### Easy Savings Plus (ESP)

A premium savings account, with a minimum initial deposit of ₱20,000, which offers higher interest rates than a regular savings account.

### High Yield Savings Account (HYSA)

High Yield Savings Account (HYSA) is a peso funds of a specific amount are given pre-determined competitive rates for a fixed term. Passbook also serves as a proof of deposit. HYSA account is offered to institutional clients only.

## 2. E-BANKING

### iAccess (Retail Internet Banking Facility)

LANDBANK iAccess is an alternative and internet banking channel designed for individual customers, which provides a convenient, reliable and secure delivery of banking transactions.

### E-Tax Payment System

The Electronic Filing and Payment System or eFPS is an initiative of the Bureau of Internal Revenue (BIR). With eFPS, transmission of tax return information including attachments if any, and taxes due to the government are made over the internet through the BIR website. The taxpayer is provided a paperless tax filing experience including the convenience of paying taxes online through an internet banking service via debit of an enrolled bank account.

### LANDBANK Credit Card

The LANDBANK Credit Card provides the means for the cardholder to conveniently and safely make cashless purchases from MasterCard accredited merchants and/or facilitate cash advances.

### Electronic Modified Disbursement System (eMDS)

Electronic Modified Disbursement System (eMDS) is a secured Internet facility system for National Government Agencies (NGAs) including the Bureau of Treasury (BTr) and the Department of Budget and Management (DBM) that gives banking convenience to perform MDS transactions online.

### LANDBANK Mobile Banking Application (MBA)

The LANDBANK Mobile Banking Application (MBA) is a free application that provides clients convenient access to the Bank's wide array of services through their smartphones. All clients with iAccess accounts are eligible for access in MBA.

### LANDBANK LINK.BizPortal

LANDBANK LINK.BizPortal is a web-based payment channel designed to accept payments of fees, dues and charges from clients of enrolled Merchants from both the government and private institutions/sectors.

### Cash Deposit Machine (CDM)

The Cash Deposit Machine (CDM) is a self-service machine with cash deposit functionality, which expedites deposit transactions for customers no longer need to queue for Over-the-Counter transactions. CDM also credits account in real time.

The CDM is available at selected branches (on-site) and at all LANDBANK Easy Access Facility (LEAF) sites. CDM is capable of performing the following functions:

1. Accepts card-based and card-less cash deposit transactions for ATM accounts;
2. Counts and sorts bills/notes;
3. Verifies authenticity/detects counterfeit bills/notes;
4. Issues confirmation receipt for transactions;
5. Generates Electronic Journal for recording and balancing of transactions; and
6. Provides facility for "Balance Inquiry"

### weAccess

#### (Institutional Internet Banking Facility)

The LANDBANK weAccess is an internet banking facility developed for the Bank's institutional clients, both private corporations and government entities. It allows clients to make selected banking transactions online.

### LANDBANK e-Card

LANDBANK e-Card is an ATM deposit account that doubles as company identification (ID) card for private and government institutions. The e-Card can be customized to fit the clients' design and functional requirements.

The e-Card is a multi-access, multi-purpose ATM card:

1. ID card for members and employees
2. Point-of-Sale (POS) debit transaction
3. Access to LANDBANK's phone banking and retail internet banking facilities
4. Access to Bancnet Online and Bancnet Mobile Banking

### LANDBANK Cash Card

An electronic debit card that utilizes the stored value system and like the ATM Card, operates on magnetic stripe technology with PIN-based protocol. With a maximum ₱50,000 withdrawal a day and ₱10,000 debit through Point-of-Sale (POS) of other banks to accredited merchants

### LANDBANK ATM Regular Card

An interest bearing peso savings account with the following features:

- Immediately access funds through over 20,000 ATMs nationwide
- Access account, pay bills, and transfer funds via:
  - LANDBANK Phone Access (405-7000[NCR]; 1-800-10-405-7000 ([PLDT Domestic Toll Free])
  - LANDBANK iAccess ([www.lbpiaaccess.com](http://www.lbpiaaccess.com))
  - LANDBANK Mobile Banking Application (MBA)
- Point-of-Sale (POS) purchase and online shopping

- The LANDBANK ATM Card is free for the initial issuance. Defective ATM card will be replaced free of charge within 30 calendar days upon receipt of request
- Over-the-counter withdrawal is allowed when ATM is unavailable or withdrawal for the day exceeds ₱50,000.00. Valid ID needs to be presented
- Subject to perforation if not claimed within the Bank's prescribed period
- PACSVAL/weAccess Crediting System
- PDIC Covered

### LANDBANK Visa Debit Card

Enhanced version of LANDBANK ATM Card that enables international access to over 2 Million ATMs worldwide where the Visa logo is displayed, and expands merchant network through our partnership with Visa. LANDBANK Visa Debit Card provides real advantage over the standard ATM card through the following benefits:

- Use your own money linked to your deposit account wherever you are
- Access cash and obtain local currency at ATMs at home or overseas
- Access account, pay bills, and transfer funds via:
  - LANDBANK Phone Access (405-7000[NCR]; 1-800-10-405-7000 ([PLDT Domestic Toll Free])
  - LANDBANK iAccess ([www.lbpiaaccess.com](http://www.lbpiaaccess.com))
  - LANDBANK Mobile Banking Application (MBA)
- Purchase online, in-store, by phone and mail order
- Just swipe and sign for your local or international in-store transactions
- Enjoy global standard of EMV card security and card acceptance
- Perform local ATM transactions (e.g., cash withdrawal, Interbank/Intrabank Fund transfer, POS and Bills Payment)
- Perform transactions via VisaNet such as
  - POS Transactions via Visa Merchants
  - VISA Money Transfer (VMT)/VISA Personal Payment (VPP)
  - ATM Access via VISA and PLUS ATMs worldwide
  - Online Transactions via VISA merchants
  - Mail Order/Telephone Order (MO/TO) via VISA merchants
  - Recurring Payment via VISA merchants
- Ten (10) years card validity

### Easy Padala

The Easy Padala is an e-banking innovation from LANDBANK. It is a web-based remittance system (LANDBANK Remittance System) that is able to process incoming and outgoing remittances 24 hours a day/7 days a week (24/7), ensuring fast and secure way of sending OFW's hard-earned money to reach their beneficiaries on real time basis.

## LANDBANK Phone Access

The LANDBANK Phone Access (LPA) aims to enhance our delivery of services to our valued clients, by allowing them to make selected off-site bank transactions, financial and non-financial, through the use of a telephone.

## Globe G-Cash

Accepts payments to government agencies (Bureau of Internal Revenues and Department of Trade and Industry) through Globe G-Cash.

## Radio Frequency Identification Card (RFI) Card

A chip – embedded identification card with stored personal information incorporated in any of the Bank's card products such as ATM card, LANDBANK Cash Card and LANDBANK e-Card. ATM magstripe at the back of the card enables financial transactions.

## AGRARIAN SERVICES

### Land Transfer Claims

LANDBANK, as one of the CARP Implementing Agencies (CIAs), undertakes the following activities:

- Processing, Valuation, and Approval of land transfer claims involving lands covered by the various Agrarian Reform Laws, to wit:

<b>Presidential Decree (PD) 27</b>	The Tenant Emancipation Act which provided for the transfer of agricultural lands primarily devoted to rice and corn to the tenants.
<b>Executive Order (EO) 228</b>	Declared full land ownership to qualified farmer beneficiaries covered by PD No. 27, determining the value of remaining unvalued rice corn lands, and providing the manner of payment by the farmer beneficiary and mode of compensation to the landowner.
<b>Executive Order (EO) 229</b>	Provided mechanisms for the implementation of the comprehensive agrarian reform program as to land acquisition and distribution.
<b>Republic Act (RA) 6657 or the Comprehensive Agrarian Reform Law</b>	Declared the policy to pursue the Agrarian Reform Program to promote social justice and sound rural development and industrialization in consideration of the welfare of landless farmers and farm workers
<b>Republic Act (RA) 9700</b>	An act strengthening the Comprehensive Agrarian Reform Program (CARP), extending the acquisition and distribution of all agricultural lands instituting necessary reforms, amending for the purpose certain provisions of RA No. 6657, otherwise known as the Comprehensive Agrarian Reform Law of 1988, as amended.

- Payment/Release of Land Transfer Claim Proceeds to Landowners

## Bond Transactions

### • Land Transfer Payment

Processing, approval and releasing of Land Transfer (LT) Payment both in Cash and Agrarian Reform (AR) Bond in favor of landowners or their heirs, whose lands were covered under the Comprehensive Agrarian Reform Program (CARP).

### • Bond Interest and Maturities Payment

Processing, approval and releasing of bond interest and maturities payment to landowner/ bondholder.

For 10-Year AR, based on outstanding principal balance, at interest rates aligned with the 91-day Treasury Bill rates, payable every six (6) months from date of issue until the tenth year.

Annual payment of 10% of the face value (matured portion) of AR Bond every anniversary date of issue of the bond until their maturity dates.

Full redemption/payment of face value of LANDBANK 25-Year Bond on its maturity date, including payment of accrued interest computed at 6% per annum, tax free.

### • Bond Transfer, Conversion, Exchange and Replacement

Processing, approval and releasing of new replacement bonds upon request of the Landowner/ Bondholder for the following:

**Assignment** – transfer from inscribed or bearer bond to a named assignee/s.

**Conversion** – changing of an inscribed bond to a bearer bond and vice-versa.

**Exchange** – act of issuing one bond by consolidating two or more bonds and vice-versa.

**Replacement** – issuance of a new AR Bond in lieu of lost bonds.

### • Certification of Issuance of AR Bond

Certification issued by the Bond Servicing Department (BSD) that the AR Bond is still outstanding and is not among those included in the List of Bonds with adverse Claims.

## Assistance to Landowners and Agrarian Reform Beneficiaries (ARBs)

### • Bond Sale and Marketing

LANDBANK provides assistance to original bondholders (BHs) in the trading of their Agrarian Reform (AR) Bonds.

LANDBANK offers to investors/buyers the 10-year Agrarian Reform (AR) Bond as a risk-free investment instrument.

Buyers of the instrument may be banks, insurance companies, foreign corporations and private individuals who may purchase AR Bonds for any of the following reasons:

- Alternative mode of compliance by banks with Agri-Agra Law
- Security deposit of Foreign Corporations with the Securities and Exchange Commission (SEC)
- Capital and reserve requirement/s of insurance companies
- Investment instrument/s

### • Special Lending Window for Landowners and Bondholders (Multi-Purpose Loan)

To further enhance LANDBANK's credit assistance to landowners and original bondholders whose properties were affected by the Comprehensive Agrarian Reform Program, a special lending program is available from LANDBANK's various lending units for various business activities and financial requirements using as collateral the AR Bond or the sale proceeds of the AR Bond.

### • Assistance to ARBs

#### • Issuance of Certificate of Full Payment/Release of Real Estate Mortgage

The CFP is now integrated with the ROREM and known as "Certificate of Full Payment and Release of Real Estate Mortgage" (CFP/ROREM). Said document shall be duly notarized and for registration with the Register of Deeds. With the advent of the PARCS, the CFP/ROREM shall be automatically generated by the system one (1) day after ARB's full payment. The maximum number of days for processing and release of CFP and ROREM is ROREM is three (3) working days from the time the official request is made by the holder of Emancipation Patent of Certificate of Land Ownership Award (EP/CLOA).

- Restructuring/Moratorium of ARR Accounts  
ARBs are obliged to pay their annual amortization of the land awarded to them under CARP. However, if a farm lot suffered substantial

reduction or production not attribute to the ARB due to natural and man-made calamities/incidents, the affected ARB shall be provided with relief in terms of restructuring, deferment and/or suspension of payment of their annual dues.

### • Estate Development Planning

In improving ARB productivity through estate development planning/proper land development (integrated area/zonal development), the Bank shall be involved in the institutional development of the mandated clients. This shall include provision of technical assistance on property valuation to augment credit programs of non-loan programs involving ARBs as well as professional advice and/or recommendation on the acquisition of post-harvest facility, enhancement of agricultural practices, preservation/utilization/improvement of agricultural lands, and the conception, planning, management and development of agricultural/farming real estates.

### • Automation of Land Amortization Collection from Farmers

The shift from manual collection of land amortization to digitized/automated mode through the use of the Portable Agrarian Collection System (PARCS) promotes and helps expand financial inclusivity for farmers.

### • SMS Payment Notification to ARBs

The new product is an enhancement of PARCS to be launched within 2017 wherein the ARBs shall receive text messages acknowledging the receipt of their land amortization payment through PARCS. It allows DAR and LANDBANK to interact with ARBs in a cost-effective and timely manner. This is a marketing tool on future collaborations for support services to ARBs.

## LOAN PRODUCTS

### A. Housing and Mortgage Programs

#### • Housing and Opportunities Made Easy (HOME) Loan Program

The LANDBANK Housing Opportunities Made Easy (HOME) Program is a lending program that caters to both homebuyers and home developers

#### a. Easy Home Loan (EHL) Program

Easy Home Loan allows existing homeowners to refinance their current



and existing home loan from other banks or financing firms or developers' in-house financing

- b. **Developer's End Buyers Financing Tie-up**  
The End-Buyers Tie-Up Agreement allows clients to buy or construct their home through an accredited developer. It also allows developers grow their business by supporting their housing projects or financing their client's home acquisition or construction, after an accreditation process.
- c. **Bahay sa Bagong Bayani (3-B) Program**  
A special lending program designed for Overseas Filipino Workers (OFWs). LANDBANK's Bahay para sa Bagong Bayani program allows OFWs to acquire, build or renovate their own homes at relaxed and flexible terms.
- d. **Mortgage Loan**  
Mortgage loan is a multi-purpose loan offered to individuals and corporations and is fully secured by Real Estate Mortgage (REM) for lawful purpose.

## B. Equity Investment Program

- **Consolidation Program for Rural Banks (CPRB)**  
Jointly established by the Bangko Sentral ng Pilipinas (BSP), Philippine Deposit Insurance Corporation (PDIC) and LANDBANK in recognition of the need to further strengthen and enhance the viability of rural banks (RBs) given their importance in providing financial services to the community, particularly in their specialized or niche markets, and in promoting financial inclusion and financial stability in the economy.

The Program seeks to encourage consolidations and mergers among RBs to bring about a less fragmented banking system by enabling them to:

- Improve their financial strength
- Enhance their viability
- Strengthen their management and governance
- Generate synergies and economies of scale through common infrastructure systems and resources; and
- Expand their market

## C. Mobile Loan Saver

- **LANDBANK Mobile Loan Saver (LMLS)**  
LMLS is a mobile-based savings-linked salary loan product of the Bank in partnership with Smart e-Money, Inc. (SMI). LMLS provides

convenience to LANDBANK clients through an electronic channel on salary loan with auto-savings component offered to employees of private companies and government offices. Program beneficiaries are composed of National Government Agencies (NGAs), Government-Owned and Controlled Corporations (GOCCs), Local Government Units (LGUs) excluding Barangay Units and Private Entities.

## D. Development Lending Programs Commodity Based Programs

- **Cacao 100 Program**  
The program offers a short-term loan or long term loan for production, working capital and relending/rediscouting for the stakeholders along the value chain of the cacao industry.
- **Kalikasang Kabuhayan para sa Wastong Pamayanan (KAWAYAN) Financing Program**  
The program offers a short-term loan or term loan for production, working capital and fixed assets acquisition to eligible borrowers who will engage in the production, processing and marketing of bamboo and other bamboo products.
- **Coffee 100 Financing Program**  
The program caters to financial need of the coffee industry stakeholders especially coffee growers and community-based coffee enterprises. Eligible projects include establishment and development of new plantation, production of coffee, and post-harvest/processing facilities.
- **Coconut Production and Processing Financing Program**  
The program aims to provide credit assistance to coconut industry stakeholders particularly coconut farmers for their planting/replanting, rehabilitation and fertilization needs.
- **Banana Financing Program**  
The program supports through financing the industry's thrust of making the Philippines as a leading banana (product) exporter contributing towards food security and improvement of the socio-economic status of all the stakeholders.
- **LANDBANK-SMC Corn/Cassava Assemblers and Consolidators Financing Program**  
The program aims to provide financing facility to the production, trading and post-harvest facility requirements of farmers who will engage in corn and cassava projects.

- **Rubber Financing Program**  
The program aims to enhance credit support for the development and promotions of the rubber industry by providing the appropriate financing requirements of direct borrowers and lending conduits.
- **Integrated Support for the Development of Aquaculture (ISDA) Program**  
Supports the growership program for fisheries anchored on institutional buyers or processors linked with small fisherfolk and SMEs as growers. The program offers a short-term loan or term loan for working capital, relending, production loan, rediscounting, permanent working capital, and acquisition of fixed assets to eligible borrowers engaged in fishery sector.
- **Masustansyang Inumin para sa Likas na Kalusugan (MILK) Program**  
The program offers a short-term loan or long term loan for production, working capital and relending/rediscounting for the stakeholders in the dairy industry.
- **Poultry Lending Programs**  
Lending Program for clients involve in poultry production industry using climate controlled and conventional technologies.
- **Seaweeds Financing Program**  
The program provides the needed credit support to the stakeholders in the industry particularly in the seaweed production/farming, marketing and processing.
- **Oil Palm Financing Program**  
The program provides credit assistance to oil palm industry stakeholders particularly farmers for their replanting, rehabilitation and fertilization needs.
- **Sugarcane Financing Program**  
The program provides credit support to the industry stakeholders' along the value chain of the sugar industry.
- **Climate Resilient Agriculture Financing Program**  
The program provides credit assistance to eligible borrowers in order to promote climate change adaptation initiatives towards climate resilient agriculture. To address climate change risks and helps nurture innovation development at the community level.

- **Onion Financing Program**  
The program aims to provide credit assistance to onion industry stakeholders and to encourage local farmers to plant onion as alternate and/or additional crops to palay in order to increase farmers' income.

## E. Programs for Individual Small Farmers and Fishers and Agrarian Reform Beneficiaries

- **Empowering Barangays in Remote Areas through Credit and Enterprises (EMBRACE)**  
A direct lending program which provides credit to Small Farmers and Fishers (SFF), micro and small enterprises in unserved areas in support of the government's thrust on financial inclusion. It also aims to, eventually, mainstream enterprising target borrowers to the regular lending window of the Bank.
- **Agricultural and Fisheries Financing Program (AFFP)**  
Pursuant to the 2013 General Appropriations Act (GAA), the Agricultural Credit and Policy Council (ACPC), in partnership with LANDBANK established a flexible credit facility for small farmers and fishers (SFF) registered in the Registry System for Basic Sectors in Agriculture (RSBSA) with a funding of ₱550 Million.  
  
Starting 2016, the AFFP has also adopted an alternative credit delivery mechanism via conduits to reach out/service more clients.
- **Agrarian Production Credit Program (APCP)**  
Pursuant to the CARPER Law, LANDBANK, Department of Agriculture (DA), Department of Agrarian Reform (DAR) and Department of Environment and Natural Resources (DENR), signed a MOA in 2012 provided socialized credit and development assistance to agrarian reform beneficiaries (ARBs) through their respective organizations. The Program intends to mainstream the ARB Organizations to the regular lending window of the Bank and other financial institutions after five (5) years.
- **Sikat Saka I and II Program (SSP I & II)**  
A program tie-up among LANDBANK, DA and its attached agencies which was launched in 2012 in support of the food staples sufficiency program through the provision of credit and integrated support to small palay and corn farmers such as irrigation, market, extension services, training, crop insurance and loan guarantee.

- **Credit Assistance Program – Program Beneficiaries Development (CAP-PBD)**  
Pursuant to the CARP Law, LANDBANK and DAR forged a partnership through the execution of a MOA in 1996 to implement the CAP-PBD which aims to provide financial assistance and development interventions to the ARBs through their organizations.
- **Agri-Mechanization Financing Program**  
This program is designed to provide credit assistance to promote mechanization of production and post-production processes from planting-harvesting-processing to increase efficiency, reduce postharvest losses and lower cost of production.
- **LANDBANK-SRA Socialized Credit Program Under the Sugarcane Industry Development Act (SIDA)**  
The Program aims to introduce better and cost-efficient sugarcane farming practices, improving farm productivities for sugarcane farmers in consonance to the Sugarcane Industry Development Act
- **LANDBANK Livestock Contract Growing Farmers Financing Program (LANDBANK-CPFP)**  
The program aims to promote participation of farmers in the CPFP livestock contract growing, it further aims to offer financial assistance to the poultry and livestock industry and agriculture sector in general.
- **Young Entrepreneurs from School (YES!) to Agriculture Program or YESAP**  
The program aims to promote agri-entrepreneurship among the youth through the provision through the provision of credit and other support services. Further, it aims to encourage enterprising young individuals to prioritize farming and agri-business enterprises
- **Assistance to Restore and Install Sustainable Enterprises for Agrarian Reform Beneficiaries and Small Farm Holders (ARISE-ARBs) Program**  
ARISE-ARBs Program aims to make available financing support for disaster affected ARBs/ SFHs and their families to restore livelihood and farming activities.

Specifically, it aims to:

- Provide credit support for post disaster emergency needs to restore livelihoods and farming activities of disaster affected ARBs and SFHs
- Capacitate Cooperatives/Farmer Associations (FA) to effectively manage the operations of livelihood projects and enterprises through adoption of disaster resilient agri-technology and market linking alliances;
- Implement risk mitigation measures to reduce the effects of natural disaster and safeguard assets of ARBs/SFHs and Coops and Fas; and
- Develop and enhance the capacities of field implementers in the provision of handholding activities and technical supports related to financing report, livelihood and farming activities natural disaster risk areas.

## F. Microfinance Program

- **Microfinance Program for Microfinance Institution (MFI) Retailers**  
Provides credit assistance to Barangay Micro Business Enterprises (BMBEs) and the poor sector through eligible microfinance institutions (MFIs).
- **LANDBANK Rural Bank Lending to LGU Employees Partnership Program**  
The program aims to supplement the partner financial institution's working capital via rediscounting facility an increase access to credit LGU employees through eligible Rural Banks

## G. Calamity Assistance Program

- **LANDBANK Calamity Assistance and Rehabilitation Support (CARES) Program**  
LANDBANK CARES Program is a rehabilitation assistance program to be made available to various Bank's existing and new customers for them to recover from the destruction brought about by calamities. Client can avail this program within two (2) years from the date the area is declared under the state of calamity by the Office of the President or Local Government Unit (LGU).

- **Yolanda Rehabilitation Program (YRP)**  
Financial Assistance/grant given to LGUs affected by Typhoon Yolanda with the overall goal of contributing through improved LGU services and economic infrastructure to the socio-economic reconstruction of the affected areas and the living conditions of the local population.
- **LANDBANK Calamity Assistance and Rehabilitation Support (CARES) Program for Islamic City of Marawi and other LGUs in Lanao Del Sur**  
The Program aims to provide timely and appropriate financial support and fast track infrastructure recover, restore economic and social activities and bring back accessibility of basic services to the conflict-affected LGUs in Lanao Del Sur, especially the Islamic City of Marawi.

#### H. Partner Financial Institutions-Additional Credit for Countryside Outreach and Rural Development (PFI-ACCORD) Program

Offers a working capital loan to LANDBANK's long-time Partner Financial Institutions (PFIs) such as cooperatives, rural and thrift banks and Non-governmental Organization (NGOs) to augment their funds for on-lending to small farmers and fishers, micro, small and medium entrepreneurs and other agri-business enterprises.

#### I. Agricultural Credit Support Project

- **Agricultural Credit Support Project**  
A JICA funded loan aimed to increase investments, to create new job opportunities and to improve agricultural productivity in the rural areas by providing loan funds directly from LANDBANK or through its conduits to the following clientele: small farmers and fisherfolk, small & medium enterprises and agribusiness enterprises
- **Harnessing Agribusiness Opportunities through Robust and Vibrant Entrepreneurship Supportive of Peaceful Transformation (HARVEST)**  
A JICA-funded loan aimed to create employment in the areas within the current Autonomous Region in Muslim Mindanao (ARMM) and other conflict-affected areas along with outside areas following the chain concept by supporting agribusiness and agri-business related investments which largely contribute towards improving the peace and order of the regions.

#### J. Infrastructure Development Program

- **Metro Manila Wastewater Management Project (MWMP)**  
Re-lending program to support Maynilad Water Services, Inc. (MWSI) and Manila Water Co., Inc. (MWCI) to increase their coverage of wastewater collection and treatment and septage management which will contribute towards improving the environment in Metro Manila (which will contribute to improving the water quality in Manila Bay).
- **BUILDERS Program**  
A loan program that aims to provide the needed working fund to ensure completion of awarded projects and/or pursue expansion of existing medium-sized projects of the Government outside Metro Manila.
- **Local Government Unit (LGUs) Lending Program**  
A loan program that aims to provide any Local Government Unit (LGU) an indebtedness and avail of credit facilities to finance local infrastructure and other socio-economic development projects in accordance with the approved local development plan and public investment program.

#### K. Power/Water Sector Development and Environment Protection Programs

- **Bringing Inclusive Growth in Every Household Through National Electrification Support Services (BRIGHTNESS)**  
Cognizant of the need in improving and expanding energy access of the barangays to spur socio-economic growth and generate more employment in the countryside, LANDBANK makes available financing assistance to qualified Electric Cooperatives and wholesale power aggregators. This complements RA No. 9136 otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA Law) which provides for the promotion of rural electrification that would ensure quality, reliability, security and affordability of supply of electric power nationwide.
- **Renewable Energy Lending Program**  
Cognizant of the pressing need to push renewable energy projects, the legislative branch of government is currently working on the enactment of the Biofuels Bill to mandate the blending of ethanol with gasoline, and fatty acids methyl ester (FAME) with diesel. Also, there



is the Clean, Renewable and Alternative Energy Bill which aims to promote the development of renewable sources of energy to reduce the country's reliance on imported fuel.

The LANDBANK, being a government financial institution has taken steps to provide support to the government's call to promote the development of sources of renewable energy.

Thus, the Renewable Energy Lending Program of LANDBANK aims to provide enhanced access to credit/financing programs in support to national government's policy on promoting renewable energy development, utilization and commercialization.

- **H<sub>2</sub>OPE (Water Program for Everyone)**  
Water Program for Everyone or H<sub>2</sub>OPE is a loan program that enables the Bank to capture sizeable number of qualified players in the water and sanitation industry in bringing in sustainable 24/7 piped, clean and safe water to the Filipino People.
- **Climate SAFE Program (Special Adaptation Facility for the Ecosystem)**  
The Philippines is one of the world's most disaster-prone countries due to the high incidence of natural hazards and high vulnerability linked to poverty and environmental degradation. The government is thus working to prioritize actions for mainstreaming adaptation and disaster risk management, aiming at improving community resilience to the hazards brought by climate change. Through the LANDBANK Climate SAFE (Special Adaptation Facility for the Ecosystem) Program, financing is provided to climate change adaptation projects.  
  
This program aims to provide financing to all climate change adaptation projects, including those approved in the LGU development or investment plan or Local Climate Change Action Plan, as well as projects/activities in the Business Continuity Plan of private sector entities are eligible to this program.
- **Carbon Finance Support Facility (LANDBANK's Flagship Program for Climate Change Mitigation)**  
LANDBANK brings to you the Carbon Finance Support Facility (CFSF) – the flagship program for climate change mitigation. It is a first-of-its-kind program in the country to date, that offers

financing and assistance to piggery, sanitary landfill and mini-hydro projects in order to generate carbon credits.

LANDBANK will coordinate and manage the selling of the carbon credits on your behalf to carbon buyers through the World Bank. Carbon buyers will use the Certified Emission Reduction (CERs) to meet a part of their emission reduction targets under the Kyoto Protocol (an international treaty that calls upon the reduction of greenhouse gases or GHG which cause global warming).

LANDBANK has three (3) UNFCCC-registered Program of Activities (PoA):

- **PoA for Animal Waste (Piggery)**  
The program involves the introduction of biodigester/methane recovery system in the management of wastewater of piggeries that usually use open anaerobic systems. Through the construction of biodigester/methane recovery system, the GHG emissions of the piggery are captured, flared and/or used in power generation.
- **PoA for Landfill Gas Recovery**  
The program encourages Local Government Units and private operators to set up sanitary landfills in compliance with RA No. 9003 and further promote the construction of landfill gas management facilities. In this way, the PoA will reduce GHG emission from methane compared to the emission that would have occurred in the absence of the landfill gas management facilities. Hence, additional benefits in the form of revenues from carbon credits and power generation are achieved.
- **PoA for Mini-Hydropower Plants**  
The program aims to displace the use of fossil-fuel based electricity generation through power generation from implementation of small-scale hydropower plants.
- **Climate SMART Financing Program (Positive Action Towards Sustainable Development)**  
Climate change is a global concern as it poses what is arguably the biggest threat against the planet. All over the world, various sectors of society are pushing towards climate change adaptation and mitigation measures in line with the goals of promoting sustainable development.

The Climate **SMART** Financing Program is LANDBANK's banner program for supporting climate change projects and activities. **SMART** stands for **S**ynergistic **M**itigation, **A**daptation, **R**esiliency, and **T**ransformation. The program addresses the many aspects of climate change through financial assistance that classify projects into any of these action categories – mitigation, adaptation, and resiliency.

- **Project Preparation Fund**

The Project Preparation Fund (PPF) is a partial loan fund intended to assist RE project developers in paying for the cost of eligible project preparation activities. The PPF provides a zero interest loan of up to 50% of the project preparation cost. The balance shall be proponent's equity. The Land Bank of the Philippines (LANDBANK) serves as the Program and Fund Manager for the PPF.

## L. Business Development and Entrepreneurial Credit Programs

- **Access of Small Entrepreneurs to Sound Lending Opportunities (ASENSO)**

In support of the National SME Development Plan, the government financial institutions (GFIs) collaborated to design a uniform lending program to meet the funding needs of SMEs. Under the unified lending program, the participating GFIs shall apply simplified and standardized lending procedures and guidelines (e.g., loan purpose, fee structures, interest rates, application forms, financial ratios, and other lending parameters) for evaluating the loan applications of SMEs.

To adapt to the financing needs of SMEs, two (2) types of loans are available under the program:

- Short term loans payable in one (1) year, and
- Long term loans that are payable up to five (5) years.

The unified lending scheme is in addition to the existing financial services of the participating GFIs.

- **Business Development Loan Facility**

A lending facility designed to contribute to the nation's economic growth and development by providing financial assistance to the business sector for the purpose of increasing productivity and enhancing potential earnings through expansion, diversification and other business development projects.

It also aims to support the government's program of invigorating economic activity and providing more employment opportunities.

- **Social Development Loan Facility**

A lending facility designed to provide long-term loan assistance for the development of facilities and establishments of institutions that provides quality education or other academic training programs and affordable medical or health care related services to the general population and to SSS members and their dependents.

