



**LAND BANK OF THE PHILIPPINES**

*Ang Bangkong May Damdaming Bayan*

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**LANDBANK**

# WE 2009

ANNUAL REPORT

## VISION

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

## MISSION

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

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

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

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

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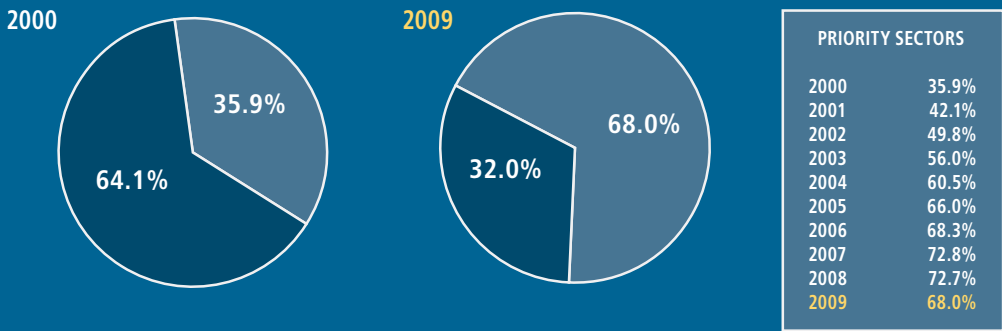
It takes determination and action to tackle a very challenging year, unfaltering commitment and hard work were pit against adversities. In all these, our concerted efforts, more than big words, made all the difference. LANDBANK employees, clients, partners and stakeholders—we work; we delivered; we made 2009.

## FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS (IN BILLION PESOS)					
	2009	2008	2007	2006	2005
Total Resources	513.8	436.7	383.7	362.4	322.9
Liquid Assets- Category A	116.0	116.0	99.8	99.8	90.0
Earning Assets	374.9	291.4	278.9	255.4	251.2
Loan Portfolio (Net)	213.46	211.2	164.9	157.1	143.2
Investments (Net)	174.56	117.8	123.9	113.3	108.2
Deposit Liabilities	396.6	333.5	287.4	267.7	242.8
Demand	157.0	128.1	102.7	95.7	81.1
Savings	217.6	191.9	169.1	152.5	135.2
Time	21.5	13.0	15.6	19.5	26.3
LTNCD	0.5	0.5			
Capital	51.5	39.3	41.7	38.3	26.7
Gross Revenues	31.2	28.6	28.0	27.0	29.1
Interest Income on Loans	14.4	12.3	11.4	12.5	11.5
Income on Investments	11.3	12.0	9.2	8.5	8.2
Net Income (in P M)	6,654.7	5,024.8	4,221.8	4,156.2	3,019.9
Return on Average Equity %	15.26	15.36	11.91	14.52	12.14
Return on Average Assets %	1.41	1.29	1.13	1.29	1.00

LBP GROSS LOAN PORTFOLIO (IN BILLION PESOS)				
Sectors	2009		2008	
	(Audited) Amount (P B)	%	(Audited) Amount (P B)	%
Farmers and Fisherfolk	22.6	12	21.4	12
SMEs and Microenterprises	20.1	10	18.5	11
Agribusiness	20.2	10	20.4	11
Agri-infrastructure (LGUs)	26.2	13	19.7	11
Agriculture-related Projects (GOCCs)	24.3	13	24.9	14
Livelihood Loans	3.9	2	3.3	2
Environment-related Projects	4.7	3	16.0	9
Socialized Housing	6.1	3	2.1	1
Schools and Hospitals	4.7	2	3.3	2
Total Priority Sector Loans	132.8	68	129.6	73
Other LGU Loans	7.9	4	10.1	6
Other GOCC Loans	8.7	4	3.4	2
Infrastructure Development	9.0	5	7.3	4
Housing	2.9	2	3.1	1
Others	33.9	17	24.8	14
Total Other Sector Loans	62.4	32	48.7	27
Total Loan Portfolio	195.2	100	178.3	100

### SHARE OF LOANS TO PRIORITY SECTORS







“IN 2009, LANDBANK'S LOANS TO PRIORITY SECTORS AMOUNTED TO P132.8 BILLION, MAKING UP 67.9 PERCENT OF OUR TOTAL REGULAR LOAN PORTFOLIO OF P195.4 BILLION.”

# WE TRANSCEND challenges

## Boosting Our Performance

MANY COUNTRIES THE WORLD OVER CONTINUED TO FEEL THE BRUNT OF THE ECONOMIC CRISIS THAT STARTED IN 2008. HERE AT HOME, THE ODDS INCLUDED A SERIES OF NATURAL CALAMITIES THAT DESTROYED LIVES AND LIVELIHOOD. BUT DESPITE THE SETBACKS, THE PHILIPPINES MAINTAINED A POSITIVE ECONOMIC PERFORMANCE, AVERTING A RECESSION WITH GROWTH REGISTERED AT 0.9 PERCENT FOR 2009.

While resilience and endurance are crucial in surpassing the challenges, transcending them requires concerted action. As the national government focused on saving and creating jobs; protecting the most vulnerable sectors; and sustaining infrastructure development, LANDBANK aggressively pursued our main business goals.

Guided by our 2009 theme of “Strengthening our Capabilities and Competitiveness Amidst the Global Economic Challenges,” we focused on strategies that reinforced our institution and further improved our ability to serve clients, and do more for our country and people.

### WE REMAINED TRUE TO OUR MANDATE

LANDBANK has been faithfully pursuing our foremost aspiration to help promote countryside development. Thus, we continued to devote the larger part of our resources into financing the projects of sectors that play vital roles in achieving this goal. These sectors are the small farmers and fisherfolk; micro and small and medium enterprises (MSMEs); agribusiness; agri-infrastructure projects of local government units (LGUs); agri-related projects of government-owned and-controlled corporations (GOCCs); livelihood; environment-related projects; socialized housing; and schools and hospitals.

In 2009, LANDBANK's loans to these priority sectors amounted to P132.8 billion, making up 67.9 percent of our total regular loan portfolio of P195.4 billion. Our priority sector loans grew 2.5 percent from P129.6 billion in 2008.

For small farmers and fisherfolk, LANDBANK loans reached P22.6 billion in 2009, up by 5.6 percent from P21.4 billion in 2008. These loans benefited more than 487,000 small farmers and fisherfolk nationwide.

Our loans for MSMEs, meanwhile, expanded by 8.6 percent from P18.5 billion in 2008 to P20.1 billion in 2009. LANDBANK has remained as the largest provider of loans to MSMEs among GOCCs and government financial institutions (GFIs), contributing significantly to the national government's support for MSMEs.





# WE SEIZE

## Harnessing Our Potentials

### opportunities to build on our strengths, capabilities and competitiveness

We have also been the largest lender to local government units (LGUs) for their agri-infrastructure projects. In 2009, LANDBANK's loans to LGUs amounted to P36.9 billion, 13.19 percent higher than the P32.6 billion lent in 2008. Of these loans, P29.0 billion were used for agri-infrastructure, socialized housing, schools and hospital projects of LGUs. LANDBANK loans to agri-infrastructure projects of LGUs also make up the largest portion of our loans for priority sectors. Improved infrastructure, facilities, and services for our people, are necessary in helping stimulate progress and economic activities.

In line with LANDBANK's role as one of the implementing agencies of the country's comprehensive agrarian reform program or CARP, we approved for payment 7,046 hectares of private agricultural lands in 2009, which is lower than the output of 24,034 hectares in 2008.

#### WE PUT PREMIUM ON OUR CUSTOMERS

To further build on our strengths, capabilities and competitiveness, we carry on with our core duty and mandate of helping promote countryside development. We also strive to make our products and services even better, in keeping with our customer service thrust.

LANDBANK pushed for the greater access of our clients to our products and services, establishing a more comprehensive range of delivery channels in 2009. Through our branches, ATMs, phonebanking and internet banking systems, LANDBANK is within reach of a greater number of people.

In 2009, LANDBANK installed 64 additional ATMs, bringing the total number of our ATMs to 877, or eight percent higher than the 813 ATMs in 2008. Located all over the country, these ATMs are part of the nationwide network of nearly 9,000 Expressnet, Bancnet and Megalink ATMs.

Enrollees to the LANDBANK Phone Access surged by 153.8 percent in 2009. From 871,146 in 2008, the number of Phone Access enrollees reached 2.21 million in 2009. Total phonebanking utilization also increased to 2.14 million in 2009, or an average of more than 5,800 transactions per day. As we continue to further improve the system, we are looking forward to more clients taking advantage of the convenience that our Phone Access facility offers.

More people are also using our internet-based delivery channels. LANDBANK's retail internet banking system, the iAccess, had 105,023 enrolled users as of end-2009, who



“LANDBANK PUSHED FOR THE GREATER ACCESS OF OUR CLIENTS TO OUR PRODUCTS AND SERVICES, ESTABLISHING A MORE COMPREHENSIVE RANGE OF DELIVERY CHANNELS IN 2009. THROUGH OUR BRANCHES, ATMS, PHONEBANKING AND INTERNET BANKING SYSTEMS, LANDBANK IS WITHIN REACH OF A GREATER NUMBER OF PEOPLE.”





conducted a total of 1.6 million banking transactions through the facility. Meanwhile, weAccess, our institutional internet banking system, had 1,319 enrollees as of end-2009. A total of 1.2 million transactions were carried out through weAccess within the year.

The Bank also continued to provide cash management services for the Philippine government. The bulk or 64 percent of deposits are made up of funds from government accounts, while private accounts comprise 36 percent of deposits.

LANDBANK serves as the lead Modified Disbursement Scheme (MDS) servicing bank in the country. In our efforts to improve our efficiency in handling MDS transactions for the government, the Bank started the development of the Electronic Modified Disbursement Scheme or eMDS Project in 2009. The project is aimed at catering to the needs of the Department of Budget and Management, the Bureau of the Treasury, and National Government Agencies (NGAs) for an efficient and cost-effective cash management system.

Apart from serving as a depository bank, as well as providing cash management for the government, LANDBANK helps in implementing poverty reduction programs. Since 2008, we have been serving as the cash distribution conduit of the Department of Social Welfare and Development for the Pantawid Pamilyang Pilipino Program or 4Ps. In 2009, 280,788 LANDBANK Cash Cards were issued nationwide to the beneficiaries of 4Ps.

But part of gaining strength and developing resilience is the conscious effort to continuously improve. We must ensure quality in everything we do if we are to deliver customer service that truly responds and even anticipates clients' needs. A program that started in 2006, the ISO Quality Management System Program was sustained at LANDBANK. In 2007, our trust banking and asset management services, as well as our wholesale commercial lending operations have been certified for ISO 9001:2000. Three core banking processes were added in 2009. The lending operations of our Public Sector Department and Pampanga Lending Center, as well as the



branch and ATM operations of our PEZA Roxas Boulevard Branch were certified for ISO 9001:2008.

### WE CONSTANTLY WORK ON BECOMING BETTER

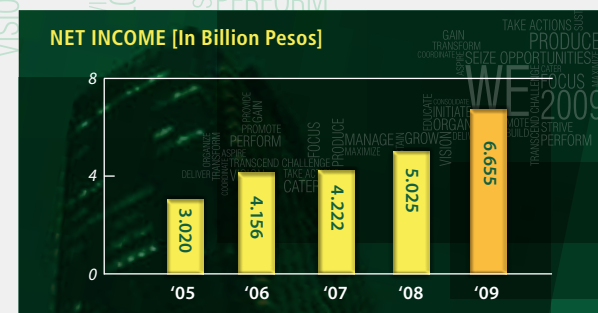
Part of ensuring the stability and sustainability of our institution is our commitment to good governance. Our Board of Directors and management spearheaded efforts to promote the best business practices at LANDBANK.

In 2009, LANDBANK was the first to submit the Internal Capital Adequacy Assessment Process or ICAAP Trial Document, a requirement of the Bangko Sentral ng Pilipinas for all the 38 universal and commercial banks. This reflects our commitment to ensuring our institutional viability, as we consider the ICAAP process not as a compliance requirement, but a way of life at LANDBANK. We acknowledge the strategic benefits to the institution of the various risk scenario analyses, stress testing and capital impact assessment made through the ICAAP process.

To determine our level of implementation of good governance practices, LANDBANK participated in two corporate governance studies in 2009. These were the Bank Governance Scorecard by the BSP and Institute of Corporate Directors, and the Corporate Governance Survey 2009 of GOCCs by the Department of Finance and Institute of Corporate Directors. We are pleased to have ranked as one of the highest among participating commercial banks and government corporations in both these studies.

LANDBANK also worked at improving our Board of Directors' oversight on the key corporate governance activities of the Bank and our subsidiaries. In 2009, an enhanced annual performance rating system was developed for the Board of Directors and a new rating system was crafted for each of the four Board-level committees.

The LBP Board of Directors reviews the financial statements of the Bank on a monthly basis. The annual financial statements for 2009 were also reviewed and



approved by the LBP Board. In addition, the monthly reports on LBP loans to the priority sectors, CARP operations and loan portfolio quality were also evaluated and discussed by the LBP Board.

### WE STRIVE TO EXCEED EXPECTATIONS

Among the fruits of our work and dedication is the unprecedented financial performance of LANDBANK in 2009. Our net income of P6.65 billion for the year is the highest ever for LANDBANK. Despite the challenging times, LANDBANK recorded the second highest net income among all commercial banks. In 2008, we also posted one of the highest return-on-equity at 15.3 percent. LANDBANK maintained a high ROE level of 15.7 percent in 2009.

We also fared well in other major financial indicators. LANDBANK's total assets expanded 17.7 percent from P436.7 billion in 2008 to P513.8 billion in 2009. Our capital, meanwhile, reached P51.5 billion in 2009, up 31.1 percent from P39.3 billion in 2008.

The financial markets affirm LANDBANK's strength. In 2009, the Bank issued our Peso Lower Tier 2 subordinated notes. The successful offering of P6.9 billion at only 7.25 percent interest rate boosted our capital adequacy ratio to 17.3 percent, from 14.5 percent in 2008.

### WE UNITE TO ACHIEVE OUR COMMON GOALS

Achieving our goals and surpassing many of our major business targets would not have been realized if not for our concerted efforts. Coming together allowed us – partners, clients, LANDBANK employees and other stakeholders – to transcend the many adversities in 2009. The lessons we've learned and experiences we've gained along the way encourage us to push on with our mission.

Indeed, WE are what it takes to make a stronger, more competitive, and better LANDBANK that truly cares and serves, now and in the years to come.



ACHIEVING OUR GOALS  
AND SURPASSING MANY  
OF OUR MAJOR BUSINESS  
TARGETS WOULD NOT HAVE  
BEEN REALIZED IF NOT FOR  
OUR CONCERTED EFFORTS.

Gary B. Teves  
Chairman

Gilda E. Pico  
President and CEO







***"We value a harmonious relationship with our people. We refer to them as our partners because without them, we wouldn't have been here. More than earning profit, we want to ensure that we provide jobs to our fellowmen all year round"***

– *Mr. and Mrs. Renato Alcera,*  
*owners of TAKARA Arts and Crafts*



***“We instill in the members that they are the lifeblood of our cooperative. The success or failure of our co-op lies in their hands”***

– Wilfredo Santiago, Bagong Sibol Credit Cooperative Chairman

# Taking Chances

The Bagong Sibol Credit Cooperative of Talavera, Nueva Ecija and the TAKARA Arts and Crafts of Taytay, Rizal both had humble beginnings but now tread very promising horizon.

Despite their poverty, optimism remains in the residents of Brgy. Bagong Sibul in Talavera, Nueva Ecija. Farming is their main source of livelihood but resources for production are difficult to secure. People had to deal with traders who usually acquire palay at very low prices, leaving farmers with meager incomes that are insufficient to support their families.

Several cooperatives have been organized in the community and all of which have failed. So it took a huge amount of courage and determination for a group of farmers to also venture into cooperativism. Believing that they have nowhere to run but towards each other, eight farmers pooled P17,148.25, registered, and began operating a cooperative in August 2006. The co-op was aptly called the Bagong Sibol Credit Cooperative as it represents the founding of a new hope among the people in the rural community.

Meanwhile, the TAKARA Arts and Crafts has also its share of humble beginnings. Mr. Renato Alcera started out as a contractor of metal and woodworks. In 1985, a brother of a Chinese friend requested for samples of his products. Luckily, the wire baskets and candle holders impressed the then potential client and led to the first batch of purchase orders for Mr. Alcera. Not having sufficient funds, he and his wife requested for a downpayment from the client to fund their initial production.

For them to process the needed permits and requirements for export, the business had to be registered with the Department of Trade and Industry. One of their merchandisers suggested for the business to be given a Japanese name—hence, TAKARA—which means treasure.

## NEWFOUND HOPE FOR MEMBERS; A TREASURE FOR EMPLOYEES

The creation of both the Bagong Sibol Credit Cooperative and the TAKARA Arts and Crafts made an impact to their immediate constituents—their members and employees, respectively.

From its founding members, Bagong Sibol Credit Cooperative has expanded its membership to 45 which now includes micro-entrepreneurs in the community. The co-op employs a rigid screening process in recruiting members aimed at ensuring that only trustworthy applicants qualify. While the cooperative strives to increase its membership to assist more people in the community, it also puts premium on the integrity of its would-be members.

The co-op leaders make it a habit to visit farmlands and monitor the projects of their members. Through this, they learn firsthand the potential problems that may hinder a particular member from fulfilling his or her obligations. "I always tell our members to be cooperative, for them to settle their obligations when due so that our organization will continue to make progress. On our part, we will remain dedicated to our duties as leaders," Chairman Wilfredo Santiago said.

The co-op also organizes trainings and consultation meetings in coordination with LANDBANK, the Department of Agrarian Reform and the Department of Agriculture to better equip members on the production and marketing processes.

On the other hand, The TAKARA Arts and Crafts started out as a family business with Mr. and Mrs. Alcera taking the lead and their five children as the support staff. "We handled everything. We prepared the paperworks, oriented our workers, purchased materials and even cleaned the production area and the comfort rooms,"



## TAKARA ARTS &amp; CRAFTS

GAIN  
TRANSFORM  
COORDINATE  
ASPIREWE  
ATE  
TE  
ANIZE  
LIVERWE  
PROMO  
BU  
DEVELOPTAKE ACTIONS  
PRODUCE  
SEIZE OPPORTUNITIES  
MANAGE

said Mrs. Teresita Alcera. At present, three of their children are based abroad and continue to contribute creative ideas and updates on international trends while also practicing their respective professions.

"We are like a family here. The owners look after the welfare of their employees. They also assign us to different tasks especially when they see that the employee has the potential. That is why I like and love my work," said Lailyn Anocheta who works as a production coordinator.

Under LANDBANK's Development Advocacy Program (DAP), both the Bagong Sibol Credit Cooperative and the TAKARA Arts and Crafts availed of loans at lower interest rates. The Bank's DAP was designed to address the financing needs of priority sectors that have no collaterals to offer, but with viable projects and supported by credit enhancements such as market contracts, purchase orders, post-dated checks and guarantees.

"DAP boost the production volume of palay produced by our farmer-members from a total of 63.57 hectares of land," said Chairman Santiago. "Farmers also practice crop rotation to preserve the nutrients of the soil and to maximize their incomes," added President Pablito dela Fuente. Meanwhile, microfinance loans assist non-farmer members in putting up businesses such as sari-sari stores and purchasing vehicles such as tricycles, among others.

"We learned about LANDBANK's DAP through the Foreign Buyers Association. With financial assistance from the Bank at lower interest rates, we have increased our productivity and are able to meet the demands for our products," shared Mrs. Alcera. "The funds secure the needed materials and pay for the salaries of contractors since not all clients provide downpayments for their orders," she added.

#### NEWFOUND HOPE AND A TREASURE FOR THE COMMUNITY

What started out as credit assistance to the farmers in the area translated into the improvement of the lives in the community. In the same way that the business of the Alcera couple provided for the needs of their family and also of the families of their workers.

Bagong Sibol Credit Cooperative is a testament that with commitment, cooperativism will succeed and help improve the community. Seeing its capabilities to stimulate development, the Sangguniang Bayan gives its full support to the co-op's initiatives. A room in the barangay hall serves as the co-op's office and is occupied for free until the co-op is able to build its own office. Several barangay officials are also among its members.

While the co-op currently operates in Brgy. Sibul, it is hoping to expand its coverage to adjacent barangays. It seeks to prove that cooperativism is more than just pooling resources together but also working

hand in hand to uplift the standards of living of all members in the community.

"We take pride in being able to assist our townmates who used to rely on usurers that impose high interest rates on loans," shared Manager dela Fuente who is also the barangay captain.

"We used to produce Christmas decorations alone. However, our workers become unemployed for four to six months. So we thought of producing ornaments for Halloween, Easter and everyday occasions. We also now produce packaging boxes. We make sure that we provide livelihood all year round," said Mr. Alcera.

"We employ workers who haven't even reached high school as long as they can read and write. Anyway, they can always be trained in making ornaments since it doesn't entail the use of sophisticated equipment," added Mrs. Alcera.

TAKARA Arts and Crafts hire at least 50 sub-contractors during the peak season of production. Each subcontractor has at least 10 employees residing not only in Rizal but also in nearby provinces. TAKARA produces an average of 150,000 pieces of painted ornaments in a month.

#### ANTICIPATING MORE TREASURES; HOPING FOR A BETTER FUTURE

Both the cooperative and the business share the dream of enhancing their operations, expanding their reach to more people and creating a niche in the industry. The



co-op leaders and the business owners have taken chances and faced risks in starting what they have at present. They are likewise as determined to strive towards the improvement of their communities.

The Bagong Sibol Credit Cooperative aspires to eventually engage in inputs and palay trading to better assist farmers in bargaining for reasonable prices for their produce. Moreover, it aims to serve as a marketing arm to get in touch with traders even those outside of Nueva Ecija. This desired venture will also redound to an additional income for the cooperative.

The co-op also targets to increase its membership to be able to share the fruits of cooperativism to more members in the community. It intends to organize more trainings to enhance production and to help its members gain knowledge on the current trends in the agricultural industry.

The cooperative leaders underscore the significance of transparency in managing the cooperative. "The members are knowledgeable of the earnings, expenses and amount of funds that the co-op has. We want the members to feel that they are all part of what the co-op has attained," said President dela Fuente.