It also aims to support the program of the national government to attain a better distribution of educational and hospital facilities throughout the country that will be more responsive to the needs of the particular localities and their inhabitants.

- **Overseas Filipino Workers (OFW) Reintegration Program**

A program in partnership with the Overseas Workers Welfare Administration (OWWA) designed to provide credit and capacity-building support services to OFWs to encourage them to engage in sustainable business activities as alternative to overseas employment.

- **Health-PLUS Program**

A loan program which aims to provide credit assistance to government units, medical colleges/universities and private medical and health goods/services providers mandated to and engaged in the delivery of healthcare goods and services.

- **LANDBANK SPEED PUVs**

The Program recognizes the significant and critical role that the public transport sector play in providing an efficient transport service to the commuting public, thereby accelerating socio-economic gains and, at the same time, reducing environmental and health costs in terms of the adverse effects of jeepney's carbon and sulphur emissions.

LANDBANK SPEED PUVs is a special loan program that aims to provide the necessary lending facility in financing the acquisition of modern public transport vehicles following the general framework of Government's Public Transport Modernization Program (PTMP)

- **Innovation and Technology Lending Program (I-TECH)**  
A loan program which aims to support the commercial production of patented Filipino inventions through special financing window to qualified borrower-beneficiaries and promote innovation and technology for inclusive growth.
- **Terrain and Naval Special Program on Reliable Means of Transport (TRANSPORT) Financing Program**  
The program aims to provide transport cooperative valuable financing assistance in facilitating the transformation of transport cooperatives/institutions into sustainable, modern, financially viable and competitive entities.
- **LANDBANK Go Green Inclusive Financing for SMEs and LGUs Program**  
A loan program which aims to capitalize the viability of giving accessible financing packages for energy efficient solutions for businesses, households and government.
- **LANDBANK Ferryboat Inclusive Financing Program**  
The program aims to promote inclusive financing to individual small boat owners and provide credit assistance for their acquisition of modern safe and efficient ferry boats. Further, it supports the modernization program of the Department of Transportation (DOTr) for the replacement of wooden-hulled passenger boats in domestic routes
- **Franchising Lending Program**  
The program aims to provide credit assistance to qualified players in the franchising industry, particularly the franchisees and franchisors.

## M. Credit Programs for Educational Support

- **Lending Program for State Universities and Colleges**  
To make credit available to qualified State Universities and Colleges (SUCs) to enable them to support infrastructure expansion and other income-generating and agri-related programs and projects.

The following SUCs shall be considered under the Program:

- Those operating profitably in the last three (3) years
- Engaged in agri-related programs and projects
- Have LANDBANK as their sole depository bank
- With DBM-CHED-PASUC leveling of at least II
- **K-12 Bridge Financing Program of LANDBANK**  
A loan program that aims to provide bridge/short term financing to the participating Non-DepEd Schools under the DepEd's Senior High School Voucher Program (SHS VP).

## FCDU PRODUCTS AND SERVICES

### A. Deposit Transaction

- **Clearing of FX Check Deposited in an FCDU Account via Cash Letter Service**  
FX Checks drawn against a US-based bank are cleared with the US Federal reserve through the bank's designated collecting banks.
- **Clearing of FX Check Drawn Against a Local Bank via Collection Letter Service**  
FX Checks drawn against local bank are cleared directly with the drawee bank.
- **Deposit via FX Check**  
Authorized LANDBANK branches accept the following foreign instrument for deposit to an FCDU account:

**BANK DRAFTS** are negotiable instruments issued by a foreign or local bank and drawn against said bank's demand deposit account with a foreign correspondent bank.

**MONEY ORDERS** are negotiable instruments issued by a bank in the form of a money order drawn against its depository bank or themselves.

**PERSONAL CHECKS** are negotiable instruments issued by an individual drawn against his/ her demand account with a foreign bank.

- **Deposit via FX Currencies**  
Authorized LANDBANK branches accept bills/ notes and coins of eligible LANDBANK FCDU deposit to an FCDU account maintained with the Bank.

- **Incoming Local Remittance PDDTS via GSRT MODE/EOD Netting**  
Incoming local remittance pertains to an incoming fund transfer from a participating local bank of the Philippine Domestic Dollar Transfer System (PDDTS) - Gross Settlement Real Time (GSRT/End-of-Day (EOD) Netting mode for credit to a LANDBANK FCDU account
- **Deposit from Incoming Foreign Remittance**  
LANDBANK credits the proceeds of an incoming remittance from any foreign bank coursed through LANDBANK's foreign depository banks.

## B. Withdrawal Transaction

- **Withdrawal Transaction from an FCDU Account via Foreign Currency Demand Draft**  
Foreign currency denominated bank draft drawn against LANDBANK's foreign depository bank.
- **Withdrawal via FX Currencies**  
Authorized LANDBANK branches services withdrawals in foreign bills/notes drawn against an FCDU deposit account.
- **Via Outgoing PDDTS-Gross Settlement Real Time (GSRT) Mode**  
Transfer of US dollar funds from LANDBANK to any beneficiary maintaining an FCDU account with a participating local bank.
- **Via Outgoing Foreign Electronic Fund Transfer**  
Transfer of FCDU deposits from LANDBANK to any beneficiary living outside of the Philippines.
- **Withdrawals via Philippine Peso**  
Authorized LANDBANK branches services withdrawals from an FCDU deposit account where proceeds shall be converted into Philippine Peso.

## C. FX Currency Purchase

- **Outright Purchase of FX Currencies**  
Refers to buying of foreign currency denominated bills/notes and coins
- **Outright Purchase of FX Instruments**
  - **Via Bank Draft**  
Negotiable instruments purchased by clients and issued by the bank that are drawn against the bank's demand deposit account with a foreign correspondent bank.

- **Company Check**  
Negotiable instruments issued by a company/firm to their client and drawn against their demand deposit account with foreign bank.
- **Via Postal Money Order**  
Negotiable instruments issued by a post office to a client and drawn against the demand deposit account with a foreign bank.
- **Via USTW Checks**  
Negotiable instruments issued by the US Treasury Department to a client
- **Via on "US" Checks**  
Negotiable instruments issued by an FX bank and drawn against LANDBANK's USD maintained either of the following:
  - LANDBANK's USD
  - FX bank's USD account with LANDBANK
  - FX bank's PHP account with LANDBANK

- **Personal Checks**  
A negotiable instrument issued by an individual drawn against his/her demand deposit account with a foreign bank.
- **Sale of FX Currency Notes**  
Sale of foreign currency notes to clients, both institutional and individual.
- **Sale of FX through Telegraphic Transfer**  
Refers to sale of USD or any third currency to a client funded by one of our LANDBANK's FX depository banks, for transmittal to the client's beneficiary. For non-trade purposes, clients are serviced by branches while for trade purposes clients are serviced by Lending Units.

- **Sale of FX through Demand Draft**  
Refers to negotiable instruments purchased by a client drawn against LANDBANK's demand deposit account with a foreign correspondent/depository bank.

## D. Inward Remittances

- **Incoming Foreign Remittance from any Foreign Bank**  
LANDBANK receives incoming remittances from any foreign bank that are coursed through LANDBANK's foreign correspondent and/or depository banks.



- **Incoming Local Remittance through PDDTS/ GSRT/End-Of-Day (EOD) Netting/RTGS**  
Incoming local remittance pertains to incoming fund transfers from a participating Philippine Domestic Dollar Transfer System (PDDTS) - Gross Settlement Real Time (GSRT)/EOD Netting, Real Time Gross Settlement (RTGS) Mode local bank for credit to account maintained in a LANDBANK Branch.
- **Inward Remittances**  
Inward Remittances received from remittance agency partners (RAPs) via tested/original copy of payment orders/SWIFT for credit to LANDBANK account payable to a certain beneficiary.

## INTERNATIONAL TRADE SERVICES

### A. Export

- **Advice of Export Letter of Credit (EPLC)/ Amendment**  
Foreign LC opened in favor of an exporter received by LANDBANK through, SWIFT, mail confirmation or through other local commercial bank.  
  
Export LC (EPLC) can be used as collateral for pre-export financing that are processed by the Lending Units and implemented by Loans Implementation Department (LID). EPLC enables the exporter to have additional working capital to manufacture export goods.
- **Export Collections/Outward Bills for Collection (OBC)**  
These are exporter's draft/documents which are not outrightly purchased awaiting receipt of a foreign bank credit advices or clearing of dollar drafts such as:
  - Documents with discrepancies (if under LC)
  - Documents which are sent directly to the buyer by the exporter and awaiting payment from the foreign bank through T/T
  - Dollar draft/check presented by the exporter representing export-related transactions
  - Documents to be sent on collection basis as instructed by the exporter
- **Export Bills Purchase (EBP)**  
Credit accommodation extended to an exporter wherein the exporter's draft/shipping documents under LC, DP or DA and other modes of payment are purchased directly/outright by the Bank prior to receipt of a foreign bank's credit advice.

- **Collection of Documentary Stamp Fees**  
LANDBANK acts as the collecting/remitting bank of the documentary stamp fees (DSF) imposed by the Bureau of Customs on goods exported by the clients. Client exporter shall be enrolled in the Bureau of Customs Payment Application System (PASS 5) by submitting the required documents to a LANDBANK branch where he maintains his deposit account. Settlement of BOC documentary stamp and service fees are made by debiting the Exporter's LANDBANK account upon receipt of data from PCHC through PASS 5.
- **Inward Remittances**  
These are incoming telegraphic transfers representing export proceeds remitted by the exporter's buyer and credited to LANDBANK's account with the foreign bank. LANDBANK acts only as receiver or channel of payment.

### B. Import

- **Opening or Issuance of Foreign Commercial Letter of Credit**  
Bank issuance charged to the importer's account in favor of the exporter. Authorizes the exporter to claim payments provided all LC terms and conditions are complied with.  
  
LC ensures payment to the exporter for the goods delivered or services performed. On the part of the importer, LC ensures that the terms and conditions agreed upon are complied with before payment is made.
- **Issuance of Guarantee (Against Foreign Back Counter-Guarantee)**  
A guarantee issued by the bank in favour of a local beneficiary against a foreign correspondent bank counter-guarantee which the latter issued on behalf of their customer.
- **Collection of Import Duties**  
Bank acts as the collecting/remitting bank for the advance and final duties imposed by the Bureau of Customs (BOC) on the goods imported by client. Client Importer shall be enrolled in the Bureau of Customs Payment Application System (PASS 5) by submitting the required documents to LANDBANK branch where he maintains his deposit account. Settlement of Advance or Final duties and services fees are made by debiting the Importer's LANDBANK account upon receipt of data from PCHC thru PASS 5.

- **Processing of Open Account (O/A)**  
A mode of payment for a non LC transaction wherein the shipping documents are sent and released by the seller/exporter directly to the buyer/importer without coursing the documents thru the Bank upon the importer's promise to pay at some future date after shipment.
  - Payable at least 30 days after Bill of Lading (BL)/Airway Bill (AWB)
  - Payment made beyond 360 days from BL/AWB date is subject to BSP approval
- **Processing of Documents Against Acceptance (D/A)**  
A mode of payment for a non LC transaction whereby the original shipping documents are received from the seller/exporter's bank with the instruction to release these documents to the buyer/importer only upon their acceptance to pay collection proceeds at as specific future date.
- **Documents Against Payment (D/P)**  
A mode of payment for a non LC transaction whereby the original shipping documents are received from the seller/exporter's bank with the instruction to release these documents to the buyer/importer only upon the outright payment of collection proceeds.
- **Processing of Trust Receipts (TR)**  
A credit accommodation granted to importers which allows them to pay Domestic/Import Bills at some future date as agreed upon. LANDBANK is vested title/legal ownership of the goods although the importer has physical possession of the same.
- **Opening or Issuance of Domestic Commercial Letter of Credit**  
Bank issuance charged to the client/local buyer account in favor of the local seller. Authorizes local seller to claim payments provided all LC terms and conditions are complied with.  
  
LC ensures payment to the local seller for the goods delivered or services performed. On the part of the local buyer, LC ensures that the terms and conditions of the credit are complied with before payment is made.
- **Processing of Commercial LC Amendment (Foreign and Domestic)**  
Amendments to LC terms and condition requested by the client such as:
  - decrease in LC amount requires beneficiary's confirmation; and
  - change in beneficiary's name.
- **Issuance of Shipping Guarantee/Advance Release**  
Shipping guarantee issued by the Bank to the shipping line requesting release of goods to the importer pending receipt that enables from the shipping line prior of the receipt of the original Bill of Lading and/or Airway Bill.  
  
Shipping guarantee issued should be cancelled upon importer's receipt of original Bill of Lading/ Airway Bill.
- **Processing of Import Bills (IB)**  
Examination of shipping documents received from the foreign banks to ascertain if all terms and conditions of the foreign commercial LC are complied with.  
  
Shipping documents booked under Import Bills already paid and/or converted to Trust Receipt (TR) will be forwarded to the importer to enable them to release goods from the shipping line and/or cancel shipping guarantee. Simultaneously a payment authority is sent to the foreign bank if documents were communicated on a collection basis.
- **Processing of Domestic Bills (DB)**  
Examination of documents presented to the Bank by a local seller to ascertain if all the terms and conditions of the domestic commercial LC are complied with before payments or acceptance are made.  
  
Documents booked under domestic bills may be paid outright or converted to Trust Receipt (TR) upon request of the buyers/client.
- **Processing of Direct Remittance-Imports (DRI)**  
A mode of payment for a non-LC transaction wherein the shipping documents are sent and released by the seller/exporter directly to the buyer/importer without coursing the documents thru the Bank upon the importer's promise to pay at some future date after shipment. Payment should be made within 29 calendar days from the date of the Bill of Lading (BL)/Airway Bill (AWB)

- **Processing of Advance Import Payments (AIP)**  
A mode of payment for a non-LC transaction wherein the payment is sent by the buyer/importer in advance to the seller/exporter thru the banks prior to the shipment of the goods and receipt of the shipping documents.
- **Opening or Issuance of Stand-by LC (Foreign and Domestic)**  
An undertaking issued by the Bank on behalf of its client that payment will be made to the beneficiary in the event that the client does not make good its obligation.

## INVESTMENTS

### TRUST PRODUCT AND SERVICES

#### A. Trust Arrangements

This refers to a fiduciary relationship whereby legal title to funds and/or properties of the Trustor is transferred to LANDBANK-Trust Banking Group (LANDBANK-TBG), subject to an equitable obligation to administer, hold and manage such funds and/or properties for the use, benefit or advantage of the trustor or other designated beneficiaries.

- **Unit Investment Trust Fund (UITF)**  
UITFs are open-ended pooled trust funds that are invested collectively in a diversified portfolio approved by the Bangko Sentral ng Pilipinas (BSP). It is an affordable and the best vehicle to participate in the financial markets. UITFs offer a simple, more convenient, and less time-consuming method of investing in a diversified portfolio.
- **LANDBANK Money Market Fund**  
A fund intended for clients with conservative risk profile that aims to provide high liquidity and minimal risk but with decent returns on the invested capital, from placements on short-term special deposit accounts.
- **LANDBANK Money Market Plus Fund**  
A fund intended for clients with moderate risk profile that offers investors a relatively liquid investment while providing potential higher income from a portfolio of short-term bonds and fixed income securities.
- **LANDBANK Bond Fund**  
A fund intended for clients with moderate risk profile that aims to generate a steady stream of income mainly through investments in a diversified portfolio of peso-denominated fixed income government securities, corporate bonds and bank deposits.
- **LANDBANK Growth Fund**  
A fund intended for clients with aggressive risk profile that aims to generate capital growth while maintaining steady stream of income through combination of diversified investments in peso-denominated listed stocks and tradable fixed income securities.
- **LANDBANK Equity Index Fund**  
A fund intended for clients with aggressive risk profile that aims for long term capital growth through investment mainly in peso-denominated listed equities comprising the Philippine Stock Exchange Index (PSEi).
- **LANDBANK Global \$ Fund**  
The fund intended for clients with moderate risk profile aims to generate a relatively higher income through investments in Dollar-denominated fixed income securities issued by the National Government and by local companies.
- **Personal Equity & Retirement Account – Unit Investment Trust Funds (PERA-UITFs)**  
PERA-UITFs are open-ended pooled fund that are invested collectively in a diversified portfolio of PERA investment products associated with the Contributor's investment and risk profile, and/or age of near retirement.
- **LANDBANK PERA Money Market Fund**  
A fund intended for contributors with conservative risk profile that aims to provide high liquidity and decent returns from short-term and flexible investments with less than one-year duration, with minimal risk on capital.
- **LANDBANK PERA Bond Fund**  
A fund intended for contributors with moderate risk profile aims to generate moderate yields from their capital through investments in diversified portfolio of peso-denominated fixed income securities.

- **LANDBANK PERA Global \$ Fund**  
A fund intended for contributors with moderate risk profile aims to generate relatively moderate returns from their capital through investments in Dollar-denominated fixed income securities issued by the National Government and by local companies.

## B. Institutional Trust Accounts

Institutional Trust Accounts refers to trust arrangements where the trustor is a juridical entity (i.e. but not limited to corporations, institutions, organizations) or incorporated funds (i.e. retirement funds, pension funds, etc.)

- **Employee Benefit**  
This refers to trust arrangements established to hold the assets of an employee benefit plan wherein the beneficiaries are the employees of the corporation or institution.
- **Defined Benefit Retirement Plan (Gratuity Plan)**  
This is based on a specific and defined amount of benefit provided by the company expressed in number of months per year of service. An actuarial valuation is necessary to provide an estimate on how much funds the company should contribute or set aside to fulfill its obligation/liability to its qualified employees in case of retirement. The company is the sole contributor and the employees have no option to contribute to the fund.
- **Defined Contribution Retirement Plan (Provident Plan)**  
A contributory retirement fund wherein both the employer and employee contribute to the retirement plan. The retirement benefit of the employee is dependent on the defined contribution. Contributions are based on either a specific amount or percentage of salary of the employee that the employer is willing to contribute.

This type of plan does not require an actuarial valuation. However, if the contributed amount of the employer is not sufficient to cover for the minimum benefit required by law (RA No. 7641), the employer will have to top up on the retirement benefit of the employee.

- **Hybrid Retirement Plan**  
A combination of a Defined Benefit Plan (Gratuity Plan), based on actuarial valuation and Defined Contribution Plan (Provident Plan), wherein the employees have the option to contribute to the retirement fund. Hybrid Plans are also registered with the BIR for tax exemption approval and certification.

- **Pre-Need Accounts**  
This refers to trust arrangements established by pre-need companies in compliance with the regulatory requirement to maintain trust accounts for such activities.
- **Individual Trust Accounts**  
This refers to trust arrangements established by an individuals or a natural person, usually consisting of disposition of assets to designated beneficiaries and settlement of the estate of the deceased.
- **Personal Management Trust (PMT)**  
A type arrangement that is ideal for those who wish to preserve or earn from their assets to answer for the current needs or for the future use of the trustor or his beneficiaries.  
  
In the PMT, a trust agreement between LANDBANK-Trust Banking Group and the trustor is established during the lifetime of the trustor, with the purpose of providing for the financial needs of the trustor and/or his/her designated beneficiaries.
- **Personal Retirement Trust Account (PRTA)**  
A trust arrangement between LANDBANK-Trust Banking Group during the lifetime if the trustor, established to cater to the retirement needs of the trustor.

## C. Other Institutional Services

- **Legislated and Quasi-Judicial Trust Services**  
This refers to trust arrangements mandated by law, executive order, a court or other government regulatory agency, such as in cases of, but not limited to receivership, receiving/custodianship arrangements for IPOs, rights or offerings.
- **Corporate Fiduciary Account**
  - **Mortgage Trust Indenture (MTI)**  
LANDBANK-Trust Banking Group holds a pool of properties, real estate and/or chattel mortgage in behalf of creditors.



Mortgage Participation Certificates are issued to represent the proportionate share of creditors on the collateral pool.

- **Facility and Loan/Paying Agency**

The LANDBANK-Trust Banking Group acts as intermediary between the Borrower/Issuer and a syndicate of Lenders/Noteholders in accordance to the Loan/Notes facility. The Facility Agent is appointed as such to centralize the monitoring and the administration of the Notes Facility, ensuring that payments due under the Notes are settled promptly, reports are submitted as stipulated in the Agreement and to a certain extent, ensures that terms and conditions of the Agreement are faithfully complied by all parties. LANDBANK-Trust Banking Group may be engaged as Paying Agent to ensure disbursement of periodic interest to creditors/lenders.

- **Common Type of Escrow**

- **POEA Escrow**

Based on Part II, Rule II of the 2002 POEA rules and regulations governing the recruitment and employment of land-based Overseas Filipino Workers (OFW) and on Part II, Rule II, 2003 POEA rules and regulations governing the recruitment and employment of seafarers. This is a standard escrow arrangement required by the POEA in the application and renewal for license of overseas employment agencies.

All overseas employment agencies are required to set up an Escrow account with an accredited reputable bank and deliver to the Escrow agent the amount of at least ₱1.0 Million or \$20,000.00. This is to ensure that there are funds set aside by the manning/recruitment agency for any eventuality of garnishment due to disputes between the manning/recruitment agency and the OFW.

- **Capital Gains (BIR) Escrow**

Based on BIR Revenue Regulation No. 13-99, as amended by BIR Regulation No. 14-00, governing the exemption of certain individuals from the capital gains tax on the sale, exchange or disposition of his Principal Residence. This is also a standard Escrow Arrangement wherein a Filipino citizen who has sold his Principal Residence (house and

lot), may set up an Escrow with BIR and deliver to the Escrow Agent/Authorized Agent Bank (AAB) the amount equivalent to the capital gains tax derived from the sale, exchange, disposition of his Principal Residence. The seller is given by BIR a maximum of 18 months from date of the sale or disposition to acquire or construct a new Principal residence using the proceeds from the sale, exchange or disposition of his old Principal Residence. The Escrow Agent/AAB shall release to the Seller/Transferor within 18 calendar months after showing proof of acquisition/ construction and clearance from BIR.

- **Buy and Sell (Procurement)/Loan Releases Escrow**

This is usually resorted to in a Deed of Conditional Sale, Contract to Sell, or Long-term purchase agreements. The buyer or seller delivers certain assets, documents, source codes to the Escrow agent as specified in the contract or upon fulfillment of the contract or service. Release of funds, securities, legal documents, TCTs/CCTs, or source codes will only be triggered upon fulfillment of the conditions of the contract or service by either or both parties to the agreement.

- **Escrow Services for Funds/Assets under Dispute of Ownership**

This arrangement is resorted to for assets where ownership is under dispute by two or more parties. This arrangement could be triggered by a court order or mutual consent of all parties. The funds or assets are set aside and held and received by an Escrow Agent until a final decision on the rightful owner of the assets by a competent body or final instruction by all parties depending on what is stipulated in the contract (e.g. government BOT/PPP projects and procurement, disputes in inheritance, tax refunds, etc.)

- Other escrow arrangements required by regulations such as, but not limited to, HLURB escrows, HDMF collection arrangements, DENR escrows, outsourcing projects, government projects/programs, E.Os, grants and loan agreements depending on the need of the clients.

- **Third Party Securities Custody and Registry Services**

The Bank as Custodian, through its Third Party Custodianship and Registry Department (TCRD), shall hold securities under a written agreement with clients and facilities receiving and delivering of securities upon instruction.

As Registrar, TCRD shall establish and maintain the official record of all registered holders of a corporate/bank issuance as designated or appointed by the issuer.

- **Personal Equity and Retirement Account- Cash Custodianship**  
The Bank, through its Third-Party Custodianship and Registry Department (TCRD), shall act as PERA Cash Custodian to the Contributor's PERA pursuant to RA No. 9505 of 2008 (PERA Law). TCRD shall oversee the receipt, acknowledgment and release of all funds in connection with PERA.

- **Safekeeping Services**

LANDBANK-Trust Banking Group provides complete range of custody and safekeeping solutions to meet the client's objectives. LANDBANK-Trust Banking Group receives, safekeeps, delivers, records and preserves the properties consisting of non-marketable securities, titles and other documents placed under safekeeping and deliver the same, upon instruction by the client.

- **Life Insurance Trust**

This refers to agency agreements where LANDBANK-Trust Banking Group shall collect the proceeds of the life insurance policy of the client upon the death of the insured to distribute the same to assigned beneficiaries stated in the agreement.

#### **D. Investment/Portfolio Management (Peso or US Dollar Denominated)**

This trust services involves the prudent management of funds or assets in behalf of the client based on his investment objectives, risk profile and liquidity requirements.

LANDBANK-Trust Banking Group acts as investment/portfolio manager with primary intention of capital preservation, risk optimization and assurance of liquidity. The types of investments such as bank deposits, government securities, corporate bonds, equities, Unit Investment Trust Funds and mutual funds, other alternative investments are prudently assessed and evaluated to suit client's requirement and risk appetite.

The arrangement could be directional – wherein prior consent from the client is required before any decision is made; or discretionary – wherein the bank is given full authority to invest the fund in pre-agreed investment guidelines.

The Investment Management Account is an Agency Arrangement and as such, the principal shall at all times retain legal title to funds of this arrangement. This type of arrangement's primary objective is most commonly for wealth build up or wealth accumulation.

#### **E. Special Purpose Trust**

LANDBANK-Trust Banking Group acts as an independent party to a special purpose vehicle of undivided ownership interest in a segregated or identifiable pool of assets or receivables. These pools of assets or receivables are then sold or transferred to LANDBANK-Trust Banking Group for management. The LANDBANK-Trust Banking Group will sell securities to the investors backed by the assets. The cashflows generated by the underlying assets are then transferred to investors.

### **TREASURY PRODUCTS**

#### **A. Government Securities (GS)**

Government Securities are debt instruments issued by the Republic of the Philippines or any of its instrumentalities to finance public expenditures. GS are scrippless securities and are registered under the Registry of Scrippless Securities (RoSS) system of the Bureau of Treasury.

#### **B. Corporate Securities**

Corporate securities are debt instruments issued by public or private corporations to finance their operations. They are not deposit products and are, hence, not covered by PDIC. They offer fixed coupon rate and enjoy better yields than Government Securities (GS).

#### **C. LANDBANK Issues**

- **PESO Long-Term Negotiable Certificates of Deposits (LTNCD)**  
LTNCD is a long-term negotiable certificate of time deposit indicating an amount of bank indebtedness with a designed maturity. LTNCDs are high-yielding, negotiable deposit instruments covered by Philippine Deposit Insurance Corporation (PDIC) up to ₱500,000.00. The tenor is typically five (5) years.

## INVESTMENT BANKING

### A. Debt and Equity Underwriting

Underwriting is the service of guaranteeing the sale of bonds, stocks or other forms of securities. The underwriter assures the issuer of funds raised through a firm underwriting commitment. Under a firm commitment, the underwriter is required to take-up the unsubscribed or unsold portion of the securities. Thus, a good underwriter must have strong marketing capabilities for sale of securities and strong financial resources to deliver on its underwriting commitment in the event of under subscription.

### B. Financial Advisory

Financial advisory is the service of providing sound advice to clients who want to explore various options for raising funds. Normally, borrowers or issuers hire financial advisors to assist in structuring or packaging the terms of financing required, i.e. amount, tenor, rates, etc.

### C. Loan Syndication

Loan arrangement is the service of assisting borrowers raise funds via traditional bank debt financing. Loans may be tapped solely from LANDBANK or from a syndicate of lenders led by LANDBANK (i.e., syndicated loan).

### D. Privatization

Privatization is financial advisory and underwriting services for various Government agencies, which intend to raise funds via disposition of assets. The role of the advisor is to render advice on the appropriate mode of disposition to be applied, such as (a) straight sale or auction of assets, (b) sale to strategic or financial investors and (c) initial public offering (IPO). LANDBANK as the lead underwriter may guarantee the distribution of shares for privatizations, among others.

### E. Project Finance

Project Finance is a loan arrangement involving a specific project, separate and distinct entity from the project sponsor. Under this type of deal, the collateral is limited to the project assets and has limited recourse to project sponsors. The sponsors are almost isolated from the obligations of the project. Its cashflows are mainly from revenues of the project.

### F. Merger and Acquisition

Mergers and Acquisition is the purchase by a company of another company with the eventual consolidation of the two companies into one entity. The role of investment bankers is normally in the valuation of the target companies and financing for the acquisition.

## ANCILLARY PRODUCTS

#### • Deposit Pick-up Services

Deposit Pick-up Services allow the mobilization/transmittal of voluminous cash/check deposits of clients via pick-up at the client's premises through the use of the bank's armoured car facilities and other authorized bank vehicles. A minimum Average Daily Balance of ₱1 Million for NCR clients and ₱500,000 for provincial clients is required to avail this service.

#### • Payroll Services

Payroll is effected by debiting the total payroll amount from the client firm's account and crediting each of the individual ATM accounts of employees on payroll date. Clients such as Government Agencies and Private Corporation must maintain a significant level of deposits with the Bank.

#### • Revenue Collection Arrangement

The government agency/client firms opens and maintains one-way depository account/s (ODAs) at the Bank's branches where their field offices/branches/customers may deposit their sales collections/payments for eventual transfer on a periodic basis to a main account.

#### • Safety Deposit Box

Boxes with different sizes are rented to selected clients of the Bank for the purpose of keeping their asset valuables and important documents.

#### • Demand Draft

Demand Drafts are negotiable instruments sold by a bank to a client and drawn against said bank's demand deposit account with other depository bank.

#### • Manager's Check

Manager's Checks are negotiable instruments which are being sold by LANDBANK to clients. Manager's Check maybe presented for encashment to the issuing LANDBANK branch or deposited to any bank subject to one (1) day clearing.

#### • LANDBANK Gift Check

The LANDBANK Gift Check is a peso-denominated check which works just like a Manager's Check. It shall be offered to clients as an alternative form of gift which is as good as cash. The check maybe deposited or encashed at any LANDBANK branch; and may also be deposited in other banks subject to existing check clearing policies and procedures.