"I tell the members to think of ways on how to help the cooperative and to put aside their personal motives. Because if we only think of ourselves, we will not progress, we will fail in no time," added Chairman Santiago.

Bagong Sibol Credit Cooperative admits that it has yet a long way to go. But the co-op's humble beginnings have created a solid foundation for it to hope for better and greater things in the near future.

Meanwhile, TAKARA Arts and Crafts is currently exploring the advantages of having five, instead of just one, creative designer for their products. "We want to know if they will be able to deliver better designs or output. We want to produce something unique and new," said Mrs. Alcera.

Every day at TAKARA Arts and Crafts is a brainstorming process. The couple and their staff, conduct researches over the internet and magazines to be updated. As what Mr. and Mrs. Alcera claim, "it is important to innovate and to bring something new in the business for it to stand firmly in the industry."

TAKARA Arts and Crafts also aims to further expand its market in the United States of America, Europe, Australia and Japan. It participates in exhibitions twice a year, usually held at the World Trade Center in Pasay City. "We meet all our clients during the shows. There used to be over a thousand exporters participating in these shows. At present, the number is down to 200. We feel very fortunate to be among these active exporters. We also value the help of our clients since they give us feedback on the quality and designs of our product," said Mr. Alcera. The couple also visits the shops of their clients abroad to touch base and to

experience firsthand what types of designs appeal the most to foreign buyers.

The couple also aims to own a bigger warehouse that will also serve as a factory for their workers and sub-contractors. At present, they are renting a warehouse where products are stored prior to shipment or to exhibitions.

"We intend to partner with other exporters and nearby local government units. We really want to generate employment. We want to bring work to where those who are unemployed are. Meanwhile, we intend to house in a warehouse, those workers who are based in Rizal," added Mrs. Alcera.

"Hardwork, determination and faith in God, these are the keys to attaining what we have right now. We are grateful that while we didn't earn high degrees, we were still able to put up this business. I often tell our sub-contractors that they too can achieve what we have accomplished," said Mr. Alcera.

The stories of Bagong Sibol Credit Cooperative and TAKARA Arts and Crafts prove that better things only come to those who are willing to take chances. It doesn't matter if one starts small as long as s/he believes in what s/he does and remains committed to achieving the goal. The co-op members and the entrepreneurs' journeys have not been easy but they carry on because of the desire to help provide better lives for themselves and for the community.



## PURSUIT OF MANDATE

### Maximizing Our Programs

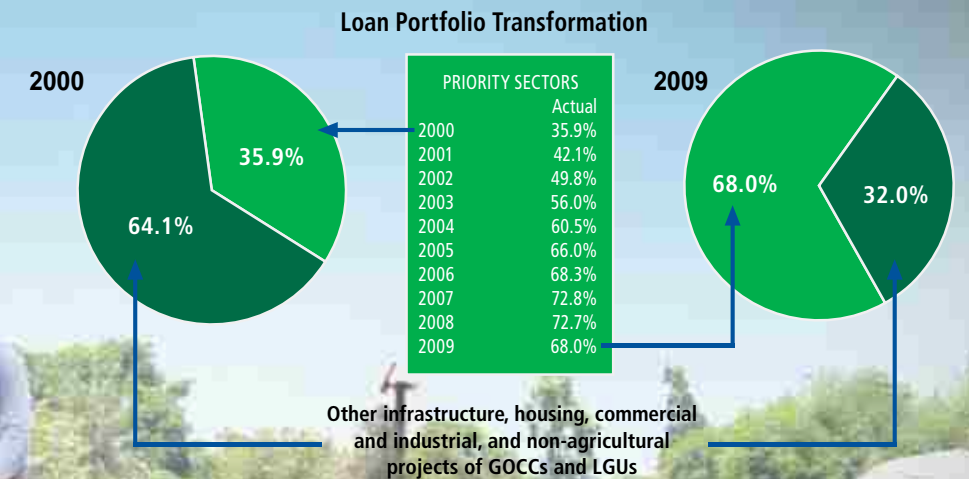
# WE DEEPEN

our assistance to major players in  
promoting a robust countryside

### STRATEGIC THRUST [2000-2009]

#### Loan Portfolio expansion for the priority sectors:

*Small farmers and fisherfolk, microenterprises and SMEs, livelihood loans, agribusiness, agri-infrastructure, agri-related and environment-related projects, socialized housing, schools and hospitals*



### A. LOANS TO THE PRIORITY SECTORS

Through the years, LANDBANK has strongly focused on intensifying credit support to its priority sectors. These priority sectors comprise the following: small farmers and fisherfolk, microenterprises and SMEs, agribusiness, agri-infrastructure projects of local government units, agriculture-related projects of government-owned and controlled corporations, livelihood projects of salaried individuals, environment-related projects, socialized housing and schools and hospitals.



## PURSUIT OF MANDATE

In 2009, LANDBANK extended a total of P132.8 billion or a 68 percent share in loans to the priority sectors out of the total regular loan portfolio of P195.2 billion. LANDBANK continues to widen its credit outreach in the rural areas and facilitate countryside development through its development financing.

### • Loans for Small Farmers and Fisherfolk

For 2009, loan releases to small farmers and fisherfolk increased by 25 percent and reached P29.5 billion. These loans were lent through 1,054 accredited farmers and fisherfolk cooperatives and 393 countryside financial institutions (rural banks, cooperative banks, and development banks). There were more than 487,000 small farmers and fisherfolk who benefited from these loans.

As of December 31, 2009, loans outstanding to small farmers and fisherfolk expanded by six percent and reached P22.6 billion. These represented 12 percent of the Bank's loan portfolio, benefiting a cumulative 3.5 million small farmers and fisherfolk nationwide. The bulk of these loans were utilized for crop production, particularly palay, corn, coconut, sugarcane and high-value crops. LANDBANK also financed other activities such as fishery, livestock production and trading.

### Credit Support Programs

#### Agriculture and Fisheries Modernization Act Program

The Agricultural and Fisheries Modernization Act (AFMA) Program, enacted through Republic Act No. 8435, is aimed at modernizing the agriculture and fisheries sectors and preparing them for the challenges of globalization.

LANDBANK supports the AFMA program by providing credit support and technical assistance to the agriculture and fisheries sector.

In 2009, LANDBANK released P38.6 billion in credit support and technical assistance for AFMA, reached more

#### CREDIT AND TECHNICAL ASSISTANCE UNDER AFMA PROGRAM 2009

AFMA COMPONENTS	LOANS GRANTED (P Million)
1. IRRIGATION	14.4
2. POST-HARVEST FACILITIES	261.4
3. OTHER INFRASTRUCTURE	951.3
4. PRODUCTION, PROCESSING, MANUFACTURING	24,966.5
5. FARMERS AND FISHERFOLK MARKETING ASSISTANCE	12,284.1
TOTAL (CREDIT ASSISTANCE)	38,477.7
6. CAPABILITY-BUILDING OF FARMERS AND FISHERFOLKS COOP'S & LGU	117.9
TOTAL (TECHNICAL ASSISTANCE)	117.9
GRAND TOTAL	38,595.6

than 458,000 small farmers and fisherfolk and generated an estimated 402,214 new jobs in the agricultural sector.

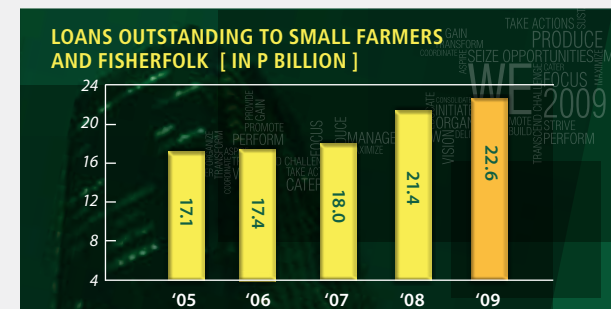
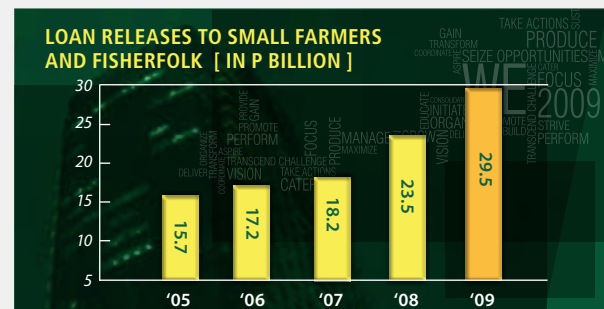
#### LBP Rice Productivity Program

LANDBANK's Rice Productivity Program supports the government's efforts to increase rice production and eventually achieve food self-sufficiency. In 2009, loans released for palay production reached P12.4 billion and assisted 145,288 rice farmers.

#### Agricultural Guarantee Fund Pool

The Agricultural Guarantee Fund Pool (AGFP) was created from contributions of government-owned and-controlled corporations (GOCCs), government financial institutions (GFIs) and government agencies to encourage private financial institutions to support the government's agricultural productivity program. The fund aims to encourage lending to the agricultural sector by providing guarantee coverage to unsecured loans of small farmers and fisherfolk extended by credit conduits such as the rural, thrift and cooperative banks, SMEs and large corporations, irrigators' associations and other farmers organizations in the country.

As of December 31, 2009, the total approved guarantee lines for 467 accredited credit conduits reached P4.4 billion. The available amount for guarantee amounted to P3.9 billion.



### LBP Equity Investments for Countryside Financial Institutions

Consistent with LANDBANK's mandate of strengthening and increasing the capital base of countryside financial institutions (CFIs) and sustaining their long-term viability, LANDBANK continues to offer its second tranche of Capital Infusion Program to qualified CFIs under three modules – the Developmental, Business and Risk Recovery Modules with a total fund allocation of P500 million.

A total of P28.5 million equity investment under the Business Module was approved for seven CFIs in 2009.

To address the concern of matured investments, LANDBANK has implemented the Risk Recovery Type II or the Rehabilitation Program. The program converts existing matured equity investments into a new investment. This allows the CFIs to extend the redemption of the matured LBP shares for five years from date of conversion with dividend rate equivalent to the average 364-day Treasury Bill rate, fixed for the duration of the term. Six CFIs, with outstanding principal investment of P11.3 million, have approved conversion proposals.

### Unsecured Subordinated Debt Facility for Rural Banks

Another program to help our CFI partners, in addition to the Capital Infusion Program, is the Unsecured Subordinated Debt (USD) Facility. It is a unique development program where LANDBANK subscribes to the Tier 2 offering of its accredited CFIs to improve their capital base, expand their agri-lending operations in the countryside and ensure long-term viability.

LANDBANK's approved subscription to the unsecured subordinated tier 2 issuances of 20 CFI-avilers as of December 31, 2009 amounted to P1.0 billion. Total releases to 12 CFIs reached P765.5 million.

### LBP Technology Promotion Centers

The LBP Technology Promotion Center program provides a venue for the validation and effective promotion of matured production and post-production technologies for the commercial adoption of Bank-assisted coops, SMEs and other clients in collaboration with state universities and colleges.

As of December 31, 2009, there were 60 agricultural technologies that were commercialized. These include lakatan banana production using tissue-cultured plantlets, abalone production, hybrid rice, yellow corn production, vegetable seed production, piña cloth processing using piña leaves, sugarcane production for bioethanol, cattle dairy production, and mariculture and marine aquarium fish projects, among others.

Total loans of P1.9 billion were released to 554 technology adoptors (cooperatives, people's organizations and SMEs) and assisted 70,676 small farmers and fisherfolk and small and medium entrepreneurs.

### LBP Microfinance Program for Microfinance Institutions

The LBP Microfinance Program for Microfinance Institution (MFI) Retailers is a special wholesale financing window that provides credit support to various MFIs (cooperatives, CFIs and NGOs).

Total loan releases extended in 2009 to microenterprises reached P5.9 billion of which P3.4 billion were channeled to 130 MFI conduits nationwide and benefited 153,323 micro-borrowers. The remaining P2.5 billion were loan releases to wholesalers of microfinance funds such as the People's Credit and Finance Corporation and the Philippine Business for Social Progress.

### Agri-Enterprise Credit and Agri-Finance Services Program

In November 2009, LANDBANK entered into a tie-up with the Department of Agrarian Reform for the implementation



## PURSUIT OF MANDATE

of the Agri-Enterprise Credit and Agri-Finance Services (AgriCash) under the Second Agrarian Reform Communities Project. The AgriCash aims to provide financial services to market-assured agri-based enterprises in the agrarian reform communities (ARCs) through selected CFIs, ARC cooperatives, bank-assisted cooperatives and other lending conduits. LANDBANK will provide the financial requirements of the project.

### JICA-Agricultural Credit Support Project

LANDBANK negotiated for a P7.8 billion loan with the Japan International Cooperation Agency for the Agricultural Credit Support Project (ACSP). The project aims to improve agricultural productivity in the rural areas, create new job opportunities and increase investments; thereby, contributing to the National Government's goal of poverty reduction.

### CFI-Calamity Assistance Program

The CFI-Calamity Assistance Program (CAP) provides a term loan facility to CFIs which have been affected by natural calamities. LANDBANK uses its own funds in providing the credit assistance to affected CFIs but the credit risk on the principal portion shall be borne by the CFI-CAP fund. In case of default by the CFI, LANDBANK will claim against the fund being maintained in the Bank.

For 2009, total loans released to 15 CFIs reached P75.0 million benefiting more than 4,800 small farmers and fisherfolk.

### Capability and Institution-Building Programs

In addition to the provision of credit support, LANDBANK also provides capability and institution-building assistance to farmers and fisherfolk cooperatives. These support services are aimed at improving the economic viability and operational capabilities of cooperatives.

### Key Cooperative Strategy

The Key Cooperative Strategy (KCS) identifies, strengthens and accredits at least one Key Cooperative per municipality nationwide. This program considers that one strong cooperative is better than many weak ones.

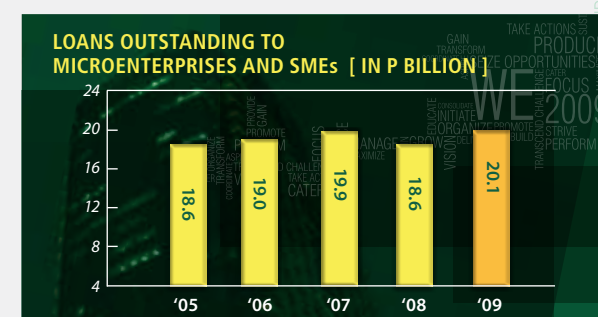
There were 15 key coops accredited by LANDBANK in 2009. Certificates of Good Standing were issued to 23 co-ops that entitled them to avail of credit incentives.

### Gawad sa Pinakatanging Kooperatiba

LANDBANK honors annually the country's outstanding agri- and non-agri based cooperatives that have been the Bank's partners in revitalizing rural economic growth.

The Gawad sa Pinakatanging Kooperatiba (Gawad PITAK), now on its 19th year, is a much-coveted award for LANDBANK-assisted cooperatives and has been regarded as the bar of excellence of successful cooperatives nationwide.

There are two main categories in the Gawad PITAK—the agri-based and non-agri based categories and the contenders



were judged according to their impact to the community, overall operations, sustainability, and business relationship with the Bank.

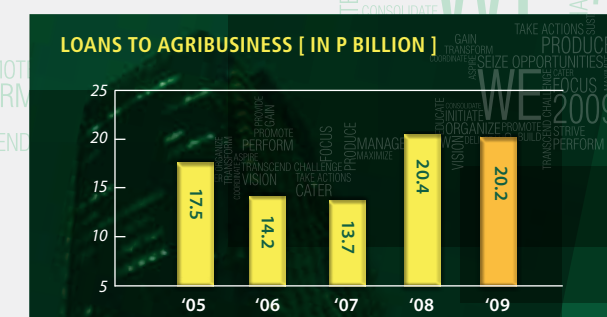
### • Loans for Microenterprises and Small and Medium Enterprises

The Bank recognizes the significant role of microenterprises and small and medium enterprises (MSMEs) in generating employment and contributing to local area development.

In 2009, credit support to MSMEs reached P20.1 billion or 10 percent of the Bank's regular loan portfolio. Of the P20.1 billion loans, P3.9 billion were loans outstanding to microenterprises and P16.2 billion to SMEs.

### Gawad Entrepreneur

The Gawad Entrepreneur is LANDBANK's recognition of the exemplary performance and significant achievements of the Bank's assisted small and medium enterprises particularly in



boosting economic growth in their respective communities. On its 6th year in 2009, the award seeks to provide SMEs with incentives to further improve their operations and be at par with international standards.

### • Loans for Agribusiness

The Bank supports private agricultural business enterprises to help promote agricultural development and job generation in the agricultural sector.

Outstanding loans to agribusiness amounted to P20.2 billion. These represent 10 percent of the Bank's loan portfolio.

### • Loans for Agri-Infrastructure Projects of Local Government Units

LANDBANK continues to be the largest provider of development financing to provinces, cities and municipalities.

We provide loans to local government units (LGUs) to finance their agricultural infrastructure, agri-related and other developmental projects.

Our credit assistance to LGUs has expanded vigorously through the years. As of end-2009, outstanding LGU loans reached P36.9 billion or 13 percent higher than the P32.6 billion in 2008. Of the P36.9 billion, P29.0 billion financed agri-infrastructure, socialized housing and schools and hospitals while P7.9 billion went to developmental and non-agri-related projects. These loans benefited 827 LGUs covering 49 or 61 percent of the total provinces, 81 or 67 percent of the total cities and 697 or 46 percent of the total municipalities nationwide.

Agri-infrastructure and other agri-related projects of LGUs include farm-to-market roads, irrigation systems, bridges, public markets, transport and commodity terminals, waterworks and drainage systems, abattoirs and slaughterhouses.

### LBP-Galing Pook Foundation Strategic Alliance

The Bank forged a strategic partnership with the Galing Pook Foundation for the promotion of innovative and exemplary practices in local governance.

### Gawad PITAK Winners

#### Agri-based Category

**First Place** – Bago (Ibaan) Multi-Purpose Cooperative  
*Bago, Ibaan, Batangas*

**Second Place** – San Joaquin Multi-Purpose Cooperative  
*Sarrat, Ilocos Norte*

**Third Place** – Bontoc Multi-Purpose Cooperative  
*Bontoc, Southern Leyte*

**Fourth Place** – Kabaliklat para sa Diyos at Bayan Multi-Purpose Cooperative  
*Odiangan, Romblon*

**Fifth Place** – Barbaza Multi-Purpose Cooperative  
*Barbaza, Antique*

#### Non-Agri-based Category

**First Place** – La Castellana I Personnel Multi-Purpose Cooperative  
*La Castellana, Negros Occidental*

**Second Place** – Escalante Public and Private School Teachers and Employees Multi-Purpose Cooperative  
*Escalante, Negros Occidental*

**Third Place** – Kapalong Cooperative  
*Kapalong, Davao del Norte*

### 2009 Gawad Entrepreneur Winners

**Entrepreneur of the Year** – Ms. Eduarda V. Ayo  
*Capuy, Sorsogon City*

**Agri-based Category** – Sps. Ramon and Lourdes Oñate  
*Rizal St., Palompon, Leyte*

**Non-Agri-based Category** – Sps. Romeo and Lilibeth Villeza  
*Tigbao, Tacloban City*

**Special Citations:**

**SME Kayamanan ng Pamayanan** – Ms. Eduarda V. Ayo  
*Capuy, Sorsogon City*

**SME Maka-kalikanan** – General de Jesus College, Inc.  
*San Isidro, Nueva Ecija*



## PURSUIT OF MANDATE



The Galing Pook Foundation manages the Galing Pook Awards which searches, recognizes and promotes outstanding local government practices and programs.

We specifically support efforts to replicate outstanding programs of local government units through the publication of casebooks of 10 Galing Pook Award winners, publication of Adopkits of 10 Galing Pook Award winners, program adoption workshops and observational study visits to outstanding LGUs.

### • Loans for Agri-related Projects of Government-owned and-controlled Corporations

As of end-2009, our loans for agri-related projects of government-owned and-controlled corporations (GOCCs) such as the National Food Authority, Philippine Coconut Authority and Local Water Utilities Administration totaled P24.3 billion and comprised 13 percent of the Bank's loan portfolio.

### • Loans for Environment-related Projects

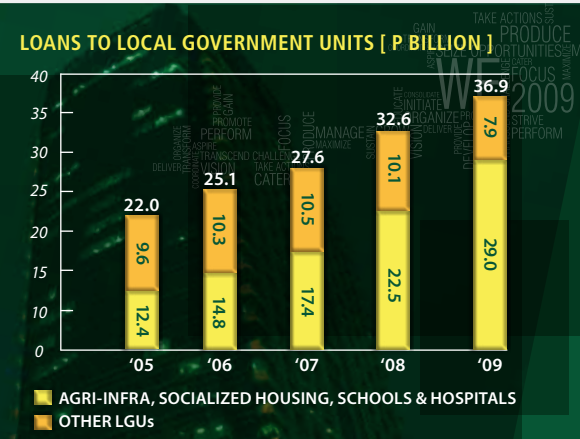
LANDBANK also grants credit facilities for cleaner production and environment-friendly projects of business enterprises. As of end-2009, loans to finance environment-related projects amounted to P4.7 billion.

#### Environment-related Credit Programs

LANDBANK intensifies its support to the government's Biofuels Act by financing projects that serve as alternative sources of energy.

Through the Renewable Energy for Wisers and Accelerated Resources Development Program (REWARD), LANDBANK provides financial assistance to entities that engage in renewable energy projects.

For 2009, loans for renewable energy projects reached P1.5 billion. The loans were extended to finance biofuel projects, hydro power and biomass projects and co-generation projects.



In November 2009, the KfW-Credit Line for Energy Efficiency and Climate Protection (US\$28.76 million) negotiated by LANDANK with the Kreditanstalt Fur Wiederaufbau (KfW) of Germany became effective. Financing of projects of LGUs, national government agencies, government-owned and-controlled corporations, utility cooperatives and private enterprises that will reduce the direct consumption of primary energy (diesel, coal, gas) and direct greenhouse gas emissions are now available.