## BOARD OF DIRECTORS

Left to right:

**Emmanuel F. Piñol**  
Secretary  
Department of Agriculture

**Carlos G. Dominguez**  
Chairman  
Secretary - Department of Finance

**Atty. Silvestre H. Bello III**  
Secretary  
Department of Labor and Employment

**Alex V. Buenaventura**  
Vice Chairman  
President and CEO

**Atty. John R. Castriciones**  
Secretary  
Department of Agrarian Reform





Left to right:

**Nancy Irlanda Tanjuatco**  
Representative - Private Sector

**Atty. Jesus V. Hinlo Jr.**  
Representative - Private Sector

**Atty. Jaime Llaneta Miralles**  
Representative - Agrarian Reform  
Beneficiaries Sector

**Virgilio De Vera Robes**  
Representative - Agrarian Reform  
Beneficiaries Sector



# ALTERNATE MEMBERS OF THE BOARD

as of December 31, 2018



**Rosalia V. De Leon**  
Treasurer  
Bureau of the Treasury



**Atty. Erwin D. Sta. Ana**  
Deputy Treasurer  
Bureau of the Treasury



**Atty. Francisco M. Villano, Jr.**  
Undersecretary  
Department of Agriculture



**Atty. Luis Meinrado C. Pangulayan**  
Undersecretary  
Department of Agrarian Reform



**Atty. Claro A. Arellano**  
Undersecretary  
Department of Labor and Employment



**Atty. Joji V. Aragon**  
Assistant Secretary  
Department of Labor and Employment

# MANAGEMENT TEAM

as of December 31, 2018



**Joselito P. Gutierrez**  
Executive Vice President  
Agricultural and Development Lending Sector



**Alex V. Buenaventura**  
President and CEO



**Liduvino S. Geron**  
Executive Vice President  
Branch Banking Sector



**Julio D. Climaco, Jr.**  
Executive Vice President  
Corporate Services Sector



**Alan V. Bornas**  
Executive Vice President  
Operations Sector



**Carel D. Halog**  
Executive Vice President  
Treasury and Investment Banking Sector



## AGRICULTURAL AND DEVELOPMENT LENDING SECTOR

as of December 31, 2018



**Ma. Celeste A. Burgos**  
Senior Vice President  
Corporate Banking Group



**Filipina B. Monje**  
Senior Vice President  
Northern and Central Luzon  
Lending Group



**Charlotte I. Conde**  
First Vice President  
Mindanao Lending Group



**Lolita T. Silva**  
First Vice President  
Retail and Mid-Market  
Lending Group



**Elsie Fe B. Tagupa**  
First Vice President  
Visayas Lending Group



**Emellie V. Tamayo**  
First Vice President  
Lending Programs  
Management Group



**Lucila E. Tesorero**  
First Vice President  
Southern Luzon Lending  
Group



**Emma M. Brosas**  
Vice President  
Corporate Banking Department I



**Marietta B. Cajuguiran**  
Vice President  
Corporate Banking Department II



**Cielito H. Lunaria**  
Vice President  
Financial Institutions Department



**Esperanza N. Martinez**  
Vice President  
Public Sector Department





**Bernardo B. Bayangos**  
Vice President  
Isabela Lending Center



**Allan R. Bisnar**  
Vice President  
Cebu South Lending Center



**Eulalio G. Lagapa, Jr.**  
Vice President  
Cebu North Lending Center



**Eduardo N. Reyes, Jr.**  
Vice President  
Nueva Ecija Lending Center

## BRANCH BANKING SECTOR

as of December 31, 2018



**Leila C. Martin**  
Senior Vice President  
North NCR Branches Group



**Ramon R. Monteloyola**  
Senior Vice President  
South NCR Branches Group



**Delma O. Bandiola**  
First Vice President  
East Visayas Branches Group



**Althon C. Ferolino**  
First Vice President  
West Visayas  
Branches Group



**Khurshid U. Kalabud**  
First Vice President  
West Mindanao  
Branches Group



**Camilo C. Leyba**  
First Vice President  
East Mindanao  
Branches Group



**Sylvia C. Lim**  
First Vice President  
Central Luzon  
Branches Group



**Randolph L. Montesa**  
First Vice President  
Card and Electronic  
Banking Group



**Ma. Belma T. Turla**  
First Vice President  
North Luzon Branches Group



**Ma. Cielito D. Valdivia**  
First Vice President  
Southwest Luzon  
Branches Group



**Marilou L. Villafranca**  
First Vice President  
Southeast Luzon  
Branches Group



**Pacifico C. De Paz, Jr.**  
Vice President  
Electronic Products  
Department



**Virgilio C. Paranal**  
Vice President  
Buendia Branch



**Elenita C. Rapanut**  
Vice President  
Branch Banking Support  
Department



**Rossana S. Coronel**  
Relationship Officer  
South NCRBG Cluster A

## UNITS UNDER THE BOARD AND OFFICE OF THE PRESIDENT

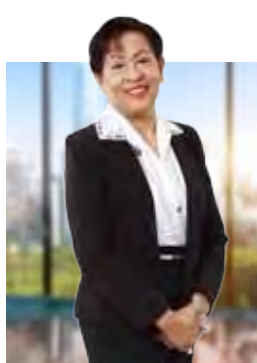
as of December 31, 2018



**Alex A. Lorayes**  
Senior Vice President  
Agrarian Services Group



**Amelia S. Amparado**  
First Vice President  
Compliance Management  
Group



**Sofia C. Ladores**  
First Vice President  
Risk Management Group



**Atty. Noel B. Marquez**  
First Vice President  
Legal Services Group



**Elcid C. Pangilinan**  
First Vice President  
Strategic Planning Group



**Maria Aurora R. Bocato**  
Vice President  
Credit Risk Management  
Department



**Maria Edelwina D. Carreon**  
Vice President  
Internal Audit Group



**Marjorie R. Cortez**  
Vice President  
Business Risk Management  
Department



**Rose Marie E. Sotelo**  
Vice President  
Treasury Risk  
Management Department



**Efren S. Tedor**  
Vice President  
Physical Security Office

## CORPORATE SERVICES SECTOR

as of December 31, 2018



**Catherine Rowena B. Villanueva**  
First Vice President  
Corporate Affairs Department



**Dina Melanie R. Madrid**  
Vice President  
Facilities and Procurement  
Services Group



**Emmanuel G. Hio, Jr.**  
Vice President  
Organization Development  
Department



**Atty. Joselito B. Vallada**  
Vice President  
Human Resource  
Management Group

## OPERATIONS SECTOR

as of December 31, 2018



**Annalene M. Bautista**  
Senior Vice President  
Controllershship Group



**Alden F. Abitona**  
First Vice President  
Technology Management Group



**Winston Rochel L. Galang**  
First Vice President  
Banking Operations Group





**Reynaldo C. Capa**  
Vice President  
Banking Services Group



**Arthur E. Dalampan**  
Vice President  
Electronic Banking  
Systems Department



**Grace Ofelia Lovely V. Dayo**  
Vice President  
Retail Banking  
Systems Department



**Merceditas N. Oliva**  
Vice President  
Financial Accounting  
Department



**Enrique L. Sazon, Jr.**  
Vice President  
Network Operations  
Department

## TREASURY AND INVESTMENT BANKING SECTOR

as of December 31, 2018



**Gonzalo Benjamin A. Bongolan**  
First Vice President  
Investment Banking Group



**Ma. Elizabeth L. Gener**  
First Vice President  
Asset and Liability  
Management Group



**Ma. Francia O. Titar**  
First Vice President  
Financial Markets Group



**Lolita M. Almazar**  
Vice President  
Investment Sales and  
Distribution Department



**Emmanuel G. Dimaano**  
Vice President  
Capital Markets  
Trading Department



**Adelfa R. Masacupan**  
Vice President  
Liquidity and Reserve  
Management Department



**Ivy C. Sacramento**  
Vice President  
Balance Sheet Management  
Department



## LANDBANK FOUNDATION AND SUBSIDIARIES

as of December 31, 2018



**Roy C. Oscillada**  
Executive Director  
LANDBANK Countryside Development  
Foundations, Inc.



**Tomas T. De Leon, Jr.**  
President  
LBP Insurance Brokerage, Inc.



**Manuel H. Lopez**  
President and CEO  
LBP Leasing and Finance Corporation



**Simeona S. Guevarra**  
President and CEO  
LBP Resources and Development Corporation



**Blesilda R. Macalalad**  
Officer-in-Charge  
Masaganang Sakahan, Inc.

## INDEPENDENT AUDITOR'S REPORT



Republic of the Philippines  
**COMMISSION ON AUDIT**  
Commonwealth Ave., Quezon City  
**CORPORATE GOVERNMENT SECTOR**  
CLUSTER 1 – BANKING AND CREDIT

### The Board of Directors

Land Bank of the Philippines  
Manila

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of **Land Bank of the Philippines and Subsidiaries (the Group) and of Land Bank of the Philippines (the Parent)** which comprise the statements of financial position as at December 31, 2018 and 2017 and the statements of comprehensive income, statements of changes in capital funds and statements of cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and the Parent as at December 31, 2018 and 2017, and their financial performance and their cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and the Parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippine Public Sector and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Emphasis of Matter*

We draw attention to Note 12 to the Financial Statements which disclosed, among others, that the LBP's Fair Value through Other Comprehensive Income account includes the undelivered 3,366,800 MERALCO shares with market value of P1.279 billion as of December 31, 2018. Likewise the corresponding cash dividends earned amounting to P403.481 million and P358.446 million as at December 31, 2018 and 2017, respectively and property dividends of 9,488,394 shares of stock in Rockwell Land Corporation, were still unpaid to LBP. To compel MERALCO to comply with the Supreme Court decision, LBP filed the Petition to cite MERALCO and other Respondents in Indirect Contempt before the Supreme Court on April 14, 2015. The Supreme Court has issued a Resolution dated March 5, 2018 which (1) Noted LBP's Motion for Early Resolution with Manifestation dated February 6, 2018; (2) Gave due course to LBP's Petition; and (3) Required parties to submit their respective Memoranda within thirty (30) days from notice thereof. On June 22, 2018, the LBP's Memorandum was filed in compliance with the Supreme Court Resolution dated March 5, 2018.

Further as discussed in Note 2.4 to the Financial Statements the Group will adopt PFRS 15 effective 1 January 2019 retroactive 1 January 2018. The deferred adoption of PFRS 15 has insignificant impact on the financial statements of the Group.

Our opinion is not modified in respect to these matters.

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

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

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

Those charged with governance are responsible for overseeing the Group's and Parent's financial reporting process.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Parent to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

#### *Report on Other Regulatory Requirements*

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as whole. The supplementary information in Note 25 to the 2018 financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

#### **COMMISSION ON AUDIT**



**ROCHIE J. FELICES**  
Supervising Auditor

July 05 2019

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

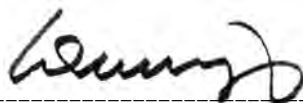
The management of **Land Bank of the Philippines and Subsidiaries (the Group)** and the **Land Bank of the Philippines (the Parent)** is responsible for the preparation of the financial statements including the schedules attached therein, for the years ended December 31, 2018 and 2017 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Group's and the Parent's financial reporting process.

The Board of directors reviews and approves the financial statements including the schedule attached therein, and submits the same to the regulators, creditors and other users.

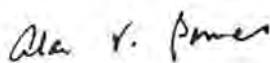
The Commission on Audit has audited the financial statements of the Group and of the Parent in accordance with the International Standards of Supreme Audit Institutions, and its report to the Board of Directors has expressed its opinion on the fairness of presentation upon completion of such audit.



CARLOS G. DOMINGUEZ  
Chairman of the Board



CECILIA C. BORRAMEO  
President and Chief Executive Officer



ALAN V. BORNAS  
Executive Vice President/Head, Operations Sector

Signed this 5th day of July 2019



**STATEMENTS OF FINANCIAL POSITION**

December 31, 2018 and 2017

(In Philippine Peso)

		GROUP		PARENT	
	NOTE	2018	2017 As restated	2018	2017 As restated
ASSETS					
Cash and other cash items	5	37,071,877,586	31,385,326,196	36,968,265,489	31,384,484,693
Due from Bangko Sentral ng Pilipinas	6	334,804,227,060	305,349,912,019	331,197,576,413	305,349,912,019
Due from other banks	7	4,889,218,840	5,184,791,386	5,709,452,042	5,106,486,709
Interbank loans receivable	8	18,096,177,165	20,981,026,772	18,096,177,165	20,981,026,772
Securities purchased under agreements to resell	9	50,549,159,021	52,232,925,111	50,019,791,667	52,232,925,111
Fair value thru profit or loss	10	10,645,595,328	13,386,136,492	10,600,661,385	13,386,136,492
Fair value thru other comprehensive income	11	111,268,777,036	238,225,846,879	110,786,754,095	238,225,846,879
Hold to collect - net	12	497,719,823,912	321,091,631,449	496,519,359,289	319,973,931,764
Loans and receivables - net	13 & 20	798,740,094,904	614,436,495,351	792,390,872,379	612,715,409,602
Investments in subsidiaries	14	0	0	1,460,533,882	438,775,007
Investment in associates	15	581,627,180	0	581,627,180	0
Investment property - net	16	5,779,512,960	5,683,999,567	5,396,784,095	5,571,611,003
Property and equipment - net	17	8,183,696,092	7,704,663,099	7,960,167,665	7,222,632,456
Non-current assets held for sale		777,088,447	325,698,390	334,903,288	321,980,850
Other intangible assets - net	18	1,172,778,116	1,274,390,786	1,155,221,449	1,269,754,705
Other assets - net	19	5,012,833,637	6,936,783,008	5,096,215,338	6,847,792,734
Deferred income tax	24	3,483,592,688	2,878,785,921	3,418,973,804	2,808,807,996
TOTAL ASSETS		1,888,776,079,972	1,627,078,412,426	1,877,693,336,625	1,623,837,514,792
LIABILITIES AND EQUITY					
Liabilities					
Deposit liabilities	21	1,663,262,240,424	1,425,219,507,106	1,656,141,277,372	1,425,473,355,997
Bills payable	22	32,430,837,033	25,375,107,659	31,256,837,033	24,580,107,659
Derivative liabilities		3,326,450	18,892,674	3,326,450	18,892,674
Treasurer's, Manager's and Cashier's checks		1,489,153,882	1,237,442,881	1,471,531,657	1,237,442,881
Payment order payable		66,497,438	53,631,992	66,497,438	53,631,992
Marginal deposits		12,264,093,339	14,984,223,824	12,264,093,339	14,984,223,824
Cash letters of credit		6,298,812,120	8,788,482,340	6,298,812,120	8,788,482,340
Other liabilities	23	35,944,291,642	35,178,411,468	35,232,674,582	35,007,591,173
Total Liabilities		1,751,759,252,328	1,510,855,699,944	1,742,735,049,991	1,510,143,728,540
Equity					
Common stock	33 & 34	26,290,777,708	20,981,000,000	26,290,777,708	20,981,000,000
Paid-in surplus		101,098,220	101,098,220	101,098,220	101,098,220
Retained earnings free		27,633,552,918	32,089,913,615	26,423,619,072	30,753,073,583
Retained earnings reserve		54,697,680,262	42,311,448,508	53,412,530,262	41,271,448,508
Undivided profits		16,144,116,453	15,271,398,927	16,589,955,646	15,175,224,563
Revaluation increment		61,200,000	61,200,000	0	0
Other Comprehensive Income					
Net unrealized gains on securities available for sale		11,860,791,134	5,411,941,378	11,908,549,439	5,411,941,378
Remeasurement of retirement benefit obligation		(4,145,338)	(5,288,166)	0	0
Translation adjustment and others		231,756,287	0	231,756,287	0
Total Equity		137,016,827,644	116,222,712,482	134,958,286,634	113,693,786,252
TOTAL LIABILITIES AND EQUITY		1,888,776,079,972	1,627,078,412,426	1,877,693,336,625	1,623,837,514,792

The Notes on pages 199 to 247 form part of these financial statements.

**STATEMENTS OF COMPREHENSIVE INCOME**

For the years ended December 31, 2018 and 2017

(In Philippine Peso)

	NOTE	GROUP		PARENT	
		2018	2017 As restated	2018	2017 As restated
<b>INTEREST INCOME</b>					
Loans		38,803,126,137	29,647,104,130	38,179,954,592	29,531,777,486
Investments		21,144,730,881	15,913,386,891	21,090,787,288	15,880,559,323
Due from Bangko Sentral ng Pilipinas		661,583,354	2,399,863,981	576,871,409	2,399,863,981
Deposit in banks		75,050,773	47,503,037	68,054,864	39,363,021
Others		1,022,530	1,248,452	1,021,816	1,248,452
		60,685,513,675	48,009,106,491	59,916,689,969	47,852,812,263
<b>INTEREST EXPENSE</b>					
Deposit liabilities		13,072,218,375	8,923,169,074	12,969,084,208	8,923,675,095
Borrowed funds		1,016,714,902	912,985,196	974,989,745	897,055,307
Others		76,719	2,251	581,382	920,592
		14,089,009,996	9,836,156,521	13,944,655,335	9,821,650,994
<b>NET INTEREST INCOME</b>		46,596,503,679	38,172,949,970	45,972,034,634	38,031,161,269
<b>PROVISION FOR CREDIT LOSSES</b>	20	4,295,343,215	1,136,837,099	3,852,491,480	1,109,626,624
<b>NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES</b>		42,301,160,464	37,036,112,871	42,119,543,154	36,921,534,645
<b>OTHER OPERATING INCOME</b>					
Dividends		1,436,544,181	1,582,606,081	1,436,544,181	1,582,606,081
Fees and commission		1,873,386,176	1,892,258,615	1,724,510,897	1,779,684,551
Gain from dealings in foreign currency		404,965,662	415,407,278	404,965,662	412,592,550
Gain from sale/redemption/reclass of non-trading of FA and Liab		48,165,355	451,832,549	48,165,355	451,875,346
Gain on financial assets - held for trading		0	893,560,913	0	893,560,913
Gain on financial assets at fair value thru profit or loss		649,454,034	0	652,256,811	0
Gain on financial assets & liabilities designated at FV thru P/L		42,818,431	0	42,818,431	0
Foreign exchange gains from revaluation		392,423,881	0	392,285,472	0
Miscellaneous income	35	2,780,991,623	1,418,850,134	2,543,193,018	1,122,775,823
		7,628,749,343	6,654,515,570	7,244,739,827	6,243,095,264
<b>OTHER OPERATING EXPENSES</b>					
Compensation and fringe benefits		13,853,217,876	11,309,938,760	13,367,317,082	11,271,950,519
Taxes and licenses		3,842,625,455	3,452,902,178	3,789,219,650	3,427,605,229
Depreciation and amortization		1,417,510,263	1,051,745,668	1,362,803,272	1,035,285,806
Foreign exchange loss from revaluation		0	574,046,924	0	574,046,924
Rent		1,255,848,910	968,795,158	1,558,356,596	1,002,024,401
Miscellaneous expenses	36	13,160,603,980	10,649,957,320	12,535,155,976	10,358,880,013
		33,529,806,484	28,007,386,008	32,612,852,576	27,669,792,892
<b>INCOME BEFORE INCOME TAX</b>		16,400,103,323	15,683,242,433	16,751,430,405	15,494,837,017
<b>PROVISION FOR INCOME TAX</b>	24	255,986,870	411,843,506	161,474,759	319,612,454
<b>NET INCOME</b>		16,144,116,453	15,271,398,927	16,589,955,646	15,175,224,563
<b>OTHER COMPREHENSIVE INCOME</b>	33				
Net unrealized gains on securities available for sale		6,448,849,756	1,875,908,234	6,496,608,061	1,875,908,234
Remeasurement of retirement benefit obligation		1,142,828	(5,176,642)	0	0
Translation adjustment and others		231,756,287	0	231,756,287	0
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>22,825,865,324</b>	<b>17,142,130,519</b>	<b>23,318,319,994</b>	<b>17,051,132,797</b>

The Notes on pages 199 to 247 form part of these financial statements.

LAND BANK OF THE PHILIPPINES

**STATEMENTS OF CHANGES IN EQUITY – GROUP**

For the years ended December 31, 2018 and 2017  
(In Philippine Peso)

	Common Stock (Note 32)		Paid-in Surplus	Retained Earnings Free	Retained Earnings Reserve (Note 33)	Undivided Profits	Revaluation Increment	Other Comprehensive Income (Loss) (Note 33)	TOTAL
	Shares	Amount							
<b>Balance, December 31, 2016 – as restated</b>	<b>178,000,000</b>	<b>17,800,000,000</b>	<b>101,098,220</b>	<b>29,107,555,598</b>	<b>30,794,448,508</b>	<b>14,355,885,309</b>	<b>61,200,000</b>	<b>3,535,921,620</b>	<b>95,756,109,255</b>
Capital infusion from the National Government	31,810,000	3,181,000,000							3,181,000,000
Net income during the year – as restated						15,271,398,927			15,271,398,927
Net unrealized gain on securities								1,875,908,234	1,875,908,234
Re-measurement of retirement benefit obligation								(5,176,642)	(5,176,642)
Transfer to retained earnings free				14,355,885,309		(14,355,885,309)			0
Transfer to retained earnings reserve				(11,517,000,000)	11,517,000,000				0
Payment of cash dividends				(130,571,749)					(130,571,749)
Prior period adjustment				274,171,455					274,171,455
Closure of excess book value over cost of investment in subsidiaries				29					29
Currency translation difference				(127,027)					(127,027)
<b>Balance, December 31, 2017 – as restated</b>	<b>209,810,000</b>	<b>20,981,000,000</b>	<b>101,098,220</b>	<b>32,089,913,615</b>	<b>42,311,448,508</b>	<b>15,271,398,927</b>	<b>61,200,000</b>	<b>5,406,653,212</b>	<b>116,222,712,482</b>
Effect of PFRS 9 adoption (Note 2.4)				(8,124,414,908)				6,555,190,215	(1,569,224,693)
<b>Beginning balance under PFRS 9</b>	<b>209,810,000</b>	<b>20,981,000,000</b>	<b>101,098,220</b>	<b>23,965,498,707</b>	<b>42,311,448,508</b>	<b>15,271,398,927</b>	<b>61,200,000</b>	<b>11,961,843,427</b>	<b>114,653,487,789</b>
Capital infusion from the National Government	53,097,777	5,309,777,708							5,309,777,708
Net income during the year						16,144,116,453			16,144,116,453
Net unrealized gain on securities								188,345,583	188,345,583
Re-measurement of retirement benefit obligation								1,142,828	1,142,828
Transfer to retained earnings free				15,271,398,927		(15,271,398,927)			0
Transfer to retained earnings reserve				(12,245,150,000)	12,245,150,000				0
Payment of cash dividends				(137,791,589)					(137,791,589)
Prior period adjustment				627,595,559					627,595,559
Disposal of equity securities classified as Fair Value thru other comprehensive income				294,686,042				(294,686,042)	0
Appropriation of ECL-general provision				(141,081,754)	141,081,754				0
Closure of excess book value over cost of investment in subsidiaries				(19)					(19)
Currency translation difference and others				(1,502,955)				231,756,287	230,153,332
<b>Balance, December 31, 2018</b>	<b>262,907,777</b>	<b>26,290,777,708</b>	<b>101,098,220</b>	<b>27,633,552,918</b>	<b>54,697,680,262</b>	<b>16,144,116,453</b>	<b>61,200,000</b>	<b>12,088,402,083</b>	<b>137,016,827,644</b>

TThe Notes on pages 199 to 247 form part of these financial statements.

LAND BANK OF THE PHILIPPINES

## STATEMENTS OF CHANGES IN EQUITY – PARENT

For the years ended December 31, 2018 and 2017  
(In Philippine Peso)

	Common Stock (Note 33)		Paid-in Surplus		Retained Earnings Free	Retained Earnings Reserve (Note 33)	Undivided Profits	Other Comprehensive Income (Loss) (Note 33)	TOTAL
	Shares	Amount							
<b>Balance, December 31, 2016</b>	178,000,000	17,800,000,000	101,098,220	27,871,317,945	29,771,448,508	14,105,451,520	93,185,349,337		
Capital infusion from the National Government	31,810,000	3,181,000,000					3,181,000,000		
Net income during the year - as restated							15,175,224,563		
Net unrealized gain on securities							1,875,908,234		
Transfer to retained earnings free							0		
Increase in retained earnings-reserve							0		
Prior period adjustment							276,431,145		
Currency translation difference							(127,027)		
<b>Balance, December 31, 2017 - as restated</b>	209,810,000	20,981,000,000	101,098,220	30,753,073,583	41,271,448,508	15,175,224,563	113,693,786,252		
Effect of PFRS 9 adoption (Note 2.4)				(8,124,414,908)			6,555,190,215		
<b>Beginning balance under PFRS 9</b>	209,810,000	20,981,000,000	101,098,220	22,628,658,675	41,271,448,508	15,175,224,563	11,967,131,593		
Capital infusion from the National Government	53,097,777	5,309,777,708					5,309,777,708		
Net income during the year							16,589,955,646		
Net unrealized gain on securities							236,103,888		
Transfer to retained earnings free							0		
Increase in retained earnings-reserve							0		
Prior period adjustment							467,734,501		
Disposal of equity securities classified as Fair Value thru other comprehensive income							(294,686,042)		
Appropriation of ECL general provision							141,081,754		
Currency translation difference and others							(1,502,955)		
<b>Balance, December 31, 2018</b>	262,907,777	26,290,777,708	101,098,220	26,423,619,072	53,412,530,262	16,589,955,646	12,140,305,726		
									134,958,286,634

The Notes on pages 199 to 247 form part of these financial statements.



**STATEMENTS OF CASH FLOWS**

For the years ended December 31, 2018 and 2017

(In Philippine Peso)

	GROUP		PARENT	
	2018	2017 As restated	2018	2017 As restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest received	57,802,853,222	42,661,419,963	57,084,133,197	46,669,939,026
Interest paid	(13,087,087,359)	(10,128,409,151)	(12,959,893,491)	(10,114,161,298)
Fees and commission received	1,873,386,176	1,892,258,615	1,724,510,897	1,779,684,551
Gain on financial assets and liabilities - fair value thru P/L	692,272,465	893,560,913	695,075,242	893,560,913
Gain from dealings in foreign currency	404,965,662	415,407,278	404,965,662	412,592,550
Miscellaneous income	2,780,991,623	1,418,850,134	2,543,193,018	1,122,775,823
General and administrative expenses	(32,732,926,191)	(24,084,132,944)	(32,425,249,953)	(23,151,640,503)
Operating income before changes in operating assets and liabilities	<b>17,734,455,598</b>	<b>13,068,954,808</b>	<b>17,066,734,572</b>	<b>17,612,751,062</b>
Changes in operating assets and liabilities				
(Increase)/Decrease in operating assets				
Interbank loans receivable	2,883,080,000	(5,408,240,000)	2,883,080,000	(5,408,240,000)
Fair value thru profit or loss	2,730,313,373	(3,481,551,509)	2,774,974,239	(3,481,551,509)
Loans and receivable	(185,784,300,873)	(113,769,646,275)	(180,828,866,859)	(113,225,893,729)
Other intangible assets	(189,296,172)	(393,681,903)	(172,929,708)	(393,162,806)
Other assets	1,875,860,487	5,972,041,637	1,749,044,547	1,822,530,416
Deferred income tax	(604,806,767)	(545,101,526)	(610,165,808)	(538,218,454)
Increase/(Decrease) in operating liabilities				
Deposit liabilities	238,042,733,318	189,594,301,626	230,667,921,375	189,496,020,794
Derivative liabilities	(15,566,224)	388,114	(15,566,224)	388,114
Deposits from other banks	0	(1,723,036)	0	(1,723,036)
Payment order payable	12,865,446	(40,556,117)	12,865,446	(40,556,117)
Marginal deposits	(2,720,130,485)	(41,415,725)	(2,720,130,485)	(41,415,725)
Cash letters of credit	(2,489,670,220)	2,415,364,535	(2,489,670,220)	2,415,364,535
Treasurer's, Manager's and Cashier's Checks	251,711,001	(28,116,680)	234,088,776	(28,116,680)
Other liabilities	142,748,251	11,988,896,700	120,644,677	11,292,442,789
Net cash generated from operations	<b>71,869,996,733</b>	<b>99,329,914,649</b>	<b>68,672,024,328</b>	<b>99,480,619,654</b>
Income taxes paid	(140,046,620)	(90,429,132)	0	0
Net cash generated from operating activities	<b>71,729,950,113</b>	<b>99,239,485,517</b>	<b>68,672,024,328</b>	<b>99,480,619,654</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to property and equipment	(1,495,974,287)	(1,373,608,089)	(1,717,608,937)	(1,377,634,985)
Disposals of investment property	(256,064,325)	473,511,516	47,677,440	459,243,583
Disposals of/(additions to) non-current assets held for sale	(451,390,057)	(58,653,276)	(12,922,438)	(63,321,031)
Dividends received	1,436,544,181	1,582,606,081	1,436,544,181	1,582,606,081
Gain from investment securities	48,165,355	451,832,549	48,165,355	451,875,346
Decrease/(increase) in:				
Fair value thru other comprehensive income	132,361,941,988	54,046,622,095	132,891,723,234	54,046,622,095
Hold to collect	(175,405,219,744)	(168,271,773,425)	(175,321,294,328)	(168,045,733,141)
Investment in subsidiaries	0	0	(1,021,758,875)	(1)
Investment in associates	(581,627,180)	0	(581,627,180)	0
Net cash provided by (used in) investing activities	<b>(44,343,624,069)</b>	<b>(113,149,462,549)</b>	<b>(44,231,101,548)</b>	<b>(112,946,342,053)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Cash dividends paid	(133,840,795)	(130,568,425)	0	0
Capital infusion from National Government	5,309,777,708	3,181,000,000	5,309,777,708	3,181,000,000
Other charges to capital	(6,982,291,195)	240,457,247	(7,131,841,033)	276,304,118
Increase/(decrease) in:				
Bills payable	7,189,132,152	(4,845,874,439)	6,810,132,152	(5,424,874,439)
Net cash used in financing activities	<b>5,382,777,870</b>	<b>(1,554,985,617)</b>	<b>4,988,068,827</b>	<b>(1,967,570,321)</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>392,423,881</b>	<b>(574,046,924)</b>	<b>392,285,472</b>	<b>(574,046,924)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>33,161,527,795</b>	<b>(16,039,009,573)</b>	<b>29,821,277,079</b>	<b>(16,007,339,644)</b>

<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>				
Cash and other cash items	31,385,326,196	28,251,826,726	31,384,484,693	28,250,784,197
Due from Bangko Sentral ng Pilipinas	305,349,912,019	355,405,020,009	305,349,912,019	355,405,020,009
Due from other banks	5,184,791,386	11,731,533,951	5,106,486,709	11,621,760,371
Securities purchased under agreements to resell	52,232,925,111	14,803,583,599	52,232,925,111	14,803,583,599
	<b>394,152,954,712</b>	<b>410,191,964,285</b>	<b>394,073,808,532</b>	<b>410,081,148,176</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>				
Cash and other cash items	37,071,877,586	31,385,326,196	36,968,265,489	31,384,484,693
Due from Bangko Sentral ng Pilipinas	334,804,227,060	305,349,912,019	331,197,576,413	305,349,912,019
Due from other banks	4,889,218,840	5,184,791,386	5,709,452,042	5,106,486,709
Securities purchased under agreements to resell	50,549,159,021	52,232,925,111	50,019,791,667	52,232,925,111
	<b>427,314,482,507</b>	<b>394,152,954,712</b>	<b>423,895,085,611</b>	<b>394,073,808,532</b>

The Notes on pages 199 to 247 form part of these financial statements.