### • Loans for Livelihood

LANDBANK also extends salary loans to government and private employees for their livelihood projects. In 2009, outstanding loans stood at P3.9 billion or two percent of the Bank's loan portfolio.

In 2009, LANDBANK enhanced the loan amounts, terms of payments and mode of release of livelihood loans of private and government employees.

Rank and file employees can now borrow up to six months of their basic salary but not to exceed P80,000.00. Officers can now borrow up to six months of their basic salary but not to exceed P150,000.00. Livelihood loans can now be paid for a minimum of 12 months to a maximum of 36 months.

### • Loans for Socialized Housing

In 2009, LANDBANK's outstanding loans for socialized housing reached P6.1 billion or three percent of the Bank's loan portfolio.

### • Loans for Schools and Hospitals

LANDBANK also extends loans to educational institutions and hospitals. In 2009, outstanding loans for schools and hospitals reached P4.7 billion or two percent of the Bank's loan portfolio.



## B. INTENSIFYING SUPPORT TO THE COMPREHENSIVE AGRARIAN REFORM PROGRAM

As an implementing agency of the Comprehensive Agrarian Reform Program (CARP), LANDBANK undertakes the valuation of CARP-covered lands, compensates owners of acquired private agricultural lands, assists landowners or bondholders in their various concerns, collects land amortizations from farmer-beneficiaries and provides financial and technical assistance to agrarian reform beneficiaries.

Under Republic Act No. 6657 or the Comprehensive Agrarian Reform Law of 1988, owners of private agricultural lands are paid 30 percent in cash and 70 percent in 10-year agrarian reform bonds earning interest aligned with 91-day Treasury bill rates. CARP farmer-beneficiaries pay in 30 annual amortizations at six percent interest per annum for lands awarded to them.

### • CARP Land Transfer Operations

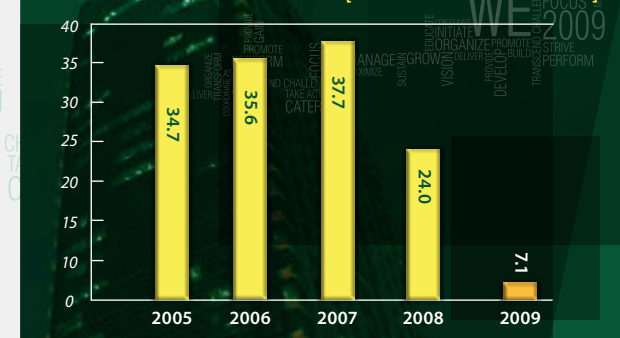
In terms of land valuation, LANDBANK processed a total of 1,144 land transfer claim folders received from the Department of Agrarian Reform in 2009.

Of these, 867 land transfer claims covering 7,046 hectares were approved for payment. The total value of approved land transfer claims amounted to P552.4 million.

### • Landowners Compensation and Assistance

As the financial intermediary of CARP, the Bank paid in 2009 a total of P3.2 billion as compensation to owners of CARP-covered private agricultural lands. The cash component was

### CARP LAND TRANSFER OPERATIONS PRIVATE AGRICULTURAL LANDS [ IN THOUSAND HECTARES ]



at P384.9 million, while redeemed bonds pertaining to principal and interest payments amounted to P2.2 billion and P613.5 million, respectively.

The Bank also assisted CARP-covered landowners and bondholders in the encashment of their CARP bonds for various financing needs. There were more than 1,800 bondholders or landowners assisted by the Bank in selling P626.8 million in Agrarian Reform Bonds.

### • Land Amortization Collections from CARP Farmer-Beneficiaries

In 2009, land amortization collections from CARP farmer-beneficiaries totaled P177.0 million, 21 percent higher than the P146.8 million collected in 2008.

### • LBP-Administered Agrarian Reform Fund for CARP

In 2009, LANDBANK received P2.6 billion from the Bureau of Treasury for bond servicing requirements on 10-year CARP bonds under the automatic appropriation.



## CUSTOMER SERVICE

Maximizing Our Programs

**WE  
CATER**

to your diversified needs

Our customers are our reason for being. Our customers are the focal point of our operation and service initiatives. In 2009, we continued to improve our service delivery through various initiatives – widening the customer reach of our e-banking channels and products, the upgrading of automated systems and IT platforms, improving our core processes through various initiatives such as ISO 9001:2008 Quality Management System program, and the continuous training of our personnel.

With the enhancements in customer service, we were able to expand our business portfolios and transaction volumes, increase our customer base and widen our service outreach.



## CUSTOMER SERVICE

### OFFERING A FULL RANGE OF DELIVERY CHANNELS TO OUR CUSTOMERS

#### • Automated Teller Machines (ATMs)

For the past years, LANDBANK has continuously provided a more customer-oriented delivery of basic banking services through its ATM system.

In 2009, the Bank's ATM network reached 877 units, maintaining its ranking as the fourth widest ATM network in the banking industry. Most of these ATMs are located in the provinces – 140 in Northern and Central Luzon, 142 in Southern Luzon, 156 in the Visayas and 183 in Mindanao. The National Capital Region, on the other hand, has 256 ATM units installed.

LANDBANK's membership with Expressnet and interconnection with Megalink and Bancnet enables its cardholders to have access to additional 8,095 ATMs of other banks.

To further provide better and more efficient ATM access to its depositors all over the country, 146 brand new ATMs were purchased during the year, 64 units of which were installed in new sites while 82 units were used to replace old models.

The Bank's cardholder base increased significantly by 19 percent from 2.67 million in 2008 to 3.18 million in 2009. This is one of the largest ATM cardholder base in the country. ATM transactions also grew by six percent to 84.48 million in 2009 from 79.87 million transactions in 2008.

#### • Phonebanking – Phone Access

For the past years, the LANDBANK Phone Access has been widely accepted by personal depositors due to its proven convenience and reliability. It is available 24/7 for ATM and current account depositors. By simply dialing telephone number 405-7000 in NCR and toll-free number 1-800-10-405-7000 outside NCR, a depositor may perform banking transactions such as bills payment, fund transfer, balance and last debit/credit transaction inquiries, checkbook requisition, bank statement request, check status and check deposit inquiries and report of lost or stolen card.

Very significant increases in the Phone Access enrollment and utilization were realized in 2009. Enrollment increased to 2,211,284 in 2009 from 871,146 in 2008, representing a very high growth of 154 percent. Utilization also increased by 20 percent from 1,781,109 in 2008 to 2,145,616 transactions in 2009. Phone Access serviced an average 5,878 daily transactions in 2009.

In addition to PLDT, Smart and LANDBANK VISA Card, phonebanking enrollees may also pay utility bills in Manila

Water, Maynilad and Sky Cable using the LANDBANK Phone Access. More merchants are in the pipeline for accreditation under the bills payment feature of Phone Access in 2010.

#### • Retail Internet Banking – iAccess

Another e-banking innovation to further expand delivery channels and respond to depositors needs, the LANDBANK iAccess offers convenient, speedy and secure online banking for individual depositors. By logging on to [www.lbpiaaccess.com](http://www.lbpiaaccess.com), an enrolled depositor may avail of financial services such as fund transfer, bills payment and checkbook requisition. Non-financial services such as account summary, account history, check status and returned check deposit inquiries and report of lost or stolen ATM card are also available.

From its 2008 initial implementation in the NCR, the LANDBANK iAccess was fully implemented nationwide in 2009. For the year, 105,023 individual depositor enrollees performed a total of 1,629,705 online transactions.

#### • Institutional Internet Banking – weAccess

The LANDBANK weAccess was implemented in 2007 to empower our institutional depositors, both in the private and government sectors. This internet banking facility offers convenience, efficiency and security of transactions to users through [www.lbpweaccess.com](http://www.lbpweaccess.com). Various banking services can be accessed and transacted online such as balance inquiry, account statement, fund transfer, fund sweeping, bills payment, auto debiting and auto crediting, payroll, check status inquiry and loan information.

As of December 2009, there were 420 institutions enrolled in the LANDBANK weAccess with 1,387,875 transactions posted.

#### • Corporate Viewing Facility – i-Corp

LANDBANK also offers i-Corp, an online Windows-based viewing facility designed for the needs of institutional depositors for the viewing and downloading of their deposit account balances and transaction history. As of year-end 2009, the i-Corp services 166 institutions.

#### • Efficient Service Machines (ESM)

The ESM is a self-automated and user-friendly machine that serves as an alternative for over-the-counter payment transactions. Through the ESM, clients need not wait and queue at the branch lobbies.

The Bank's 21 ESMs accepted 90,359 transactions for BIR tax payments and LANDBANK VISA Card payments in 2009.

#### • Customer Care Center

LANDBANK stays close to its customers and this is made possible with the Customer Care Center. It provides 24/7

customer assistance and 8am to 5pm iAccess and weAccess helpdesk. Clients may talk to phonebankers for the immediate resolution of problems and inquiries about their accounts.

#### • Branches and Extension Offices

The arms of LANDBANK to connect and reach out to its customers are its 323 branches and extension offices strategically located all over the country. LANDBANK has the most extensive branch network in the banking industry with branches in all of the country's 79 provinces. Located in the NCR are 76 branches, 128 in Luzon, 52 in the Visayas and 67 in Mindanao, which service the customers' banking requirements.

#### Information Technology and Automation

In order to meet the demands and improve the delivery of banking services to its customers and stakeholders, the Bank continues to automate its core operations through new technologies and system enhancements.

In 2009, the Bank completed and implemented the following major Information Technology (IT) projects and initiatives:

##### Mainframe Upgrade

The upgrade to the new mainframe (IBM Z10) enables the Bank to continue servicing an ever-growing number of

clients for the next five years. With the added capacity, the Bank can continue to offer new products and services to clients. Likewise, we now have a better ability to switch our mainframe operations between our production and backup site further supporting our initiatives on Disaster Recovery preparedness.

##### Systematics Deposit System Upgrade

The upgrade makes available the operational efficiency and technological improvements to sustain the expansion of the deposits portfolio and number of accounts, to rationalize the existing customized programs, and to improve the quality of deposits data.

The various systems currently interfaced with the deposit system were also enhanced in order to modify all related functionalities and ensure the smooth transition and migration to the new version of the Systematics deposit system. These included the ATM system, branch tellering system, phonebanking and internet banking systems, data warehouse and online collection systems.

##### Consumer Terminal (CT) Teller Upgrade

The Bank upgraded its tellering system in December 2009 into a more user-friendly system with a wider range of application options. The upgrade also resolved obsolescence and incompatibility concerns of the previous tellering system.





## CUSTOMER SERVICE

### Subsidiary Ledger

A financial system, automating the handling of subsidiary ledgers for other asset and liability accounts, generates reports for SL accounts' monitoring, submission and compliance to the reportorial requirements of the Bank's management, the Commission on Audit (COA) and Philippine Deposit Insurance Corporation (PDIC). With the successful implementation of the Basic SL system (Phase I) to the initial five pilot units in May 2009, the system was implemented to an additional one Head Office and two field units. For Phase II the SL System was interfaced with the various Head Office SL systems.

### Anti-Money Laundering System – CASA and IwRS Interface

An anti-money laundering transaction system enables the Bank to comply with the BSP requirement of automatically generating Covered Transactions Reports (CTRs) and Suspicious Transactions Reports (STRs). All monetary transactions reportable in CTRs can now be sourced from the upgraded CASA (v205) and Inward Remittance system.

### Credit Risk Engine System (Stream1 - Retail Livelihood Loans – Application Model)

The Credit Risk Engine System (CRES) was initiated in 2008 where a series of data gap analysis and data gathering was conducted. In September 2009, the project was able to deploy its first retail model. In 2010, the CRES project expects to complete the scorecard facility for Livelihood Loans and deliver four new models for Corporate, LGU, SME and Cooperatives. By the end of 2010 the Bank aims to implement a Behavioral Scorecard for LGUs and subsequently implement scorecards for the remaining models (Corporation, SME, Cooperatives) in the first semester of 2011.

### Pilot implementation of New Account Express

The New Account Express aims to streamline the deposit account opening process of the branches. Consonant with its implementation is the use of the Client Information and Specimen Signature (CISS). CISS is a consolidation of various forms used in account opening, thereby, minimizing the

number of forms being accomplished by the depositor and improving the delivery of services to our branch depositors through an expeditious account opening process.

### Financial Management System II (New Chart of Accounts)

The Financial Management System II is a general ledger system capable of interfacing with other financial applications. Congnizant with BSP Circulars, the FMS was enhanced to update the chart of accounts. This was fully implemented in April 2009.

The Bank is also currently developing IT projects that are expected to be completed in 2010 and 2011:

### The Central MIS Data Warehouse Module 2 – Loans MIS

A Data Warehouse is a collection of integrated, subject-oriented databases designed to supply the information required for management's decision-making. The Loans MIS will integrate all loan source systems to the Data Warehouse. For the year 2009, project development activities included Requirements Definition, Design and Modeling. The initial deliverables of 20 standard loan reports and analytic reports are targeted to be completed by November 2010.

### Electronic Modified Disbursement System (eMDS)

The eMDS, is a web based facility, that caters to the needs of the Department of Budget and Management (DBM), Bureau of the Treasury (BTr) and National Government Agencies for an efficient and cost effective cash management system for the National Government. The system will address the tedious and costly processing of MDS transactions by eliminating the transmission of physical documents. Other benefits include improved branch lobby traffic, strong internal control, faster end-of-year reconciliation and cross-selling opportunities by integrating bank websites. The project is anticipated to be implemented by the 4th quarter of 2010.

### Integrated Treasury System (ITS)

ITS is a comprehensive solution that fully automates and integrates various treasury business processes which include

local and foreign currency trading, investment management, asset and liability management, risk management, accounting, compliance, and workflow management.

This end-to-end solution (front, middle and back-office) for treasury operations is scheduled to be completed by November 2010. This was developed in compliance with the requirements of BASEL, PFRS, Anti-Money Laundering Act and the International Accounting System (IAS39) for treasury transactions.

With the online connectivity of various units of the Bank, the system will enable decentralized input of transaction from traders to front liners, providing remote access of the system for local and foreign transactions via "interconnection and resource sharing". Real time pricing and broadcasting of board rates and other relevant messages can now be performed along with capture of current portfolio, historical records and real time monitoring of trading activities. With the implementation of the system, settlement and documentation will now interface with Real-time Gross Settlement (RTGS), Payment Versus Payment (PVP), SWIFT, CEDEL and deal interfaces with external systems (e.g. Bloomberg, Reuters, TPC System).

### Financial Reporting Package (FRP)

The Financial Reporting Package (FRP) is a set of financial statements for prudential reporting purposes. The system, slated for delivery by the end of 2010, is primarily designed to align the BSP reportorial requirements with the provisions of the Philippine Financial Reporting Standards (PFRS) and Basel 2 Capital Adequacy framework.

### Loans Origination System (LOS)

The LOS, a credit application processing and workflow system, intends to capture the initial engagement process of a loan account with the Bank from loan application to loan approval.

The system will cover processing and workflow on credit application, standard credit and financial risk assessment, structured credit facility proposal (CFP) packaging, CFP approval workflow, post-approval documentation notices and checklists, and reports. LOS captures the client's demographics, business details, and the proposed and approved version details of the credit facility packaging and approval. Pilot-run implementation of the project is set in January 2011.

### Trust Banking System – Total Investment Accounting and Portfolio Management System (TAPS) Upgrade and Enhancement (Phase III) Project

The project aims to streamline and hasten the processing of transactions for better delivery of services to clients, raise the Trust Banking Group's competitiveness in the trust

industry and generate accurate and timely reports to clients, management and regulatory bodies (compliance to PFRS). The system contains security features that will ensure the integrity of the data in each function and provide signals to trigger actions. The project is in the Business Requirements Development phase and is expected to be completed by the first quarter of 2011.

### Real and Other Properties Acquired (ROPA) Manager Upgrade

The ROPA Manager is a web-based application used for monitoring, managing and disposing ROPA items. The project aims to improve, standardize processing and policies in the handling, booking and management of ROPA items in accordance with the Bank's requirements. Project completion is targeted in January 2011.

## CASH MANAGEMENT SERVICES FOR THE PHILIPPINE GOVERNMENT

### • **Modified Disbursement Scheme**

LANDBANK, being the government's primary depository bank, services the disbursement system of the national government through the Modified Disbursement Scheme (MDS). For the year 2009, LANDBANK branches processed a total of 3.93 million checks amounting to P840 billion representing 82.5 percent of the national government's total disbursements. The Bank processed 14,900 MDS checks per day in 2009. These included payments and fund releases of the government for its development projects, operating expenses and salaries of government employees.

### • **Continuous Form Checks**

LANDBANK branches also service the encashment of Continuous Form Checks (CFCs) issued by selected government agencies for the payment of personnel salaries and other benefits. In 2009, LANDBANK processed 5.06 million CFCs amounting to P35.4 billion. This is equivalent to 19,200 checks per day handled by the Bank's branches.

### • **Revenue Collections for the Government**

LANDBANK performs a very significant function for the government in terms of revenue generation through the collection of taxes and fees. For the year 2009, total collections of the Bank for the government totaled P117 billion.

For the Bureau of Internal Revenue, the Bank processed and remitted a total of P84 billion in taxes involving 3.8 million transactions. Of these transactions, 2.7 million





## CUSTOMER SERVICE



amounting to P57 billion were processed over-the-counter by LANDBANK branches nationwide.

For the Bureau of Customs, the Bank collected a total of P33 billion in tariffs and duties.

### • Government Collection Services

LANDBANK collection services for Philippine Health Insurance Corporation, Social Security System, Home Development Mutual Fund, National Home Mortgage and Finance Corporation, Social Housing Finance Corporation and the Philippine Economic Zone Authority reached P2.8 billion for the year 2009.



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

In coordination with the Department of Social Welfare and Development and the local government units, LANDBANK acts as a distribution channel for the 4Ps, a poverty reduction scheme by the national government which provides cash subsidies to extremely poor households.

For an effective cash delivery, LANDBANK issued cash cards to the identified beneficiaries where their cash subsidies are credited monthly. For the year 2009, LANDBANK disbursed a total of P1.03 billion for the health, education and nutrition assistance of the 222,151 beneficiaries in covered areas all over the country.



## ENHANCING CORE BANKING PROCESSES THROUGH ISO 9001:2008 QUALITY MANAGEMENT SYSTEM

The ISO-QMS Program was launched with four clear objectives:

1) to ensure consistent quality in customer service; 2) to institutionalize continuous improvement among Landbankers; 3) to improve bank performance; and 4) to remain competitive and profitable in the long term.

After the ISO 9001:2000 certification in 2007 of the two pilot processes, namely trust banking and wholesale commercial lending operations, preparations were initiated to establish ISO 9001:2008, the upgraded quality management systems standard, in the lending and financial services operations of the Public Sector Department, loan operations of Pampanga Lending Center and branch banking operations of the PEZA Roxas Boulevard Branch under the ISO-QMS Program Phase II.

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

The certifications are a testament to the Bank's sound management practices through QMS. They affirm the Bank's relentless commitment to institutionalize continual improvement of its processes and to understand and address its customers' needs and expectations. These certified processes shall serve as templates for the replication of QMS best practices to other Bank units.

## EXPAND MARKET NICHE IN OFW REMITTANCES

Remittances sent by Overseas Filipinos remain one of the country's vital sources of revenue. Remittances from sea-based and land-based Filipinos in 2009 accounted for 10.8 percent of the country's Gross Domestic Product (GDP).

In 2009, LANDBANK generated US\$722 million in inward remittances from its regional hubs all over the Asia-Pacific Region, Middle East, USA, Canada, and Europe. The Bank also issued additional 10,130 OFW Cash Cards.

LANDBANK has 130 registered remittance partners as of 2009. Gross income and remittance volume generated from remittance business amounted to P145 million and US\$722 million, respectively.

	2007	2008	2009
Remittance Volume (US\$ M)	589	772	722
Gross Income (Php M)	143	168	145

To promote the Bank's various products and services, the Bank participated in several events in 2009 among Filipino communities in Hong Kong, Saudi Arabia, Qatar, Singapore, Italy, Spain and South Korea.

## TRUST OPERATIONS

The high liquidity characteristic of the financial market affected the overall performance of the Trust Banking Group in 2009.

The upbeat tones of the highly liquid market resonated in TBG total income increasing by 38 percent to P125.06 million. Trust and other fiduciary accounts delivered P77.13 million in earnings as against P45.76 million of the previous year. Moreover, the investment management accounts grew by 53.1 percent in asset level as more corporate funds found its haven investing in the Special Deposit Account offered by the BSP.

On the other hand, TBG assets under management declined to P53.8 billion fund level from P54.5 billion in 2008. Despite the rise in IMA asset levels, big ticket collateral trusts and special purpose trust accounts opted to pre-pay their obligations that substantially reduced assets under management.

Going on its 35th year, TBG launched the internal Annual Branch Awards to recognize the contribution of the branches and extension offices in generating trust funds. An average level of P20.78 billion for 2009 was attributed to client referrals and fund increments of existing trust accounts through the branches and extension offices.



## INSTITUTIONAL VIABILITY

Maximizing Our Programs

# WE STRIVE

to be at par with the best  
in the industry



### EMBRACING GOOD GOVERNANCE AS A CORPORATE WAY OF LIFE

LANDBANK has achieved great strides in carrying out its unique mission of sustaining profitable banking operations while fulfilling a social mandate – as a catalyst of change for countryside growth and development. Inspired by this unwavering commitment for the past 46 years, the Bank has consistently conducted its businesses and activities in accordance with the principles of good governance.



## INSTITUTIONAL VIABILITY

This has been demonstrated by the enduring trust and high esteem accorded by stakeholders and major institutional partners through the years—a clear affirmation of their belief on the Bank's integrity, accountability and professionalism.

In 2009, the Bank further enhanced the enabling environment for corporate governance. Cognizant of the conditions and requisites necessary in utilizing corporate governance as a competitive mechanism to bolster financial performance and sustained growth, increase competitiveness and attract business partners, and enhance operational efficiencies, the Bank focused on three strategic initiatives during the year – strengthening of the corporate governance structure, policies and procedures; full implementation of the risk-based internal audit; and establishment of a more responsive compliance program.

### Corporate Governance Structure

LANDBANK's corporate governance structure specifically lays out the governance policies, guidelines, processes and mechanisms that are adopted by the Bank, and clearly establishes the lines of accountability and responsibility emanating from the LBP Board of Directors to the officers and staff.

The relevant policies on good governance of the Bank are embodied in the LANDBANK Charter, Corporate Governance Manual, Code of Ethics, Code of Conduct for LANDBANK Employees, Compliance Charter and Compliance Manual. Its orientation is geared towards creating a corporate governance regime supportive of the key tenets of good corporate governance—fairness, accountability, transparency and integrity—in all business transactions.

### The LANDBANK Board of Directors

Setting the tone from the top is the LANDBANK Board of Directors. The LANDBANK Board establishes all policies and strategies that will direct, administer, and control the activities of the Bank and makes critical decisions on matters affecting its operations. It also ensures the accountability of the Bank to its various stakeholders.

The LANDBANK Board also serves as the driving force behind the Bank's corporate governance to ensure its strong adherence to ethical standards and strict compliance with legal, institutional and regulatory requirements.

Fundamental to any corporate governance structure is establishing the roles of the LANDBANK Board and management. Thus, the functions and responsibilities of the Chairman of the Board and the President and CEO are clearly delineated. The Chairman has the leadership and oversight function of the Board while the President and CEO has the direct hand in executing the Bank's strategies in order to accomplish the objectives formulated by the LANDBANK Board.

LANDBANK is wholly owned by the Philippine government. The members of the Board, officers and employees do not have any shareholdings in the Bank.

### Board Composition

The LANDBANK Board is composed of nine members who are all appointed by the President of the Philippines. Five are ex-officio members composed of the Secretary of Finance as the Chairman, the President and CEO of LANDBANK as the Vice Chairman, Secretary of Agriculture, Secretary of Agrarian Reform, and Secretary of Labor and Employment. The other four board members are sectoral representatives from the private sector and agrarian reform beneficiaries.

In 2009, the Secretary of the Department of Finance was Gary B. Teves (*Undersecretary Jeremias N. Paul, Jr., alternate director*).

The other three ex-officio members were Secretary Arthur C. Yap (*Assistant Secretary Eduardo C. Nolasco, alternate director*) of the Department of Agriculture, Secretary Nasser C. Pangandaman (*Assistant Secretary Ma. Patricia G. Rualo-Bello, alternate director*) of the Department of Agrarian Reform, and Secretary Marianito D. Roque (*Undersecretary Romeo C. Lagman, alternate director*) of the Department of Labor and Employment.

The two private sector representatives were Director George J. Regalado and Director Albert C. Balingit. The agrarian reform representatives were Director Ombre S. Hamsirani and Director Cyril C. del Callar.

Based on the definition of an independent director in the BSP Manual of Regulations for Banks, all the eight directors of LBP (except for the President and CEO) qualify as independent directors. The eight directors are not officers of the Bank or majority stockholders of the Bank. They are not a relative of any director or officer of the Bank and none of the eight directors are retained as professional adviser, consultant or counsel of the Bank.

The Secretary of Finance and the Secretary of Agrarian Reform are the Bank's independent directors.

### Board Performance and Attendance

The LANDBANK Board members conduct a self-assessment of the Board's effectiveness in the performance of their principal duties and responsibilities as a collegial body and as individual directors. The revised Annual Performance Rating System for the Board of Directors, which was developed by the Bank with the assistance of the Institute of Corporate Directors, was utilized starting performance year 2009. It is aimed at regularly monitoring and measuring director performance against internationally-accepted principles of corporate governance and industry best practice. Its implementation shall help raise the Bank's standards of corporate governance and improve business performance.

The annual self-rating instruments showed positive and very encouraging results in terms of compliance with corporate governance principles, international best practices, domestic laws, and regulatory requirements.

For the 2009 assessment of the Board as a whole, a high average of 93.64 percent was attained in all four categories which evaluated Board functions and responsibilities, structure, process and performance. Likewise, the ratings for individual directors

yielded a higher average of 95.18 percent, with transparency and committee activity garnering the highest scores at 97.88 percent and 96.36 percent, respectively.

The Bank's Board meetings are regularly held twice every month or as necessary. Board members engage in open dialogue and deliberations are done in a respectful and orderly manner such that opposing views are aired effectively.

In 2009, the LANDBANK Board conducted 24 regular meetings and two special meetings. The Chairman and the Vice Chairperson had 100 percent attendance in all 26 meetings. The average attendance of the Board stood at 90 percent.

### Board Committees

The LANDBANK Board of Directors is ably assisted by four Board-level Committees – the Audit Committee, Risk Management Committee, Corporate Governance Committee and the Trust Committee. The LANDBANK Board delegates specific functions and responsibilities to the Board Committees who competently act on their behalf.

The performance of the Board Committees was also assessed through the conduct of the self-rating instruments for performance year 2009. The Bank, in coordination with the Institute of Corporate Directors, developed the new annual rating systems for the four Board Committees.

### Board Remuneration

In accordance with the LANDBANK charter (Republic Act 3844 as amended by Republic Act 7907), the nine members of the Board of Directors (except for the four ex-officio Cabinet Secretaries) are entitled to a per diem of P1,500 for each session attended but not to exceed P7,500 a month. Directors who are members of Board committees are also entitled to an honorarium for each meeting attended.

The Board members are also provided an allowance of P30,000 per month.

### Audit Committee

The Audit Committee acts on behalf of the LANDBANK Board and oversees the material aspects of the Bank's reporting control and



audit function. It fulfills its oversight responsibilities in protecting the integrity of the Bank's financial statements; ensuring the Bank's compliance with legal and regulatory requirements; establishing internal auditors' qualifications and independence; and checking the performance of the Bank's internal audit functions and compliance.

The Bank's Audit Committee is composed of five directors – two ex-officio members, namely, the DOF and DAR Secretaries, and three representatives.

In 2009, the three representatives were Director George J. Regalado (Chairman), Director Albert C. Balingit (Private Sector representative) and Director Ombre S. Hamsirani (Agrarian Reform Beneficiaries representative).

Among the Audit Committee's accomplishments in 2009 was the approval of the Internal Audit Group's (IAG) Quality Assurance and Improvement Plan, and the amended IAG Charter. Also, bank units which failed the risk-based audit presented their respective short-term action plans to the Committee.

For its oversight function over the Compliance Management Office, the Audit Committee approved the Bank's Compliance Manual, Compliance Charter, and Compliance Program.

In 2009, the Audit Committee held 12 meetings. Average attendance was recorded at 88.6 percent with Director Albert C. Balingit having a perfect attendance.

### Risk Management Committee

The Risk Management Committee is the Bank's oversight on all matters pertaining to risk management including the development of risk strategies, policies, guidelines, procedures and systems to ensure that the Bank's risk exposures are recognized and that risk-mitigating measures are adequately established.

The Committee also oversees the system of authority limits delegated by the LANDBANK Board to management and immediately recommends corrective actions if breaches occur. It likewise establishes the system for reporting or disclosing risks information to the LANDBANK Board which approves various guidelines and procedures on risk measurement and validation, business continuity monitoring, liquidity risk approving authorities, risk appetite statement and risk dictionary, among others.

The Risk Management Charter provides for the composition, authority, duties and responsibilities of the Risk Management Committee. It consists of six directors wherein two are ex-officio members – the DOF and DAR Secretaries, and four representatives. In 2009, the four representatives were Directors Albert C. Balingit, George J. Regalado, Ombre S. Hamsirani and Cyril C. del Callar.

The Committee conducted 17 meetings in 2009. Average attendance was recorded at 81.3 percent. The Committee Chairman Albert C. Balingit and Director Ombre S. Hamsirani were present in all meetings in 2009.



## INSTITUTIONAL VIABILITY

### Corporate Governance Committee

The Corporate Governance Committee is primarily responsible for assisting the LANDBANK Board in formulating, reviewing and assessing the Bank's corporate governance policies and practices.

The Committee also reviews and approves Bank policies on employee benefits, compensation and remuneration of the Board and senior management, promotions, results of job evaluation such as reclassification of positions and other key human resource concerns.

In view of the effectivity of the Internal Capital Adequacy Assessment Process or ICAAP which is a new BSP requirement aligned with Basel 2, and to ensure its effective implementation, the Corporate Governance Committee was tasked by the LANDBANK Board with the oversight function for its overall implementation. Specifically, this new function entails the monitoring of the Bank's capital level and capital structure, the ICAAP Progress Report containing updates on ICAAP implementation and capital build-up initiatives, and endorsement of new measures and programs that will enhance the ICAAP and its compliance system.

The Bank also crafted the Corporate Governance Committee Charter, a fundamental component in sound governance practice which also serves as a basis for the Bank in assessing its corporate governance standards, best practices and compliance to the principles of good governance.

The Committee is composed of five members, namely, the DOF Secretary as Chairman, the DOLE Secretary, the LANDBANK President and CEO and two private sector directors. In 2009, Directors Albert C. Balingit and George J. Regalado were the representatives in the Corporate Governance Committee.

There were nine meetings held in 2009 wherein President Gilda E. Pico, Director Albert C. Balingit and Director George J. Regalado all attained a 100 percent attendance. The Committee recorded an average attendance of 88.9 percent.

### Trust Committee

The Trust Committee oversees the investment activities of the Trust Banking Group and formulates broad investment strategies. It is authorized to accept and close trust and fiduciary accounts as well as to evaluate and approve the investment, reinvestment

and disposition of funds or property, counterparty lines and investment limits. Tasked with the overall supervision of investment portfolios held by the Trust Banking Group, the Committee reviews once a year all trust and fiduciary accounts and also gives recommendations on whether to retain or dispose such trust or fiduciary assets.

The Trust Committee is comprised of five directors. Two are ex-officio directors with the DOLE Secretary as Chairman, and the DA Secretary. The other members were Director Cyril C. del Callar (Vice Chairman), the LANDBANK President and CEO and the Head of the Trust Banking Group.

The Trust Committee had six meetings in 2009. The Committee's average attendance was registered at 83.2 percent.

### Internal Audit

One of the fundamentals required in good corporate governance is ensuring that internal audit controls and mechanisms are firmly established to safeguard the integrity of a company.

LANDBANK is committed to strengthen its corporate governance structure by putting in place the formal mechanisms that will encourage enhanced internal audit function and effectiveness. Its expanding business volumes and more advanced processes and operations have been matched with a stronger internal control and auditing system.

The full implementation of the Risk-based Internal Audit (RBIA) methodology commenced in 2009. This is aimed at improving the Bank's risk management and operations. In order to fine-tune the implementation of RBIA, the Internal Audit Group developed the Audit Risk Prioritization Scoring, the Audit Plan and the classification of mega and major processes.

The IAG organization was reinforced in 2009 to include an Audit Services Team (AST) under the Office of the Group Head. The AST is responsible for the audit of all units under the Legal Services Group (including Field Legal Offices), supervising units (ADBS Group, Area and Regional Offices), Compliance Management Office, Credit Policy and Risk Management Department, and Business Risk Management Department.

The Audit Services Team also conducts special and fraud audits assigned by the Audit Committee, the management or other concerned units.

The Internal Audit Group accomplished 110 percent of their 2009 target for audit coverage. Risk-based audit was conducted on 16 Lending Centers, 167 Branches and Accounting Centers, 38 Head Office units and Agrarian Operations Centers, and 31 automated systems.

An Enterprise IT Risk Assessment Project for selected automated systems and an Internal Quality Assessment Review were also undertaken in 2009. Results of both projects were presented to the Audit Committee and the IT Committee.

The Internal Audit Group personnel also underwent several trainings to enhance their expertise. Major seminars were on Basel 2 and ICAAP.

### External Audit

The Commission on Audit (COA) is the external auditor of LANDBANK. The Philippine Constitution mandates the COA as the external auditor of all government institutions.

COA had 164 full-time representatives assigned onsite in the Bank's head office and field units in 2009.

### Risk-based Compliance Management

The Bank's compliance management system ensures its consistent adherence to the principles of good governance, highest standards of ethics and conduct, and compliance to all domestic and applicable laws, rules and regulations of the BSP, Commission on Audit (COA), Philippine Deposit Insurance Corporation, Securities and Exchange Commission, Anti-Money Laundering Council, Bureau of Internal Revenue, Department of Budget and Management, Civil Service Commission and other regulatory bodies.

The Bank regards compliance with laws and regulations as an integral part of its day-to-day operations and strategic goals. Thus, the effective management of compliance risk is critical not only in protecting the Bank's reputation but also in terms of expanding business opportunities, efficient use of resources and increasing stakeholders' value.

The Bank's Compliance Management Office (CMO) is responsible for the overall implementation and coordination of the Bank's compliance system. The CMO is an independent unit that is under the functional supervision of the Audit Committee.

CMO is also tasked with establishing compliance awareness in the Bank through the conduct of research and monitoring activities specifically for high-risk regulatory requirements. CMO takes a proactive stance by providing concerned units with recommendations to ensure compliance and to avoid compliance breaches, fines and penalties. In addition to monitoring, CMO regularly disseminates advisories on new banking regulations and compliance issues.

To complement the expanding scope of the Bank's compliance functions and responsibilities, the CMO reinforced its organizational structure with the addition of three new personnel in 2009 or a total manpower count of 12 officers and staff. The increase in CMO's workforce was matched with the provision of training and seminars for new personnel on strategic compliance, legal education, corporate governance, anti-money laundering, and LBP products and services.

### Group-wide Compliance Management Project

To further strengthen the Bank's compliance management system, the Group-wide Compliance Management System Project (GCMSP), with the assistance of SGV & Company, was initiated in 2008. The GCMSP is aimed at enhancing the Bank's compliance infrastructure and expand oversight functions to include subsidiaries.

Based on the results of the review on the Bank's existing compliance infrastructure and conduct of compliance risk assessment in 2008, LANDBANK initiated various activities in

2009 to reinforce the foundations of its compliance structure and enhance compliance procedures and systems of key business units.

One of the fundamental requirements accomplished by the Bank is the formulation of the Board-approved Compliance Charter in July 2009. The Compliance Charter formally establishes the Bank's compliance functions and processes to effectively manage compliance risks.

The annual review and update of the Bank's Compliance Program was undertaken during the year in order to incorporate new laws and regulatory issuances; assist in the evaluation and measurement of the corresponding risks of non-compliance; and provide a basis for prioritization of compliance risks.

The LANDBANK Compliance Manual serves as a guide for the business units in managing compliance risks faced by the Bank. This manual documents the process-level activities of the Bank's compliance function in delivering an effective compliance management system.

It also provides identification, assessment, monitoring and evaluation objectives and procedures for review of the Bank's compliance risk. The Compliance Manual is set for approval of the LANDBANK Board in September 2010.

### Anti-Money Laundering System (AMLS)

The Bank implemented an electronic anti-money laundering transaction monitoring system to detect covered transactions (exceeding P500,000 within one banking day) and suspicious transactions in compliance with the Anti-Money Laundering Act of 2001 (RA 9160 as amended by RA 9194). The CA/SA Systematics and the Inward Remittance System electronically generate the Bank's covered transactions since 2007. In 2009, Covered Transaction Reports (CTRs) and Suspicious Transaction Reports (STRs) were submitted to the Anti-Money Laundering Committee (AMLC). Further, the coverage of the CTRs was expanded to include transactions under the Modified Disbursement Scheme implemented for government institutions.

To ensure the smooth and efficient generation of reports by the AMLS, the Bank underwent user's acceptance training for the CASA V205/IWRS interface with AMLS.

During the year, the Bank incorporated revisions and amendments in its Anti-Money Laundering Manual containing the current policies and procedures compliant with the Anti-Money Laundering Act, issuances of the Bangko Sentral ng Pilipinas (BSP) and the LANDBANK, and pertinent laws and regulations. These include among others, the new requirement on the Reporting of CTRs, Revised Procedures for Implementation of Freeze Orders, Designation of Compliance Officers, Enhanced Customer Due Diligence for Politically Exposed Persons and Referred Clients, and Administrative Sanctions/Penalties for Non-Compliance to AMLA.

The LBP Anti-Money Laundering Committee was established to ensure the Bank's compliance with anti-money laundering laws and all other regulatory requirements. The Committee evaluates suspicious transactions and approves the submission of the Bank's





## INSTITUTIONAL VIABILITY

Suspicious Transactions Report to the Anti-Money Laundering Council. It also oversees the implementation of the Electronic Anti-Money Laundering System that was adopted by the Bank to efficiently monitor covered transactions and suspicious transactions.

The LBP Anti-Money Laundering Committee meets once every other month. It is chaired by the LBP President and CEO.

### Key Corporate Governance Initiatives and Activities

#### *Participation in Two Corporate Governance Surveys for Banks and Government Corporations*

LANDBANK pursued active participation in two corporate governance surveys in 2009 to determine its degree of compliance with corporate governance standards and best practices.

The scorecards also serve as a tool for assessing the Bank's level of implementation in terms of corporate governance practices and globally-regarded good governance practices relative to the commercial banking industry and the government sector.

In July 2009, the Bank joined the Corporate Governance Performance Survey by accomplishing a self-assessment scorecard for banks. The first of its kind in the Philippines, the 2009 Corporate Governance Scorecard for Banks was initiated by the BSP in collaboration with the Institute of Corporate Directors. LANDBANK got an average score of 94 percent, higher than the 84 percent average score for all universal and commercial banks. This reflects the Bank's high compliance to corporate governance standards specifically in terms of public disclosure of information.

The Bank also participated in the 2009 Corporate Governance Performance Survey for GOCCs and GFIs. Similar to the survey for commercial banks, the self-rating scorecard measures how government corporations have practically adopted to good governance practices. LANDBANK attained one of the highest scores in the 2009 survey which was conducted by the Department of Finance and the Institute of Corporate Directors.

On its second year, the Bank successfully accomplished the 2010 Corporate Governance Scorecard for GOCCs and GFIs in July 2010.

#### *Code of Conduct for LANDBANK Employees*

LANDBANK ensures that all of its employees, regardless of rank and status of employment, are guided by the core values of STEP (social responsibility, trust, excellence and professionalism) in the performance of their duties and functions. This is embodied in the Board-approved Code of Conduct for LANDBANK Employees which the Bank instituted starting in November 2006.

The Bank partly attributes its strong financial position as one of the leading banks in the commercial banking industry to its employees' high level of integrity, professionalism, character and strict adherence to ethical standards.

It deeply recognizes that the values and principles embedded in the Bank's Code are the strong fundamentals required in building long-lasting and truly rewarding relationships with its various stakeholders.

#### *Continuing Education for the Board and Senior Management*

Given the Bank's top-down structure where all policies and strategic decisions emanate from the Board of Directors, it is but fitting that the Board should be highly knowledgeable and strongly committed in developing corporate governance as a way of life in LANDBANK. As such, the Bank continued the implementation of an ongoing education program for the Board of Directors and senior officers.

These consisted of orientation seminars which increased their awareness on the essential principles of corporate governance, international best practices and global standards, the collective role of the Board and how they can add value to the organization and stakeholders.

To supplement their knowledge and develop new skills, technical courses on banking laws and regulations (Anti-Money Laundering Act), banking industry structure, financial analysis, accounting and risk management were also undertaken during the year.

#### *Manual on Corporate Governance and Corporate Governance Committee Charter*

The Bank's Manual on Corporate Governance was revised and approved by the Corporate Governance Committee and the LANDBANK Board on June 21, 2010. This has been institutionalized since 2003 with regular reviews undertaken by a special task force.

The updated Manual on Good Governance signifies the Bank's solid commitment to sustain a strong corporate governance culture across the organization via strict adherence to good corporate governance practices. The Manual incorporated new provisions effected by the BSP in order to align with new corporate governance standards and global best practices. The revised Corporate Governance Charter was also approved on June 21, 2010.

#### *Journey Towards Governance Excellence*

LANDBANK's journey towards governance excellence remains to be very challenging and demands a long-term commitment.

The attendant risks and challenges are continuously evolving given the relationships with stakeholders and the management, as well as management's interface with a wide array of stakeholders including the Bank's employees, customers, creditors and suppliers. Included are the major and broader governance concerns of the Bank on community or social development and environmental protection.

The Bank is shifting its gears to capture the essence or spirit of corporate governance where benefits do not only accrue to the long-term interest of its stakeholders but also to the whole economy and environment as well. By then can LANDBANK truly say that corporate governance has become its new way of life.

## RISK MANAGEMENT — SETTING THE STAGE FOR THE ADVANCED APPROACHES

### **Risk Management**

Risk management is one of the crucial components of our strategic goals and operational thrusts. Subscribing to the basic tenet that risk management is a continuing process hinged on improving practices, the Bank sustained existing projects until full implementation and introduced new risk mechanisms and activities.

In 2009, LANDBANK focused on firming up its risk management policies, processes and procedures as these lay the groundwork that would facilitate the transition to the advanced approaches required by Basel 2 in the medium term. The pre-conditions for the advanced approaches include, among others, strong corporate governance and risk management oversight, risk measurement or quantification and the use of Key Risk Indicators (KRI), conduct of regular stress testing, validation of models, and the use of internal ratings.

### **Risk Management Structure**

LANDBANK employs a top-bottom approach to risk management. The LANDBANK Board is the highest oversight body for managing all risk-related functions and activities of the Bank.

Because managing the Bank's risks is becoming more sophisticated and substantial as a result of expanding business volumes, changing customer expectations, higher competition, rapid technological advancements, and compliance to new regulatory requirements, the LANDBANK Board and the Risk Management Committee (RISCOM) have to adopt a sharper and wider focus. The RISCOM oversees the Bank's implementation of risk management policies, processes and systems, and ensures the adoption of a comprehensive and proactive approach to measuring and controlling the Bank's various risks.

Under the functional supervision of the RISCOM is the Risk Management Group (RMG) headed by the Chief Risk Officer. The Chief Risk Officer is primarily responsible for the direct implementation of the Bank's risk initiatives and spearheads the development and execution of risk management systems and processes to ensure timely compliance with Basel II and BSP regulatory requirements.

Specific risks functions covering credit risks, market and liquidity risks, and operations risks (system, legal, technology, and other risks) are being handled by the three departments under RMG - Credit Policy and Risk Management Department (CPRMD), Treasury Risk Management Department (TRMD), and Business Risk Management Department (BRMD).

The Customer Information and Central Liability System, which generates timely and accurate demographic information and loan reports of LANDBANK clients, is a project attached to RMG.