## NOTES TO FINANCIAL STATEMENTS

(All amounts in Philippine Peso unless otherwise stated)

### 1. Corporate Information

The Land Bank of the Philippines (Parent) is a financial institution wholly-owned by the National Government. The Parent was established in 1963 as the financial intermediary of the Land Reform Program of the government. Later, it became the first universal bank by charter with expanded commercial banking powers to sustain its social mission of spurring countryside development.

The Parent is a depository bank of the government and its various instrumentalities. The Parent services the requirements of the national government, local government units and government-owned and controlled corporations. As of December 31, 2018, 74 percent of the deposit portfolio came from the government while the rest came from private depositors.

The Parent and its subsidiaries (Group) are engaged in the business of banking, financing, leasing, real estate, insurance brokering and other related services to personal, commercial, corporate and institutional clients. The Group's products and services include deposit-taking, lending and related services, treasury and capital market operations, trade services, payments and cash management, and trust services.

The Parent's principal office of business is located at the LandBank Plaza, 1598 M.H. Del Pilar corner Dr. J. Quintos Streets, Malate, Manila.

The accompanying comparative financial statements of the Parent were authorized for issue by the Parent's Board of Directors on July 05, 2019 while those of the subsidiaries were approved for issue by their respective Board of Directors on various dates.

### 2. Summary of Significant Accounting Policies

#### 2.1 Statement of Compliance

The consolidated financial statements of the Group and of the Parent have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS).

#### 2.2 Basis of Financial Statements Preparation

The accompanying financial statements have been prepared on a historical cost basis unless stated otherwise.

The financial statements of the Parent include the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The financial statements individually prepared for these units are combined after eliminating inter-unit accounts.

The functional currency of RBU and FCDU is Philippine Peso and United States Dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated assets and liabilities in the RBU are translated in Philippine Peso based on the Bankers Association of the Philippines (BAP) closing rate prevailing at end of the year and at the BAP Weighted Average Rate for the year for income and expenses.

The consolidated financial statements are presented in Philippine peso and all values are rounded to the nearest peso except when otherwise indicated.

## 2.3 Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent and the following wholly-owned subsidiaries:

Name	Country of Incorporation	Principal Activity	Functional Currency
LBP Leasing and Finance Corporation	Philippines	Leasing	Philippine peso
LBP Insurance Brokerage, Inc.	Philippines	Insurance brokerage	Philippine peso
LBP Resources and Development Corporation	Philippines	Real estate	Philippine peso
Masaganang Sakahan, Inc.	Philippines	Trading	Philippine peso
Overseas Filipino Bank, Inc	Philippines	Banking	Philippine peso

The consolidated financial statements were prepared using consistent accounting policies for like transactions and other events in similar circumstances. All significant inter-company balances and transactions have been eliminated in consolidation.

## 2.4 Changes in Accounting Policies

### PFRS 9, Financial Instruments

Effective January 1, 2018, PFRS 9 replaces Philippine Accounting Standard (PAS) 39, Financial Instruments: Recognition and Measurement. PFRS 9 also supersedes all earlier versions of the standard, thereby bringing together all three aspects of the accounting for financial instruments: classification, measurement and impairment.

PFRS 9 is required to be applied on a retrospective basis, with certain exceptions. As permitted, the Group did not restate prior period comparative financial statements when the Group adopted the requirements of the new standard. Therefore, the comparative information for 2017 is reported under (PAS) 39 and is not comparable to information presented in 2018.

Restatements and differences in the carrying amounts of financial instruments arising from the adoption of PFRS 9 have been recognized in the 2018 opening balances of retained earnings and Other Comprehensive Income (OCI) as if the Group had always applied PFRS 9.

The Group adopted the classification and measurement, impairment and hedge accounting requirements of the standard as follows:

### Classification and Measurement

#### Debt Financial Assets

Financial assets are measured at Fair Value through Profit or Loss (FVTPL) unless these are measured at Fair Value through Other Comprehensive Income (FVOCI) or at amortized cost. The classification and measurement provisions of PFRS 9 require that all debt financial assets that do not meet the “solely payment of principal and interest” (SPPI) test, including those that contain embedded derivatives, be classified at initial recognition as financial assets at FVTPL. The intent of the SPPI test is to ensure that debt instruments that contain non-basic lending features, such as conversion options and equity linked pay-outs, are measured as financial assets at FVTPL. Subsequent measurement of instruments classified as financial assets at FVTPL under PFRS 9 operates in a similar manner to financial instruments held for trading under PAS 39.

For debt financial assets that meet the SPPI test, classification at initial recognition will be determined based on the business model under which these instruments are managed. Debt instruments that are managed on a “hold to collect and for sale” basis will be classified as financial assets measured at FVOCI. Debt instruments that are managed on a “hold to collect” basis will be classified as investment securities at amortized cost. Subsequent measurement of instruments classified as financial assets at FVOCI and at amortized cost classifications under PFRS 9 operate in a similar manner to AFS financial assets for debt financial assets and loans and receivables, respectively, under existing PAS 39, except for the impairment provisions which are discussed below.

For those debt financial assets that would otherwise be classified as financial assets at FVOCI or at amortized cost, an irrevocable designation can be made at initial recognition to instead measure the debt instrument as financial asset measured at FVTPL under the fair value option (FVO) if doing so eliminates or significantly reduces an accounting mismatch.



## Equity Financial Assets

All equity financial assets are required to be measured at initial recognition at FVTPL unless an irrevocable designation is made to classify the instrument as financial asset measured at FVOCI. Unlike AFS for equity securities under PAS 39, the FVOCI for equity category results in all realized and unrealized gains and losses being recognized in OCI with no recycling to profit and loss. Only dividends will continue to be recognized in profit and loss. Under PFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms.

## Financial liabilities

The classification and measurement of financial liabilities remain essentially unchanged from the current PAS 39 requirements, except that changes in fair value of FVO liabilities attributable to changes in own credit risk are to be presented in OCI, rather than profit and loss.

## Derivatives

Derivatives continue to be classified as financial assets/liabilities measured at FVTPL under PFRS 9.

A Parent's reconciliation between the carrying amounts under PAS 39 to the balances reported under PFRS 9 as of January 1, 2018 follow:

December 31, 2017 under PAS 39						January 1, 2018 under PFRS 9	
	Measurement Category	Amount	Reclassification	Re- measurement	ECL	Measurement Category	Amount
Cash and other cash items	Amortized cost	31,384,484,693	0	0	0	Amortized cost	31,384,484,693
Due from Bangko Sentral ng Pilipinas	Amortized cost	305,349,912,019	0	0	0	Amortized cost	305,349,912,019
Due from other banks	Amortized cost	5,106,486,709	0	0	(2,829,846)	Amortized cost	5,103,656,863
Interbank loans receivable	Amortized cost	20,981,026,772	0	0	0	Amortized cost	20,981,026,772
Securities purchased under agreements to resell	Amortized cost	52,232,925,111	0	0	0	Amortized cost	52,232,925,111
Loans and receivables-net	Amortized cost	612,715,409,602	0	0	(6,700,361,502)	Amortized cost	606,015,048,100
Held for Trading							
Debt	FVTPL	11,277,862,485	(11,277,862,485)	0		FVTPL	11,273,543,561
				(318,924)		Amortized cost	4,000,000
Derivatives with Positive FV	FVTPL	2,088,402,244	(2,088,402,244)	0		FVTPL	2,088,402,244
		<b>13,366,264,729</b>	<b>(13,366,264,729)</b>	<b>(318,924)</b>			<b>13,365,945,805</b>
Available for Sale (AFS)							
Debt	AFS	213,436,947,813	(213,436,947,813)	4,759,031,029		Amortized cost	160,412,308,334
						FVOCI	57,783,670,508
Equity	AFS	15,615,137,720	(15,615,137,720)	0		FVOCI	15,615,137,720
		<b>229,052,085,533</b>	<b>(229,052,085,533)</b>	<b>4,759,031,029</b>			<b>233,811,116,562</b>
Held to Maturity (HTM)							
Debt	Amortized cost	317,123,977,928	(317,123,977,928)	2,158,624,544	148,610,144	Amortized cost	300,709,670,364
				162,953,735		FVOCI	18,884,495,987
		<b>317,123,977,928</b>	<b>(317,123,977,928)</b>	<b>2,321,578,279</b>	<b>148,610,144</b>		<b>318,903,863,106</b>
INMES	Historical cost	7,341,084,176	(7,341,084,176)	(1,383,025,654)		FVOCI	4,838,727,434
				(1,763,698,167)		FVTPL	763,345,258
				1,407,712,337			0
		<b>7,341,084,176</b>	<b>(7,341,084,176)</b>	<b>(1,739,011,484)</b>			<b>5,602,072,692</b>
UDSCL	Amortized cost	10,724,049,656	(10,724,049,656)	4,818,245		Amortized cost	10,608,870,816
				(4,818,245)		FVOCI	10,187,804
						FVTPL	104,991,036
		<b>10,724,049,656</b>	<b>(10,724,049,656)</b>	<b>0</b>			<b>10,724,049,656</b>
OTHER INVESTMENTS	Historical cost	10,016,959	(10,016,959)	9,043,808			0
				(673,500)		Historical cost	580,000
				35,952,733		FVOCI	53,760,000
		<b>10,016,959</b>	<b>(10,016,959)</b>	<b>44,323,041</b>			<b>54,340,000</b>

The impact on the Parent's surplus and net unrealized gain upon adoption of PFRS 9 are as follows:

	Amount
<b>Other Comprehensive Income, Closing Balance under PAS 39 (December 31, 2017)</b>	<b>5,411,941,378</b>
<b>Adjustments on initial application of PFRS 9</b>	
a. Reversal of net unrealized losses on reclassification of securities from FVOCI to Hold to Collect (HTC)	4,759,031,029
b. Reversal of unamortized net unrealized losses on previously reclassified securities from AFS to HTM	2,158,624,544
c. Recognition of net unrealized gains on HTM reclassified to FVOCI	162,953,734
d. Recognition of net unrealized loss on equity investments reclassified to FVOCI	(525,419,092)
	6,555,190,215
<b>Opening Balance under PFRS 9 (January 01, 2018)</b>	<b>11,967,131,593</b>
<b>Retained Earnings – Free, Closing Balance under PAS 39 (December 31, 2017)</b>	<b>30,753,073,583</b>
<b>Adjustments on initial application of PFRS 9</b>	
a. Reversal of unrealized gain on securities classified from FVTPL to HTC	(318,924)
b. Reversal of allowance for credit losses on equity investments reclassified to FVOCI	397,690,903
c. Recognition of unrealized losses on equity securities reclassified to FVTPL	(1,566,960,256)
d. Recognition of estimated credit losses (ECL) <sup>1/</sup>	(6,954,826,631)
	(8,124,414,908)
<b>Opening Balance under PFRS 9 (January 01, 2018)</b>	<b>22,628,658,675</b>

<sup>1/</sup>Includes ECL for Contingent Accounts

The adoption of PFRS 9 as at January 01, 2018 resulted in the reversal of net unrealized losses in Other Comprehensive Income amounting to P6.555 billion and a reduction in the Retained Earnings – free of P8.124 billion.

### Credit Losses on Credit Exposures

Geared towards complying with the requirements of PFRS 9, the Bank adopted the Expected Credit Loss (ECL) methodology as of 1 January 2018 to quantify/measure the credit losses on loan receivables, investments in debt instruments that are measured at amortized cost or at Fair Value through Other Comprehensive Income (FVOCI); and credit commitments and financial guarantee contracts that are not measured at fair value through profit or loss (FVTPL).

With the Bank's adoption, the credit loss methodology changed significantly from incurred loss approach to ECL where the Bank recognized credit impairment/allowance for credit losses even before an objective evidence of impairment becomes apparent. Further, it considered past events, current conditions, and forecasts of future economic conditions in assessing impairment. The adoption of PFRS 9 to compute credit losses as of 1 January 2018 resulted in additional allowance of P6.955 billion.

### PFRS 9 Policies – Classification and Measurement

- The following instruments shall undergo the classification:
  - Debt Instruments – Solely Payment of Principal and Interest and Business Model (BM) Tests
  - Equity Instruments – BM Test
- BM shall be reviewed and recommended by the Investment and Loan Committee and approved by the Board of Directors.
- The following are the BMs for managing financial assets:

Business Model	Amortized Cost – Hold to Collect (HTC)	Fair Value through Other Comprehensive Income (FVOCI)	Fair Value through Profit or Loss (FVTPL)
Objective	Collect Contractual cash flows	Collect contractual cash flows and sell	Sell Financial assets
Relevant Risks	Credit, Liquidity and Interest Rate	Liquidity, Interest Rate, Credit and Market	Market
Frequency of Sales	Rare (Only permitted sales as specified in the BM)	Less Frequent	More frequent and greater volume
KPIs and Incentives	Accrual or (net) interest income	Accrual Income and dividends	Trading/capital gains
Impairment and Credit Review	YES	YES	NO

4. Functions of the Parent's three (3) Lines of defense are as follows:
  - a. First Line of Defense – responsible in implementation of the policies
  - b. Second Line of Defense – responsible in the identification of various risk controls and compliance issues
  - c. Third Line of Defense – responsible in ensuring effective governance, risk management and internal controls

#### **PFRS 9 POLICIES – EXPECTED CREDIT LOSS (ECL) ASSESSMENT**

1. ECL Assessment shall be applied to the following exposures:
  - a. Loans and receivables measured at amortized cost;
  - b. Investments in debt instruments that are measured at amortized cost;
  - c. Investments in debt instruments that are measured at fair value through other comprehensive income (FVOCI);
  - d. Due from Bangko Sentral ng Pilipinas and Due from Other Banks;
  - e. Credit commitments and financial guarantee contracts that are not measured at fair value through profit or loss;
  - f. Other Financial Assets measured at amortized cost (Accounts Receivables, etc.)
2. The Parent's exposures shall be classified into the following stages:

STAGE	CHARACTERISTICS	ECL ASSESSMENT
Stage 1	credit exposures that are considered “performing” and with no significant increase in credit risk since initial recognition or with low credit risk	12 MONTH
Stage 2	credit exposures that are considered “under-performing” or not yet non-performing but with significant increase in credit risk since initial recognition	LIFETIME
Stage 3	credit exposures with objective evidence of impairment, these are considered as “non-performing”	LIFETIME

#### **PFRS 15 – Revenue from Contracts with Customers**

PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. The Group determines to adopt PFRS 15 effective January 01, 2019 retroactive January 01, 2018.

#### **Significant Accounting Policies**

##### Foreign currency translation

##### *Transactions and balances*

The books of accounts of the RBU are maintained in Philippine Peso, while those of the FCDU are maintained in USD. For financial reporting purposes, the foreign currency-denominated monetary assets and liabilities in the RBU are translated in Philippine Peso based on the BAP closing rate prevailing at the statement of financial position date and foreign-currency denominated income and expenses at the prevailing exchange rate on date of transaction. Foreign exchange differences arising from revaluation and translation of RBU denominated assets and liabilities are credited to or charged against operations in the year in which the rates change.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

FCDU assets and liabilities of the Parent are translated in the Philippine Peso at BAP closing rate prevailing at the statements of financial position date, and its income and expenses are translated at BAP weighted average rate for the year. Exchange difference arising on translation to the presentation currency are recorded to “Translation Adjustment and Others” in the Equity. Upon disposal of the FCDU or actual remittance of FCDU profits to RBU, the cumulative amount of translation adjustments in the equity is recognized in the statement of comprehensive income.

### Fair Value Measurement

The methods and assumptions used by the Group in estimating the fair value of the financial instruments include the following:

Cash and cash equivalents and short-term investments – Carrying amounts approximate fair values due to the relatively short-term maturity of these instruments.

Debt and Equity securities – Fair values are generally based upon quoted market prices. If the market prices are not readily available, fair values are estimated using either values obtained from counterparties or independent parties offering pricing services, values based on adjusted quoted market prices of comparable investments or values computed using the discounted cash flow methodology.

Short-term investments – Carrying amounts approximate fair values.

Obligations to repurchase securities are recorded at cost which approximates fair value.

Liabilities – Fair values are estimated using the discounted cash flow methodology using the Parent's current incremental borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. Except for the long-term fixed rates liabilities and floating rate liabilities with repricing periods beyond three months, the carrying values approximate fair values due to the relatively short term maturities of the liabilities or frequency of the repricing.

### Financial Instruments

#### *Date of recognition*

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date – the date that an asset is delivered to or by the Group. Securities transactions are also recognized on settlement date basis. Derivatives are recognized on trade date basis. Deposits, amounts due to banks and customers and loans are recognized when cash is received by the Group or advanced to the borrowers.

#### *Initial recognition of financial instruments*

All financial instruments, including trading and investment securities and loans and receivables, are initially measured at fair value. Except for financial assets and financial liabilities valued at FVTPL, the initial measurement of financial instruments includes transaction costs. For CY 2018, the Group classifies its financial assets in the following measurement categories: (1) financial assets at FVTPL, (2) financial assets at FVOCI investments, (3) financial assets at amortized cost consisting of hold to collect (HTC) investments, loans and receivables, due from BSP, due from other banks, interbank loans receivable and securities under agreement to resell. On the other hand, the financial liabilities are classified as financial liabilities at FVPL and financial liabilities at amortized cost. Under PFRS 9, the classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. For CY 2017, the Group classifies its financial assets in the following categories Held for Trading (HFT), Held to Maturity (HTM) investments, Available for Sale (AFS) investments, and loans and receivables while financial liabilities are classified as financial liabilities at FVPL and financial liabilities carried at amortized cost. Under PAS 39, the classification depends on the purpose for which the investments were acquired and if they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

#### *Determination of fair value*

The fair value for financial instruments traded in active markets at the statement of financial position date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. In the absence of an available current bid and asking prices, the price of the most recent transaction is used because it provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.



## *Derivative Instruments*

The Parent enters into derivative contracts such as currency forwards and currency swaps to manage its foreign exchange exposure. These derivative financial instruments are initially recorded at fair value on the date at which the derivative contract is entered into and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the statement of comprehensive income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative instruments are booked at its notional amount under contingent account on trade date and subsequently measured using the mark to forward methods. Any gains/(losses) arising from the market valuation are booked under asset account "Derivatives with positive fair value" if the market valuation is positive and under the liability account "Derivatives with negative fair value" if the market valuation is negative contra foreign exchange gain/(loss) account.

The Parent did not apply hedge accounting treatment for its derivative transactions.

### *Policies applicable beginning January 1, 2018*

Financial assets are measured at FVTPL unless these are measured at FVOCI or at amortized cost. Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortized cost.

The classification of financial assets depends on the contractual terms and the business model for managing the financial assets. Subsequent to initial recognition, the Group may reclassify its financial assets only when there is a change in its business model for managing these financial assets. Reclassification of financial liabilities is not allowed.

The Group first assesses the contractual terms of financial assets to identify whether they pass the contractual cash flow test (SPPI test). For the purpose of the SPPI test, principal is defined as the fair value of the financial assets at initial recognition and may change over the life of the financial asset. The most significant elements of interest within a lending arrangements are typically the consideration for the time value of money and credit risk. In contrast, contractual terms that introduce a more than insignificant exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI. In such cases, the financial asset is required to be measured at FVTPL. Only financial assets that pass the SPPI test are eligible to be measured at FVOCI or at amortized cost.

#### *a. Financial Assets at FVTPL*

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at Financial assets at FVTPL, irrespective of the business model. Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of income.

#### *b. Financial Assets at FVOCI*

Financial assets at FVOCI reclassified from Available for Sale Securities include debt and equity securities. After initial measurement, financial assets at FVOCI are subsequently measured at fair value. The unrealized gains and losses arising from the fair valuation of investment securities at FVOCI are excluded, net of tax, as applicable, from the reported earnings and are recognized in the statement of comprehensive income as 'Change in net unrealized loss on financial assets at FVOCI'.

Debt securities at FVOCI are those that meet both of the following conditions:

- (i) The asset is held within a business model whose objective is to hold the financial assets in order to both collect contractual cash flows and sell financial assets; and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the outstanding principal amount.

The effective yield component (including premium, discounts and directly attributable transaction costs) and foreign exchange restatement of debt securities are reported in the statement of income.

Equity securities designated at FVOCI are those that the Group made an irrevocable election at initial recognition to present in OCI the subsequent changes in fair value. Dividends earned on holding equity securities at FVOCI are recognized in the statement of income as 'Dividends' when the right to receive payment has been established. Equity securities at FVOCI are not subject to impairment assessment.

c. *Financial Assets at Amortized Cost*

Financial assets at amortized cost are debt financial assets that meet both of the following conditions:

- (i) These are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows; and
- (ii) The contractual terms give rise on specified dates to cash flows that are SPPI on the outstanding principal amount.

After initial measurement, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for credit losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in 'Interest Income' in the statement of income. Losses arising from credit losses are recognized in 'Provision for impairment, credit and other losses' in the statement of income.

d. *Loans and receivables, amounts due from BSP and other banks, interbank loans receivable and securities purchased under resale agreements*

These are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as other financial assets held for trading, designated as FVOCI investments. These are measured at amortised cost.

Impairment of Financial Assets

For CY 2017, the Group determines at each reporting date if there is objective evidence that a financial asset may be impaired.

*Financial assets carried at amortized cost*

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group first assesses if objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for assets that are not individually significant. If it is determined that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics (i.e., on the basis of the Group's scoring process that considers asset term, industry and collateral) and that group of assets is collectively assessed for impairment. Those characteristics are relevant to the estimation of future cash flows for group of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through use of an allowance account.

The amount of loss is charged to current operations. If a loan or HTC investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, any amounts formerly charged are credited to 'Provision for credit losses' in the statement of comprehensive income and the allowance account, reduced. The HTC investments, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets and historical loss experience for assets with similar credit risk characteristics. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets are made to reflect and be directionally consistent with changes in related observable data from period to period (such as changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are charged to income.

#### *Restructured loans*

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate. The difference between the recorded value of the original loan and the present value of the restructured cash flows, discounted at the original effective interest rate, is recognized in 'Provision for credit losses' in the statement of comprehensive income.

#### *Assets Carried at Cost*

If there is objective evidence that an impairment loss on an unquoted equity instruments that are not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

#### *FVOCI Investments*

If an FVOCI investment is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss on that security previously recognized in profit or loss – is removed from equity and recognized in the statement of comprehensive income. Impairment losses on equity instruments recognized in the statement of comprehensive income are not reversed through the statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as FVOCI investment increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the statement of comprehensive income.

#### Derecognition of Financial Assets and Liabilities

*Financial Assets.* A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

*Financial Liabilities.* Derecognition of a financial liability happens when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

### Offsetting financial instruments

Offsetting of financial assets and financial liabilities are only made and the net amount are reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and the liability simultaneously.

### Fiduciary Activities

Assets and income arising from fiduciary activities together with related undertakings to return such assets to customers are excluded from the financial statements where the Group acts in a fiduciary capacity such as nominee, trustee or agent.

### Subsequent Events

Any post-year-end event that provides additional information about the Group's position at the statement of financial position date (adjusting event) is reflected in the financial statements. Post-year-end events that are non adjusting events, if any, are disclosed in the Notes to the Financial Statements, when material.

### Impairment of Property and Equipment, Investment Property and Other Resources

At each reporting date, the Group assesses if there is any indication that the property and equipment and investment properties may be impaired.

Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

### Investments in Subsidiaries

The Parent's investments in subsidiaries in which the Parent has control are accounted for under the cost method of accounting in the separate financial statements. These are carried in the statement of financial position at cost less any impairment in value.

### Investment in Associate

The Parent's investment in associate pertains to the entity over which the Parent Company has investment holdings of 20 per cent or more and has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investment in associate is accounted for under the equity method of accounting.

### Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value. When the assets are sold or retired, their cost and accumulated depreciation and amortization are eliminated from the accounts and any gain or loss resulting from their disposal is recognized in the profit or loss.

The initial cost of property and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance costs, are normally charged to profit and loss in the period in which the costs are incurred.

Depreciation and amortization is calculated on a straight-line basis over the estimated useful life (EUL) of the property and equipment as follows:

	<b>Number of Years</b>
Buildings	10 - 30
Furniture, fixtures and equipment	5 - 10
Leasehold rights	10 - 30*
Transportation equipment	7 - 10

\*EUL shall depend on the length of the lease. It shall be the period of the lease or the EUL of the assets, as given, whichever is shorter.

The useful life and depreciation and amortization methods are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.



### Investment properties

Property acquired by the Group in settlement of loans through foreclosure or dation in payment, and that is not significantly occupied by the Group, is classified as investment property. Investment property comprises land and building.

Investment properties are measured at their fair value as the deemed cost as allowed under PFRS 1 and PAS 40. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment loss. Investment properties are derecognized when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on derecognition of an investment property are recognized in the profit and loss in the year of derecognition.

Expenditures incurred after the fixed investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to expense in the period in which the costs are incurred.

Depreciation is calculated on a straight-line basis over 10 to 30 years, which is the estimated useful life of the investment properties.

### Non-Current Assets Held for Sale

Non-current assets held for sale include other properties (chattels, auto and real estate) acquired through repossession or foreclosure that the Group intends to sell within one year from the date of classification as held for sale.

The Group classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The Group is committed to a plan to sell these foreclosed assets and the assets are actively marketed for sale at a price that is reasonable in relation to their current fair values. In the event that the sale of the asset is extended beyond one year, the extension of the period required to complete the sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to sell the asset.

Assets classified as held for sale are measured at the lower of their carrying amounts immediately prior to their classification as assets held for sale and their fair value less costs to sell. The cost of assets foreclosed includes the carrying amount of the related loan less allowance for impairment at the time of foreclosure. The Group recognizes an impairment loss for any initial and subsequent write-down of the asset to fair value less cost to sell. Gain for any subsequent increase in fair value less cost to sell of an asset is recognized to the extent of the cumulative impairment loss previously recognized. Assets classified as held for sale are not subject to depreciation or amortization.

### Intangible Assets

#### *Computer software*

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful lives (three to five years) using the straight line method.

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred.

### Income Taxes

#### *Current taxes*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxing authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the statement of financial position date.

#### *Deferred taxes*

Deferred tax is provided on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- a. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- b. In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and unused NOLCO can be utilized except:

- a. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- b. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Current tax and deferred tax relating to items recognized directly in equity are recognized in other comprehensive income and not in the statement of income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes relate to the same taxable entity and the same taxation authority.

#### Employee Benefits

A defined contribution plan is maintained under which the entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employees service in the current and prior period. The standard requires an entity to recognize contributions to a defined contribution plan when an employee has rendered service in exchange for those contributions.

The fund comes from the Bank's annual contribution based on the total number of employees as of December 31 of each year, which for 2018 amounts to P7.08 million. The fund is being administered by the Provident Fund Office and it is kept separate and distinct from its other funds.

The Group maintains a defined contribution plan which provides for estimated pension benefits on its contributory retirement plan covering all regular employees.

#### Leases

(a) LBP Group is the lessee

- (i) Operating lease - leases in which substantially all risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to expense in the statement of comprehensive income on a straight-line basis over the period of the lease.
- (ii) Financial lease - leases of assets where the LBP Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and the finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in deferred credits and other liabilities. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(b) LBP Group is the lessor

- (i) Operating lease - properties leased out under operating leases are included in investment property in the statement of financial position. Rental income under operating leases is recognized in the statement of comprehensive income on a straight-line basis over the period of lease.
- (ii) Finance lease - when assets are leased out under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned income.

Lease income under finance lease is recognized over the term of the lease using the net investment method before tax, which reflects a constant periodic rate of return.

#### Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received.

The following specific recognition criteria must also be met before revenue is recognized:

##### *Service charges and penalties*

Service charges and penalties are recognized only upon collection or accrued when there is reasonable degree of certainty as to its collectability.

##### *Fees and commissions*

The Group earns fee and commission income from a diverse range of services it provides to its customers, which are divided into the following two categories:

- a. Fee income earned from services that are provided over time

Fees earned for the provision of services over a period of time are accrued over that period. Commitment fees received to originate a loan are deferred and recognized as an adjustment to the effective interest rate. If the loan commitment expires, the fee is recognized as revenue on expiry.

- b. Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as underwriting fees, corporate finance fees, and brokerage fees for the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria.

##### *Other income*

Income from the sale of services is recognized upon completion of service. Income from sale of properties is recognized upon completion of earnings process and the collectability of the sales price is reasonably assured under 'Profit from assets sold/exchanged' in the statement of income.

##### *Interest income*

Interest on interest-bearing financial assets at FVTPL and Held-for-Trading (HFT) investments are recognized based on the contractual rate. Interest on financial instruments measured at amortized cost and fair value through other comprehensive income are recognized based on the effective interest method of accounting.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and allocating the interest income or interest expense over the relevant period.

Interest is recognized on impaired loans and other financial assets based on the rate used to discount future cash flows to their net present value.

##### *Recovery on charged-off assets*

Income arising from collections on accounts or recoveries from impairment of items previously written off is recognized in the year of recovery.

#### *Dividend income*

Dividend income is recognized when the Group's right to receive the payment is established.

#### *Rental income*

Rental income arising on leased premises is accounted for on a straight-line basis over the lease terms on ongoing leases.

#### Borrowing Costs

Borrowing costs are expensed when incurred.

#### **Standards issued but not yet effective**

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements to have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

#### **Effective beginning on or after January 1, 2019**

- PFRS 16, *Leases*

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

The Group is currently assessing the impact of adopting PFRS 16. The Group expects that total assets and total liabilities will increase while total equity will decrease on adoption date.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for the classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted.

- Amendments to PAS 19, *Employees Benefits, Plan Amendment, Curtailment or Settlement*

The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- a. Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- b. Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (assets).
- c. The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment, or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income



- *IFRIC 23, Uncertainty over Income Tax Treatments*

This addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

### 3. Significant Accounting Judgments and Estimates

The preparation of the financial statements in compliance with PFRS requires the Group to make estimates and assumptions that affect the reported amounts of resources, liabilities, income and expenses and disclosure of contingent resources and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Judgments

In the process of applying the Group's accounting policies, Management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

##### a. *Operating lease commitments*

Group as Lessor

The entity has entered into commercial property leases on its investment property portfolio. The entity has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Group as Lessee

The Group has entered into lease on premises it uses for its operations. The Group has determined, based on the evaluation of the terms and conditions of the lease agreement (i.e., the lease does not transfer ownership of the asset to the lessee by the end of the lease term and lease term is not for the major part of the asset's economic life), that the lessor retains all the significant risks and rewards of ownership of these properties.

##### b. *Impairment losses on loans and receivables and HTC investments*

For CY 2017, the Group reviews its loans and receivables and HTC investments to assess impairment at least on an annual basis or earlier when an indicator of impairment exists. In determining if an impairment loss should be recorded in the statement of comprehensive income, the Group makes judgments on any observable data which indicates a measurable decrease in the estimated future cash flows of a financial asset from a portfolio before the decrease can be identified with an individual asset in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. The carrying values of receivables from customers and HTC investments of the Group and the Parent are P935,528,126,800 and P932,689,341,366 as of December 31, 2017, respectively.

For CY 2018, the Group recognized impairment/allowance for credit losses even before an objective evidence of impairment becomes apparent. Further, it considered past events, current conditions and forecasts of future economic conditions in assessing impairment. The carrying values of receivables from customers and HTC investments of the Group and the Parent are P1,296,459,918,816 and P1,288,910,231,668 as of December 31, 2018, respectively.

c. *Impairment of FVOCI investments*

For CY 2017, the Group determines that FVOCI investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows. The carrying values of FVOCI investments are P238,225,846,879 for both the Group and Parent as of December 31, 2017.

For CY 2018, the Group recognized impairment/allowance for credit losses on debt securities even before an objective evidence of impairment becomes apparent. Further, it considered past events, current conditions and forecasts of future economic conditions in assessing impairment. Equity securities at FVOCI are not subject to impairment assessment. The carrying values of FVOCI investments for the Group and Parent as of December 31, 2018 are P111,268,777,036 and P110,786,754,095, respectively.

## Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a. *Fair value of financial instruments (including derivatives)*

The fair value of financial instruments that are not quoted in active markets are determined by using generally accepted valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by the Risk Management Group. All models are reviewed before they are used to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, models use only observable data, however, areas such as credit risk (both own and counterparty), volatilities and correlations require Management to make estimates. Changes in assumptions about these factors could affect reported fair values of financial instruments.

b. *Useful lives of property and equipment*

The Group's Management determines the estimated useful lives and related depreciation charges for its property and equipment. The Bank will increase the depreciation charge where useful lives are less than previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. The carrying values of property and equipment of the Group and the Parent are P8,183,696,092 and P7,960,167,665 as of December 31, 2018 and P7,704,663,099 and P7,222,632,456 as of December 31, 2017, respectively.

## 4. Fair Value Hierarchy

These levels are based on the inputs that are used to determine the fair value and can be summarized in:

Level 1: quoted prices in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: inputs that are not based on observable market data or unobservable inputs

As of December 31, 2018 and 2017, the fair value hierarchy of the Parent's assets and liabilities are presented below:

	As of December 31, 2018				
	Book Value	Level 1 a/	Level 2 b/	Level 3 c/	Total Fair Value
<b>FINANCIAL ASSETS</b>					
<b>FVTPL</b>	<b>10,591,290,490</b>	<b>6,156,447,966</b>	<b>3,496,912,079</b>	<b>937,930,445</b>	<b>10,591,290,490</b>
Debt Securities	6,247,351,926	6,156,447,966	0	90,903,960	6,247,351,926
Domestic	5,920,707,906	5,829,803,946	0	90,903,960	5,920,707,906
FX-Reg	0	0	0	0	0
FCDU	326,644,020	326,644,020	0	0	326,644,020
Equity Securities	847,026,485	0	0	847,026,485	847,026,485
Domestic	0	0	0	0	0
FX-Reg	847,026,485	0	0	847,026,485	847,026,485
FCDU	0	0	0	0	0
Derivative w/ positive FV	3,496,912,079	0	3,496,912,079	0	3,496,912,079
PLFD	3,289,615,516	0	3,289,615,516	0	3,289,615,516
FX-Reg	109,311,788	0	109,311,788	0	109,311,788
FCDU	97,984,775	0	97,984,775	0	97,984,775
<b>FVOCI</b>	<b>99,053,725,226</b>	<b>105,300,922,570</b>	<b>0</b>	<b>4,697,131,966</b>	<b>109,998,054,536</b>
Debt Securities	88,835,479,371	87,553,488,670	0	58,989,856	87,612,478,526
Domestic	47,472,096,826	46,274,200,044	0	58,989,856	46,333,189,900
FX-Reg	3,191,978,853	3,238,333,992	0	0	3,238,333,992
FCDU	38,171,403,692	38,040,954,634	0	0	38,040,954,634
Equity Securities	10,218,245,855	17,747,433,900	0	4,638,142,110	22,385,576,010
Domestic	5,530,888,955	17,747,433,900	0	560,650,392	18,308,084,292
FX-Reg	4,687,356,900	0	0	4,077,491,718	4,077,491,718
FCDU	0	0	0	0	0
<b>HTC</b>	<b>492,170,710,901</b>	<b>423,821,161,731</b>	<b>6,995,176,652</b>	<b>9,677,817,211</b>	<b>440,494,155,594</b>
Debt Securities	492,170,710,901	423,821,161,731	6,995,176,652	9,677,817,211	440,494,155,594
Domestic	458,807,377,690	399,909,493,987	5,947,689,682	140,100,776	405,997,284,445
FX-Reg	8,254,006,342	1,421,726,122	0	6,867,201,747	8,288,927,869
FCDU	25,109,326,869	22,489,941,622	1,047,486,970	2,670,514,688	26,207,943,280
<b>Total</b>	<b>601,815,726,617</b>	<b>535,278,532,267</b>	<b>10,492,088,731</b>	<b>15,312,879,622</b>	<b>561,083,500,620</b>
<b>FINANCIAL LIABILITIES</b>					
<b>Bills Payable</b>	<b>31,256,837,033</b>	<b>0</b>	<b>30,999,525,399</b>	<b>257,311,634</b>	<b>31,256,837,033</b>
BSP Rehabilitation Program	62,154,642	0	0	62,154,642	62,154,642
Domestic Borrowings (ODA thru BTr)	195,156,992	0	0	195,156,992	195,156,992
Foreign Borrowings (ODA)	26,793,125,399	0	26,793,125,399	0	26,793,125,399
Interbank Loans- Foreign Regular	4,206,400,000	0	4,206,400,000	0	4,206,400,000
<b>Total</b>	<b>31,256,837,033</b>	<b>0</b>	<b>30,999,525,399</b>	<b>257,311,634</b>	<b>31,256,837,033</b>
<b>As of December 31, 2017</b>					
	Book Value	Level 1 a/	Level 2 b/	Level 3 c/	Total Fair Value
<b>FINANCIAL ASSETS</b>					
<b>FVTPL</b>	<b>13,366,264,729</b>	<b>11,273,543,561</b>	<b>2,092,721,168</b>	<b>0</b>	<b>13,366,264,729</b>
Debt Securities	11,277,862,485	11,273,543,561	4,318,924	0	11,277,862,485
Domestic	11,277,862,485	11,273,543,561	4,318,924	0	11,277,862,485
FX-Reg	0	0	0	0	0
FCDU	0	0	0	0	0
Derivative w/ positive FV	2,088,402,244	0	2,088,402,244	0	2,088,402,244
FX-Reg	513,971,511	0	513,971,511	0	513,971,511
PLFD	1,481,384,331	0	1,481,384,331	0	1,481,384,331
FCDU	93,046,402	0	93,046,402	0	93,046,402
<b>FVOCI</b>	<b>228,822,603,787</b>	<b>227,912,158,561</b>	<b>1,139,926,971</b>	<b>5,688,703,995</b>	<b>234,740,789,527</b>
Debt Securities	217,493,023,651	212,297,020,841	1,139,926,971	0	213,436,947,812
Domestic	178,552,394,332	171,600,159,961	1,139,926,971	0	172,740,086,932
FX-Reg	4,209,735,524	4,475,265,345	0	0	4,475,265,345
FCDU	34,730,893,795	36,221,595,535	0	0	36,221,595,535
Equity Securities	3,988,495,960	15,615,137,720	0	0	15,615,137,720
Domestic	3,988,495,960	15,615,137,720	0	0	15,615,137,720
FX-Reg	0	0	0	0	0
FCDU	0	0	0	0	0
INMES (Net of VR)	7,341,084,176	0	0	5,688,703,995	5,688,703,995
<b>HTC</b>	<b>317,123,977,928</b>	<b>303,887,735,013</b>	<b>4,606,239,447</b>	<b>0</b>	<b>308,493,974,460</b>
Debt Securities	317,123,977,928	303,887,735,013	4,606,239,447	0	308,493,974,460
Domestic	309,021,890,200	294,651,418,445	4,606,239,447	0	299,257,657,892
FX-Reg	756,319,782	888,208,265	0	0	888,208,265
FCDU	7,345,767,946	8,348,108,303	0	0	8,348,108,303
<b>UDSCL</b>	<b>10,724,049,656</b>	<b>0</b>	<b>440,882,366</b>	<b>13,641,639,872</b>	<b>14,082,522,238</b>
Debt Securities	10,358,923,058	0	440,882,366	13,276,513,274	13,717,395,640
Domestic	434,596,528	0	440,882,366	0	440,882,366
FX-Reg	7,153,965,015	0	0	9,486,217,377	9,486,217,377
FCDU	2,770,361,515	0	0	3,790,295,897	3,790,295,897
Equity Securities	365,126,598	0	0	365,126,598	365,126,598
Domestic	365,126,598	0	0	365,126,598	365,126,598
FX-Reg	0	0	0	0	0
FCDU	0	0	0	0	0
<b>Total</b>	<b>570,036,896,100</b>	<b>543,073,437,135</b>	<b>8,279,769,952</b>	<b>19,330,343,867</b>	<b>570,683,550,954</b>
<b>FINANCIAL LIABILITIES</b>					
<b>Bills Payable</b>	<b>24,570,643,333</b>	<b>0</b>	<b>24,304,845,380</b>	<b>265,797,953</b>	<b>24,570,643,333</b>
BSP Rehabilitation Program	62,381,800	0	0	62,381,800	62,381,800
Domestic Borrowings (ODA thru BTr)	203,416,153	0	0	203,416,153	203,416,153
Foreign Borrowings (ODA)	24,304,845,380	0	24,304,845,380	0	24,304,845,380
<b>Total</b>	<b>24,570,643,333</b>	<b>0</b>	<b>24,304,845,380</b>	<b>265,797,953</b>	<b>24,570,643,333</b>

## 5. Cash and Other Cash Items

This account consists of:

	Group		Parent	
	2018	2017	2018	2017
Cash on hand	36,907,669,455	31,202,307,803	36,805,705,609	31,202,262,803
Checks and other cash items	51,101,841	102,351,901	51,003,136	102,351,901
Returned checks and other cash items	98,890,550	42,674,041	98,599,507	42,674,041
Miscellaneous checks and other cash items	0	68,445	0	68,445
Petty cash fund	9,944,000	8,236,000	8,892,000	7,646,000
Revolving fund	442,011	442,011	235,508	235,508
Payroll fund	3,829,729	29,245,995	3,829,729	29,245,995
	<b>37,071,877,586</b>	<b>31,385,326,196</b>	<b>36,968,265,489</b>	<b>31,384,484,693</b>

## 6. Due from Bangko Sentral ng Pilipinas

This account represents the Parent's demand and special deposits in local currency maintained with BSP to meet reserve requirements and to serve as clearing account for interbank claims consistent with BSP guidelines.

## 7. Due from Other Banks

This account consists of:

	Group		Parent	
	2018	2017	2018	2017
Deposit with local banks	539,066,945	264,150,453	1,357,696,336	185,845,776
Deposit with foreign banks	4,352,750,210	4,920,640,933	4,352,750,210	4,920,640,933
Allowance for Credit Losses	(2,600,060)	0	(2,600,060)	0
Accrued Interest Receivable	1,745	0	1,605,556	0
	<b>4,889,218,840</b>	<b>5,184,791,386</b>	<b>5,709,452,042</b>	<b>5,106,486,709</b>

The Group maintains nostro accounts on global basis with 23 foreign depository banks totaling 27 and 28 bank accounts in 2018 and 2017, respectively, the most significant of which are as follows:

2018	2017
1. Standard Chartered Bank, N.Y.	1. Wells Fargo Bank, N.A.
2. Wells Fargo Bank, N.A.	2. Standard Chartered Bank, N.Y.
3. The Bank of New York	3. The Bank of New York
4. JP Morgan Chase Bank	4. Standard Chartered Bank, Frankfurt
5. Citibank N.Y.	5. LandesBank Baden-Wuerttemberg

## 8. Interbank Loans Receivables

This account consists of the Parent's loans receivable from domestic and foreign banks. Interbank loans receivable carry interest rates at December 31, as follows:

	2018			2017		
Domestic	3.03%	to	4.97%	2.55%	to	2.75%
Foreign	0.95%	to	2.60%	0.55%	to	1.90%



## 9. Securities Purchased under Agreements to Resell

This account consists of:

	Group		Parent	
	2018	2017	2018	2017
Domestic				
Government Securities Purchased under Reverse Repurchase Agreement				
BSP	50,529,000,000	50,390,420,809	50,000,000,000	50,390,420,809
Private Corporation	0	1,832,343,520	0	1,832,343,520
Accrued Interest Receivable	20,159,021	10,160,782	19,791,667	10,160,782
	<b>50,549,159,021</b>	<b>52,232,925,111</b>	<b>50,019,791,667</b>	<b>52,232,925,111</b>

Securities Purchased under Agreements to Resell with BSP carry interest rate at 4.75 per cent and 3.00 per cent as at December 31, 2018 and 2017, respectively. While Repo with Private Corporation carry interest rate at 3.50 per cent as at December 31, 2017.

## 10. Fair Value Thru Profit or Loss (FVTPL)

This consists of:

	Group		Parent	
	2018 Under FVTPL	2017 Under HFT	2018 Under FVTPL	2017 Under HFT
Government Securities – Domestic	5,874,464,812	11,273,543,561	5,829,803,946	11,273,543,561
Government Securities – Foreign	326,644,020	0	326,644,020	0
Private Securities – Domestic	937,930,444	4,318,924	937,930,444	4,318,924
Derivative with positive fair value	3,496,912,080	2,088,402,244	3,496,912,080	2,088,402,244
Accrued Interest Receivable	9,643,972	19,871,763	9,370,895	19,871,763
	<b>10,645,595,328</b>	<b>13,386,136,492</b>	<b>10,600,661,385</b>	<b>13,386,136,492</b>

The FVTPL financial assets of the Group carry interest rates at December 31 as follows:

	2018		2017	
Domestic	3.875%	to 5.50%	1.120%	to 10.50%
Foreign	3.0%	to 10.65%	0%	to 0%

FVTPL includes the foreign exchange (FX) risk cover of the Parent's borrowings from multilateral agencies amounting to P3,289,615,516 and P1,481,384,331 in 2018 and 2017, respectively, which is treated as a derivative financial instrument per BSP Monetary Board Resolution No. 1063 dated August 14, 2008.

Under a Memorandum of Agreement between the National Government (thru the Department of Finance) and the Parent, the former shall guarantee and assume the FX risk relating to foreign currency denominated borrowings from multilateral agencies (i.e. World Bank, Asian Development Bank, JICA, etc.) which are relent in local currencies. The fair value changes on the FX risk cover are reported immediately in the statement of comprehensive income. As of December 31, 2018, the outstanding notional amount of the FX risk cover amounted to JPY16,310,675,873 and EUR6,932,914.

Prior to 2007, the value of the FX risk cover as an option derivative varies on the movement of the foreign exchange rates of the Bills Payable. Beginning 2007, in accordance with Monetary Board Resolution No. 1063 dated August 14, 2008, the Bank applied the standard option valuation model approach which resulted in an increase in the derivative asset amounting to P1,808,231,186 in 2018 and P267,623,325 in 2017.

The derivative with positive fair value comprise of the following:

	2018	2017
Foreign Exchange Risk Cover	3,289,615,516	1,481,384,331
Debt Warrants	97,984,776	93,046,402
Forward Contracts	109,311,788	513,971,511
	<b>3,496,912,080</b>	<b>2,088,402,244</b>

The Garman-Kohlhagen valuation model used in pricing the derivative Foreign Exchange Risk Cover (FXRC) was found acceptable by the Bangko Sentral ng Pilipinas (BSP) during the conduct of their on-site validation in 2009.

## 11. Fair Value Through Other Comprehensive Income (FVOCI)

This account consists of:

	Group		Parent	
	2018 Under FVOCI	2017 Under AFS	2018 Under FVOCI	2017 Under AFS
Domestic				
Government	46,751,087,568	171,600,159,961	46,274,200,044	171,600,159,961
Private	18,367,074,148	16,755,064,692	18,367,074,148	16,755,064,692
Foreign				
Government	41,279,288,626	38,498,020,707	41,279,288,626	38,498,020,707
Private securities	4,077,491,718	2,198,840,173	4,077,491,718	2,198,840,173
Investment in non-marketable securities, net of allowance for probable losses of P1,409,212,337 in 2017	0	7,341,084,176	0	7,341,084,176
Accrued Interest Receivable	793,834,976	1,832,677,170	788,699,559	1,832,677,170
	<b>111,268,777,036</b>	<b>238,225,846,879</b>	<b>110,786,754,095</b>	<b>238,225,846,879</b>

FVOCI of the Group carry interest rates at December 31 as follows:

	2018		2017	
Domestic	3.875%	to	6.38%	2.12% to 12.88%
Foreign	2.00%	to	11.63%	1.50% to 10.63%

- FVOCI investments-Domestic Private include 42,002,750 MERALCO shares of stocks which are subject of legal disputes.

In November 2008, MERALCO unlawfully cancelled the 42,002,750 shares of stocks registered in the name of the Parent and reissued the same in favor of another individual allegedly in compliance with the Demand to Comply issued by the Sheriffs of the Department of Agrarian Reform (DAR) Regional Adjudicator. Of these 42,002,750 shares, 3,366,800 shares had been negotiated by another party; 37,233,200 shares remained quarantined at the Philippine Depository and Trust Corporation (PDTC); and another 1,402,750 shares has not yet been lodged with PDTC. However, the execution sale which was the basis for the issuance of the Demand to Comply was null and void from the beginning because of the Supreme Court's Temporary Restraining Order (TRO) enjoining the sale and the Resolution quashing all acts done pursuant to the Adjudicator's Writ. On December 17, 2008, the DAR Adjudication Board so ordered and required:

- For MERALCO to cancel the Stock Certificates issued in favor of another party;
- To restore the ownership of the subject MERALCO shares of stock to the Land Bank of the Philippines and to record the same in the Stock and Transfer Book of MERALCO; and
- For the Philippine Stock Exchange, Inc. (PSE), the Philippine Depository and Trust Corporation (PDTC), the Securities Transfer Services, Inc. (STS), the Philippine Dealing System Holdings, Corp. and Subsidiaries (PDS Group) and any stockholder, dealer or agent of subject MERALCO shares to forthwith STOP: trading or dealing those shares and/or affecting settlement thereof, *inter alia*, so as to undo the foregoing contravening acts.

The Parent's shares of stock in MERALCO are not part of the Agrarian Reform Fund (ARF), a fund which is solely answerable to the obligation of the National Government pursuant to its Agrarian Reform Program. In accordance with Section 63 of Republic Act 6657 (Comprehensive Agrarian Reform Law), assets of the bank cannot be used to pay for land acquisition as this shall only be sourced from the ARF.

In its December 14, 2011 *Decision* in G.R. No. 188376, the Supreme Court directed MERALCO to return to the Land Bank of the Philippines (LBP) 42,002,750 MERALCO shares of stock. The Supreme Court further declared that the MERALCO shares of stocks are corporate assets of LBP illegally taken to satisfy the payment of just compensation that should have been appropriated only from the ARF. This ruling has become final and executory on September 11, 2012 (Entry of Judgment).

LBP immediately filed a motion before the Regional Agrarian Reform Adjudicator (RARAD) for the issuance of a writ of execution to implement the Supreme Court decision. This was, however, vigorously opposed by the other party. On April 1, 2013, the RARAD finally issued the *Writ of Execution*. As partial compliance, MERALCO delivered to LBP 38,635,950 shares including cash dividends in the total amount of P1,206,955,618; and property dividends consisting of 108,884,212 shares of stock in Rockwell Land Corporation.

Still undelivered are 3,366,800 shares with market value of P1,279,384,000, plus accrued cash dividends thereon, amounting to P403,480,679 and P358,446,362 as of December 31, 2018 and 2017, respectively, plus 9,488,394 shares of stock in Rockwell Land Corporation as property dividends, and the unpaid dividends due from the 1,402,750 MERALCO shares amounting to P8,145,010. These 1,402,750 shares are part of the 38,635,950 shares restored to LBP, but certificated in the name of the other party before the Supreme Court decision was partially implemented.

To recover fully the MERALCO shares and dividends, LBP sent its June 18, 2014 Letter to the Office of the Regional Adjudicator Region IV – B (MIMAROPA) requesting the office to direct the Sheriff to perform all necessary acts for the full

implementation of the April 1, 2013 *Writ of Execution* such as, but not limited to, the issuance of another *Demand to Comply* to be served upon MERALCO. LBP again sent the August 15, 2014 *Letter* to RARAD reiterating its request to expedite the full implementation of the Supreme Court's ruling in G.R. No. 188376 and to prevent further damage to LBP.

On February 6, 2015, LBP received the January 24, 2014 *Sheriff's Report* from the Sheriff of the Regional Adjudicator Region IV-B (MIMAROPA) regarding MERALCO's partial compliance of the December 14, 2011 Supreme Court *Decision* in G.R. No. 188376. LBP's June 18, 2014 *Letter* and August 15, 2014 *Letter* were not acted upon by the RARAD, and no further writ of execution or demand to comply were issued.

Since RARAD no longer issued a writ of execution or demand to comply, LBP sent the February 11, 2015 *Letter* addressed to MERALCO to demand the delivery of the remaining 3,366,800 shares of stocks plus unpaid dividends. MERALCO failed to respond to LBP's demand.

On account of the January 24, 2014 *Sheriff's Report* and MERALCO's failure to respond to LBP's February 11, 2015 *Letter*, LBP prepared a petition for contempt against MERALCO and its representatives for failing to deliver the remaining 3,366,800 shares of stocks plus accrued dividends and the unpaid dividends due from the 1,402,750 MERALCO shares delivered to LBP, and to compel full compliance with the December 14, 2011 Supreme Court *Decision*.

On March 10, 2015, the petition was sent to the Office of the Government Corporate Counsel (OGCC) for review and signature. OGCC approved the filing of the petition before the Supreme Court. On April 14, 2015, the *Petition to Cite Respondents in Indirect Contempt* was filed before the Supreme Court.

On February 8, 2018, LBP filed its *Motion for Early Resolution with Manifestation* dated February 6, 2018. On March 5, 2018, the Supreme Court (SC) issued a Resolution which (1) Noted LBP's *Motion for Early Resolution with Manifestation* dated February 6, 2018; (2) Gave due course to LBP's Petition; and (3) Required parties to submit their respective Memoranda within thirty (30) days from notice thereof.

LBP received the aforesaid Resolution on May 15, 2018. On May 28, 2018, LBP forwarded the 32-page LBP Memorandum to the Office of the Government Corporate Counsel (OGCC) for their consideration, review and/or signature.

On June 22, 2018, the Bank's Legal Services Group and the Office of the Government Corporate Counsel filed LandBank's Memorandum, in compliance with the Honorable Supreme Court's Resolution dated March 5, 2018. Likewise, on July 2, 2018, we received a copy of the respondent's Memorandum dated June 20, 2018.

After the submission of the parties' respective Memoranda, the Supreme Court issued a resolution which merely noted the filing of the said pleadings. To date, we have not received a Decision on the unrecovered shares of stocks.

- The Parent's Accumulated market gains/losses on FVOCI government and private issues as of December 31, 2018 amounted to P11,908,549,439.
- Total Fair Value Through Profit/ Loss and Fair Value Through Other Comprehensive Income accounts of the Parent include investment of US\$16,109,290 (P847,026,485) in Metro Rail Transit Corporation's (MRTC) preference shares and US\$77,547,518 (P4,077,448,522) in Unsecuritized Equity Rental Payments, respectively.

In 2008, the National Government, as confirmed through Executive Order No. 855 dated January 18, 2010, instructed LBP and the Development Bank of the Philippines (DBP) to acquire majority interest in MRTC as a result of the recommendation made by the inter-agency Committee tasked to review the MRT III project. In the same year, the LBP Board of Directors approved the purchase of MRTC interests in the form of unsecuritized portion of the Equity Rental Payment (ERP), MRT Bonds (See Notes to the Financial Statements No.12) and Preference Shares issued by MRT III Funding Corporation. LBP together with DBP completed its acquisition in May 2009, collectively owning around 80 per cent of MRTC interests. LBP owns approximately 37.77 per cent economic interest in MRTC.

The acquisition cost, book value and percentage of economic interest in MRTC are as follows:

	Acquisition Cost As of December 31, 2018 (In US Dollars )	Book Value As of December 31, 2018 (In US Dollars )	Percentage in MRTC
■ MRT III Bonds	78,905,963	181,394,379	
■ MRT III Preferred Shares	54,000,000	16,109,290	
Securitized ERPs	132,905,963	197,503,669	26.65%
Unsecuritized ERPs	90,579,859	77,547,519	11.12%
	223,485,822	275,051,188	37.77%

The decrease in the investment in unsecuritized ERP was brought about by the refund of US\$1,433,535 (equally shared by the Bank and DBP) received from a third party in 2010. The refund represents cash that was already in the account of the third party, hence this did not affect the LBP's percentage of economic interest in MRTC. Another refund of US\$1,381,747 was received by the Bank and DBP in early 2011 representing Accrued ERPs.

## 12. Hold to Collect (HTC)

This account consists of:

	Group		Parent	
	2018 Under HTC	2017 Under HTM As restated	2018 Under HTC	2017 Under HTM
Government				
Domestic	453,805,532,225	305,504,222,949	452,657,665,521	304,414,216,748
Foreign	20,284,152,756	7,483,993,748	20,284,152,756	7,483,993,748
Private				
Domestic	6,892,613,333	4,635,366,937	6,840,015,414	4,607,673,453
Foreign	13,079,180,455	618,093,979	13,079,180,455	618,093,979
Allow. For Credit Losses	(407,001,319)	0	(407,001,319)	0
Accrued Interest Receivable	4,074,087,033	2,849,953,836	4,074,087,033	2,849,953,836
Allow. For Credit Losses	(8,740,571)	0	(8,740,571)	0
	<b>497,719,823,912</b>	<b>321,091,631,449</b>	<b>496,519,359,289</b>	<b>319,973,931,764</b>

HTC investments of the Group carry interest rates at December 31 as follows:

	2018		2017	
Domestic	3.25%	to	18.25%	2.12%
Foreign	5.25%	to	11.63%	1.50%
				to
				18.25%
				10.63%

## 13. Loans and Receivables

This account consists of:

	Group		Parent	
	2018	2017 As restated	2018	2017
Interbank loans receivable	30,676,329,585	23,381,523,497	30,676,329,585	23,381,523,497
Allowance for credit losses	(513,043,978)	(494,034,413)	(513,043,978)	(494,034,413)
	30,163,285,607	22,887,489,084	30,163,285,607	22,887,489,084
Loans to Government	96,285,348,642	85,003,110,577	97,628,514,921	86,610,312,991
Allowance for credit losses	(16,324,559)	(58,695,811)	(16,324,559)	(58,695,811)
	96,269,024,083	84,944,414,766	97,612,190,362	86,551,617,180
Agrarian Reform and other Agriculture Loans	118,857,535,711	94,308,830,739	118,475,275,248	94,296,074,627
Allowance for credit losses	(1,232,041,287)	(501,725,947)	(1,192,578,485)	(492,406,326)
	117,625,494,424	93,807,104,792	117,282,696,763	93,803,668,301
Microfinance Loans	24,857,874,336	16,711,201,915	24,845,496,416	16,711,201,915
Allowance for credit losses	(350,619,101)	(304,605,896)	(347,280,354)	(304,605,896)
	24,507,255,235	16,406,596,019	24,498,216,062	16,406,596,019
SME/MSE Loans	66,391,846,173	62,161,803,998	65,294,070,772	61,535,264,304
Allowance for credit losses	(1,557,267,631)	(1,546,538,791)	(1,430,757,268)	(1,476,935,402)
	64,834,578,542	60,615,265,207	63,863,313,504	60,058,328,902
Contract to Sell	1,297,038,637	1,086,890,095	890,538,032	1,086,890,095
Allowance for credit losses	(256,142,934)	(95,852,304)	(203,695,236)	(95,852,304)
	1,040,895,703	991,037,791	686,842,796	991,037,791
Loans to Private Corporation	427,896,778,130	287,616,688,319	424,512,701,072	286,699,962,153
Allowance for credit losses	(5,443,995,844)	(1,503,731,587)	(5,046,256,197)	(1,413,436,875)
	422,452,782,286	286,112,956,732	419,466,444,875	285,286,525,278
Loans to Individuals for Housing Purposes	5,897,009,007	5,298,893,903	5,840,863,258	5,298,893,903
Allowance for credit losses	(136,107,284)	(143,956,974)	(133,209,616)	(143,956,974)
	5,760,901,723	5,154,936,929	5,707,653,642	5,154,936,929
Loans to Individual for Consumption	30,066,089,544	23,590,846,852	29,628,271,012	23,590,846,852
Allowance for credit losses	(762,611,204)	(664,885,163)	(621,822,808)	(664,885,163)
	29,303,478,340	22,925,961,689	29,006,448,204	22,925,961,689
Loans to Individual for Other Purposes	1,559,307,250	2,163,769,452	1,337,768,352	1,955,862,989
Allowance for credit losses	(37,293,821)	(27,766,950)	(20,855,212)	(23,887,146)
	1,522,013,429	2,136,002,502	1,316,913,140	1,931,975,843
General loan loss provision	(5,239,759,885)	(14,405,608)	(5,191,145,085)	0
	788,239,949,487	595,967,359,903	784,412,859,870	595,998,137,016
Accrued interest receivable	7,026,333,612	4,316,194,489	6,976,914,603	4,312,242,942
Allowance for credit losses	(242,498,037)	(207,689,259)	(222,661,040)	(207,661,804)
	6,783,835,575	4,108,505,230	6,754,253,563	4,104,581,138
Accounts receivable	2,222,330,653	1,577,848,430	1,573,259,447	1,386,156,007
Allowance for credit losses	(1,348,944,562)	(840,614,254)	(1,290,616,035)	(800,117,462)
	873,386,091	737,234,176	282,643,412	586,038,545
Sales contract receivable	928,752,212	1,106,403,155	899,038,278	1,170,706,548
Allowance for credit losses	(39,295,323)	(23,618,359)	(39,295,323)	(23,536,124)
	889,456,889	1,082,784,796	859,742,955	1,147,170,424
Due from ARF	81,372,579	107,546,452	81,372,579	107,546,452
Unquoted debt securities	0	11,489,212,785	0	11,489,212,785
Allowance for credit losses	0	(717,276,758)	0	(717,276,758)
	0	10,771,936,027	0	10,771,936,027
Lease contract receivable	1,901,732,803	1,686,688,619	0	0
Allowance for credit losses	(29,638,520)	(25,559,852)	0	0
	1,872,094,283	1,661,128,767	0	0
	<b>798,740,094,904</b>	<b>614,436,495,351</b>	<b>792,390,872,379</b>	<b>612,715,409,602</b>



Interest rates on loans in 2018 range from 1.00 per cent to 15.00 per cent for peso denominated loans and from zero per cent to 9.50 per cent for foreign currency denominated loans.