CPRMD formulates and reviews credit policies, and evaluates credit policy implications of proposed loan programs and projects

of the Bank. It also provides monthly management reports on the Bank's loan portfolio and asset quality that are reported regularly to the LANDBANK Board. The development of strategies for risk identification, monitoring and measurement, review of credit ratings prepared by lending units, and implementation of the Bank's Credit Risk Engine System are undertaken by CPRMD.

TRMD's main responsibility is to oversee liquidity, market, interest rate and treasury-related credit risks. Risk measurement and analysis of risks inherent in asset and liability positions, trading, investment and other treasury-related activities are managed by TRMD. It also sets the uniform standards for these risk measures. TRMD generates daily independent mark-to-market valuation of all risk positions and ensures that established risk systems output adequately measures all risks including risk identification reports and value-at-risk calculations for each risk-taking activity. The Liquidity Gap Report, Earnings at Risk Report and Market Risk Profile Report are also prepared by TRMD on a monthly basis to apprise management through the Asset and Liability Committee on the Bank's liquidity position and provide possible scenarios based on movements of interest rates and foreign exchange rates.

BRMD is involved in managing the Bank's business operations risks such as the establishment of an effective IT Risk Management Plan and oversight of its execution, enhancement of the Bank's Business Continuity Manual, and oversight of the conduct of risk identification and assessment of the Bank's subsidiaries — LBP Insurance Brokerage, Inc., LBP Realty Development Corporation, LBP Leasing Corporation, Masaganang Sakahan, Inc., LBP Remittance Company (USA) and the LBP Financial Services S.p.A. (Italy).

The conduct of simulation and IT drills to test effectiveness of the IT Risk Management Plan is regularly undertaken by BRMD. In deepening employees' risk awareness and developing the Bank's risk culture, BRMD provides seminars and training to various units nationwide.

### **Sustaining Risk Management Systems**

#### *Enterprise Risk Management (ERM)*

Major milestones under the ERM Program involved the development and finalization of the Bank's Risk Appetite Statement and Risk Dictionary in 2009.





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The Risk Appetite Statement is an enterprise-level expression of the amount of risks the Bank is willing to accept while the LBP Risk Dictionary provides a single, comprehensive definition of each of the major risks in the Bank's risk universe.

Towards the end of 2009, the Bank successfully completed three ERM sub-processes for the Bank's top priority risks—credit, market, people, information technology management, and client relationship management.

One of the processes undertaken by the Bank was the risk driver analysis (RDA). The RDA was facilitated through workshops and focus group discussions participated in by subject matter experts and risk designates in order to determine the sources of the Bank's various risks. The resulting RDA maps were then validated and approved by the ERM Steering Committee.

The Bank is highly aware that risk measurement or the evaluation of the impact of risks is fundamental in any risk management program's design. Its initial phase was started with data gathering activities from which inputs were drawn for the preparation of Key Risk Indicators (KRIs). The objectives of risk measurement were achieved through focus group discussions and workshops.

The third process was the formulation of the Bank's risk management strategy which was done side-by-side with KRI preparation. This presented the Bank's current risk management strategies and identified the areas for improvement.

Phase 2 of the ERM Program will be undertaken through the conduct of the three processes for the remaining top 21 priority risks of the Bank by second semester of 2010.

### **Credit Risk Engine System**

The Credit Risk Engine System (CRES) Phase I achieved an overall completion rate of 90 percent as of year-end 2009.

This project was initiated to develop the Bank's automated credit rating systems for all major types of clients—retail, corporate, local government units, small and medium enterprises and cooperatives. Aside from these five streams, the sixth stream is the generation of standards and management reports.

Among the six streams, the Retail Livelihood Application Scoring Model was the first to be fully developed. After the Application Scorecard for this model was deployed to production in September 2009, roadshows were conducted and completed in December 2009.

In April 2010, the Bank completed the Behavioural Scoring models for cooperatives, corporates, SMEs, LGUs, and the Business Intelligence Reporting. Bank clients' data on demographics, financial condition and basic business information were successfully encoded for calibration. These scoring models will be fully implemented after calibration to improve its predictive power.

Once completed, the CRES will be able to generate business monitoring reports to effectively track the Bank's portfolio performance on credit scoring, as well as management or risk rating reports to assist the loan approving committees in its lending policies and decision-making.

The CRES shall also provide internal estimates of the Probability of Default model. The development of the CRES is a regulatory requirement for all universal and commercial banks to develop an internal credit risk rating system per BSP Circular No. 439, series of 2004.

### **Information Technology Risk and Information Security Management**

The Information Technology Risk Management Plan (ITRMP) was fully implemented in 2009 with the Risk Management Group (RMG) providing the oversight in IT-related initiatives such as systems migration, IT drill activities and penetration testing.

The ITRMP reflects LANDBANK's IT Risk Policy which recognizes the importance of IT risk management in controlling the impact of IT-related risks on the Bank's business operations. To ensure that information is not compromised in the usual handling, exchange and dissemination processes, the Bank also developed a comprehensive Information Security Policy.

This policy contains the "General Guidelines on Classification, Handling, Access and Disclosure of Information Assets" and the "Specific Guidelines on Handling Security of Loan Information" wherein documents were categorized into Class A (sensitive), Class B (LBP confidential), Class C (private), Class D (proprietary), and Public (no label).

### **Customer Information-Central Liability System (CI-CLS)**

The creation and maintenance of the Customer Information-Central Liability System (CI-CLS) is a fundamental support to the Bank's credit risk management.

Thus, the CI-CLS was implemented and became fully operational in July 2008 in order to integrate customer data from various available sources into a single customer record. Because data quality is recognized as the lifeblood of any customer relationship management initiative, the Bank deployed the CI-CLS to 323 branches and 33 lending centers.

The guidelines on the implementation of the Customer Information and Central Liability System were revised to include enhancements due to the upgrading of the system and new control measures and procedures for accessing Bank information and data. Input documents such as the Customer Information Sheet were also improved. The upgrading of the system necessitated retraining or retooling of system users from the Bank's lending units. A post implementation review was also initiated to assess efficiency and effectiveness of the system.

The CI-CLS Project Team is also undertaking a comprehensive data clean-up on the user's compliance to the guidelines and procedural requirements of the project for its monitoring activities.

These activities involve the creation and maintenance of a risk management record for each customer that will store both demographic and financial data, reduction in multiple records of a client and elimination of reject items listed in the reject reports. The identification of potential problems is also one of the main objectives of the monitoring system.

### **Legal Risks**

LBP effectively manages legal risks through various systems and processes. The Legal Services Group (LSG) is composed of five units with specialized functions and responsibilities which allow for a clearer focus. The units are: Banking Legal Services Department; CARP Legal Services Department; Litigation Department; Administrative Legal Department and the Office of the General Counsel. LSG has a professional corps of 77 lawyers based in the head office and in the regions. To monitor and effectively manage status of cases, loan documentations and other referrals, the Bank utilizes an automated Legal Management Information System which was developed in 2007 by IBM Solutions Delivery Inc. LSG also undertakes a classification of pending legal cases (based on the probability of winning the claim against LBP) and the recommended provisions and contingent liabilities.

## ENHANCING RISK MANAGEMENT POLICIES AND PRACTICES

### **Business Continuity Management**

The Bank's business continuity management focused on the enhancement of the Business Continuity Plan (BCP), the oversight of business continuity drill activities and the monitoring of business continuity-related risk events.

Four components of the BCP were revisited leading to the enhancement of the Epidemics and Pandemics Prevention Plan, the Emergency Preparedness and Response Plan, the IT-Disaster Recovery Plan and the Personnel and Building Safety Plan for LANDBANK Plaza.

In 2009, the Bank monitored 24 business continuity-related risk events and implemented the corresponding risk mitigating measures. Notable among these risk events were typhoons Ondoy and Pepeng which brought substantial damages to Bank properties and facilities. With effective risk and business continuity management in the field offices, bank services were restored within reasonable time despite heavy flooding and power outages.

This can be attributed to their high level of awareness on business continuity and emergency preparedness as reflected in the consolidated Business Continuity Questionnaire survey results as of December 2009 which yielded a high percentage of 98 percent for the two consecutive semesters.

### **RMG Medium-Term Plan (2010 – 2014)**

The journey towards the advanced approaches had to be dealt with extreme prudence such that activities had to be lined up logically and progressively. Thus, the RMG Medium-Term Plan (2010 - 2014) was developed in 2009 to design a roadmap that shall put in place the various activities leading to compliance with the Basel 2 requisites as well as guide RMG in achieving its goals. The RMG Medium-Term Plan was approved by the Risk Management Committee during the year.

### **Risk Management Policy Formulation and Review**

To embed risk management activities within the Bank's business processes, RMG formulated 19 policies on market, interest rate, counterparty credit and liquidity risks as well as four implementing guidelines on validation methodologies. There were seven credit policy issuances and 23 credit bulletins that were prepared and disseminated. Likewise, 16 proposed ADBS policies and procedures were reviewed, evaluated and recommended with risk mitigating measures. Noteworthy policies were guidelines on the calculation of market risk measurement models, particularly those on correlation, historical value-at-risk (VaR) and the use of the Bloomberg portfolio VaR.

### **Risk Identification, Measurement, Monitoring and Reporting**

The Bank monitored its various risk exposures on a daily, monthly and quarterly basis that generated over 600 reports in 2009 covering credit, market, interest rate, liquidity and operational risks.

For operations risk, a standard Risk and Control Self Assessment (RCSA) template for the Bank's branches was jointly developed by RMG and selected branch managers. The RCSA guidelines were likewise revised and aligned with the newly-developed template.

To enhance identification and measurement of the Bank's operations risk, a KRI framework was developed and was approved by the Risk Management Committee. Likewise, a build-up of the Bank's risk/loss database was done and included "noteworthy risk events" prior to 2003.

### **Risk Management Education**

In 2009, RMG undertook risk forums as a capability enhancement methodology to diffuse risk management knowledge acquired from external training and current risk management practices. Derived from the "Quality Circles" concept, its ultimate goal was to keep RMG officers and staff abreast of internal and external risk management developments.

There were 17 risk forums conducted which discussed various topics such as ICAAP, value-at-risk, credit scorecard development and implementation, operations risk, liquidity gap report, internal credit risk rating system and enterprise risk management.

### **Risk Management Manuals**

The Bank's risk management manuals underwent revisions in 2009 owing to the new programs and evolving practices initiated by the Bank. A major feature was the inclusion of a volume dedicated to strategic risk management which described LANDBANK's risk management practices from an enterprise perspective.

The revised manual likewise firmed up risk management policies and principles upheld by the Bank and set forth best practices and procedures for its effective execution.

### **Risk Management Oversight of Subsidiaries**

The RMG is also tasked with providing risk management oversight of the Bank's subsidiaries. In 2009, RMG drafted a risk management



## INSTITUTIONAL VIABILITY

framework that would be used by the four subsidiaries (LBP Insurance Brokerage, Inc., LBP Realty Development Corporation, LBP Leasing Corporation, and Masaganang Sakahan, Inc.) and assisted in the preparation of the Trust Risk Management Manual.

### Looking Forward to Basel 3

The challenges posed by Basel 3 drive the Bank to vigorously pursue risk management innovations as it works harder to accomplish the advanced approaches. Thus, the Bank's accomplishments for 2009 reflect a continuing endeavour to polish its risk management policies and practices, and a strong resolve to surmount the impediments and reach the objective.

As the regulatory deadline draws near, the Bank is not far from reaping the gains of a sound and robust risk management system—enhanced operational efficiencies, value creation and compliance. In the meantime, LANDBANK has to gear up for the upcoming and more stringent Basel 3.

### Reinforcing The Foundations In Human Resource Management

In 2009, LANDBANK continued to reinforce its human resource by sustaining programs focused on values formation and enhancement, and embarking on a personnel strategy that is strongly aligned with the Bank's major business goals — pursuit of mandate, customer service, and institutional viability.

### Values Change Development

Cognizant that behavioral development is integral towards achieving organizational effectiveness by fostering good working relationships among its employees, the Bank gave greater focus on values change development. This involved the conduct of values formation and improvement programs on behavioral competencies across all levels such as the Workplace Ethics and Values Enhancement (in partnership with the Civil Service Commission) for employees below supervisory level, and the Professional Enhancement Program for supervisors, officers and new managers. These values-related programs were designed to inculcate the core values emphasizing on integrity and professionalism, and to harmonize personal values and motivations with the Bank's vision and mission in relation to work.

During the year, the Bank undertook various activities that heightened employees' adherence to high ethical standards. It instituted the month of January of every year as The Code of Conduct Month starting in 2009. All units of the Bank were required to conduct sessions to refresh employees on the provisions of the Code of Conduct and do an annual sign-off that will signify their recommitment to the Bank's Code of Conduct. The Ethics Hotline (405-7660) was also put in place as a mechanism for employees to report confidentially any impropriety involving Bank personnel.

### Beyond Compliance: Moral Renewal Action Plan and Integrity Development Action Plan

LANDBANK is one with government in heeding its call for moral renewal and integrity development. Its response was demonstrated through a Moral Renewal Action Plan (MRAP) submitted to the Presidential Anti-Graft Commission (PAGC) in September 2009 (per Administrative Order No. 22, series of 2009). The MRAP embodied the Bank's initiatives and activities in promoting ethical leadership and individual integrity, the strengthening of accountability procedures to reduce vulnerability to corruption, and the mechanisms for monitoring and evaluating MRAP implementation.

LANDBANK's integrity development efforts were highlighted when it ranked first in terms of compliance with the requirements of the Integrity Development Action Plan (IDAP) for the first and second semester of 2009. As part of the MRAP, the IDAP is used as a tool for assessing compliance in reducing corruption through integrity development and good governance. It also incorporates strategies to fight corruption which include prevention, education, investigation, enforcement and strategic partnership.

### Special Training Programs

The Bank facilitated the professional and career growth of a greater number of its employees with the provision of management and leadership training, as well as technical and behavioural proficiencies. In 2009, a total of 808 inhouse, local and external training programs were conducted involving 18,257 participants. Moreover, 24 Bank officers and employees attended foreign trainings abroad for enhancement of specific functional competences and exposures to other countries' best practices and initiatives.

The Bank also lent its support to private sector-led initiatives such as the Quit Smoking Support (QUITTS) Peer Educators Training Program sponsored by the Philippine Business for Social Progress and the Pfizer Global Health Partnership Program.

The Bank sustained its scholarship program for deserving employees who want to pursue higher education through the National Scholarship for Development Program. In 2009, eight employees were granted new scholarships while five existing scholars successfully earned their graduate degrees.

### Management Development Program

The Bank's human resource program employs a strategic approach to people management in order to ensure that it gets the right people in the right places, with the right skills, at the right time. This is clearly set out by the Bank through the implementation of the Management Development Program (MDP), on its third successful year in 2009.

The MDP is a comprehensive program that covers various topics about LANDBANK operations, the Philippine banking industry and related laws and regulations, and culminates with the preparation of Integrating Projects that have high impact on banking operations and create value-added to the Bank's overall performance. Qualified internal and external participants undergo intensive classroom and

on-the-job training for a period of eight months with selected Bank officers and faculty of the Ateneo Graduate School of Business as resource persons.

The program also serves as a launchpad for the Bank's pool of successors. It complements the management succession program via infusion of new talents in the organization. Capitalizing on their strong leadership qualities and high motivation to succeed and to commit all their resources and talents towards the attainment of the Bank's objectives, successful MDP graduates are expected to perform at the top of their potentials and eventually assume key positions in the Bank.

The MDP Class 2009 graduated 20 internal and seven external participants who now comprise LANDBANK's competent pool of professionals. Since 2006, the MDP has produced a total of 51 graduates deployed in the Bank's various units.

### People Management Interventions

In 2009, hiring and promotional policies and processes were revisited to enhance effective implementation. The identification of a standard turnaround time in the processing of new hires and promotional requirements shall be incorporated as a new enhancement to manage more effectively administrative processes in the Bank's recruitment and promotion system. LANDBANK acquired fresh talents during the year with the hiring of 194 new employees, while 1,177 officers and employees benefited from advancements in their positions.

### Wellness and Employee Volunteerism Program

One of the most anticipated events, the Wellness Challenge, is another human resource intervention employed by the Bank which has become a continuing tradition over the last four years. The success of this annual activity concretized the Bank's belief in the integration of a healthy work-life balance where employees' physical, mental and emotional faculties are being developed and enriched.

LANDBANK recognizes the benefits of having established greater health awareness and better working relationships among fellow employees as these translate to improvements in workforce capacity and productivity.

Started in June 2008, the volunteerism program of providing the Filipino youth with the gift of education was sustained through the generosity of the LANDBANK management and its employees who shared their resources with others. Through the Tulong Aral High School Scholarship Program, 100 scholars in the National Capital Region are assured to finish their secondary education by 2012. During the year, a leadership workshop was conducted by the Bank and the Petron Foundation to help the scholars shape a positive perspective and make a difference in their lives despite the challenges of poverty. This program is in partnership with the Department of Education, Department of Social Welfare and Development, Philippine Business for Social Progress and the Petron Foundation.

### Financial Highlights

LANDBANK achieved strong financial results in 2009 with the significant growth in operations and business indicators. These further strengthened the Bank's foundation and long-term sustainability. These also made the Bank well-positioned for expanding its credit support to the priority sectors.

Total resources crossed the P500 billion mark as it grew by 18 percent to P510.6 billion. The deposit portfolio also expanded significantly by 19 percent to P396.7 billion. The Bank retained its ranking as the fourth largest commercial bank in the industry in terms of assets, deposits, capital and loans as of December 2009.

In 2009, the Bank's net income reached a record high of P6.75 billion as it increased by 35 percent or P1.74 billion from the previous year. The Bank's net income was the second highest among all commercial banks in the country. Moreover, Return on Equity or ROE was at a high 15.7 percent in 2009.

Asset quality improved further in 2009 as non-performing assets declined to P15.3 billion or 3.5 percent of total assets. Non-performing loans stood at P6.6 billion and the non-performing loans ratio was at 2.99 percent.

### Capital Management

A strong capital base indicates stability, competitiveness and sustained viability which will boost the confidence of our customers and stakeholders. This is what LANDBANK has been continuously and consistently aiming. The Bank's capital funds expanded to P47.8 billion in 2009 which is P12.2 billion or 34 percent higher than the P35.6 billion level in 2008.

Despite the global economic weakness, LANDBANK managed to accelerate its business operations and capital growth. The increase in the Bank's capital was mainly driven by the internally-generated net income which translated to higher retained earnings. In 2009, the Bank's accumulated retained earnings of P29.7 billion comprised 62 percent of total capital. The significant increase in capital was a result of the record net income in 2009 of P6.65 billion and the improved market condition which eventually resulted into a higher marked-to-market valuation of investments classified under the "Available For Sale Securities" or AFS.

In order to boost the Bank's capital adequacy ratio (CAR), LANDBANK issued Peso subordinated notes (qualified as lower tier 2 capital) in 2009. The successful offering of P6.9 billion at only 7.25 percent interest rate resulted to an improved CAR of 17.31 percent in 2009 from 14.46 percent in 2008. This is higher than the industry average capital adequacy ratio of 14.6 percent. LANDBANK also registered one of the highest gains in CAR.

Going forward, LANDBANK expects to sustain the increase in its capital base due to the expected higher net income and better market condition.



## SUBSIDIARIES AND FOUNDATION

### LBP LEASING CORPORATION

LBP Leasing Corporation (LBP Lease) complements LANDBANK by making available various leasing and financial facilities that support priority sectors in the acquisition of capital assets facilities and equipment. This allows clients to expand, upgrade or modernize their operations.

LBP Lease ranked fifth in the industry in terms of leasing portfolio in 2009 and fourth in overall net income.

Net income for 2009 rose to P93.4 million, 11 percent higher than the previous year's net income of P84.4 million. Total resources of the corporation stood at P2.57 billion, 35 percent or P670 million higher than P1.9 billion recorded in 2008. This was mainly driven by the P802.4 million growth in total portfolio during the year. Among the priority sectors serviced by the Corporation are small and medium enterprises (SMEs) with a total lease/loan facility of P458 million, government agencies including government-owned and -controlled corporations (GOCCs) with loan/lease portfolio of P1.04 billion and P864.6 million for large corporations and agribusiness companies as of December 31, 2009.

LBP Leasing Corporation shall continue its commitment to develop and optimize its intrinsic competencies, improve marketing capabilities and enhance its systems and infrastructure as it continues to strive to maintain its position as one of the top leasing and finance companies in the country.

### MASAGANANG SAKAHAN, INC.

Masaganang Sakahan, Inc. is the Bank's agricultural marketing arm. It supports the Bank's objectives by providing timely marketing assistance to small farmers and fisherfolk.

In 2009, MSI focused its operations on rice trading. Through its palay and milled rice procurement program, MSI was able to assist 47 SMEs and 26 cooperatives composed of 5,675 farmer beneficiaries in marketing their produce amounting to P162.84 million. Through its palay procurement via the payment-in-kind scheme, MSI was able to help collect loan

payments totaling P49.10 million from farmer cooperatives, almost double the payment-in-kind collection of P18.29 million recorded in 2008.

The Company's gross revenues declined by five percent to P170.7 million in 2009 compared to the previous year's P178.87 million. MSI's net income after tax for 2009 was P7.65 million. MSI's total resources increased to P110.96 million as of December 2009, a 21 percent improvement from the P91.57 million total resources in 2008. Over the same period, MSI's total equity increased by 12 percent from P75.62 million to P84.95 million.

### LBP REALTY AND DEVELOPMENT CORPORATION

The LBP Realty and Development Corporation handles the bank's construction and facility requirements particularly branch construction, relocation and renovation, and automated teller machines booth construction. In addition, LBRDC helps the bank in the disposal of its non-performing assets by providing brokering services, real estate management and development of the Bank's foreclosed assets.

In 2009, two construction, eight renovation and two ATM projects were commenced by LBRDC while one branch construction, 12 renovation and 18 ATM projects were completed. The building construction and ATM projects generated P44.22 million in construction revenues. LBRDC also facilitated the sale of 125 ROPA accounts valued at P382.96 million. At least 40 ROPA properties were covered under the Property Management Contract with LBP's Special Assets Department. LBRDC posted a net income of P11.88 million in 2009.

LBRDC started to expand its business lines last year to include manpower and janitorial services. Among the first clients was Holcim Philippines in Bulacan which awarded LBRDC with a three-year manpower and janitorial contract for implementation starting in 2010.

In 2009, LBRDC undertook activities aimed at enhancing operational efficiency and strengthening the organization. This

includes the institutionalization of critical policies, systems and procedures, and upgrading of personnel skills and capabilities through trainings.

### LBP INSURANCE BROKERAGE, INC.

LBP Insurance Brokerage, Inc. is a LANDBANK subsidiary tasked to perform general insurance, brokerage management and consultancy services on insurance-related activities for LANDBANK and its clients.

In 2009, LIBI managed to increase its gross revenues by seven percent or P8.15 million from P111.73 million in 2008 to P119.88 million. LIBI realized a net income after tax of P71.24 million broken down as follows: P61.09 million or 86 percent was contributed by the insurance business while P10.15 million or 14 percent through foreign exchange trading operations. Total trading income of the foreign exchange division amounted to P18.52 million or three percent higher than the total income of P17.97 million in 2008. Total volume of US dollars traded for the year was US \$121.88 million or 20 percent lower from \$153.35 million in 2008.

LIBI's insurance premium production for 2009 of P393.39 million is slightly higher than the previous year's volume of P389.64 million. Premium volume from private insurers of P253.63 million comprised 64 percent of LIBI's total premium production. The balance of P139.76 million or 36 percent of LIBI's premium production volume were GSIS accounts.

Overall, LIBI was able to service the insurance needs of 7,742 housing loan borrowers and 522 cooperatives. It also serviced the mortgage redemption insurance and personal accident insurance requirements of 18,866 loan beneficiaries. It also posted a faster claims settlement record of 71 percent in 2009, having serviced 595 claims out of the total 837 filed. The remaining 242 claims were filed in the last quarter of 2009.

### LANDBANK COUNTRYSIDE DEVELOPMENT FOUNDATION, INC.

The LANDBANK Countryside Development Foundation, Inc., a non-stock, non-profit corporate foundation established

in 1983, undertakes and maintains programs and projects to promote and advance the lives of LANDBANK's key partners and priority sectors such as the small farmers and fisherfolk, agrarian reform beneficiaries, agricultural workers, other marginalized sectors such as the indigenous people and overseas Filipino workers.

LCDFI offers training and capability-building to enhance the institutional viability of LANDBANK-accredited key cooperatives and microfinance institutions. It also customizes training courses for rural banks, thrift banks and non-government organizations geared towards improving their organizational and financial capabilities and to encourage them to increase their outreach to small farmers and fisherfolk.

LCDFI develops and publishes user-friendly manuals and guidebooks on cooperative development and business operations. It also offers various assistance programs catering to OFWs such as insurance services, scholarships for OFW families, business skills trainings and aptitude upgrading, investment counseling and other financial services.

In 2009, it conducted 15 training workshops for microfinance institutions nationwide on branch management, organization development, guide on risk-based internal audit system and entrepreneurial development. It also conducted 16 seminars attended by key cooperatives nationwide with focus on credit investigation and appraisal, micro agri-aqua workshop, organization development and strategic planning. LCDFI also facilitated the conduct of 13 batches of anchor co-op seminars on strategic planning, remedial management leadership and supervisory skills, risk management and good governance. Under LBP's Rice Productivity Program, LCDFI was tasked to facilitate 30 values orientation workshops attended by farmers' organizations nationwide.

LCDFI also aims to promote convergence of community-based programs in partnership with microfinance institutions under its Integrated

Community Development Program. These community-based programs being implemented with a total of 131 program partners focus on livelihood trainings, access to clean water, electricity and sanitation, ecological and environmental protection and preservation, development of local arts and culture, among others.

LCDFI regularly conducts pre-departure orientation seminars. In 2009, 787 OFWs attended these seminars. It also organized seven entrepreneurship trainings attended by 250 former OFWs and their families in various parts of the country to orient them with business start-up, savings and investment options.

LCDFI continuously provides educational assistance to some 40 scholars who are children of agrarian reform beneficiaries under its Gawad Patnubay Project. It also provided P100,000 worth of school supplies through a special grant from LANDBANK to seven schools where these scholars are presently enrolled.

### LBP REMITTANCE COMPANY (USA)

The LBP Remittance Company (LRC) is a wholly-owned subsidiary of LANDBANK which was established in 2000 to cater to the fund transfer needs of Filipino immigrants in the United States of America, particularly in California where 50 percent of the total Filipino population are residing and working.

LANDBANK established two offices where the main office in Panorama City within Los Angeles County caters to the Southern California region and another branch in San Francisco caters to remittance requirements of Filipinos from Northern California. Both offices offer remittance services such as direct credit to peso or dollar accounts, pick-up and over-the-counter payments, credit to other local bank's peso or dollar accounts and door to door delivery in Metro Manila and in the provinces.

LRC also cross sells LANDBANK's other products and services like retail treasury bonds and housing loans for OFWs. It also assists veterans and Social

Security System pensioners in their fund transfer needs.

To further make its presence felt and promote its remittance services to various Filipino communities and associations in California, LRC actively participates in various Filipino activities organized by regional associations.

The company hopes to increase its remittance volume through more intensive marketing of new remitters, partnerships with other money service businesses, real time crediting of remittance, faster door-to-door delivery service and increase in number of pay-out agents in the Philippines.

### LBP FINANCIAL SERVICES S.P.A. (ITALY)

The LBP Financial Services S.p.A. was established in 1995 to cater to the remittance needs of Filipinos in Italy. However, stricter Italian laws on immigration limited the access of foreign workers to Italy in recent years.

In 2009, LBP S.p.A. experienced a drop in remittance volume by six percent due mainly to the severe and extensive economic downturn and the full implementation of the Security Law which reinforces anti-illegal immigrant measures in Italy, among them, the prohibition of money transfers for immigrants with illegal residency in Italy. Furthermore, Italian regulations on anti-money laundering reduced the maximum amount of remittance from EUR12,500 to EUR1,999 per transaction and UER5,000 maximum per month.

Despite the decrease in remittance volume, the company was able to control the decline in service charge income due to the increase in number of remitters toward the last quarter of 2009.

As part of its efforts to capture more remittance business in Italy and other parts of Europe, the company sponsored various activities and celebrations participated in by Filipino communities. Other marketing activities were coordinated with the diplomatic community.



## A STEP BEYOND BUSINESS

LANDBANK'S CORPORATE SOCIAL RESPONSIBILITY PROJECTS ARE GEARED TOWARDS ENVIRONMENTAL PROTECTION, ASSISTING THOSE IN NEED IN TIMES OF EMERGENCIES AND CALAMITIES, AND IN SHAPING THE FUTURE THROUGH EDUCATION. THESE PROJECTS INCLUDE THE MANILA BAY SUNSET PARTNERSHIP, ADOPT-A-WATERSHED AND TREEPLANTING, BLOODLETTERING, ASSISTANCE TO TYPHOON VICTIMS, TULONG ARAL SCHOLARSHIP PROGRAM, THE SCHOLARSHIP INCENTIVE PROGRAM FOR AGRICULTURAL GROWTH (SIPAG) AND THE GAWAD PAG-AARAL TUNGO SA MAUNLAD NA BAYAN (GAWAD PATNUBAY).

### MANILA BAY SUNSET PARTNERSHIP

The Manila Bay SUNSET Partnership originated from a simple clean-up activity at the Manila Bay in 2003 dubbed as "Linis-Lakad Para sa Manila Bay".

In 2009, LANDBANK expanded the coverage of its Manila Bay Clean-Up Program and formalized its collaboration with various institutions through the signing of a five-year agreement under the Socially Responsible and United in Nurturing and Sustaining the Environment (SUNSET) Partnership.

Reaffirming the initial partnership were the Manila City Government, Department of Environment and Natural Resources - National Capital Region (DENR-NCR) and the Manila Yacht Club. The SUNSET Partnership also includes new partners namely: Manila Ocean Park, Diamond Hotel Philippines, and the Manila Broadcasting Company. Volunteers from the US Embassy and the Bank's graphic design agency, OP Communications, Inc. also participated in the activity.

Partner-institutions under the SUNSET Partnership pool their resources in support of activities and projects intended to help clean the Bay's waters, as well as raise the level of awareness of the general public on the need to rehabilitate and protect the Manila Bay.

LANDBANK financed the construction of trash racks in catch basins located in Padre Faura and Remedios Streets in Manila. The Bank also financed an additional weekly trip and maintenance of the Manila Yacht Club's garbage boat. It also committed to purchase a garbage boat to be used in cleaning the Bay.

### ADOPT-A-WATERSHED / TREEPLANTING PROGRAMS

In 2006, LANDBANK adopted and committed to protect six watersheds in the country. These are Angat-Ipo River in Bulacan, Bago River in Negros Occidental, Binahaan River in Leyte, Lasang River in Davao del Norte, Magat River in Nueva Vizcaya, and Silway River in South Cotabato. For the past five years, Landbankers conduct regular clean-up and treeplanting activities in these watersheds.

Treeplanting has also become an annual tradition as Landbankers from the field units troop to their selected sites, public schools,

parks, church compound and other public areas to plant trees in celebration of the Bank's anniversary every August.

LANDBANK also partners with local government units, schools and other private and public offices to encourage more volunteers to help plant trees.

### BLOODLETTERING

In partnership with the Philippine National Red Cross, LANDBANK regularly conducts a bloodletting activity to promote volunteerism among employees and to help save lives.

The bloodletting activity has also been part of the Bank's anniversary celebration every August.

In 2009, 186 donors donated 80,900ml of blood.

### RELIEF OPERATIONS AND "BANGON BAYAN" FOR THE TYPHOON VICTIMS

LANDBANK undertook measures to assist its clients who were adversely affected by typhoons Ondoy and Pepeng. These include instituting remedial measures for loan clients in the form of extension of maturity and/or refinancing and the facilitation of the release of guarantee claims under the Agricultural Guarantee Fund Pool (AGFP).

Senior officers led the distribution of relief goods in heavily-affected communities in the National Capital Region, Northern, Central and Southern Luzon.

A fund drive dubbed as "Bangon Bayan" was also launched where employees and clients donated cash and goods and other items which were distributed to calamity-affected areas that were identified by the Department of Social Welfare and Development (DSWD).

### TULONG ARAL SCHOLARSHIP

LANDBANK is a partner in implementing the Tulong Aral Scholarship program which aims to address poverty in the country by educating Filipino children. This is in partnership with the Petron Foundation, the DSWD and the Department of Education.

In March 2008, LANDBANK committed a total of P4 million to support 100 scholars through their High School education. Half of the amount came from the accumulated

one hour's worth of earnings of Landbankers in 2006 and 2007, while the remaining 50 percent represents a counterpart donation from the Bank to cover the total expenses of each scholar over a four-year period.

Aside from financial support, the Bank also organizes seminars and workshops to develop the scholars' confidence, values, talents and life skills. Top performers among the scholars are also being acknowledged in annual recognition ceremonies.

### SIPAG (SCHOLARSHIP INCENTIVE PROGRAM FOR AGRICULTURAL GROWTH)

With cooperatives as one of LANDBANK's priority clients, the Bank, through the LANDBANK Countryside Development Foundation, Inc. launched the SIPAG to develop the capacity and competence of cooperative leaders, managers and middle-level management staff on professional management of cooperatives.

The program is implemented in partnership with the Polytechnic University of the Philippines – College of Cooperative and the National Cooperative Movement. The curriculum includes subjects on Co-op Values and Culture, Co-op Laws and Social Legislation and Taxation, Co-op Education and Program Designing, and Co-op Entrepreneurship.

In 2009, 13 cooperative leaders comprising the fifth batch of SIPAG scholars, earned their Post-Baccalaureate Diploma in Cooperative Management.

### GAWAD PATNUBAY (GAWAD PAG-AARAL TUNGO SA MAUNLAD NA BAYAN)

Also in partnership with the LANDBANK Countryside Development Foundation, Inc., LANDBANK grants a scholarship program to 40 children or dependents of LANDBANK-assisted small farmers and fisherfolk and agrarian reform beneficiaries.

Launched in August 2003, the scholarship program covers the tuition fees, uniforms, school supplies, class projects and daily allowances of the scholars in their primary and secondary education.

As of end-2009, 33 scholars are Grade 6, one is in Grade 5, and six are in high school.

## LANDBANK'S SUCCESS IS THE PEOPLE'S SUCCESS



LANDBANK STRIKES A BALANCE IN FULFILLING ITS SOCIAL MANDATE OF PROMOTING COUNTRYSIDE DEVELOPMENT WHILE REMAINING FINANCIALLY VIABLE. OVER THE YEARS, LANDBANK HAS GARNERED SEVERAL AWARDS AND RECOGNITIONS FROM PRESTIGIOUS INSTITUTIONS BOTH FROM THE PUBLIC AND THE PRIVATE SECTORS. THESE RECOGNITIONS WERE ANCHORED ON THE SUCCESS OF THE PROGRAMS, PRODUCTS AND SERVICES WHICH THE BANK FRUITFULLY PROVIDES ITS DIVERSE CLIENTELE AND DEVELOPMENT PARTNERS. LANDBANK'S AGGRESSIVE PURSUIT OF ITS BUSINESS GOALS IN 2009 DID NOT GO UNNOTICED AS IT CONTINUED TO RECEIVE AWARDS – PROOF THAT IT PAYS TO WORK WITH PASSION AND EXCELLENCE.

### 1. RECEIVED A 'STABLE' OUTLOOK FROM FITCH RATINGS

- Fitch Ratings assigned a 'stable' outlook on LANDBANK citing the Bank's profitability and healthy level of reserves that serve as buffer against risk exposure. LANDBANK got a rating of 'BB' on its long-term foreign and local Issuer Default Ratings (IDR) while a rating of 'AA' was retained for the Bank's national long-term rating.

### 2. NAMED AS THE TOP PERFORMING GSED IN THE SECONDARY MARKET FOR 2008

- The Bureau of the Treasury named LANDBANK as the country's Best Performing Government Securities and Exchange Dealer (GSED) in the secondary market. Along with this recognition, the Bank also bagged the second place in the combined primary and secondary markets and third place in the primary market.

### 3. COMMENDED BY BSP FOR DEVELOPING THE BEST ICAAP TRIAL DOCUMENT

- The Bangko Sentral ng Pilipinas commended LANDBANK for developing the best Internal Capital Adequacy Assessment Process (ICAAP) trial document among the 38 universal and commercial banks in the country.

ICAAP is a new requirement for financial institutions and it covers credit, market, interest rate, liquidity, operational compliance, strategic and reputation in which each risk is assessed in terms of its impact on capital.

### 4. RANKED FIRST IN THE IDAP FOR THE 1ST SEMESTER OF 2009

- LANDBANK ranked 1st in the first semester of 2009 in the Integrity Development Action Plan (IDAP) which is aimed at fighting graft and corruption through four strategies namely prevention, education, investigation and enforcement, and strategic partnership.

### 5. COMMUNICATION PROGRAMS WON IN THE 44TH ANVIL AWARDS AND THE PHILIPPINE QUILL AWARDS

- LANDBANK won an Anvil Award of Merit for the Profiles of Success 2: Stories of the Gawad PITAK Hall of Fame Winners. The book chronicles the challenges and triumphs of 14 cooperatives that have been elevated to the Gawad PITAK Hall of Fame and the Ginintuang Gawad PITAK from 2003 to 2007.
- The Bank's 2008 calendar with the theme "Festivals of Bountiful

Harvest" also won an Anvil Award of Merit. The calendar featured six agricultural festivals in the country namely the Kadsayaan and Caracoles in Mindanao, Tatusan and Manggahan in Visayas, and Dinengdeng and Pinyasan in Luzon.

- Meanwhile, the LANDBANK sa Radyo Natin at DZRH, a 30-minute tele-radio program aired every Monday and Friday at 4:30 to 5:00 pm over stations DZRH-AM and Radyo Natin-FM of the Manila Broadcasting Company received a Philippine Quill Merit Award from the International Association of Business Communicators (IABC) and a Plaque of Recognition from the Anvil Awards.

### 6. RECOGNIZED AS ONE OF MANILA'S TOP TAXPAYERS

- LANDBANK ranked 8th in the Business Taxpayer category during the 438th Araw ng Maynila celebration.

### 7. LANDBANK REGION IV HONORED AS OUTSTANDING PARTNER INSTITUTION OF THE PCIC

- PCIC conferred to LANDBANK the Biggest Lender of Agricultural Loans for Palay and Corn and for an outstanding implementation of the Crop Insurance Program in the Southern Tagalog Region.



## BOARD OF DIRECTORS

### Rallying Our Team

**WE**  
**OVERSEE**  
the overall direction of institution



(seated, from Left)  
Mr. Cyril C. del Callar,  
Hon. Gary B. Teves,  
President and CEO Gilda E. Pico,  
Mr. Ombre S. Hamsirani

(standing, from Left)  
Mr. Albert C. Balingit,  
Hon. Nasser C. Pangandaman,  
Hon. Marianito D. Roque,  
Hon. Arthur C. Yap,  
Mr. George J. Regalado

**HON. GARY B. TEVES** – *Chairman Secretary - Department of Finance*  
Gary B. Teves is the Secretary of the Finance and the Chairman of the LANDBANK Board of Directors. Secretary Teves served as LANDBANK's President and CEO for five years prior to his appointment at the DOF in 2005. He successfully steered the Bank back to its mandate of spurring development and alleviating poverty in the countryside by pushing for the transformation of the Bank's loan portfolio in favor of its priority sectors. He was named Asia's Finance Minister of 2008 by the Banker, a London-based magazine on global finance. Before his appointment at LANDBANK, he served as the representative of Negros Oriental and authored significant legislations on trade, investment, fiscal and financial reforms, and countryside development.

**MS. GILDA E. PICO** – *Vice Chairperson*  
Gilda E. Pico is the first woman President and CEO and the first Landbanker in career position to be appointed as head of the institution. She joined LANDBANK in 1981 and rose from the ranks to become a senior executive

vice president. She served as acting President in July 2005 and was appointed as full-fledged President and CEO in November 2006. Prior to her appointment to the top post, President Pico's career with LANDBANK covered positions as head of various groups and sectors including the audit group, technology group, controllership group, operations and support sector, and agrarian and domestic banking sector. Her years of service were filled with major accomplishments in these fields, enabling her to have a full grasp of LANDBANK's overall operations. She has effectively led the institution in achieving and maintaining its three business goals—pursuit of mandate, institutional viability and customer service—while giving premium on enhancing employee welfare and professional development.

**HON. MARIANITO D. ROQUE** – *Director Secretary - Department of Labor and Employment*  
Marianito D. Roque assumed his post as Secretary of Labor and Employment in March 2008. He was administrator of the Overseas Workers Welfare Administration since September 2004 before being named Labor Secretary. He earned his Bachelor of Arts in Economics degree from De La Salle University in 1975 and his Masters in Business Administration from Ateneo de Manila in 1978.

**HON. NASSER C. PANGANDAMAN** – *Director Secretary - Department of Agrarian Reform*  
Nasser C. Pangandaman was Undersecretary of the Department of Agrarian Reform before he became Secretary in 2005. He earned his Bachelor of Arts in Political Science degree from Colegio de San Juan de Letran in 1978 and his Bachelor of Laws from San Beda College in 1986. Prior to his stint at DAR, he served as Regional Chief of Staff of the Office of the Regional Governor for the Autonomous Region of Muslim Mindanao.

**HON. ARTHUR C. YAP** – *Director Secretary - Department of Agriculture*  
Arthur C. Yap first became Agriculture Secretary in August 2001 and was reappointed in October 2006. He earned his Management Economics degree from the Ateneo de Manila University in 1987 and Juris Doctorate degree at the School of Law of the same university in 1991. He previously served as Administrator of the National Food Authority, Chairman of the Food Terminal Incorporated and President and CEO of the Philippine International Trading Corporation.

**MR. CYRIL C. DEL CALLAR** – *Director Representative, Agrarian Reform Beneficiaries*  
Cyril C. del Callar was appointed Agrarian Reform Beneficiaries representative to the LANDBANK Board of Directors in October 2008. He earned his Bachelor of Science Degree in Management Engineering from the Ateneo de Manila University in 1984 and his Juris Doctorate Degree from the Ateneo Law School in 1991. He passed the Bar exams the following year. He served as President of the National Power Corporation from April 2005 to September 2008. He was Undersecretary of the Department of Energy from July 1997 to March 2005.

**MR. OMBRE S. HAMSIRANI** – *Director Representative, Agrarian Reform Beneficiaries*  
Ombre S. Hamsirani was appointed representative of the Agrarian Reform Beneficiaries to the LANDBANK Board of Directors in July 2007. Prior to his appointment at LANDBANK, he was the Administrator and Chairman of the Cooperative Development Authority. He earned his Business Administration degree from the University of the East in 1963.

**MR. GEORGE J. REGALADO** – *Director Representative, Private Sector*  
Mr. George J. Regalado was appointed representative of the private sector to the LANDBANK Board of Directors in August 2004. He completed his Bachelor of Science Degree major in Business Administration at the University of Santo Tomas in 1979 and his Masters in Business Administration from the Fr. Saturnino Urios University in 2003. Director Regalado started his banking career with the United Coconut Planters Bank and the Standard Chartered Bank. He was also a professor of banking and finance, and management in various universities and colleges.

**MR. ALBERT C. BALINGIT** – *Director Representative, Private Sector*  
Mr. Albert C. Balingit was appointed representative of the private sector to the LANDBANK Board of Directors in March 2001. He earned his Bachelor of Science degree in Business Administration from the University of the East in 1965. An active civic leader, he has distinguished himself in regional entrepreneurship as President of the Pangasinan Realty Corporation and as a Director of the Dagupan City Water District.