Allowance for credit losses

The details of allowance for credit losses on loans of the Parent are:

	2018	2017
Balance, January 1	5,168,696,310	5,077,435,761
Provision	3,718,467,212	1,097,966,193
Write-offs	(193,233,393)	(518,577,316)
Transfers and other adjustments	6,023,038,669	(488,128,328)
<b>Balance, December 31</b>	<b>14,716,968,798</b>	<b>5,168,696,310</b>

As of December 31, 2018 and 2017, the breakdown of Gross Loans as to secured and unsecured follows:

	Parent			
	2018		2017	
	Amount	%	Amount	%
Secured loans:				
Guarantee of the Republic of the Philippines	89,339,776,349	11.18	74,009,347,617	12.31
Various guarantees	206,480,595,081	25.84	171,630,612,724	28.55
Various mortgages	247,732,936,587	31.00	201,152,010,569	33.46
	543,553,308,017	68.02	446,791,970,910	74.32
Unsecured loans	255,576,520,651	31.98	154,374,862,416	25.68
<b>Gross loan at amortized cost</b>	<b>799,129,828,668</b>	<b>100.00</b>	<b>601,166,833,326</b>	<b>100.00</b>

Non-performing loans (NPLs) included in the total loan portfolio of the Parent are presented below as net of specific allowance for credit losses on NPLs in compliance with BSP Circular No. 772 and 941, which amends regulations governing non-performing loans.

	2018	2017
Total NPLs	9,134,879,593	6,599,423,133
Allowance for credit losses	(5,419,467,970)	(4,409,334,072)
<b>Net NPLs</b>	<b>3,715,411,623</b>	<b>2,190,089,061</b>

#### 14. Investment in Subsidiaries

This account consists of the following investments in subsidiaries which are 100 per cent owned by the Parent and are accounted for at cost:

Name	2018	2017
Overseas Filipino Bank, Inc.	1,021,758,876	0
LBP Leasing and Finance Corporation (formerly LBP Leasing Corporation)	310,252,630	310,252,630
LBP Insurance Brokerage, Inc.	52,500,000	52,500,000
LBP Resources and Development Corporation	51,467,436	51,467,436
Masaganang Sakahan, Inc.	24,554,940	24,554,941
	<b>1,460,533,882</b>	<b>438,775,007</b>

Pursuant to the directive of Malacañang Executive Order (EO) No. 44 dated September 28, 2017, the Parent through Investment and Loan Committee Resolution No. 18-088 and Board Resolution No. 18-119 approved the capital infusion of up to P1.701 Billion into Overseas Filipino Bank (OFBank). The initial infusion in the amount of P428,992,000.00 was released on July 06, 2018. Further, the OFBank per Board Resolution No. 2018-73 has approved the increase in Authorized Capital Stock (ACS) amounting to P3.5 Billion where P3 Billion is allocated as common shares. Pending approval by the proposed increase of ACS by BSP and the Securities and Exchange Commission (SEC), the second tranche of the Parent's capital infusion amounting to P500,000,000.00 was released to OFBank on January 04, 2019 as Deposit for Stock Subscription (DSS). The same EO directed the Philippine Postal Corporation (PPC) and Bureau of Treasury (BTr) to transfer their respective OFBI shares to the Parent at zero value. The shares were transferred in March 2018 and the investment was recorded at provisional value since the fair value of the net assets on acquisition date has not yet been established.

## 15. Investment in Associates

This account represents the Parent's 20.50 per cent ownership of the capital stock of Small Business Corporation.

## 16. Investment Property

This account consists of:

	Group						
	2018				2017		
	Land	Building	Others	Total	Land	Building	Total
<b>At Cost</b>							
At January 1	4,645,667,587	2,625,360,056	0	7,271,027,643	5,324,096,900	2,751,086,499	8,075,183,399
Additions/(Disposals)	(209,693,295)	280,886,659	19,393,890	90,587,254	(671,694,313)	(116,272,443)	(787,966,756)
Transfers/Adjustment	0	0	0	0	(6,735,000)	(9,454,000)	(16,189,000)
At December 31	4,435,974,292	2,906,246,715	19,393,890	7,361,614,897	4,645,667,587	2,625,360,056	7,271,027,643
<b>Accumulated depreciation and impairment</b>							
At January 1	550,223,525	1,036,804,551		1,587,028,076	719,348,362	1,067,699,132	1,787,047,494
Depreciation	0	144,515,074	2,895,296	147,410,370	0	125,027,255	125,027,255
Transfers/Adjustment	926,344	(123,151,522)	12,651,300	(109,573,878)	0	(213,147,246)	(213,147,246)
Impairment	(127,242,090)	80,632,166	3,847,293	(42,762,631)	(169,124,837)	57,225,410	(111,899,427)
At December 31	423,907,779	1,138,800,269	19,393,889	1,582,101,937	550,223,525	1,036,804,551	1,587,028,076
<b>Net book value</b>	<b>4,012,066,513</b>	<b>1,767,446,446</b>	<b>1</b>	<b>5,779,512,960</b>	<b>4,095,444,062</b>	<b>1,588,555,505</b>	<b>5,683,999,567</b>

	Parent					
	2018			2017		
	Land	Building	Total	Land	Building	Total
<b>At Cost</b>						
At January 1	4,561,363,317	2,540,275,283	7,101,638,600	5,227,972,998	2,667,188,503	7,895,161,501
Additions/(Disposals)	(336,424,752)	94,230,527	(242,194,225)	(666,609,681)	(126,913,220)	(793,522,901)
At December 31	4,224,938,565	2,634,505,810	6,859,444,375	4,561,363,317	2,540,275,283	7,101,638,600
<b>Accumulated depreciation and impairment</b>						
At January 1	539,601,581	990,426,016	1,530,027,597	713,010,845	1,022,242,560	1,735,253,405
Depreciation	0	126,686,428	126,686,428	0	123,455,943	123,455,943
Transfers/Adjustment	0	(138,613,592)	(138,613,592)	0	(212,367,291)	(212,367,291)
Impairment	(136,072,319)	80,632,166	(55,440,153)	(173,409,264)	57,094,804	(116,314,460)
At December 31	403,529,262	1,059,131,018	1,462,660,280	539,601,581	990,426,016	1,530,027,597
<b>Net book value</b>	<b>3,821,409,303</b>	<b>1,575,374,792</b>	<b>5,396,784,095</b>	<b>4,021,761,736</b>	<b>1,549,849,267</b>	<b>5,571,611,003</b>

Investment properties include real estate properties acquired in settlement of loans and receivables.

As of December 31, 2018 and 2017, the carrying value of investment properties still subject to redemption amounted to P181,110,058 and P148,055,156, respectively, for the Parent Company. Investment properties with on-going cases amounted to P685,985,377 and P1,297,840,959 as of December 31, 2018 and 2017, respectively. Properties amounting to P45,795,824 and P44,392,431 as of December 31, 2018 and 2017, respectively, are agricultural lands covered by the government's agrarian reform program.

In 2018, and 2017, rental income (included under 'Rent' in the statements of income) on investment properties, which are leased out under operating leases, amounted to P9,789,590 and P14,883,828, respectively, for the Parent Company. In 2018 and 2017, direct operating expenses, consisting of depreciation and amortization and repairs and maintenance (included in the statements of comprehensive income) pertaining to investment properties amounted to P126,686,428 and P123,455,943, respectively.

## 17. Property and Equipment

This account consists of:

	Group								Total	
	Land	Building Under Construction	Buildings	Leasehold Rights and Improvements	Transportation and Equipment	Furniture and Office Equipment	Transportation Equipment Under Lease	Others	2018	2017 As restated
<b>At Cost</b>										
At January 1, as restated	615,866,513	178,330,312	4,749,151,532	949,901,436	60,444,761	7,915,570,171	772,239,543	99,617,946	15,341,122,214	14,468,237,465
Additions	877,720,127	70,160,332	297,831,104	207,698,686	30,953,833	660,866,227	71,886,554	88,790,148	2,305,907,011	1,612,246,122
Disposals	0	0	(833,310)	(20,186,362)	(5,248,421)	(269,781,599)	(313,165,914)	(18,369,901)	(627,585,507)	(507,917,489)
Transfers	(600,000)	(100,165,757)	(118,976,907)	28,376,400	28,504,933	151,802,697	(5,455,331)	(50,632,745)	(67,146,710)	(231,443,884)
At December 31	1,492,986,640	148,324,887	4,927,172,419	1,165,790,160	114,655,106	8,458,457,496	525,504,852	119,405,448	16,952,297,008	15,341,122,214
<b>Accumulated Depreciation, Amortization &amp; Impairment loss</b>										
At January 1	0	0	1,975,683,666	385,727,070	40,547,351	4,798,489,978	323,917,135	86,295,052	7,610,660,252	7,299,072,029
Depreciation & amortization	0	0	120,382,485	87,214,551	2,412,102	720,192,373	24,389,172	22,365,337	976,956,020	814,761,450
Disposals	0	0	(31,058,043)	(3,189,484)	(4,067,893)	(253,700,107)	(2,354,401)	(16,530,631)	(310,900,559)	(371,895,152)
Transfers/Adjustments	0	0	203,831,105	8,011,772	52,519,287	214,654,204	(1,630,495)	(42,719,381)	434,666,492	(131,278,075)
At December 31	0	0	2,268,839,213	477,763,909	91,410,847	5,479,636,448	344,321,411	49,410,377	8,711,382,205	7,610,660,252
Allow for Losses	0	0	34,503,790	1,248,985	7,987,971	18,968,972	0	(5,491,007)	57,218,711	25,798,863
<b>Net book value</b>	<b>1,492,986,640</b>	<b>148,324,887</b>	<b>2,623,829,416</b>	<b>686,777,266</b>	<b>15,256,288</b>	<b>2,959,852,076</b>	<b>181,183,441</b>	<b>75,486,078</b>	<b>8,183,696,092</b>	<b>7,704,663,099</b>
<b>Parent</b>										
	Land	Building Under Construction	Buildings	Leasehold Rights and Improvements	Transportation and Equipment	Furniture and Office Equipment	Transportation Equipment Under Lease	Others	Total	
									2018	2017
<b>At Cost</b>										
At January 1	605,084,513	179,569,300	4,650,603,399	947,920,160	40,217,834	7,881,869,694	336,987,339	80,235,200	14,722,487,439	13,839,716,070
Additions	746,712,127	70,160,332	256,329,204	207,691,047	30,953,833	645,388,746	71,886,554	88,163,367	2,117,285,210	1,551,645,287
Disposals	0	0	(833,310)	(19,457,249)	(2,903,693)	(269,781,581)	(1,811,662)	(18,369,901)	(313,157,396)	(439,357,831)
Transfers	(600,000)	(179,643,035)	75,119,409	2,130,655	14,682,285	(34,256,263)	0	(50,612,816)	(173,179,765)	(229,516,087)
At December 31	1,351,196,640	70,086,597	4,981,218,702	1,138,284,613	82,950,259	8,223,220,596	407,062,231	99,415,850	16,353,435,488	14,722,487,439
<b>Accumulated Depreciation &amp; Amortization</b>										
At January 1	0	0	1,930,790,094	385,722,119	28,137,999	4,776,163,917	281,060,450	72,181,541	7,474,056,120	7,171,147,631
Depreciation & amortization	0	0	113,864,760	85,840,045	446,749	711,174,888	16,170,312	21,157,126	948,653,880	797,772,106
Disposals	0	0	(31,058,043)	(3,189,484)	(1,931,556)	(253,700,107)	0	(16,530,631)	(306,409,821)	(364,595,252)
Transfers/Adjustments	0	0	189,725,969	(12,549,737)	39,906,569	47,016,008	(1,630,495)	(42,719,381)	219,748,933	(130,268,365)
At December 31	0	0	2,203,322,780	455,822,943	66,559,761	5,280,654,706	295,600,267	34,088,655	8,336,049,112	7,474,056,120
Allow for Losses	0	0	34,503,790	1,248,985	7,987,971	18,968,972	0	(5,491,007)	57,218,711	25,798,863
<b>Net book value</b>	<b>1,351,196,640</b>	<b>70,086,597</b>	<b>2,743,392,132</b>	<b>681,212,685</b>	<b>8,402,527</b>	<b>2,923,596,918</b>	<b>111,461,964</b>	<b>70,818,202</b>	<b>7,960,167,665</b>	<b>7,222,632,456</b>

Depreciation and amortization of the Group amounting to P976,956,020 and P814,761,450 and of the Parent amounting to P948,653,880 and P797,772,106 in 2018 and 2017, respectively, are included in depreciation and amortization expense in the statement of comprehensive income.

Office equipment, furniture and vehicles with carrying amount of P218,628,267 and P125,586,902 in 2018 and 2017, respectively, are temporarily idle. The carrying amounts of properties which are held for disposal are P46,026,465 and P45,737,950 in 2018 and 2017, respectively.

## 18. Other Intangible Assets

This account consists of:

	Group		Parent	
	2018	2017	2018	2017
<b>Cost</b>				
At January 1	2,335,318,875	1,923,488,547	2,307,297,599	1,916,129,516
Additions	296,003,302	391,738,401	292,824,447	391,168,083
Deduction/Reclassification to Office Equipment	0	(35,000)	0	0
At December 31	2,631,322,177	2,315,191,948	2,600,122,046	2,307,297,599
<b>Accumulated Depreciation and Amortization</b>				
At January 1	1,040,801,162	928,414,397	1,037,542,894	925,479,859
Additions	417,742,899	112,386,765	407,357,703	112,063,035
At December 31	1,458,544,061	1,040,801,162	1,444,900,597	1,037,542,894
<b>Net Book Value</b>	<b>1,172,778,116</b>	<b>1,274,390,786</b>	<b>1,155,221,449</b>	<b>1,269,754,705</b>

## 19. Other Assets

This account consists of:

	Group		Parent	
	2018	2017 As restated	2018	2017
Sundry debits	1,278,286,491	3,300,224,422	1,278,231,690	3,300,224,422
Prepaid expenses	237,576,331	849,626,810	247,477,751	863,054,159
Documentary stamps	620,493,947	50,995,687	615,212,716	50,995,687
Stationery & supplies on hand	120,953,546	87,296,290	114,202,442	85,706,112
Accounts receivable - net	98,623,887	142,106,131	96,104,355	110,683,017
Inter-office float items	145,851	1,849,331	145,851	1,849,331
Others	2,714,788,265	2,541,632,826	2,772,875,214	2,472,228,495
Allowance for credit losses	(58,034,681)	(36,948,489)	(28,034,681)	(36,948,489)
	<b>5,012,833,637</b>	<b>6,936,783,008</b>	<b>5,096,215,338</b>	<b>6,847,792,734</b>

## 20. Allowance for Credit Losses and Impairment Losses

Changes in the allowance for credit losses and impairment losses of the Parent are as follows:

	2018	2017
Balance at beginning of year:		
Loan portfolio	5,168,696,310	5,077,435,761
Receivables from customers and Other assets	4,115,323,256	4,156,258,597
	<b>9,284,019,566</b>	<b>9,233,694,358</b>
Provisions charged to operations	3,852,491,480	1,109,626,624
Accounts charged off and others	(216,269,860)	(518,577,316)
Transfer/adjustments	4,499,694,229	(540,724,100)
	<b>8,135,915,849</b>	<b>50,325,208</b>
<b>Balance December 31</b>	<b>17,419,935,415</b>	<b>9,284,019,566</b>
Balance at end of year:		
Loan portfolio (Note 13)	14,716,968,798	5,168,696,310
Receivables from customers and other assets	2,702,966,617	4,115,323,256
	<b>17,419,935,415</b>	<b>9,284,019,566</b>

With the foregoing level of allowance for credit losses, Management believes that the Parent has sufficient allowance to cover any losses that the Parent may incur from the non-collection or non-realization of its loans and receivables and other risk assets.

The account includes provision for credit losses/impairment losses of the Parent as follows:

	2018	2017
Loans and receivables	3,718,467,212	1,097,966,193
Other loans and receivables	8,967,360	3,939,242
Property and equipment	31,882,888	2,123,622
Others	93,174,020	5,597,567
	<b>3,852,491,480</b>	<b>1,109,626,624</b>

## 21. Deposit Liabilities

This account consists of:

	Group		Parent	
	2018	2017	2018	2017
Domestic				
Demand deposits	798,178,666,838	709,255,131,727	798,036,465,982	709,508,966,307
Savings deposits	758,183,038,776	629,561,441,753	751,240,612,971	629,561,456,064
Time certificate of deposits	617,284,897	639,712,721	582,649,579	639,712,721
Long Term Negotiable Certificate of Deposits	11,000,000,000	11,000,000,000	11,000,000,000	11,000,000,000
	<b>1,567,978,990,511</b>	<b>1,350,456,286,201</b>	<b>1,560,859,728,532</b>	<b>1,350,710,135,092</b>
Foreign				
Demand deposits –FCDU/EFCDU	0	0	0	0
Savings deposit –FCDU/EFCDU	19,489,379,305	16,209,512,264	19,488,220,995	16,209,512,264
Time certificate of deposit- FCDU/EFCDU	75,793,870,608	58,553,708,641	75,793,327,845	58,553,708,641
	<b>95,283,249,913</b>	<b>74,763,220,905</b>	<b>95,281,548,840</b>	<b>74,763,220,905</b>
	<b>1,663,262,240,424</b>	<b>1,425,219,507,106</b>	<b>1,656,141,277,372</b>	<b>1,425,473,355,997</b>



Domestic deposit liabilities earn annual fixed interest rates ranging from 0.100 to 6.50 per cent and 0.25 to 3.75 per cent in 2018 and 2017, respectively. Foreign deposit rates range from 0.15 to 2.05 per cent and from 0.31 to 1.12 per cent in 2018 and 2017, respectively. In 2018 and 2017, P1,217,823,862,578 or 74 per cent and P1,046,327,990,132 or 73 per cent, respectively, of the Parent's deposit portfolio came from the government while the rest came from private depositors.

## 22. Bills Payable

This account consists of:

	Group		Parent	
	2018	2017	2018	2017
Bangko Sentral ng Pilipinas	62,154,642	62,381,800	62,154,642	62,381,800
Domestic borrowings	1,369,156,992	998,416,153	195,156,992	203,416,153
Foreign borrowings	26,793,125,399	24,314,309,706	26,793,125,399	24,314,309,706
Foreign interbank borrowings	4,206,400,000	0	4,206,400,000	0
	<b>32,430,837,033</b>	<b>25,375,107,659</b>	<b>31,256,837,033</b>	<b>24,580,107,659</b>

The breakdown of Bills payable (foreign borrowings) is as follows:

Creditor/Funder	2018	2017
World Bank/IBRD	12,530,950,113	11,251,244,042
Asian Development Bank (ADB)	492,587,972	526,700,409
Japan International Cooperation Agency (JICA)	12,266,376,573	10,990,095,259
Kreditanstalt für Wiederaufbau (KfW)	1,503,210,741	1,546,269,996
	<b>26,793,125,399</b>	<b>24,314,309,706</b>

The total foreign borrowings of P26,793,125,399 is guaranteed by the National Government. Foreign borrowings relented in local currency amounting to P14,323,526,049 are provided with foreign exchange risk cover (FXRC) by the National Government. This has historical value of P13,146,716,329. The Bank's foreign borrowings from multilateral and bilateral agencies have maturities ranging from 15 to 40 years.

Interest rates on foreign and domestic borrowings in 2018 range from 0.01 to 2.70 per cent and 4.75 per cent, respectively, while for 2017, the rates range from 0.01 to 2.70 per cent and 0.75 to 4.75 per cent, for foreign and domestic borrowings, respectively.

## 23. Other Liabilities

This account consists of:

	Group		Parent	
	2018	2017 As restated	2018	2017 As restated
Accrued interest, fringe benefits, taxes and other expense payable	6,175,795,214	5,795,025,725	6,120,705,590	6,311,144,395
Accounts payable	22,844,729,311	21,393,744,012	22,683,310,064	21,190,391,391
Due to Agrarian Reform Fund	171,130,728	200,709,929	171,130,728	200,709,929
Sundry credits	750,917,089	1,180,757,638	750,917,089	1,180,757,638
Unearned income	48,446,223	29,963,772	15,622,034	32,984,303
Withholding tax payable	315,183,924	237,128,397	311,520,042	234,805,308
Miscellaneous liabilities	2,942,108,580	4,766,310,850	2,908,723,167	4,735,230,233
Provision for estimated credit losses	431,529,554	0	431,529,554	0
Others	2,264,451,019	1,574,771,145	1,839,216,314	1,121,567,976
	<b>35,944,291,642</b>	<b>35,178,411,468</b>	<b>35,232,674,582</b>	<b>35,007,591,173</b>

## 24. Income and Other Taxes

Under Philippine tax laws, the Regular Banking Unit of the Parent is subject to percentage and other taxes (presented as Taxes and Licenses in the statement of comprehensive income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax and documentary stamp taxes. Income taxes include the corporate income tax and final withholding tax on gross interest income from government securities, deposits and other deposit substitutes. These income taxes and deferred tax benefits are presented in the statement of comprehensive income as Provision for or (Benefit from) Income Tax.

Based on Republic Act No. 9337, which was passed into law in May 2005 and amended certain provisions of the National Internal Revenue Code of 1997, the normal corporate income tax rate is 30 per cent effective January 1, 2009. The interest allowed as deductible expense is reduced by an amount equivalent to 33 per cent of the interest income subjected to final tax.

FCDU offshore income (income from non-residents) derived by depository banks under the expanded foreign currency deposit system is exempt from income tax while gross onshore income (income from residents) from foreign currency loans under the Expanded Foreign Currency Deposit System is subject to 10 per cent final tax. Interest income derived by resident individual or corporation on deposits with other FCDUs and Offshore Banking Units (OBU) are subject to 15 per cent final tax.

The provision for/(benefit from) income tax consists of:

	Group		Parent	
	2018	2017	2018	2017
Current:				
Normal income tax (NIT)	985,466,889	903,386,491	898,463,001	805,019,191
Income tax - final	0	1,503,541	0	0
	985,466,889	904,890,032	898,463,001	805,019,191
Deferred	(729,480,019)	(493,046,526)	(736,988,242)	(485,406,737)
	<b>255,986,870</b>	<b>411,843,506</b>	<b>161,474,759</b>	<b>319,612,454</b>

The reconciliation of the provision for income tax computed at the statutory tax rate and actual provision is as follows:

	Group		Parent	
	2018	2017	2018	2017
Statutory income tax	5,135,156,762	4,803,421,108	5,025,429,122	4,747,493,247
Additions to (reductions in) income taxes arising from:				
Non-deductible interest expense	2,615,323,963	2,178,034,747	2,615,305,510	2,178,021,352
Other deductible/Non-deductible expense	556,567,426	392,325,701	562,183,730	390,061,416
FCDU income	(1,194,716,408)	(989,519,824)	(1,194,716,408)	(989,519,824)
Tax exempt & tax paid income	(6,866,452,263)	(5,622,687,915)	(6,855,274,323)	(5,610,414,044)
Others	10,107,390	(349,730,311)	8,547,128	(396,029,693)
	<b>255,986,870</b>	<b>411,843,506</b>	<b>161,474,759</b>	<b>319,612,454</b>

The net deferred income tax asset reported by the Parent amounted to P3,418,973,804 and P2,808,807,996 for CY 2018 and 2017, respectively while the subsidiaries recognized deferred tax assets of P64,618,884 and P69,977,925 for CY 2018 and 2017, respectively.

Below are the temporary differences for which deferred tax asset (net of deferred tax liabilities) recognized by the Parent because Management believes that it is probable that future taxable profits will be available against which the asset can be utilized.

	Parent	
	2018	2017
<b>Deferred tax asset:</b>		
Allowance for credit losses	3,515,380,405	2,681,985,562
Accrued expenses	651,465,894	200,112,888
Unrealized loss on foreign exchange/financial assets & liabilities-held for trading	0	149,709,634
	<b>4,166,846,299</b>	<b>3,031,808,084</b>
<b>Deferred tax liability:</b>		
Unrealized gain on financial assets and liabilities-held for trading	188,370,835	223,000,088
Unrealized gain on foreign exchange	559,501,660	0
	<b>747,872,495</b>	<b>223,000,088</b>
	<b>3,418,973,804</b>	<b>2,808,807,996</b>

## 25. Supplementary Information Required Under Revenue Regulations (RR) Nos. 19-2011 and 15-2010

### Supplementary information Under RR No. 19-2011

In addition to the required supplementary information under RR No. 15-2010, on December 9, 2011, the BIR issued RR No. 19-2011 (and as further amended by RR No. 2-2014 dated January 24, 2014) which prescribes the new annual income tax forms that will be used for filing effective taxable year 2011. Specifically, companies are required to disclose certain tax information in their respective notes to financial statements. For the taxable year December 31, 2018, the Parent Company reported the following revenues and expenses for income tax purposes:

Revenues	
Services/operations	34,751,215,531
Non-operating and taxable other income:	
Service charges, fees and commissions	1,664,212,047
Profit from assets sold	553,884,992
Income from trust operations	160,331,621
Others	253,959,207
<b>Total Revenues</b>	<b>37,383,603,398</b>
Expenses	
Cost of services:	
Compensation and fringe benefits	8,824,944,758
Others	10,179,020,208
	19,003,964,966
Itemized deductions:	
Compensation and fringe benefits	2,124,052,943
Taxes and licenses	4,106,808,746
Documentary stamps used	3,840,206,896
Security, messengerial and janitorial	892,211,152
Bad debts	215,961,880
Information technology expenses	608,727,101
Communications, light and water	528,806,861
Depreciation and amortization	633,518,094
Management and professional fees	400,904,686
Fees and commission	258,113,083
Advertising	176,649,948
Transportation and travel	216,144,498
Rent	427,208,952
Trainings and seminars	63,046,058
Representation and entertainment	182,075,610
Insurance	98,832,649
Repairs and maintenance	107,170,214
Others	504,322,391
	15,384,761,762
<b>Total expenses</b>	<b>34,388,726,728</b>
<b>Net taxable income</b>	<b>2,994,876,670</b>

### Supplementary information Under RR No. 15-2010

On November 25, 2010, the BIR issued RR No. 15-2010 to amend certain provisions of RR No. 21-2002 which provides that starting 2010 the notes to financial statements shall include information on taxes, duties and license fees paid or accrued during the taxable year.

In compliance with the requirements of the Bureau of Internal Revenue hereunder are the information on taxes and license fees paid or accrued during the taxable year.

- I. The documentary stamp tax (DST) on loan instruments and other transactions subject thereto for the tax period 2018 are as follows:

Documents / transactions	DST Paid
Debt instruments, bonds, certificate of time deposits	6,258,420,685
Mortgages, pledges, deed of assignments/trust	606,079,950
Foreign bills of exchange, letters of credit	185,033,105
Acceptance of bills of exchange payable in the Philippines	63,214,481
Bank, checks, drafts and telegraphic transfer/others	2,287,479
On assignments and renewal of certain instruments	982,471
Certificates	272,980
Bills of exchange or drafts	94,897
Leases and other hiring agreements	28,206
Sales, agreements to sell, memoranda of sales	2,095
Policies on insurance upon property	586
	<b>7,116,416,935</b>

- II. All other taxes, local and national, paid for 2018:

<b>National</b>	
Percentage taxes (GRT)	3,579,457,332
Fringe benefits tax	13,675,680
National taxes	694,730
	<b>3,593,827,742</b>
<b>Local</b>	
Real estate tax	56,807,810
Local business tax	41,934,658
Mayor's Permit/Municipal License/Other Regulatory Fees/License Permit	92,201,244
Other local taxes	10,575,379
	<b>201,519,091</b>
	<b>3,795,346,833</b>

- III. The amount of withholding taxes paid/accrued for the year amounted to:

Tax on Compensation and benefits	1,308,743,627
Creditable withholding taxes	168,707,819
Final withholding taxes	2,302,458,983
	<b>3,779,910,429</b>

- IV. Taxes withheld by client on their income payments to the Bank were claimed as tax credits:

Tax Credits against Income Tax	2,627,869,959
Tax Credits against Gross Receipts Tax	240,648,841
	<b>2,868,518,800</b>

## 26. Retirement Cost

The Parent has separate funded contributory defined contribution retirement plans covering all its officers and regular employees. Under the retirement plans, all concerned officers and employees are entitled to cash benefit after satisfying certain age and service requirements. Total expenses charged against operations in 2018 and 2017 amounted to P1,061,178,663 and P595,744,261, respectively.

## 27. Lease Contracts

Operating lease commitments – as lessee

The Parent Company leases the premises occupied by some of its branches (about 84% of the total branches lease their office sites). The terms of these contracts are renewable at the Parent Company's option under certain terms and conditions. Various lease contracts contain escalation clauses. In 2018 and 2017, rent expense (included in the statement of income) of the Parent amounted to P1,558,253,666 and P1,002,226,002, respectively.



Future minimum rentals payable under non-cancellable operating leases as at December 31 are as follows:

	Parent	
	2018	2017
Within one year	499,178,091	432,634,240
After one year but not more than five years	1,200,237,594	1,030,923,809
More than five years	578,415,256	583,407,886
	<b>2,277,830,941</b>	<b>2,046,965,935</b>

Operating lease commitments – as lessor

The Group has entered into commercial property leases with various tenants on its investment property portfolio and part of its bank premises, consisting of the Group's offices and acquired real properties. Various lease contracts include escalation clauses. Rent income from leases (included in the statements of income) of the Parent amounted to P26,280,770 in 2018 and P21,593,777 in 2017.

Future minimum rentals receivable under non-cancellable operating leases as at December 31 are as follows:

	Parent	
	2018	2017
Within one year	4,462,188	7,403,215
After one year but not more than five years	11,699,081	10,135,869
More than five years	1,473,983	0
	<b>17,635,252</b>	<b>17,539,084</b>

## 28. Related Party Transactions

In the ordinary course of business, the Parent has loan transactions with certain directors, officers, stockholders and related interests (DOSRI). Existing banking regulations limit the amount of individual loans to DOSRI, 70 per cent of which must be secured by their respective deposits and book value of their respective investments in the Parent. In the aggregate, loans to DOSRI generally should not exceed the respective total unimpaired capital or 15 per cent of total loan portfolio, whichever is lower, of the Parent.