## MANAGEMENT TEAM



Rallying Our Team

**WE  
PUT PREMIUM**

on quality and excellence

*(seated)* President and CEO Gilda E. Pico  
*(standing, from Left)* EVP Wilfredo C. Maldia, EVP Simeona S. Guevarra,  
EVP Cecilia C. Borrero, EVP Andres C. Sarmiento

## EXECUTIVE SECTOR



*(seated, from Left)* SVP Julio D. Climaco, Jr., SVP Jocelyn D.G. Cabreza, FVP Reynauld R. Villafuerte, SVP Alan V. Bornas  
*(standing, from Left)* VP Edna P. Hingco, SVP Manuel C. Piczon, VP Ricardo S. Arlanza, FVP Teresita E. Cheng, VP Agustin Frederick A. Apilado



## AGRARIAN AND DOMESTIC BANKING SECTOR



Rallying Our Team

**WE SPAN ACROSS**  
islands and provinces for your banking convenience

(seated, from Left) SVP Ma. Victoria A. Reyes, FVP Joselito P. Gutierrez, FVP Liduvino S. Geron, SVP Cresencio R. Selispara  
(standing, from Left) SVP Nenita H. Veran, FVP Wilhelmino G. Agregado, SVP Stella Maris C. Yusay, FVP Carmelita M. Hain, FVP Marilyn M. Tiongson

## AREA AND REGIONAL HEADS



(seated, from Left) AVP Annalene M. Bautista, AVP Raquel R. Rimonte, VP Ananias O. Lugo, Jr., VP Leticia P. Villa  
(second row, from Left) DM Cesar G. Magallanes, VP David D. Camaya, VP Daisy M. Macalino, VP Mernilo C. Ocampo, VP Ruel Z. Romarate, VP Jennifer A. Tantan  
(third row, from Left) VP Camilo C. Leyba, VP Mauricio C. Feliciano, AVP Minda D. Rubio, VP Ramon R. Monteloyola, AVP Filipina B. Monje  
(fourth row, from Left) FVP Wesly C. Magnaye, AVP Renato G. Eje, VP Manuel Jose Mari S. Infante, VP Sambutan B. Abdul, AVP Alex A. Lorayes



## INSTITUTIONAL BANKING AND SUBSIDIARIES SECTOR



Rallying Our Team

**WE  
FORTIFY**

the Bank's financial base

(seated, from Left) FVP Roberto S. Vergara, VP Ma. Celeste A. Burgos, FVP Edward John T. Reyes  
(standing, from Left) VP Jose Abelardo F. Agregado, VP Gabriel M. Jayme, FVP Alex Hector J. Macapagal, VP Carel D. Halog, VP Noemi P. dela Paz  
not in photo: VP Dante R. Tiña, Jr.

## HEADS OF SUBSIDIARIES AND FOUNDATION



(seated, from Left) Ms. Erlinda C. Ramos, Atty. Jesus F. Diaz  
(standing, from Left) Mr. Aristeo A. Lat, Jr., Mr. Carlos T. Castro, Ms. Iluminada L. E. Cabigas, Mr. Manuel H. Lopez, Ms. Blesilda R. Macalalad



## OPERATIONS & CORPORATE SERVICE SECTOR

Rallying Our Team

# WE INVEST

on our people while continually improving on our systems and processes

(seated, from Left) FVP Yolanda D. Velasco, VP Antonio V. Hugo, Jr., VP Conrado B. Roxas  
(standing, from Left) VP Ramon K. Cervantes, VP Romeo C. Castro

## LIST OF OFFICERS AND DEPARTMENT HEADS

as of December 31, 2009

### PRESIDENT AND CEO

Gilda E. Pico

### INTERNAL AUDIT GROUP

SVP Jocelyn D. G. Cabreza

### Field Operations Audit Department

AVP Bernardo P. Castro

### Credit Review Department

AVP Constance V. Manuel

### Head Office and Systems Technology Audit Department

Mr. Rodelio D. De Guzman

### LEGAL SERVICES GROUP

SVP Manuel C. Piczon

### Administrative Legal Department

VP Ricardo S. Arlanza

### Banking Legal Services Department

FVP Reynauld R. Villafuerte

### Litigation Department

AVP Rosemarie M. Osoteo

### CARP Legal Services Department

AVP Noel B. Marquez

### RISK MANAGEMENT GROUP

FVP Teresita E. Cheng

### Business Risk Management Department

AVP Cherry Ann R. Cruz

### Credit Policy and Risk Management Department

AVP Danilo E. Quilantang

### Treasury Risk Management Department

AVP Rosemarie E. Sotelo

### STRATEGIC PLANNING GROUP

SVP Julio D. Climaco, Jr.

### Corporate Planning and Central MIS Department

AVP Emerita E. Olayvar

### Customer Service and Product Development Department

Mr. Edgardo C. Ramirez

### Economics and Policy Studies Department

SVP Julio D. Climaco, Jr.

– Concurrent Head

### TECHNOLOGY MANAGEMENT GROUP

SVP Alan V. Bornas

### Network Operations Department

Mr. Enrique L. Sazon, Jr.

### Retail Banking Systems Department

AVP Ma. Teresa B. Villalonga

### e-Banking Systems Department

Mr. Arthur E. Dalampan

### Data Center Management Department

Mr. Alden F. Abitona

### Enterprise Systems Department

Mr. Marcelino T. Cabahug

### IT Program Management Office

AVP Randolph L. Montesa

### TRUST BANKING GROUP

AVP Felix L. Manlangit

### Trust Operations Department

Ms. Lamelita G. Aquino

### Investment and Trading Department

AVP Josefino P. Cerin

### Trust Marketing Department

Mr. Camilo G. Sanchez

### COMPLIANCE MANAGEMENT OFFICE

VP Edna P. Hingco

### CORPORATE SECRETARY

FVP Reynauld R. Villafuerte

– Concurrent Head

### CORPORATE AFFAIRS DEPARTMENT

VP Agustin Frederick A. Apilado

### PHYSICAL SECURITY OFFICE

AVP Ricardo G. Pasamba

### AGRARIAN AND DOMESTIC BANKING SECTOR

EVP Wilfredo C. Maldia

### GROUP, REGIONAL AND AREA HEADS

### NORTHERN AND CENTRAL LUZON BRANCHES GROUP

SVP Cresencio R. Selispara

### Region I

AVP Filipina B. Monje

### Region II

VP Ramon R. Monteloyola

### Region III-A

VP David D. Camaya

### Region III-B

VP Mernilo C. Ocampo

### NATIONAL CAPITAL REGION BRANCHES GROUP

SVP Nenita H. Veran

### Area NCR-A

AVP Minda D. Rubio

### Area NCR-B

VP Daisy M. Macalino

### Area NCR-C

AVP Annalene M. Bautista

### Area NCR-D

VP Jennifer A. Tantan

### Area NCR-E

VP Leticia P. Villa

### Cash Department

Mr. Virgilio C. Paranal

### NCR Lending Center

Ms. Luz D. Abalos

### SOUTHERN LUZON BRANCHES GROUP

FVP Wilhelmino G. Agregado

### Region IV

VP Mauricio C. Feliciano



LIST OF OFFICERS AND DEPARTMENT HEADS

as of December 31, 2009

**Area IV-A**  
AVP Raquel R. Rimonte

**Area IV-B**  
VP Ananias O. Lugo, Jr.

**Region V**  
AVP Renato G. Eje

**VISAYAS BRANCHES GROUP**  
SVP Stella Maris C. Yusay

**Region VI**  
VP Manuel Jose Mari S. Infante

**Region VII**  
VP Ruel Z. Romarate

**Region VIII**  
AVP Alex A. Lorayes

**MINDANAO BRANCHES GROUP**  
FVP Joselito P. Gutierrez

**Region IX**  
DM Cesar G. Magallanes - OIC

**Region X**  
FVP Wesly C. Magnaye

**Region XI**  
VP Sambutuan B. Abdul

**Region XII**  
VP Camilo C. Leyba

**CONSUMER AND E-BANKING GROUP**  
FVP Marilyn M. Tiongson

**Debit Cards Management Department**  
AVP Edna A. Atienza

**Electronic Products Department**  
AVP Leila C. Martin

**Credit Card Administration Department**  
AVP Rossana S. Coronel

**LANDOWNERS COMPENSATION AND ASSISTANCE GROUP**  
SVP Ma. Victoria A. Reyes

**Landowners Compensation Department**  
Mr. Antonio S. Macaraeg

**Bond Servicing Department**  
AVP Teresita V. Tengco

**Landowners Assistance and Policy Department**  
AVP Leticia Lourdes A. Camara

**FIELD UNIT SUPPORT GROUP**  
FVP Carmelita M. Hain

**Field Operations Support Department**  
Ms. Ela P. Gariando

**MIS and Planning Support Department**  
Mr. Jaime G. Dela Cruz – OIC

**Systems Implementation Department**  
AVP Ana S. Concha

**PROGRAMS MANAGEMENT GROUP**  
FVP Liduvino S. Geron

**Development Assistance Department**  
Mr. Edgardo S. Luzano

**Programs Management Department I**  
Mr. Hermeo G. Bautista

**Programs Management Department II**  
Ms. Melinda C. Cruz

**INSTITUTIONAL BANKING AND SUBSIDIARIES SECTOR**  
EVP Cecilia C. Borromeo

**ACCOUNTS MANAGEMENT GROUP**  
FVP Edward John T. Reyes

**Corporate Banking Department I**  
VP Jose Abelardo F. Agregado

**Corporate Banking Department II**  
VP Ma. Celeste A. Burgos

**NCR SME Lending Department**  
AVP Vilma V. Calderon

**Financial Institutions Department**  
AVP Cielito H. Lunaria

**Public Sector Department**  
AVP Lolita T. Silva

**Retail Lending Department**  
Ms. Teresita F. Ison

**INVESTMENT BANKING AND SPECIAL ASSETS GROUP**  
VP Dante R. Tiñga. Jr.

**Special Assets Department**  
Ms. Ma. Jocelyn F. Alejandro

**Financial Assets Department**  
Ms. Emellie V. Tamayo

**Investment Banking Department**  
Mr. James A. Aldana

**Transaction Advisory and Support Department**  
Ms. Myra-Lyn S. Peñalosa - OIC

**OFW REMITTANCE GROUP**  
FVP Roberto S. Vergara

**Domestic Remittance Marketing Department**  
Mr. Jose James T. Figueras

**Overseas Remittance Marketing and Support Department**  
Ms. Carolyn I. Olfindo

**PROGRAM LENDING GROUP**  
VP Noemi P. Dela Paz

**Wholesale Lending Department**  
VP Gabriel M. Jayme

**International Fund Sourcing Department**  
AVP Lucila E. Tesorero

**Environmental Program and Management Department**  
Mr. Prudencio E. Calado III

**TREASURY GROUP**  
FVP Alex Hector J. Macapagal

**Assets and Liabilities Management Department**  
Ms. Ma. Elizabeth L. Gener

**Local Currency Department**  
VP Carel D. Halog

**Foreign Exchange Department**  
AVP Christine G. Mota

**LBP INSURANCE BROKERAGE, INC.**  
President Jesus F. Diaz  
General Manager Aristeo A. Lat, Jr.

**LBP LEASING CORPORATION**  
President and General Manager  
Manuel H. Lopez

**LB REALTY DEVELOPMENT CORPORATION**  
President and General Manager  
Carlos T. Castro

**LBP COUNTRYSIDE DEVELOPMENT FOUNDATION, INC.**  
President Iluminada L.E. Cabigas  
Executive Director Erlinda C. Ramos

**MASAGANANG SAKAHAN, INC.**  
Ms. Blesilda R. Macalalad - OIC

**CORPORATE SERVICES SECTOR**  
EVP Simeona S. Guevarra

**FACILITIES AND PROCUREMENT SERVICES GROUP**  
VP Romeo C. Castro

**Facilities Services Department**  
Ms. Dina Melanie R. Madrid

**Procurement Department**  
AVP Norlinda S. Plazo

**Project Management and Engineering Department**  
Mr. Edwin A. Salonga

**HUMAN RESOURCE MANAGEMENT GROUP**  
VP Ramon K. Cervantes

**Employee Relations Department**  
AVP Voltaire Pablo P. Pablo III

**Personnel Administration Department**  
AVP Voltaire Pablo P. Pablo III  
– Concurrent Head

**Organizational Development Department**  
Mr. Emmanuel G. Hio, Jr.

**PROVIDENT FUND OFFICE**  
Ms. Belina A. Llamanzares

**OPERATIONS SECTOR**  
EVP Andres C. Sarmiento

**BANKING OPERATIONS GROUP**  
VP Conrado B. Roxas

**Loans Implementation Department**  
AVP Maria Edelwina D. Carreon

**Credit Investigation and Appraisal Department**  
AVP Winston Rochel L. Galang

**Foreign and Domestic Remittance Department**  
Ms. Corazon A. Gatdula

**International Trade Department**  
Ms. Lydia R. De Asis

**BANKING SERVICES GROUP**  
VP Antonio V. Hugo, Jr.

**MDS and Collections Management Department**  
AVP Carolina Q. Briñas

**ATM and Cash Management Department**  
AVP Ma. Inocencia C. Reyes

**Central Clearing Department**  
AVP Reynaldo C. Capa

**CONTROLLERSHIP GROUP**  
FVP Yolanda D. Velasco

**Agrarian Accounting Department**  
AVP Rosario B. Belmonte

**Financial Accounting Department**  
AVP Ma. Eloisa C. Dayrit

**Systems and Methods Department**  
Ms. Celia G. Barretto

**Inter-Office Transactions Control Department**  
Ms. Joelee M. Beatingo

**Treasury Operations Department**  
Ms. Merceditas N. Oliva

**Administrative Accounting Department**  
Mr. Gerry D. Villalobos



INDEPENDENT AUDITORS REPORT



Republic of the Philippines  
COMMISSION ON AUDIT  
Corporate Government Sector  
Cluster A – Financial

The Board of Directors  
Land Bank of the Philippines, Manila

We have audited the accompanying financial statements of **Land Bank of the Philippines (LBP)** and its subsidiaries (referred to as the “**Group**”), which comprise the statement of condition as at December 31, 2009, and the statement of income and expenses, statement of changes in capital funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards.

Emphasis of Matter

We draw attention to item no. 1 of the Observations and Recommendations which discusses our reservation on the Group’s treatment of the Foreign Exchange Risk Cover as an Over-the-Counter derivative call option contract to cover foreign exchange revaluation losses on foreign borrowings pursuant to Monetary Board Resolution No. 1063 dated August 14, 2008, which resulted to a decrease of P1.111 billion in the Bank’s total assets as at December 31, 2009 and a corresponding decrease in unrealized gain for the year by the same amount, contrary to the provisions of the Memorandum of Agreement entered into by and between the LBP and the National Government.

Other Matter

The LBP’s acquisition of 32.42% economic interest in the Metro Rail Transit Corporation (MRTC) or the MRT III Project at US\$376.87 million consisting of unsecuritized equity rental payments, preference shares and notes is disclosed in Note to the Financial Statements No. 12. The determination of price reasonableness of such acquisition may not be considered complete without considering the results of audit/evaluation by other concerned sector/s of the Commission on Audit having jurisdiction over the other government agencies that participated in the implementation of the Build-Lease-Transfer (BLT) Agreement for the construction and administration of the MRT III Project. The results of the implementation of the BLT Agreement became the subject of an inter-government agency study in 2005.

COMMISSION ON AUDIT

NILDA M. BLANCO  
Supervising Auditor

September 16, 2010

STATEMENT OF CONDITION

December 31, 2009 (in thousand pesos)

	NOTE	GROUP		PARENT	
		2009	2008	2009	2008
<b>ASSETS</b>					
Cash and Other Cash Items	5	13,986,448	14,182,313	13,982,980	14,153,363
Due from Bangko Sentral ng Pilipinas		58,251,877	46,041,782	58,251,877	46,041,782
Due from Other banks	6	1,246,966	2,992,694	1,031,518	2,956,953
Interbank loans receivable	7	11,209,390	4,607,380	11,209,390	4,607,380
Securities purchased under agreements to resell	8	15,350,000	32,000,000	15,350,000	32,000,000
Financial Assets at Fair Value through Profit or Loss	9	7,818,850	9,452,988	7,818,850	9,452,988
Available for Sale Investments	10	129,598,484	67,770,157	129,408,637	67,556,423
Held to Maturity Investments	11	37,267,247	40,873,661	36,758,052	40,236,532
Loans and Receivables	12 & 17	214,427,903	191,223,684	213,175,101	190,426,967
Investments in Subsidiaries	13	-	-	577,709	577,709
Investment Property	14	8,648,464	10,240,106	8,541,297	10,125,415
Property and Equipment (net)	15	4,723,053	5,100,972	4,617,935	4,867,573
Non-current assets held for sale		140,853	1,049,483	134,845	1,031,644
Other Resources - net	16	12,944,773	12,185,226	12,902,352	12,618,171
Deferred Income tax	22	28,351	23,046	-	-
		515,642,659	437,743,492	513,760,543	436,652,900

LIABILITIES AND CAPITAL FUNDS

Liabilities

Deposit Liabilities	18	396,351,368	333,354,071	396,624,786	333,529,992
Bills Payable	19	31,900,169	35,463,998	31,718,169	35,191,998
Unsecured Subordinated Debt	20	13,864,000	7,128,000	13,864,000	7,128,000
Derivative Liabilities		17,909	37,511	17,909	37,511
Deposits from Other Banks		10,310	11,353	10,310	11,353
Treasurer’s, Manager’s and Cashier’s Checks		894,590	805,765	894,590	805,765
Payment Order Payable		326,414	201,906	321,082	199,784
Marginal Deposits		734,893	129,966	734,893	129,966
Cash Letters of Credit		1,514,639	1,000,360	1,514,639	1,000,360
Other Liabilities	21	16,895,242	18,841,730	16,586,581	19,359,929
		462,509,534	396,974,660	462,286,959	397,394,658

Capital Funds

Common Stock	30	11,971,000	11,971,000	11,971,000	11,971,000
Paid-in surplus		101,098	101,098	101,098	101,098
Revaluation Increment		61,200	61,200	-	-
Surplus Free		17,379,131	14,972,119	16,183,870	13,828,416
Surplus Reserve		5,778,088	5,086,088	5,533,047	4,924,047
Undivided Profits		6,818,497	5,174,142	6,654,664	5,024,823
Currency Translation Difference		31	114	-	-
Net Unrealized Gains on Securities Available for Sale		11,024,080	3,403,071	11,029,905	3,408,858
		53,133,125	40,768,832	51,473,584	39,258,242
		515,642,659	437,743,492	513,760,543	436,652,900



## STATEMENT OF INCOME AND EXPENSES

For the year ended December 31, 2009 (in thousand pesos)

NOTE	GROUP		PARENT	
	2009	2008	2009	2008
<b>INTEREST INCOME</b>				
Loans	14,465,602	12,410,661	14,386,373	12,323,589
Investments	10,482,860	9,377,987	10,449,616	9,344,047
Due from Bangko Sentral ng Pilipinas	1,506,924	1,317,152	1,506,924	1,317,152
Deposit in Banks	15,508	9,292	1,742	8,505
Others	281,302	156,813	201,644	120,149
	26,752,196	23,271,905	26,546,299	23,113,442
<b>INTEREST EXPENSE</b>				
Deposit liabilities	6,250,329	5,672,932	6,251,686	5,687,510
Borrowed funds	1,081,747	1,145,607	1,065,291	1,123,892
Unsecured Subordinated Debt	783,108	516,780	783,108	516,780
Others	62,510	34,465	62,702	34,465
	8,177,694	7,369,784	8,162,787	7,362,647
<b>NET INTEREST INCOME</b>	18,574,502	15,902,121	18,383,512	15,750,795
<b>PROVISION FOR CREDIT LOSSES</b>	918,328	25,033	893,356	10,477
<b>NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES</b>	17,656,174	15,877,088	17,490,156	15,740,318
<b>OTHER OPERATING INCOME</b>				
Gain on financial assets and liabilities - held for trading	296,409	2,605,414	296,409	2,605,414
Fees and commission	1,185,796	1,136,995	1,109,327	1,059,620
Gain from dealings in foreign currency	687,242	644,242	657,621	606,599
Dividends	96,124	109,770	95,749	109,715
Gain from sale/red/derecog/reclass of non-trading FA and Liab	497,643	-	497,643	-
Foreign exchange gains from revaluation	1,122,832	-	1,120,892	-
Miscellaneous-net	955,116	1,200,115	905,091	1,129,599
	4,841,162	5,696,536	4,682,732	5,510,947
<b>OTHER OPERATING EXPENSES</b>				
Compensation and fringe benefits	6,477,243	5,757,208	6,402,141	5,680,735
Foreign exchange loss from revaluation	-	2,266,798	-	2,263,823
Taxes and licenses	1,986,298	1,865,142	1,955,373	1,828,645
Depreciation and amortization	1,526,223	1,512,397	1,509,816	1,496,934
Rent	492,762	528,460	615,522	523,093
Loss from investment securities	-	47,979	-	47,979
Loss on financial assets & liabilities - held for trading	-	-	-	-
Miscellaneous expenses	4,850,620	4,152,771	4,740,809	4,182,148
	15,333,146	16,130,755	15,223,661	16,023,357
<b>INCOME BEFORE INCOME TAX</b>	7,164,190	5,442,869	6,949,227	5,227,908
<b>PROVISION FOR INCOME TAX</b>	22 345,693	268,727	294,563	203,085
<b>NET INCOME</b>	6,818,497	5,174,142	6,654,664	5,024,823

## STATEMENT OF CASH FLOW

For the year ended December 31, 2009 (in thousand pesos)