BSP Circular No. 547 dated September 21, 2006 prescribed the DOSRI rules for government borrowings in government-owned or controlled banks. Said circular considered as indirect borrowings of the Republic of the Philippines (ROP), loans, other credit accommodations and guarantees to: (a) Government-Owned and Controlled Corporations (GOCCs); and (b) Corporations where the ROP, its agencies/departments/ bureaus, and/or GOCCs own at least 20 per cent of the subscribed capital stocks.

Total outstanding DOSRI loans of the Parent as of December 31, 2018 amounted to P93,043,217,629 of which P92,737,508,407 are government borrowings covered by BSP Circular No. 547.

The following are the significant transactions of the Parent with related parties:

	2018				2017			
	Key Management Personnel	Subsidiaries	Others (GOCCs, Provident Fund and Rural Banks)	Total	Key Management Personnel	Subsidiaries	Others (GOCCs, Provident Fund and Rural Banks)	Total
Receivables from customers	30,053,992	1,699,472,695	93,013,163,638	94,742,690,325	21,617,258	1,736,964,454	77,805,962,709	79,564,544,421
Deposit liabilities		195,279,965	0	195,279,965		253,848,891	0	253,848,891
Other liabilities		987,539,196	0	987,539,196		791,071,980	0	791,071,980
	<b>30,053,992</b>	<b>2,882,291,856</b>	<b>93,013,163,638</b>	<b>95,925,509,486</b>	<b>21,617,258</b>	<b>2,781,885,325</b>	<b>77,805,962,709</b>	<b>80,609,465,292</b>

The following are the percentage of DOSRI loans:

	2018	2017
DOSRI to Total Loans	11.64%	12.95%
Unsecured DOSRI to Total DOSRI	1.04%	1.64%
Past due DOSRI to Total DOSRI	0	0
Non-performing DOSRI to Total DOSRI	0	0

The following are the significant transactions with subsidiaries:

	2018	2017
Sales/(Purchases)	(23,167,006)	(56,764,955)
Interest income	63,281,558	58,169,133
Interest expense	(35,713,976)	(114,685,640)
Lease expense	(296,059,599)	(50,932,708)
Other income	912,464	10,249,108
Other expenses	(418,499,956)	(180,283,148)

Transactions with other related parties:

Compensation of key management personnel:

	Group		Parent	
	2018	2017 As restated	2018	2017
Short-term employee benefits	171,011,639	112,170,407	138,954,834	92,988,227
Post-employment benefits	34,172,458	26,712,442	32,599,167	25,372,307
Other long-term benefits	49,470,685	38,992,197	49,470,685	38,992,197
	<b>254,654,782</b>	<b>177,875,046</b>	<b>221,024,686</b>	<b>157,352,731</b>

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made at normal market prices and settlement is made in cash. There have been no guarantees provided or received for any related party receivables or payables. For the years ended December 31, 2018 and 2017, the Group has not made any provision for doubtful accounts relating to amounts owed by related parties. This assessment is undertaken each financial year through examination of the financial position of the related party and the market in which the related party operates.

## 29. Trust Operations

The Parent is authorized under its Charter to offer trust services and administer trust funds through its Trust Banking Group. The Parent accepts funds entrusted by clients and undertakes as trustee to invest such funds in acceptable securities or other investment outlets. Trust funds or assets under Management of the Parent under its trust operations amounted to P305,691,511,509 and P232,391,242,067 as at December 31, 2018 and 2017, respectively.

Summary of Assets under Management is as follows:

	2018 (Unaudited)	2017 (Unaudited)
Special Purpose Trust	452,844,171	470,422,546
Other Fiduciary Accounts	266,885,917,999	187,518,284,717
Agency	31,718,083,091	33,600,066,906
Trust	6,634,666,248	10,802,467,898
	<b>305,691,511,509</b>	<b>232,391,242,067</b>

In compliance with the requirements of the General Banking Law, government securities with total face value of P850,000,000 in 2018 and 2017 are deposited with BSP as security for the Parent's faithful performance of its fiduciary obligation.

## 30. Derivative Financial Instruments

For Derivative instruments, fair values are estimated based on quoted market prices, prices provided by independent parties or values determined using accepted valuation models with observable inputs.

### Freestanding Derivatives

#### *Currency Forwards*

As of December 31, 2018, the outstanding notional amount of the currency sell forward/swap agreements with maturity of less than six months amounted to P12,389,921,699 with market value of P12,283,670,903.

#### *Over the Counter Interest Rate Option Contract Bought*

As of December 31, 2018, the outstanding notional amount of the debt warrants bought to mature on November 29, 2032 amounted to P81,025,872 with market value of P97,984,775.

#### *Foreign Exchange (FX) Risk Cover*

The foreign exchange risk cover on foreign borrowings is a derivative financial instrument per BSP Monetary Board Resolution No. 1063 dated August 14, 2008 and its fair value changes are reported in the statement of comprehensive income. As of December 31, 2018, the outstanding notional amount of the FX risk cover amounted to JPY16,310,675,873 and EUR6,932,914.

#### Embedded Derivatives

##### *Embedded Credit Derivatives*

This includes credit default swaps embedded in host debt instruments and with credit linkages to reference entities.

##### *Embedded Optionalities in Debt Investments*

This includes call, put, extension, and conversion options in debt securities and loan receivables. The embedded call, put and extension options are deemed to be closely related to their host contracts, while the put option embedded in a debt investment is not deemed to be significant.

##### *Embedded Currency Derivatives*

The Group has currency derivatives embedded in host non-financial contracts such as lease agreements and purchase orders.

### **31. Commitments and Contingent Liabilities**

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities which are not presented in the financial statements. The Group does not anticipate material losses from these commitments and contingent liabilities.

The Group is contingently liable for lawsuits or claims filed by third parties which are either pending decision by the courts or under negotiation, the outcome of which is not presently determinable. In the opinion of Management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material effect on the Group's financial statements.

The following is a summary of various commitments and contingencies at their equivalent peso revalued amounts arising from off-balance sheet items which the Parent has contracted:

	Parent	
	2018	2017
Trust Department accounts	305,691,511,509	232,391,242,067
Commitments	118,472,200,701	92,695,411,258
Standby/commercial letters of credit	27,154,664,872	31,880,361,020
Derivatives	20,645,529,081	27,574,406,990
Outstanding guarantees	1,034,961,286	805,133,223
Spot exchange contracts	1,840,300,000	1,497,900,000
Late deposits received	659,251,689	529,930,060
Outward bills for collection	60,362,867	98,516,034
Liability Indemnity Fund	80,042,571	43,481,662
Others	2,354,614,597	132,685,499
	<b>477,993,439,173</b>	<b>387,649,067,813</b>

### 32. Financial Performance

The following basic ratios measure the financial performance of the Parent:

	2018	2017 As restated
Net interest margin ratio	3.04%	3.31%
Return on average assets	0.96%	1.04%
Return on average equity	14.05%	15.57%

### 33. Equity

As of December 31, 2018, the Parent's authorized capital stock consisted of 2 billion common shares with par value of P100 per share totaling P200 billion.

As of December 31, 2018, the Parent's Paid-up capital increased to P26.29 billion equivalent to 262,907,777 shares with par value of P100 per share due to the capital infusion of P5.310 billion in June 2018 by the National Government representing the transferred net assets of NLDC and PCFC pursuant to EO No. 85 series of 2015.

In accordance with Section 3 of Malacanang Executive Order No. 198, series of 2016, the Parent's authorized capital was increased to P200 billion divided into 2 billion common shares with par value of P100 per share. With the increase in par value per share from P10 to P100, the number of shares issued decreased from 1,197,100,000 to 119,710,000.

The Parent complies with the provision of RA No. 7656 on dividend declaration to the National Government (NG) and with the loan and guarantee agreements between the World Bank, the Parent and the Department of Finance (DOF). The Parent has remitted a total of P1.96B cash dividends to the National Government on its 2017 net income on May 30, 2019.

The Retained Earnings- reserves of the Group and the Parent consist of:

	Group		Parent	
	2018	2017	2018	2017
	(Amounts in Millions)			
Reserve for trust business	5,058.99	5,000.00	5,058.99	5,000.00
Reserve for contingencies	5,032.50	2,532.50	5,002.50	2,502.50
Reserve for PPE and software acquisition	190.60	294.00	0	0
Reserve for retirement fund and insurance	20.00	98.00	0	0
Reserve for business expansion	935.00	600.00	0	0
Reserve for others	43,460.59	33,786.95	43,351.04	33,768.95
	<b>54,697.68</b>	<b>42,311.45</b>	<b>53,412.53</b>	<b>41,271.45</b>

The following table shows the components of Other Comprehensive Income of the Group and Parent:

	Group			Total
	Re-measurement of retirement benefit obligation	Net Unrealized Gain/(loss) on AFS securities	Translation Adjustment and Others	
Balances, as of January 1, 2017	(111,524)	3,536,033,144	0	3,535,921,620
Increase/(decrease) in CY 2017	(5,176,642)	1,875,908,234	0	1,870,731,592
Balances, as of December 31, 2017, as restated	(5,288,166)	5,411,941,378	0	5,406,653,212
Effect of PFRS 9 adoption		6,555,190,215		6,555,190,215
Beginning balance under PFRS 9	(5,288,166)	11,967,131,593	0	11,961,843,427
Increase/decrease in CY 2018	1,142,828	(106,340,459)	231,756,287	126,558,656
<b>Balance, as of December 31, 2018</b>	<b>(4,145,338)</b>	<b>11,860,791,134</b>	<b>231,756,287</b>	<b>12,088,402,083</b>



	Net Unrealized Gain/(loss) on AFS securities	Parent Translation Adjustment and Others	Total
Balances, as of January 1, 2017	3,536,033,144	0	3,536,033,144
Increase/(decrease) in CY 2017	1,875,908,234	0	1,875,908,234
Balances, as of December 31, 2017, as restated	5,411,941,378	0	5,411,941,378
Effect of PFRS 9 adoption	6,555,190,215		6,555,190,215
Beginning balance under PFRS 9	11,967,131,593	0	11,967,131,593
Increase/decrease in CY 2018	(58,582,154)	231,756,287	173,174,133
<b>Balance, as of December 31, 2018</b>	<b>11,908,549,439</b>	<b>231,756,287</b>	<b>12,140,305,726</b>

## Capital Management

The overall capital management objective of the Group is to create a more efficient capital structure while ensuring compliance with externally imposed capital requirements.

The Group manages its capital by maintaining strong credit ratings and healthy capital ratios to support its business and sustain its mandate. Adjustments to the Group's capital structure are made in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

## Regulatory Qualifying Capital

Under existing BSP regulations, the Parent's compliance with regulatory requirements and ratios is determined based on the amount of the Parent's unimpaired capital (regulatory net worth) as reported to the BSP.

In addition, the risk-based capital ratio of a bank, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10 per cent for both stand-alone basis (head office and branches) and consolidated basis (Parent and subsidiaries engaged in financial allied undertakings but excluding insurance companies). Qualifying capital and risk-weighted assets are computed based on BSP regulations. Risk-weighted assets consist of total assets less cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items determined by the Monetary Board (MB) of the BSP.

The Bank adopted BASEL 3 CAR computation pursuant to BSP Circular No. 781 effective January 31, 2014. FVOCI and FVTPL Equity were included as regulatory adjustments/deduction to Tier 1 capital.

	Group		Parent	
	2018	2017	2018	2017
	(Amounts in Millions)			
Tier 1 Capital	131,593	104,397	131,617	104,596
Tier 2 Capital	7,522	5,807	7,490	5,790
Less: Required Deductions	24,213	28,285	25,645	28,999
Total Qualifying Capital	114,902	81,919	113,462	81,387
Risk Weighted Assets	905,541	696,236	596,620	693,497
Common Equity Tier 1 Ratio (CET1)	11.86%	10.93%	11.82%	10.90%
Total Capital Adequacy Ratio (CAR)	12.69%	11.77%	12.65%	11.74%

The regulatory qualifying capital of the Parent consists of Tier 1 (core) capital, which comprises paid-up common stock, retained earnings, current year profit less required deductions such as unsecured credit accommodations to DOSRI, deferred income tax, other intangible assets, equity investments and investment in non-marketable securities. Tier 2 (supplementary) capital includes general loan loss provision.

The Bangko Sentral ng Pilipinas (BSP) thru its letter dated October 26, 2018 granted the Bank regulatory relief in the form of non-deduction of the Bank's equity investment in MRTC in the computation of its Common Equity Tier 1 (CET1), Capital Adequacy Ratio (CAR) and Basel 3 Leverage Ratio (BLR) until December 31, 2020.

LBP Group has fully complied with the CAR requirement of the BSP.

## BASEL 3 Leverage Ratio

The Bank adopted the Basel 3 Leverage Ratio (BLR) pursuant to BSP Circular No. 881 and 990 dated May 2015 and January 5, 2018, respectively.

**LAND BANK OF THE PHILIPPINES**
**Summary Comparison of Accounting Assets vs. Leverage Ratio Exposure**
**As of December 31, 2018**

(Amounts in Millions)

Item		Leverage Ratio Framework	
		Group	Parent
1.	Total consolidated assets as per published financial statements	1,885,619.829	1,876,258.34
2.	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation		
3.	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure		
4.	Adjustments for derivative financial instruments	726.100	726.100
5.	Adjustments for securities financial transactions (i.e., repos and similar secured lending)	529.000	0.000
6.	Adjustments for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	67,579.078	66,545.332
7.	Other adjustments	(18,764.716)	(19,700.522)
8.	<b>Leverage ratio exposure</b>	<b>1,935,689.291</b>	<b>1,923,829.247</b>

**LAND BANK OF THE PHILIPPINES**
**Basel III Leverage Ratio Common Disclosure Template**
**As of December 31, 2018**

(Amounts in Millions; Ratios in Percent)

Item		Leverage Ratio Framework	
		Group	Parent
<b>On-balance sheet exposures</b>			
1.	On-balance sheet items <sup>1/</sup>	1,889,116.007	1,880,251.425
2.	Asset amounts deducted in determining Basel III Tier 1 Capital	(24,212.613)	(25,645.328)
3.	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	1,864,903.394	1,854,606.097
<b>Derivative exposures</b>			
4.	Replacement cost associated with all derivatives transactions	1,951.719	1,951.719
5.	Add-on amounts for Potential Future Exposure associated with all derivative transactions	726.100	726.100
6.	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework <sup>2/</sup>		
7.	Deductions of receivables assets for cash variation margin provided in derivatives transactions <sup>2/</sup>		
8.	Exempted CCP leg of client-cleared trade exposures		
9.	Adjusted effective notional amount of written credit derivatives	0.000	0.000
10.	Adjusted effective offsets and add-on deductions for written credit derivatives <sup>2/</sup>	0.000	0.000
11.	<b>Total derivative exposures (sum of lines 4 to 10)</b>	<b>2,677.819</b>	<b>2,677.819</b>
<b>Securities financing transaction exposures</b>			
12.	Gross SFT assets (with no recognition of netting)	0.000	0.000
13.	Netted amounts of cash payables and cash receivables of gross SFT assets <sup>2/</sup>		
14.	CCR exposures for SFT assets	529.000	0.000
15.	Agent transaction exposures <sup>3/</sup>	0.000	0.000
16.	<b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>	<b>529.000</b>	<b>0.000</b>
<b>Other off-balance sheet exposures</b>			
17.	Off-balance sheet exposure at gross notional amount	141,857.789	139,723.738
18.	Adjustments for conversion to credit equivalent amounts	0.000	0.000
19.	<b>Off-balance sheet items</b>	<b>67,579.078</b>	<b>66,545.332</b>
<b>Capital and total exposures</b>			
20.	<b>Tier 1 capital</b>	<b>107,380.273</b>	<b>105,972.164</b>
21.	<b>Total exposures (sum of lines 3, 11, 16 and 19)</b>	<b>1,935,689.291</b>	<b>1,923,829.247</b>
<b>Leverage ratio</b>			
22.	<b>Basel III leverage ratio</b>	<b>5.55%</b>	<b>5.51%</b>

<sup>1/</sup> Gross of General Loan Loss Provision (GLLP) and excluding derivatives and SFTs

<sup>2/</sup> Not included under the framework

<sup>3/</sup> When a bank/non-bank acting as an agent in an SFT provides an indemnity or guarantee to a customer or counterparty for any difference between the value of the security or cash the customer has lent and the value of the collateral the borrower has provided

### 34. Prior Period Adjustments

In 2018 the Parent made adjustments to its financial statements as of and for the year ended December 31, 2017 as a result of the set up of accrual for GRT.

The effects of these restatements in the financial statements as of and for the year ended December 31, 2017 are summarized below:

	As Previously Reported	Effects of Restatement	As Restated
<b>Parent</b>			
<b>Changes in the Statement of Financial Position</b>			
<b>Liabilities</b>			
Other liabilities	34,677,450,701	<u>330,140,472</u>	35,007,591,173
<b>Equity</b>			
Undivided Profit	15,505,365,035	<u>(330,140,472)</u>	15,175,224,563
<b>Changes in the Statement of Comprehensive Income</b>			
<b>Other operating expenses</b>			
Taxes and licenses	3,097,464,757	<u>330,140,472</u>	3,427,605,229

### 35. Miscellaneous Income

This account is composed of:

	<b>Group</b>		<b>Parent</b>	
	2018	2017 As restated	2018	2017
Gain from sale/derecognition of non-financial assets	748,550,585	678,729,147	732,926,956	666,394,383
Rent income	46,050,513	89,901,851	26,280,771	21,562,277
Miscellaneous income	1,929,859,798	576,729,419	1,742,018,600	361,329,446
Recovery on charged-off assets	56,530,727	73,489,717	41,966,691	73,489,717
	<b>2,780,991,623</b>	<b>1,418,850,134</b>	<b>2,543,193,018</b>	<b>1,122,775,823</b>

### 36. Miscellaneous Expenses

This account is composed of:

	<b>Group</b>		<b>Parent</b>	
	2018	2017	2018	2017
Finance Charges	80,342	0	0	0
Management and other professional fees	334,187,893	322,051,029	306,146,738	319,669,363
Supervision fees	414,144,350	407,083,016	411,319,527	406,633,016
Fines, penalties and other charges	1,172,474	8,157,911	537,466	8,150,157
Insurance	3,211,880,100	2,989,640,362	3,185,223,420	2,980,602,579
Fees and commission expense	266,981,077	298,229,270	271,575,956	298,229,270
Litigation/asset acquired expenses	182,041,589	110,563,820	121,320,950	108,361,349
Bad debts written-off	184,193	193,140	184,193	193,140
Other Expenses	8,749,931,962	6,514,038,772	8,238,847,726	6,237,041,139
	<b>13,160,603,980</b>	<b>10,649,957,320</b>	<b>12,535,155,976</b>	<b>10,358,880,013</b>

### 37. Events After the End of Reporting Period

- **Cash Dividend Declaration**

On May 8, 2019, the Board of Directors of the Parent, through its Board Resolution No. 19-301, approved the declaration of cash dividends on CY 2017 net income amounting to P1,960,000,000.00 and remitted the same to the National Government on May 30, 2019.

### 38. Financial Risk Management

#### **CREDIT RISK MANAGEMENT**

Credit risk arises from the failure of a counterparty to meet the terms of any contract with the Bank. Credit risk is not limited to the loan portfolio but is found in all the Bank's activities where success depends on counterparty, issuer, or borrower performance. It arises any time the Bank's funds are extended, committed, invested, or otherwise exposed through actual or implied contractual agreements, whether reflected on or off the balance sheet. The Bank considers its loan portfolio as the major source of credit risk. However, other sources of credit risk exist throughout the activities of the Bank, including the banking and trading books and On- and Off-Balance Sheet transactions.

#### **Maximum Credit Risk Exposure**

The table below shows the Group's maximum exposure to credit risk, before and after considering eligible collateral held or other credit enhancements.

On-Balance Sheet (BS) Items	2018 (In Millions)							Credit RWA
	Net Exposures	0%	20%	50%	75%	100%	150%	
Cash on Hand	36,941	36,941	0	0	0	0	0	0
Checks and Other Cash Items (COCI)	51	0	51	0	0	0	0	10
Due from Bangko Sentral ng Pilipinas (BSP)	334,804	334,804	0	0	0	0	0	0
Due from Other Banks	4,718	0	67	4,563	0	88	0	2,383
Financial Assets Designated at FVTPL	912	0	0	0	0	912	0	912
Available-for-Sale (AFS) Financial Assets	92,902	65,926	0	22,898	0	4,078	0	15,527
Held-to-Maturity (HTM) Financial Assets	496,134	462,778	0	15,075	0	18,281	0	25,819
Loans and Receivables	723,222	0	7,652	16,295	87,501	606,498	5,276	689,716
1. Interbank Loans Receivables	48,449	0	7,364	10,732	0	30,323	30	37,207
2. Loans & Receivables - Others								
a. LGUs & Public Sector Entities	33,044	0	0	0	0	33,044	0	33,044
b. Government Corporation	1,988	0	0	0	0	1,988	0	1,988
c. Corporates	511,703	0	0	0	0	511,703	0	511,703
d. Micro/Small & Medium Enterprise	87,995	0	288	0	87,501	206	0	65,889
e. Loans to individuals	34,574	0	0	5,563	0	29,011	0	31,793
3. Defaulted Exposures	5,469	0	0	0	0	223	5,246	8,092
Other Loans and Receivables 1/	50,549	50,549	0	0	0	0	0	0
Sales Contract Receivable (SCR)	890	0	0	0	0	425	465	1,123
Real and Other Properties Acquired	4,855	0	0	0	0	0	4,855	7,283
Total Exposures Excluding Other Assets	1,745,978	950,998	7,770	58,831	87,501	630,282	10,596	742,773
Other Assets	17,511	17	0	0	0	17,494	0	17,494
Total On-BS RWA not covered by CRM	0	0	0	0	0	0	0	72
<b>Total On-Balance Sheet Exposures</b>	<b>1,763,489</b>	<b>951,015</b>	<b>7,770</b>	<b>58,831</b>	<b>87,501</b>	<b>647,776</b>	<b>10,596</b>	<b>760,339</b>

<sup>1/</sup> Arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse, and Securities Lending and Borrowing Transactions

Off-BS Items	Credit Equivalent Amount	0%	20%	50%	75%	100%	150%	Credit RWA
A. Direct credit substitutes	4,810	0	0	158	0	4,652	0	4,731
B. Transaction-related contingencies	59,888	0	0	0	0	59,888	0	59,888
C. Trade-related contingencies	2,308	0	0	1,126	0	1,182	0	1,745
D. Other commitments	0	0	0	0	0	0	0	0
<b>Total Off-Balance Sheet Exposures</b>	<b>67,006</b>	<b>0</b>	<b>0</b>	<b>1,284</b>	<b>0</b>	<b>65,722</b>	<b>0</b>	<b>66,364</b>

Counterparty RWA In The Trading Book	Credit Equivalent Amount	0%	20%	50%	75%	100%	150%	Credit RWA
Derivative Exposures	231	0	10	85	0	136	0	181
<b>Total Exposures</b>	<b>1,830,726</b>	<b>951,015</b>	<b>7,780</b>	<b>60,200</b>	<b>87,501</b>	<b>713,634</b>	<b>10,596</b>	<b>826,884</b>

CEA: Credit Equivalent Amount  
RWA: Risk Weighted Assets

CRM: Credit Risk Mitigant  
CRWA: Credit Risk Weighted Assets



## Credit Exposures and Credit-Related Commitments

As of 31 December 2018, the Group's Gross Loans & Receivables amounted to P723,222 million, net of credit risk mitigation which consists mainly of prime collaterals such as deposit holdout, government securities (GS) and sovereign guarantees. Net Loans & Receivables, Corporates stood at P511,703 million (70.75%), followed by Micro, Small & Medium Enterprise (MSMEs) at P87,995 million (12.17%), Government Corporation/Entities at P35,032 million (4.84%) and Loans to Individuals at P34,574 million (4.78%). The Group also holds substantial receivables arising from Repurchase Agreements aggregating P50,549 million. The P66,364 million credit risk weighted asset of net Off-balance Sheet exposures of P67,006 million is computed based on respective Credit Conversion Factors. These accounts are composed mainly of general guarantees of indebtedness (e.g., financial standby letters of credit - domestic and foreign), performance bonds and warranties related to particular transactions, and contingencies arising from movement of goods and trust transactions. Outstanding derivative exposures are mainly over-the-counter foreign exchange option contracts.

The Group's Gross Loans & Receivables reflected a Credit Risk Weighted Assets (RWA) of P689,716 million following the Standardized Approach. This represents 83.41% of the Total Credit RWA of P826,884 million. The Total Credit RWA increased by P198,523 million or 31.59%, from P628,361 million in 2017 to P826,884 million in 2018. The Total Credit RWA represents 91.31% of the Group's Aggregate RWA of P905,541 million.

## Management of Credit Risk

Credit Risk Management aims to adequately manage the risk of financial loss arising from the failure of borrowers or counterparties to settle their obligations in accordance with the terms and conditions of the duly approved contractual agreement.

This involves the identification, measurement and monitoring of actual or potential losses and the implementation of appropriate measures, including the setting-up of applicable limits to keep credit risk exposures within the Bank's risk appetite or the acceptable level of credit risk that it is willing to accept in pursuit of its lending plans and programs.

The Bank also manages the credit risk inherent in the entire portfolio as well as the risk in individual credits or transactions and the correlation of credit risk with other risks. The effective management of credit risk is a critical component of a comprehensive approach to RM and essential to the long-term success of the Bank.

The Bank manages credit risk through a structured framework duly approved by the LANDBANK Board that sets out policies and procedures covering the identification, measurement, control, and monitoring of credit risk. Accordingly, approval of credit application goes through prescribed loan approving levels which, depending on the transaction or amount of loan applied, could be elevated to the Credit Committee (CRECOM) a Management-level Committee, the Investment and Loan Committee (ILC), a Board-level Committee and up to the LANDBANK Board, whenever applicable. The approval process also covers proposed remedial actions aimed at helping problem accounts regain normal operations. The Bank has put in place comprehensive set of credit policies through the issuance of Credit Manual, Credit Policy Issuances (CPIs) and Credit Bulletins (CBs). As the Bank's middle office for credit risk, the Credit Risk Management Department (CRMD) handles credit risk oversight, risk measurement and risk rating of borrowers.

To effectively monitor and maintain the quality of its loan portfolio, the Bank conducts annual qualitative and impairment review to assure proper loan classification and setting-up of valuation reserves. As of 31 December 2018, the Parent's net Non-Performing Loan (NPL) stood at P3,715 million or 0.428% of the total loan portfolio of P867,217 million.

## Credit Risk Rating

LANDBANK's Credit Risk Engine System (CRES) serves as the main platform for the development of statistically-based credit rating models which will be used to conduct automated credit ratings of borrowers to help determine their credit worthiness. The Bank undertakes continuing development and implementation of the automated CRES scoring facility to provide support to its ongoing initiatives for the adoption of applicable banking regulations and global best practices and approaches in Credit Risk Management.

The said credit ratings are also needed for the eventual adoption of the advance approaches in credit RM under the Basel Committee on Banking Supervision principles on sound credit RM.

Toward this end, the Bank has developed the following statistically-based credit scoring models and their corresponding rating guidelines in 2018:

- Application Scoring Model for Individual Home Buyers
- Application Scoring Model for Salary Loan Availers
- Behavioral Scoring Model for Existing Salary Loan Availers<sup>1</sup>
- Behavioral Scoring Model for Local Government Units (LGUs)
- Behavioral Scoring Model for Small & Medium Enterprises (SMEs)
- Behavioral Scoring Model for Corporates
- Behavioral Scoring Model for Cooperatives
- Application Scoring Model for Credit Card<sup>1</sup>
- Application Scoring Model for Livelihood Mobile Loan Saver<sup>1</sup>
- Behavioral Scoring Model for Countryside Financial Institutions<sup>1</sup>

Nonetheless, the Bank shall continue to use the expert-based credit rating system for Universal Banks, Commercial Banks and Offshore Banks.

### **Credit Risk Monitoring**

LANDBANK has continuously adopted a formal reporting system for the Board of Directors and Senior Management to be able to monitor the credit quality of individual and loan portfolio using asset quality indicators such as past due ratio, NPL ratio, level of non-performing assets, coverage ratio, concentration risk. Clean large exposures, breaches in regulatory and internal limits, potential credit risk, Directors, Officers, Stockholder and their Related Interests (DOSRI) loans, Related Party Transactions (RPTs) and compliance with Real Estate Stress Test (REST) are intensively monitored by the ILC and the Risk Oversight Committee (RISCOM). The recovery of written-off accounts is also within the radar of the LANDBANK Board and Senior Management.

### **Collateral and Other Credit Enhancements**

The Bank adopts a cash flow lending principles and collateral is not the primary factor in granting credit. The required amount and type of collateral and other credit enhancements to mitigate credit exposures depend primarily on the results of the holistic and prudent credit assessment. When needed, the Bank diligently evaluates the enforceability, realizable value and marketability of offered collaterals. The Bank's Credit Manual and CPIs provide the guidelines on the acceptability of loan collateral and maximum valuation for each type of collateral.

The primary collaterals accepted are Holdout on Deposits, GS, Real Estate Mortgage and Chattel Mortgage. The Bank also accepts government guarantees, cross suretyship from corporations and such other eligible guarantees. In the case of agricultural and agriculture-related loans that are vulnerable to the effects of climate and weather disturbances, borrowers are encouraged to avail of crop insurance guarantees and other insurance mechanisms to shield them from these risks.

### **Credit Stress Test**

LANDBANK regularly conducts stress testing of individual large exposure and its loan portfolio taking into account plausible risk events with high probability of occurrence. Utilizing such scenarios with documented assumptions, tests are done to determine the magnitude of impact on the Bank's loan portfolio, on the Credit RWA, and finally on the Common Equity Tier 1 (CET1) Ratio. The stress testing also includes prescribed regulatory tests such as uniform stress test and REST. Results of the stress testing, together with the contingency plans, are escalated to the ILC and RISCOM.

### **Risk concentrations of the maximum exposure to credit risk**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Bank has established concrete guidelines and procedures relative to managing, monitoring and reporting large exposures and credit risk concentrations in accordance with the rules and regulations issued by the BSP.

As of 31 December 2018, the Parent's qualifying capital covering credit risk is P113.46 billion.

On the other hand, the Parent's Single Borrower's Limit (SBL) is pegged at P32.552 billion for direct lending.

---

<sup>1</sup>Credit Scoring Models Only

Overall credit risk management oversight is a function of the Board of Directors (BOD) -level Risk Management (RM) Committee. In general, mitigation measures on credit risks are implemented at various levels. However, oversight on credit risk management is vested on the Risk Management Group which is independent from the business function. This is critical in ensuring the integrity and objectivity of the credit risk assessment, pricing, and management process.

The Bank ensures that the credit risks undertaken are commensurate with the risk appetite and the Bank's capacity to manage such risks. Thus, regular monitoring of both the level of risk and equity capital is undertaken to ensure that even in instances of major credit surprises, the Bank could sustain its operations in spite of the losses incurred and continue to be an efficient financial intermediary for development and institutional financing.

The BSP considers that credit concentration exists when total loan exposure to a particular industry exceeds 30 per cent of total loan portfolio. As of 31 December 2018 and 2017, the Bank does not have credit concentration in any particular industry.

As of December 31, 2018 and 2017, information on the concentration of credit as to industry based on carrying amount is shown below:

	Parent			
	2018		2017	
	Amount	%	Amount	%
Financial intermediation	114,310,426,882	14	71,713,093,339	12
Agriculture, hunting and forestry	67,602,346,878	8	51,536,263,324	8
Real estate, renting and business activities	68,426,309,747	9	58,048,731,998	10
Public administration and defense	80,850,276,420	10	76,784,032,439	13
Manufacturing	56,021,690,692	7	51,985,570,951	9
Community, social and personal services	21,725,073,913	3	13,346,062,576	2
Electricity, gas and water	116,484,048,169	15	93,537,592,974	15
Wholesale & retail trade, repair of motor vehicles, motorcycles & personal and household goods	76,255,818,839	9	57,639,838,178	10
Transport, storage and communication	73,669,726,711	9	43,994,810,674	7
Construction	53,828,241,433	7	37,899,953,536	6
Private households	29,699,897,529	4	23,646,244,827	4
Hotel and restaurant	12,601,992,410	2	4,637,321,925	1
Others	27,653,979,045	3	16,397,316,585	3
	<b>799,129,828,668</b>	<b>100</b>	<b>601,166,833,326</b>	<b>100</b>
Allowance for losses	<b>(9,525,823,713)</b>		<b>(5,168,696,310)</b>	
	<b>789,604,004,955</b>		<b>595,998,137,016</b>	

## MARKET RISK MANAGEMENT

### Market Risk Management Framework

LANDBANK is exposed to market risks in both its trading and non-trading banking activities. The Bank assumes market risk in market making and position taking in government securities and other debt instruments, equity, Foreign Exchange (FX) and other securities, as well as, in derivatives or financial instruments that derive their values from price, price fluctuations and price expectations of an underlying instrument (e.g., share, bond, FX or index). The Bank's exposure on derivatives is currently limited to currency swaps and currency forwards to manage FX exposure. The Bank is also exposed to derivatives that are embedded in some financial contracts, although, these are relatively insignificant in volume.

The Bank uses a combination of risk sensitivities, Value-at-Risk (VaR), stress testing, Capital Adequacy Ratio (CAR) and capital metrics to manage market risks and establish limits. The LANDBANK BoD, RiskCom and the Asset and Liability Committee (ALCO), define and set the various market risk limits for each trading portfolio. The Treasury and Investment Banking Sector (TIBS), particularly the Financial Markets Group (FMG) which manages the Bank's trading units as well as the Asset and Liability Management Group (ALMG) which manages the liquidity and reserve positions, conducts risk-taking activities within limits and ensures that breaches are escalated to the Senior Management for appropriate action.

A management alert is activated whenever losses during a specified period equal or exceed specified management alert level. The Bank controls and minimizes the losses that may be incurred in daily trading activities through the VaR, Management Action Triggers (MATs) and Stop Loss. Positions are monitored on a daily basis to ensure that these are maintained within established position limits to control losses. Position limits are subordinated to MATs, VaR and Stop Loss limits. Macaulay and Modified Duration are used to identify the interest rate sensitivity of the Bond Portfolio of the Bank. In the same way, certain subsidiaries of the Bank independently quantify and manage their respective market risk exposures by maintaining their respective RM system and processes in place.

## Market Risk Weighted Assets (RWA)

As of 31 December 2018, the Group's Total Market RWA stood at P9,302 million, broken down as follows:

PARTICULARS	Amount (In Millions)
Interest Rate Exposure	858
Equity Exposure	0
FX Exposure	138
Options	8,306
<b>Total Market RWA</b>	<b>9,302</b>

The Total Market RWA represents 1.03% of the Group's Aggregate RWA of P905,541 million.

## Managing Market Risk Components

Market Risk is associated to earnings arising from changes in interest rate, FX rates, equity and in their implied volatilities. Market risk arises in trading as well as non-trading portfolios.

The Bank manages the following key market risk components using its internal risk mitigation techniques:

### 1. Interest Rate Risk in the Trading Book

Interest Rate Risk represents exposures to instruments whose values vary with the level or volatility of interest rates as a result of market making and portfolio taking. The Parent continues to manage interest rate risk in trading activities through factor sensitivities and the use of an effective and independently validated VaR methodology and stress testing. Government and Foreign Securities (FS) are subject to daily mark-to-market and controlled through risk limits such as position, VaR, MATs and Stop Loss.

PARTICULAR	DAILY LIMIT (In Millions)		MAT	STOP loss (In Millions)
	POSITION	VaR		
Government Securities	P20,000.00	P150.00	YTD Gain Erosion	P200.00
Foreign Securities	\$20.00	\$0.20	Group Target	\$0.64

YTD: Year-to-Date

The Foreign Exchange Risk in FS is accounted under Foreign Exchange Risk Management.

### 2. Equity Price Risk Management

The Parent is exposed to equity price risk resulting from changes in the levels of volatility of equity prices, which in turn affect the value of equity securities and impacts on profit and loss of the Parent. Equities are subject to daily mark-to-market and controlled through risk limits such as position, VaR, MATs and Stop Loss.

PARTICULAR	DAILY LIMIT(In Millions)		MAT	STOP LOSS (In Millions)
	POSITION	VaR		
Equity	1,000.00	15.00	YTD Gain Erosion Group Target	90.00

### 3. FX Risk Management

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in FX rates. Using the Philippine Peso as the functional currency, the Parent monitors daily the currency positions to ensure that these are within established limits.

The following limits are set for foreign-currency related transactions:

PARTICULAR	Daily Limit(In \$ Millions)		MAT	STOP LOSS
	POSITION	VAR		
Fx Trading	50.00	0.36	YTD Gain Erosion	1.15
FS	20.00	0.20	Group Target	0.64

FS: Foreign Securities



The Parent had the following significant exposures denominated in foreign currencies as of 31 December 2018:

Particular	In \$ Thousands					
	USD	JPY	EUR	AUD	Others	Total
<b>ASSETS</b>						
Fx Currency Notes & Coins on Hand (FCNCH)/ Cash and Other Cash Items (COCI)	31,162	155	110	23	194	31,644
Due from banks	78,419	1,761	6,567	208	1,130	88,085
Held for Trading	8,076	0	0	0	0	8,076
Available For Sale Investment	867,096	0	1	0	0	867,097
Investments in Bonds and Other Debt Instruments (IBODI)	636,840	0	0	0	0	636,840
Interbank Loans Receivable	344,000	0	0	0	0	344,000
Loans & Receivables	427,314	49,074	0	0	0	476,388
Other Assets	32,467	785	0	174	710	34,136
<b>Gross Fx Assets</b>	<b>2,425,374</b>	<b>51,775</b>	<b>6,678</b>	<b>405</b>	<b>2,034</b>	<b>2,486,266</b>
<b>LIABILITIES</b>						
Deposit Liabilities	1,805,536	1,649	3,915	0	0	1,811,100
Bills Payable	268,081	292,899	28,589	0	0	589,569
Others	130,273	1,565	1,680	174	710	134,402
<b>Gross Fx Liabilities</b>	<b>2,203,890</b>	<b>296,113</b>	<b>34,184</b>	<b>174</b>	<b>710</b>	<b>2,535,071</b>

## Market Risk Measurement and Validation Tools

### 1. Value-at-Risk (VaR) Analysis

VaR is a statistical approach for measuring the potential variability of trading revenue. It is used to measure market risk in the trading book under normal conditions, estimating the potential range of loss in the market value of the trading portfolio, over a one-day period, at 99.0% confidence level, assuming a static portfolio.

The Bank uses internally developed Historical Simulation Model in computing VaR of Equities, Foreign Securities (FS), GS and FX trading portfolios as well as FX Net Open Position which is acceptable to BSP. Moreover, the Bank continuously pursues initiatives to improve its processes. The VaR disclosure is intended for external disclosure and for regulatory purposes.

The VaR both at portfolio and across portfolio level are monitored. Daily VaR calculations are compared against VaR limits which is the monetary amount of risk deemed tolerable by Management. The over-all VaR limit for the Treasury trading activities was set at P193 million throughout 2018. The Bank also determines Diversified VaR that takes into account the diversification effect in which all losses in all securities in a portfolio are imperfectly correlated.

### 2. Stress Test

Risk Management (RM) models have recently become the main focus of RM efforts in the banking industry where banking activities are exposed to changes in fair value of financial instruments. However, the Bank believes that the statistical models alone do not provide reliable method of monitoring and controlling risk because these models (while relatively sophisticated) have several known limitations, at the same time, do not incorporate the potential loss caused by very unusual market events. Thus, the VaR process is complemented by Stress Testing to measure this potential risk.

Stress Test is a RM tool used to determine the impact on earnings and capital of market movements considered "extreme", i.e., beyond "normal" occurrence. The Bank utilizes Stress Tests to estimate possible losses which the VaR does not capture.

The Bank's Portfolio Scenario Analysis (PSA) analyzes the impact of major risks that emerge out of the different scenarios, considering adverse and probable risk events, on activities related to Treasury's trading and investment portfolios. This seeks to establish how far the Bank can absorb certain levels of stress, to explore the events that could cause a significant impact to the Bank and to assess its vulnerabilities and capability to deal with shocks such as price risk, interest rate risk, FX risk and eventually, liquidity risk. Reverse Stress Tests are conducted to identify and simulate the events that can lead the Bank to a particular tail event.

Results of the PSA are also simulated in the CAR computation to be able to assess its impact on the Common Equity Tier (CET) 1 ratio set at 10.17% by BSP for LANDBANK as Domestic Systemically Important Banks (DSIB) for 2018.

### 3. Back-Test

The Parent adopts back-testing as the basic technique in verifying the quality of risk measures used by comparing actual trading results with model-generated risk measures.

Under the back-testing process, exception occurs if mark-to-market (MTM) and trading loss exceeds the result of the model-generated risk measure. The number of exceptions is noted and the model is classified into one of the three zones as follows:

ZONE CLASSIFICATION	NUMBER OF EXCEPTIONS
safe/green zone	0-4 exceptions
non-conclusive/yellow zone	5-9 exceptions
problematic/red zone	10 or more exceptions

Back-testing results are presented to the ALCO and the RiskCom which examine the actual performance of portfolios against VaR measures to assess model accuracy and to enhance the risk estimation process in general.

### 4. Model Validation

Risk models used in managing market risk are subjected to independent model validation. The Internal Audit Group (IAG) is tasked to do model validation of RM models. The Parent has also engaged the services of a third party to conduct an independent model validation.

## **Interest Rate Risk Management**

### **Interest Rate Risk in the banking book**

For interest rate risk in the banking book, a key component of LANDBANK's asset and liability policy is the management of interest rate sensitivity. Interest rate sensitivity is the relationship between market interest rates and net interest income due to the maturity or re-pricing characteristics of rate sensitive assets and liabilities.

The Bank establishes the lending rates for its loans based on a spread over its internal base rate, reflecting the average cost of funds that is generally reset at the beginning of every two weeks. Interest rates on floating rate loans are typically reset every 30 to 90 days. For deposits, regular savings and time deposit account rates are set by reference to prevailing market rates.

The Bank manages interest risk based on approved policies and guidelines, established limit setting procedures and interest rate risk limits, application of interest rate risk measurement models and reporting standards such as Re-pricing Gap/Earning-at-Risk (EaR), Economic Value of Equity (EVE)-at-Risk, Bond Duration Report and Balance Sheet Duration Report.

The two interest rate risk perspectives adopted by the Bank in measuring interest rate risk in the banking book are as follows:

- a. Earnings Perspective: The Bank uses the Earnings-at-Risk (EaR) Model to estimate changes in net interest income under a variety of rate scenarios over a 12 month horizon. EaR is a simulation method that analyzes the interest rate risk in the Banking Book in terms of earnings (accrual basis).

To determine the actual behavior of Non-Maturing Deposits (NMDs) and capture the Bank's actual interest rate risk exposure, the Bank analyzed its deposit base to estimate the proportion of core and non-core deposits and determine how actual maturity or re-pricing behavior may vary from the contractual terms.

Core Deposits are NMDs which are unlikely to re-price even under significant changes in interest rate environment while Non-Core (Volatile) Deposits are NMDs that are characterized by 'activity' as manifested by the behavior based on withdrawal patterns, computed through statistical analysis of net withdrawal levels. Non-Core NMDs are re-bucketed based on net withdrawal pattern for the past five years and Core NMDs are allocated in the 'more than five years'.

Furthermore, to enhance the process of forecasting cash flows from prepayment of loans and come up with a more accurate analysis of risk associated to interest rate in the banking book, a portion of the loan balance originally distributed across time bands is deducted representing loan prepayment and slotted in the nearest tenor "1 to 7-day bucket" based on the result of the behavioral analysis of prepayment of loans.

Excluded at the moment in the analysis of actual maturity or re-pricing behavior for the determination of Re-pricing Gap are the term deposits subject to early redemption risk. Early withdrawal of maturing deposits is considered an isolated case which will have minimal effect in the Bank's interest rate risk estimation.

The following table sets the Re-pricing Gap position of the Parent as of 31 December 2018 and the increase/decline in earnings for upward and downward interest rate shocks in the banking book:

				In Millions				
Particulars	Within 1 month	> 1 month to 3 months	> 3 months to 6 months	> 6 months to 12 months				
<b>Financial Assets</b>								
Liquid Assets	51,500	0	0	0				
Total Investments	4,531	5,268	6,731	30,783				
Total Loans	226,238	252,277	85,078	49,207				
Other Assets	10	4	3	5				
<b>Total Financial Assets</b>	<b>282,279</b>	<b>257,549</b>	<b>91,812</b>	<b>79,995</b>				
<b>Financial Liabilities</b>								
Deposits	438,550	152,076	40,953	12,195				
Bills Payable	4,206	493	12,531	0				
Others	0	0	0	0				
<b>Total Financial Liabilities</b>	<b>442,756</b>	<b>152,569</b>	<b>53,484</b>	<b>12,195</b>				
<b>Off-Balance Sheet</b>								
Commitments	0	0	0	(59,521)				
Total Off-Balance Sheet	0	0	0	(59,521)				
<b>Re-pricing Gap</b>	<b>(160,477)</b>	<b>104,980</b>	<b>38,328</b>	<b>8,279</b>				
<b>Change in Interest Rates - in basis points (bps)</b>								
In Millions								
EaR	-300	-200	-100	-50	+50	+100	+200	+300
	1,208	806	403	201	(201)	(403)	(806)	(1,208)

- b. Economic Value Perspective: The Parent uses the EVE-at-Risk Model to assess the potential long-term effects of changes in interest rates over the remaining life of its holdings. This model also measures the change in the Parent's EVE for specified changes in interest rates.

The table below shows the increase (decline) in economic value for upward and downward rate shocks using the EVE-at-Risk Model to measure interest rate risk in the banking book.

Change in Interest Rates - in bps			
Basis	Interest Rate Scenario		EVE-at-Risk (In Millions)
	Peso	Dollar	
Hypothetical	+300	+200	1,662
BIS-IRRBB Calculation	+271	+200	1,330
5-year Historical Data (Year-on-Year Change on Average Rates at 99% Level Confidence Level)	+251	+153	1,631
5-year Historical Data (Year-on-Year Change on Average Rates at 95% Level Confidence Level)	+178	+108	1,252
Market Sentiment	+100	+50	903
Market Sentiment	+50	+50	136
Market Sentiment	-50	-50	(151)
Market Sentiment	-100	-50	(1,099)
5-year Historical Data (Year-on-Year Change on Average Rates at 95% Level Confidence Level)	-178	-108	(1,811)
5-year Historical Data (Year-on-Year Change on Average Rates at 99% Level Confidence Level)	-251	-153	(2,749)
BIS-IRRBB Calculation	-271	-200	(2,404)
Hypothetical	-300	-200	(3,153)

Both viewpoints are assessed to determine the full scope of the Parent's interest rate risk exposure (especially if the Parent has significant long-term or complex interest rate risk positions). Moreover, interest risk in the Parent is not managed in isolation. Interest risk measurement systems are integrated into the Parent's general risk measurement system and results from models are interpreted in coordination with other risk exposures.

The interest rate risk exposures of the Parent are measured and reported to the ALCO and RiskCom at least on a monthly basis under the Earnings Perspective through EaR Model and quarterly for the Economic Value Perspective using EVE-at-Risk Model.

## **LIQUIDITY RISK MANAGEMENT**

### **Liquidity Risk Management Framework**

The Parent's liquidity RM process is consistent with its general RM framework covering risk identification, measurement and analysis, monitoring and control. The policies and procedures that govern liquidity RM are reviewed and endorsed on a regular basis by ALCO and RiskCom for approval of the Board of Directors. The basic liquidity policy of the Parent is to maintain fund availability at all times and hence, to be in a position to meet all of its obligations, in the normal course of business.

The Parent considers liquidity risk based on market and funding liquidity risk perspectives. Trading or market liquidity risk refers to the inability to unwind positions created from market, exchanges and counterparties due to temporary or permanent factors. It is the risk that the Parent cannot easily offset or eliminate a position at the market price because of inadequate market depth or through market disruption.

Market liquidity risk is also associated with the probability that large transactions may have a significant effect on market prices in markets that lack sufficient depth. This liquidity risk perspective is captured through stress testing or scenario analysis.

Funding liquidity risk is the risk that the Parent will not be able to meet efficiently both expected and unexpected current and future cash flow and collateral needs without affecting either daily operations or the financial condition of the Parent. It occurs from the mismatch of asset, liability, exchange contract and contingent commitment maturities. Funding liquidity risk is being monitored and controlled through the classification of maturities of assets and liabilities over time bands and across functional currencies as reflected in the Liquidity Gap Report (LGR).

The Parent Board exercises oversight through RiskCom and has delegated the responsibility of managing the overall liquidity of the Parent to the ALCO. The ALCO and the TIBS are responsible for the daily implementation and monitoring of relevant variables affecting Parent's liquidity position. The ALCO reviews the assets and liabilities position on a regular basis and, in coordination with the TIBS, recommends measures to promote diversification of its liabilities according to source, instrument and currency to minimize liquidity risks resulting from concentration in funding sources.

The ALCO meets twice a month or more frequently as required by prevailing situations. The RMG, through the Treasury Risk Management Department (TRMD) is responsible for the oversight monitoring of the Parent's liquidity risk positions and ensures that reports on the Parent's current risk are prepared and provided to ALCO and RiskCom in a timely manner.

The Parent performs a comprehensive liquidity risk measurement and control using as tool the Consolidated LGR covering the bank-wide balance sheet. Risk models used in liquidity RM are subjected to independent model validation as conducted by the IAG and by a Third party.

### **Liquidity Risk Measurement Models**

The Parent manages the liquidity risk using the following tools:

#### **1. Liquidity Gap Report**

The Parent performs liquidity gap analysis using the LGR. This risk measurement tool is used in identifying the current liquidity position and the Parent's ability to meet future funding needs. It categorizes balance sheet items according to estimated maturities of assets and liabilities in order to determine any future mismatch such as long-term assets growing faster than long term liabilities.

TRMD prepares RBU (Peso and FX Regular), FCDU, Consolidated (Solo-Parent) LGR on a monthly basis. Parent and Subsidiary LGR is prepared in a quarterly basis. ALCO reviews the Bank's assets and liabilities position on a regular basis and recommends measures to promote diversification of its liabilities according to sources, instruments, and currencies to minimize liquidity risks resulting from concentration in funding sources.



The table presents the assets and liabilities based on the contractual maturity, settlement and expected recovery dates:

Parent						
In Thousands						
Particulars	2018			2017 As restated		
	Due within 1 year	Due > 1 year	Total	Due within 1 year	Due > 1 year	Total
<b>ASSETS</b>						
Cash & Other Cash Items	36,968,265	0	36,968,265	31,384,485	0	31,384,485
Due from BSP	331,197,576	0	331,197,576	305,349,912	0	305,349,912
Due from Other Banks	5,707,747	1,705	5,709,452	5,104,789	1,698	5,106,487
Interbank Loan Receivable	18,096,177	0	18,096,177	20,981,027	0	20,981,027
Security Purchased Under Agreement to Resell	50,019,792	0	50,019,792	52,232,925	0	52,232,925
Loans & Receivables	354,791,109	437,599,763	792,390,872	266,386,189	346,329,221	612,715,410
Investments	80,551,059	539,397,877	619,948,936	36,584,475	535,440,215	572,024,690
Other Assets	4,784,696	18,577,569	23,362,265	4,537,445	19,505,134	24,042,579
<b>Total Assets</b>	<b>882,116,421</b>	<b>995,576,914</b>	<b>1,877,693,335</b>	<b>722,561,247</b>	<b>901,276,268</b>	<b>1,623,837,515</b>
<b>LIABILITIES</b>						
Deposits						
Demand	798,036,466	0	798,036,466	709,508,966	0	709,508,966
Savings	770,728,834	0	770,728,834	645,770,968	0	645,770,968
Time	73,336,620	3,039,357	76,375,977	57,114,142	2,079,279	59,193,421
LTNCD	5,000,000	6,000,000	11,000,000		11,000,000	11,000,000
Bills Payable	5,953,285	25,303,552	31,256,837	1,998,296	22,581,812	24,580,108
Due to BTr, BSP, & MCs/PCIC	1,473,410	305,976	1,779,386	1,650,798	299,984	1,950,782
Other Liabilities & Payable	955,909	52,601,640	53,557,549	258,523	57,880,960	58,139,483
<b>Total Liabilities</b>	<b>1,655,484,524</b>	<b>87,250,525</b>	<b>1,742,735,049</b>	<b>1,416,301,693</b>	<b>93,842,035</b>	<b>1,510,143,728</b>

The Bank also prepares on a quarterly basis the Consolidated LGR (Parent and Subsidiaries).

- **Core Deposit:** Core Deposit is calculated based on Net Withdrawal Pattern. It serves as a buffer that protects the Bank's assets, which are subject to interest rate risks. Core Deposit level is computed to determine the lowest deposit level that is expected to be retained under normal operating conditions. The computation involves determining the deposit mix comprising of volatile and non-volatile or Core Deposits.
- **Non-Maturing Deposits:** Regular savings (Total savings less High Yield Savings Accounts and Easy Savings Plus) and demand deposits are Non-Maturing Deposits (NMDs). An analysis made to proximate scenario is to simulate behavioral withdrawal pattern. This is done by observing the pattern of deposit decays of the total end-of-day data for demand deposit account based on a five-year historical demand deposit data. The highest withdrawal percentage change is determined for each tenor bucket. The percentages are used as basis for slotting the NMD amount under the different tenors.

The following table sets forth the asset-liability gap position over the detailed time period for the Parent at carrying amounts as of 31 December 2018 based on contractual repayment arrangements which take into account the effective maturities as indicated by the deposit retention history.

In Millions						
PARTICULARS	Due within 3 months	Due > 3 months to 6 months	Due > 6 months to 1 year	Due > 1 year to 5 years	Due > 5 years	Total
<b>FINANCIAL ASSETS</b>						
Cash & Due from Banks	323,533	0	50,340	0	2	373,875
Total Loans	257,773	93,884	71,250	176,883	260,717	860,507
Total Investments	19,241	6,731	54,579	219,817	319,581	619,949
Other Assets	3,118	0	1,666	114	18,464	23,362
<b>Total Assets</b>	<b>603,665</b>	<b>100,615</b>	<b>177,835</b>	<b>396,814</b>	<b>598,764</b>	<b>1,877,693</b>
<b>FINANCIAL LIABILITIES</b>						
Deposits	30,121	972	1,603	451	1,622,994	1,656,141
Borrowings	4,651	224	1,078	8,044	17,260	31,257
Other Liabilities & Unsecured Subordinated Debt	1,473	0	956	0	52,908	55,337
Total Capital					134,958	134,958
<b>Total Liabilities &amp; Capital</b>	<b>36,245</b>	<b>1,196</b>	<b>3,637</b>	<b>8,495</b>	<b>1,828,120</b>	<b>1,877,693</b>
<b>Gap Position</b>	<b>567,420</b>	<b>99,419</b>	<b>174,198</b>	<b>388,319</b>	<b>(1,229,356)</b>	<b>0</b>

As of 31 December 2018, the Parent has in its possession a comfortable level of highly liquid assets to cover for liquidity risk that may arise in the earlier tenor buckets. Most assets (particularly loans and investments) have long term maturities. Cumulative gap after contingent accounts is positive in all buckets except in the 'more than 5 years' bucket. Maximum Cumulative Outflow (MCO) limit was not breached in the entire time bucket within the one year horizon.

The Parent has established guidelines for liquidity risk limit setting to enable it to properly and prudently manage and control liquidity risk, consistent with the nature and complexity of its business activities, overall level of risk and its risk appetite.

The MCO limit set by the Parent Board is one of the tools used to manage and control the liquidity risk in the Parent's gap report. It is a measure of the liquidity gap between maturing assets and liabilities. MCO limits put a cap on the total amount of negative gaps in the '1 day to 1 year' time buckets.

## 2. Financial Ratio Analysis

Financial Ratio Analysis is another liquidity risk measurement tool that calculates and compares liquidity and leverage ratios derived from information on the Parent's financial statements against set liquidity/leverage limits.

The following table sets out the Parent's liquidity ratios as of the dates indicated:

In Million except when expressed in percentage				
Particulars	31 December			
	2018 (Unaudited)	2017 (Audited)	2016 (Audited)	2015 (Audited)
Liquid Assets (*)	P1,032,595	P972,283	P867,250	P722,850
Financial Ratios:				
Liquid Assets to Total Assets	54.99%	59.88%	61.83%	60.08%
Liquid Assets to Total Deposits	62.35%	68.21%	70.17%	69.09%

\*Note: Liquid Assets include the following:

1. Cash and other Cash Items
2. Interbank Loans
3. Government Securities
4. Tradable non-Government securities and commercial paper

## 3. Liquidity Stress Test

The Parent conducts regular stress testing and scenario analysis to further assess the Parent's vulnerability to liquidity risk. This activity supplements the risk models used by the Parent which simulates various probable to worst-case scenarios happening in the industry that would affect LBP. The following are the stress testing that are conducted by the Parent:

- Liquidity Stress Test/Scenario Analysis
- Fund Source Stress Test
- FX Regular Stress Test
- FCDU Stress Test

Moreover, the Parent has adopted a more granular approach in analyzing funding sources against the resulting gaps for each liquidity stress test scenario. Instead of matching directly the entire funding source to the resulting funding gap for each liquidity stress event, an additional simulation is conducted which considers a more detailed analysis by excluding fund sources that will no longer be available in some stress scenario or risk events.

## 4. Liquidity Coverage Ratio (LCR)

The LCR is reported monthly to BSP to ensure that the Bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLA) to meet liquidity needs for a 30 calendar-day liquidity stress scenario.

The Parent computes the LCR using the BSP prescribed formula:

$$LCR = \frac{\text{Stock of HQLA}}{\text{Total Net Cash Outflow over the next 30 calendar days}}$$

Where:

HQLA - Refer to assets that can be converted easily and immediately into cash at little or no loss of value in private markets to meet the Bank's liquidity needs during times of stress.

Total Net Cash Outflows - Pertains to the sum of the stressed outflow amounts less the sum of the stressed inflow amounts, with the inflow amounts limited to seventy-five percent (75%) of outflow amounts.

As of 31 December 2018, the Parent's LCR is higher than the 90% minimum requirement for the CY 2018 and maximum LCR trigger alert of 100% targeted for the CY 2019.

## 5. Liquidity Contingency Plan (LCP)

To ensure that the Parent has sufficient liquidity at all times, it formulated LCP using extreme scenarios of adverse conditions to evaluate the Parent's ability to withstand these scenarios. The contingency plan focuses on the Parent's strategy for coordinating managerial action during a crisis and includes procedures for making up cash flow shortfalls in adverse situations

The plan details the amount of funds the Parent can access and the scenarios under which it could use them. It also provides guidance for managing liquidity risks in the following market scenarios:

- Ordinary Course of Business – The Parent manages its liquidity risk by: a) requesting depositors to roll-over their deposit by offering competitive deposit rates, b) drawing from its interbank credit lines, and/or c) the early termination of Government Securities Purchased under Reverse Repurchase Agreements (GSPURRA).
- Seasonal/Intermediation Duration – The Parent manages its liquidity risk in the longer-term through: a) the liquidation of marketable Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) category securities, b) the solicitation of government deposits, and c) the use of derivative instruments in the swap market.
- Acute/Institution Specific – In acute or institution specific circumstances, the Bank will seek to manage its liquidity risk by: a) the proportional liquidation of FVOCI and Hold-to-Collect (HTC) government securities, b) the non-renewal of maturing short-term loans, and c) borrowings from the BSP and the Philippine Deposit Insurance Corporation (PDIC) using eligible securities as collateral and generating cash infusions through large deposits.

The LCP likewise contains guidelines on Business Resumption Plan towards a transition to normal liquidity condition. This plan defines expectations from various sectors during the transition period from crisis to normal condition.



# Acknowledgment

## Palangue Agrarian Reform Cooperative

Joselito Tibayan - Manager  
Danilo Bitugo  
Elena Maralang  
Herminia Maralang  
Julie Ann Manguera  
Elsie Medalla  
Cherry Ann Tibayan

---

## Carmen Samahang Nayon Multi-Purpose Cooperative

Eufemio Abaniel - Chairperson  
Virginia Amoncio - Manager  
Sabas Bolanio  
Aquileo Columnas  
Gabriel Espejo  
Rey Laguitao  
Teodoro Lomod

---

## Laconon 100 Multi-purpose Cooperative

Pacifico Cordada, Jr.  
Jovem G. Palencia





**LANDBANK**  
WE HELP **YOU** GROW.

LANDBANK Plaza 1598 M.H. del Pilar corner  
Dr. J. Quintos Streets, Malate, Manila, Philippines  
Tel. Nos.: (02) 8405-7000; 1-800-10-405-7000 (PLDT Domestic Toll-Free outside NCR)  
[www.landbank.com](http://www.landbank.com)

Regulated by the Bangko Sentral ng Pilipinas.