	GROUP		PARENT	
	2009	2008	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest received	26,695,400	22,628,083	26,476,662	22,474,413
Interest paid	(8,373,982)	(6,893,062)	(8,413,190)	(6,888,017)
Fees and commission	1,185,796	1,136,995	1,109,327	1,059,620
Gain from dealings in foreign currency	687,242	644,242	657,621	606,599
Miscellaneous income	955,116	1,200,115	905,091	1,129,599
General and administrative expenses	(12,711,026)	(11,439,267)	(12,366,986)	(11,357,144)
<b>Operating income/(loss) before changes in operating assets and liabilities</b>	8,438,546	7,277,106	8,368,525	7,025,070
Changes in operating assets and liabilities				
(Increase) Decrease in operating assets				
Interbank loans receivable	(6,602,010)	14,270,288	(6,602,010)	14,270,288
Financial assets at fair value through profit or loss	1,634,138	(4,282,953)	1,634,138	(4,282,953)
Loans and receivable	(23,827,155)	(61,119,797)	(23,333,399)	(61,001,351)
Other resources	(1,903,327)	545,302	(1,422,208)	59,018
Increase (Decrease) in operating liabilities				
Deposit liabilities	62,997,297	46,159,508	63,094,794	46,125,257
Derivative liabilities	(19,602)	37,217	(19,602)	37,217
Marginal deposits	604,927	90,158	604,927	90,158
Treasurer's, Manager's & Cashier's Checks	88,825	107,570	88,825	107,570
Other liabilities	(2,388,080)	(349,376)	(3,375,434)	592,604
<b>Net cash generated from operations</b>	39,023,559	2,735,023	39,038,556	3,022,878
Income taxes paid	(21,766)	(182,760)	(4,769)	(153,340)
<b>Net cash generated from operating activities</b>	39,001,793	2,552,263	39,033,787	2,869,538
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
(Additions)/Disposals to property and equipment	(103,835)	(306,999)	(217,963)	(512,050)
(Additions)/Disposals to investment property	1,447,052	2,592,537	1,441,476	2,589,840
(Additions)/Disposals to Non-Current Assets Held For Sale	908,630	(1,031,389)	896,799	(1,031,644)
Dividends received	96,124	109,770	95,749	109,715
Gain on financial assets & liab-held for trading	296,409	2,605,414	296,409	2,605,414
Gain/(Loss) from investment securities	497,643	(47,979)	497,643	(47,979)
Decrease (increase) in:				
Available for sale investments	(61,828,327)	33,817,963	(61,852,214)	33,824,453
Held to maturity investments	3,606,414	(23,552,703)	3,478,480	(23,456,655)
<b>Net cash provided by/(used in) investing activities</b>	(55,079,890)	14,186,614	(55,363,621)	14,081,094
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Cash dividends paid	(2,010,000)	(442,000)	(2,000,000)	(442,000)
Other charges to capital	7,409,378	(7,164,868)	7,408,830	(7,176,825)
Increase (decrease) in:				
Bills payable	(3,561,611)	6,460,599	(3,471,611)	6,239,599
Unsecured subordinated debt	6,736,000	936,000	6,736,000	936,000
<b>Net cash provided by/(used) in financing activities</b>	8,573,767	(210,269)	8,673,219	(443,226)
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	1,122,832	(2,266,798)	1,120,892	(2,263,823)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(6,381,498)	14,261,810	(6,535,723)	14,243,583
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>				
Cash and other cash items	14,182,313	9,586,368	14,153,363	9,581,790
Due from Bangko Sentral ng Pilipinas	46,041,782	45,695,244	46,041,782	45,695,244
Due from other banks	2,992,694	974,828	2,956,953	932,942
Securities purchased under agreements to resell	32,000,000	24,698,539	32,000,000	24,698,539
	95,216,789	80,954,979	95,152,098	80,908,515
<b>CASH AND EQUIVALENTS AT END OF YEAR</b>				
Cash and other cash items	13,986,448	14,182,313	13,982,980	14,153,363
Due from Bangko Sentral ng Pilipinas	58,251,877	46,041,782	58,251,877	46,041,782
Due from other banks	1,246,966	2,992,694	1,031,518	2,956,953
Securities purchased under agreements to resell	15,350,000	32,000,000	15,350,000	32,000,000
	88,835,291	95,216,789	88,616,375	95,152,098



## STATEMENT OF CHANGES IN CAPITAL FUNDS – GROUP

December 31, 2009 (in thousand pesos)

	Common Stock		Surplus	Revaluation	Paid-in	Surplus	Currency	Undivided	Net Unrealized	
	Shares	Amount	Free	Increment	Surplus	Reserve	Trans. Difference	Profits	Gain/(Loss) on Securities	T O T A L
<b>Balance, December 31, 2007</b>	<b>1,197,100</b>	<b>11,971,000</b>	<b>11,368,084</b>	<b>57,528</b>	<b>101,098</b>	<b>4,794,096</b>	<b>577</b>	<b>4,378,781</b>	<b>10,423,779</b>	<b>43,094,943</b>
Net income during the year								5,174,142		5,174,142
Net unrealized loss on securities									(7,020,708)	(7,020,708)
Payment of cash dividends			(442,000)							(442,000)
Stock dividend			(53,615)							(53,615)
Transfer to surplus free			4,378,781					(4,378,781)		-
Transfer to/from surplus reserve			(37,992)			37,992				-
Additional reserve for trust business			(4,000)			4,000				-
Additional reserve for contingencies			(300,000)			300,000				-
Contribution to the Agricultural Guarantee Fund Pool						(100,000)				(100,000)
PFRS/prior period adjustment			45,240			50,000				95,240
Closure of Deferred income tax			(56,099)							(56,099)
Closure of excess book value over cost of investment in subsidiaries			73,720							73,720
Revaluation increment on property				3,672						3,672
Currency translation difference							(463)			(463)
<b>Balance, December 31, 2008</b>	<b>1,197,100</b>	<b>11,971,000</b>	<b>14,972,119</b>	<b>61,200</b>	<b>101,098</b>	<b>5,086,088</b>	<b>114</b>	<b>5,174,142</b>	<b>3,403,071</b>	<b>40,768,832</b>
Net income during the year								6,818,497		6,818,497
Net unrealized gain on securities									7,621,009	7,621,009
Payment of cash dividends			(2,010,000)							(2,010,000)
Stock dividend			(43,421)							(43,421)
Transfer to surplus free			5,174,142					(5,174,142)		-
Transfer to/from surplus reserve			(83,000)			83,000				-
Additional reserve for trust business			(9,000)			9,000				-
Additional reserve for contingencies			(300,000)			300,000				-
PFRS/prior period adjustment			(227,282)			300,000				72,718
Closure of Deferred income tax			(136,570)							(136,570)
Closure of excess book value over cost of investment in subsidiaries			41,443							41,443
Currency translation difference			700				(83)			617
<b>Balance, December 31, 2009</b>	<b>1,197,100</b>	<b>11,971,000</b>	<b>17,379,131</b>	<b>61,200</b>	<b>101,098</b>	<b>5,778,088</b>	<b>31</b>	<b>6,818,497</b>	<b>11,024,080</b>	<b>53,133,125</b>



STATEMENT OF CHANGES IN CAPITAL FUNDS – PARENT

December 31, 2009 (in thousand pesos)

	Common Stock		Surplus	Paid-in	Surplus	Undivided	Net Unrealized	
	Shares	Amount	Free	Surplus	Reserve	Profits	Gain/(Loss) on Securities	T O T A L
Balance, December 31, 2007	1,197,100	11,971,000	10,356,792	101,098	4,670,047	4,221,831	10,427,391	41,748,159
Net income during the year						5,024,823		5,024,823
Net unrealized loss on securities							(7,005,986)	(7,005,986)
Payment of cash dividends			(442,000)					(442,000)
Transfer to surplus free			4,221,831			(4,221,831)		-
Additional reserve for trust business			(4,000)		4,000			-
Additional reserve for contingencies			(300,000)		300,000			-
Contribution to the Agricultural Guarantee Fund Pool					(100,000)			(100,000)
PFRS/prior period adjustment			51,892		50,000		(12,547)	89,345
Closure of 2002 deferred income tax			(56,099)					(56,099)
Balance, December 31, 2008	1,197,100	11,971,000	13,828,416	101,098	4,924,047	5,024,823	3,408,858	39,258,242
Net income during the year						6,654,664		6,654,664
Net unrealized gain on securities							7,621,047	7,621,047
Payment of cash dividends			(2,000,000)					(2,000,000)
Transfer to surplus free			5,024,823			(5,024,823)		-
Additional reserve for trust business			(9,000)		9,000			-
Additional reserve for contingencies			(300,000)		300,000			-
PFRS/prior period adjustment			(224,499)		300,000			75,501
Currency translation difference - surplus free FDCU			700					700
Closure of 2003 and 2004 deferred income tax			(136,570)					(136,570)
Balance, December 31, 2009	1,197,100	11,971,000	16,183,870	101,098	5,533,047	6,654,664	11,029,905	51,473,584



Bagong Sibol Credit Cooperative, Talavera, Nueva Ecija  
TAKARA Arts and Crafts, Taytay, Rizal  
Nueva Ecija Lending Center  
Development Assistance Center III-B  
NCR SME Lending Department  
Personnel Administration Department  
Procurement Department  
Facilities Management Department

Corporate Affairs Department  
Strategic Planning Group

OP Communications, Inc.

Nelson Demetillo  
Wig Tysmans  
Edwin Tuyay  
Dojo Palines



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NOTES TO FINANCIAL STATEMENTS  
(Amounts in Thousands, Except as Indicated)

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 requirements of the national government, local government units and government-owned and controlled corporations. As of December 31, 2009, 64 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 Group and the Parent were authorized for issue by the Parent’s Board of Directors on February 24, 2010.

2. Summary of Significant Accounting Policies

2.1 Basis of Financial Statements Preparation

The accompanying financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVPL), available-for-sale (AFS) investments, and derivative financial instruments that have been measured at fair value.

The financial statements of the Parent Company 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 Pesos and United States Dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated accounts in the RBU are translated in Philippine pesos based on the Philippine Dealing System (PDS) closing rate prevailing at end of the year for assets and liabilities and at the PDS Weighted Average Rate for the year for income and expenses.

The consolidated financial statements are presented in Philippine pesos, and all values are rounded to the nearest thousand pesos (P000) except when otherwise indicated.

2.2 Statement of Compliance

The consolidated financial statements of the Group and of the Parent Company have been prepared in compliance with the Philippine Financial Reporting Standards (PFRS).

2.3 Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and the following wholly-owned subsidiaries:

<u>Name</u>	<u>Incorporation</u>	<u>Country of Principal Activity</u>	<u>Functional Currency</u>
LBP Leasing Corporation	Philippines	Leasing	Philippine peso
LBP Insurance Brokerage Inc.	Philippines	Insurance brokerage	Philippine peso
LB (LandBank) Realty Development Corporation	Philippines	Real estate	Philippine peso
Masaganang Sakahan, Inc.	Philippines	Trading	Philippine peso
LBP Remittance Co.-USA	United States	Remittance services	US Dollar
LBP Financial Services.-Italy	Italy	Financial services	Euro
Advance Solutions for Asset Recovery (SPV-AMC), Inc.	Philippines	Investment company	Philippine peso
Asset Recovery Innovations, (SPV-AMC), Inc.	Philippines	Investment company	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.

Significant Accounting Policies

Foreign currency translation

*Transactions and balances*

The books of accounts of the RBU are maintained in Philippine pesos, while those of the FCDU are maintained in USD. For financial reporting purposes, the monetary assets and liabilities of the foreign currency-denominated monetary assets and liabilities in the RBU are translated in Philippine pesos based on the Philippine Dealing System (PDS) closing rate prevailing at the statement of condition date and foreign currency-denominated income and expenses, at the PDS weighted average rate (PDSWAR) for the year. Foreign exchange differences arising from revaluation and translation of foreign-currency 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.

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. 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 assets, including trading and investment securities and loans and receivables, are initially measured at fair value. Except for financial assets valued at FVPL, the initial measurement of financial assets includes transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, HTM investments, AFS investments, and loans and receivables while financial liabilities are classified as financial liabilities at FVPL and financial liabilities carried at cost. The classification depends on the purpose for which the investments were acquired and whether 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.

*Reclassification of financial assets*

A financial asset is reclassified out of the FVPL category when the following conditions are met:

- the financial asset is no longer held for the purpose of selling or repurchasing it in the near term; and
- there is a rare circumstance.

A financial asset that is reclassified out of the FVPL category is reclassified at its fair value on the date of reclassification. Any gain or loss already recognized in the consolidated statement of income is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortized cost, as applicable.

*Determination of fair value*

The fair value for financial instruments traded in active markets at the statement of condition 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. When current bid and asking prices are not available, the price of the most recent transaction is used since 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.

*'Day 1' difference*

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the statement of income. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

*(a) Financial assets designated at fair value through profit or loss (FVPL)*

FVPL consists of securities held for trading and financial assets that are voluntarily designated as FVPL on trade date.

The FVPL category includes government debt securities purchased and held principally with the intention of selling them in the near term. These securities are carried at fair market value, based primarily on quoted market prices, or if quoted market prices are not available, discounted cash flows using market rates that are commensurate with the credit quality and maturity of the investments.

Realized and unrealized gains and losses on these instruments are recognized under the trading and foreign exchange profits accounts in the statements of income.

*(b) 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 AFS investments or financial assets designated at FVPL.

*(c) Held-to-Maturity (HTM) investments*

HTM investments are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Group's management has the positive intention and ability to hold to maturity. Where the Group sells other than an insignificant amount of HTM investments or those close to maturity, the entire category would be tainted and reclassified as AFS asset. These investments are carried at amortized cost using the effective interest rate method, reduced by any impairment in value. Gains and losses are recognized in income when the HTM investments are derecognized and impaired, as well as through the amortization process.

*(d) Available-for-sale (AFS) investments*

AFS investments are those which do not qualify to be classified as designated as FVPL, HTM or loans and receivables. They are purchased and held indefinitely, but which the Group anticipates to sell in response to liquidity requirements or changes in market. AFS investments are carried at fair market value. The effective yield component (including premium, discounts and directly attributable transaction costs) and foreign exchange restatement results of available-for-sale debt securities are reported in earnings. Dividends on AFS equity instruments are recognized in the statements of income when the entity's right to receive payment is established. The unrealized gains and losses arising from the recognition of fair value changes on AFS assets are reported as a separate component of capital funds in the statements of condition.

Impairment of Financial Assets

The Group determines at each balance sheet date whether there is objective evidence that a financial asset may be impaired.

*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 whether 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 amortized 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 HTM 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 and impairment losses' in the statement of income and the allowance account, reduced. The HTM 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 and Impairment Losses' in the statement of 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.

*AFS Investments*

If an AFS 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 statements of income. Impairment losses recognized in the statements of income on equity instruments are not reversed through the statements of income. If, in a subsequent period, the fair value of a debt instrument classified as AFS 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 statements of 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 have 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. Where continuing involvement takes the form of a written and/or purchase option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### *Financial Liabilities*

A financial liability is derecognized 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.

#### *Derivative Instruments*

The Group 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 statements of 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.

For the purpose of hedge accounting, hedges are classified primarily as either: a) a hedge of the fair value of an asset, liability or a firm commitment (fair value hedge); or b) a hedge of the exposure to variability in cash flows attributable to an asset or liability or a forecasted transaction (cash flow hedge).

The Group did not apply hedge accounting treatment for its derivative transactions.

The Group has certain derivatives that are embedded in host financial contracts (such as structured notes, debt investments, and loan receivables) and non-financial contracts (such as purchase orders, lease contracts and service agreements). These embedded derivatives include credit default swaps (which are linked to a reference bond), and calls and puts in debt and equity securities; conversion options in loans receivable; and foreign-currency derivatives in debt instruments, lease contracts, purchase orders and service agreements.

Embedded derivatives are separated from their host contracts and carried at fair value with fair value changes being reported through profit or loss, when the entire hybrid contracts (composed of both the host contract and the embedded derivative) are not accounted for as financial instruments at FVPL and when their economic risks and characteristics are not closely related to those of their respective host contracts.

#### Offsetting financial instruments

Financial assets and financial liabilities are only offset and the net amount reported in the statements of condition 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 condition 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 whether 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 Group's investments in subsidiaries and entities in which the Group has control are accounted for under the cost method of accounting in the separate financial statements. These are carried in the statement of condition at cost less any impairment in value.

#### 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 included in the statements of income.

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:

	<u>Number of Years</u>
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 the derecognition of an investment property are recognized in the profit and loss in the year of derecognition.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred.

Depreciation is calculated on a straight-line basis over 10-30 years, which is the estimated useful life of the investment properties.

#### 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).

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred.

#### Income Taxes

Income tax on the profit for the year comprises current tax only. Income tax is recognized in the statement of income except to the extent that it relates to items recognized directly in equity. Current income tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted as of the balance sheet date, and any adjustment to tax payable in respect to previous years.

Deferred tax assets are recognized for the future tax consequences attributable to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes and the carry forward benefits of the net operating loss carryover (NOLCO) and the minimum corporate income tax (MCIT) over the regular corporate income tax. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates that have been enacted or substantially enacted as of the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced, if appropriate.

#### Employee Benefits

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 the statement of 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 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 condition. Rental income under operating leases is recognized in the statement of 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

Interest income and fees which are considered an integral part of the effective yield of a financial asset are recognized using the effective interest method, unless collectibility is in doubt.

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.

Dividend income is recognized when the right to receive payment is established.

Gains or losses arising from the trading of securities and foreign currency are reported in the statement of income.

Generally, commissions, service charges and fees are recognized only upon collection or accrued where there is reasonable degree of certainty as to its collectibility.

Commitment fees received to originate a loan when the loan commitment is outside the scope of PAS 39 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.

#### Borrowing Costs

Borrowing costs are expensed when incurred.

### 3. Future Changes in Accounting Policies

The Group will adopt the following standards and interpretations enumerated below when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on its financial statements.

#### **New Standards and Interpretations**

PFRS 3, *Business Combinations (Revised)* and PAS 27, *Consolidated and Separate Financial Statements (Amended)*

The revised standards are effective for annual periods beginning on or after July 1, 2009. PFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results. PAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by PFRS 3 (Revised) and PAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests. PFRS 3 (Revised) will be applied prospectively while PAS 27 (Amended) will be applied retrospectively with few exceptions.

Philippine Interpretation IFRIC 15, *Agreement for Construction of Real Estate*

This Interpretation, effective for annual periods beginning on or after January 1, 2012 covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Interpretation requires that the revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, Construction Contracts, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provisions of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion.

Philippine Interpretation IFRIC 17, *Distributions of Non-Cash Assets to Owners*

This Interpretation is effective for annual periods beginning on or after July 1, 2009 with early application permitted. It provides guidance on how to account for non-cash distributions to owners. The interpretation clarifies when to recognize a liability, how to measure it and the associated assets, and to derecognize the asset and liability.

#### **Amendments to Standards**

PAS 39 Amendment – *Eligible Hedged Items*

The amendment to PAS 39, Financial Instruments: Recognition and Measurement, effective for annual periods beginning on or after July 1, 2009, clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations.

PFRS 2 Amendments – *Group Cash-settled Share-based Payment Transactions*

The amendments to PFRS 2, Share-based Payments, effective for annual periods beginning on or after January 1, 2010, clarify the scope and the accounting for group cash-settled share-based payment transactions.

*Improvements to PFRS 2009*

The omnibus amendments to PFRS issued in 2009 were issued primarily with a view to remove inconsistencies and clarify wording. The amendments are effective for annual periods beginning on or after January 1, 2010 except otherwise stated. The Group has not yet adopted the following amendments and anticipates that these changes will have no material effect on the financial statements.

- PFRS 2, *Share-based Payment*, clarifies that the contribution of a business on formation of a joint venture and combinations under common control are not within the scope of PFRS 2 even though they are out of scope of PFRS 3, Business Combinations (Revised). The amendment is effective for annual periods beginning on or after July 1, 2009.



- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in PFRS 5. The disclosure requirements of other PFRS only apply if specifically required for such non-current assets or discontinued operations.
- PFRS 8, *Operating Segment Information*, clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.
- PAS 1, *Presentation of Financial Statements*, clarifies that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.
- PAS 7, *Statement of Cash Flows*, explicitly states that only expenditure that results in a recognized asset can be classified as a cash flow from investing activities.
- PAS 17, *Leases*, removes the specific guidance on classifying land as a lease. Prior to the amendment, leases of land were classified as operating leases. The amendment now requires that leases of land are classified as either 'finance' or 'operating' in accordance with the general principles of PAS 17. The amendments will be applied retrospectively.
- PAS 36, *Impairment of Assets*, clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in PFRS 8 before aggregation for reporting purposes.
- PAS 38, *Intangible Assets*, clarifies that if an intangible asset acquired in a business combination is identifiable only with another intangible asset, the acquirer may recognize the group of intangible assets as a single asset provided the individual assets have similar useful lives. Also clarifies that the valuation techniques presented for determining the fair value of intangible assets acquired in a business combination that are not traded in active markets are only examples and are not restrictive on the methods that can be used.
- PAS 39, *Financial Instruments: Recognition and Measurement*, clarifies the following:
  - that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract.
  - that the scope exemption for contracts between an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date applies only to binding forward contracts, and not derivative contracts where further actions by either party are still to be taken.
  - that gains or losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges of recognized financial instruments should be reclassified in the period that the hedged forecast cash flows affect profit or loss.
- Amendment to Philippine Interpretation IFRIC 9, *Reassessment of Embedded Derivatives*, clarifies that it does not apply to possible reassessment at the date of acquisition, to embedded derivatives in contracts acquired in a business combination between entities or businesses under common control or the formation of joint venture.
- Amendment to Philippine Interpretation IFRIC 16, *Hedge of a Net Investment in a Foreign Operation*, states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of PAS 39 that relate to a net investment hedge are satisfied.

#### IFRS 9, *Financial Instruments Part 1: Classification and Measurement*.

IFRS 9 was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:

- Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortized cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
- An instrument is subsequently measured at amortized cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flow, and the asset's contractual cash flow represent only payments of principal and interest. All other debt instruments are to be measured at fair value through profit or loss.
- All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognize unrealized and realized fair value gains and losses through other comprehensive income rather than profit or loss. There shall be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

#### 4. 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 assets, liabilities, income and expenses and the disclosure of contingent assets and contingent liabilities. Future events may occur which can 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

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.

##### b. Impairment losses on loans and receivables and HTM investments

The Group reviews its loans and receivables and HTM investments to assess impairment at least on an annual basis or earlier when an indicator of impairment exists. In determining whether an impairment loss should be recorded in the statement of income, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial asset 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 HTM investments of the Group and the Parent are ₱251,695,150 and ₱249,933,153 as of December 31, 2009 and ₱232,097,345 and ₱230,663,499 as of December 31, 2008, respectively.

##### c. Impairment of AFS investments

The Group determines that available-for-sale 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 AFS investments of the Group and the Parent are ₱129,598,484 and ₱129,408,637 as of December 31, 2009 and ₱67,770,157 and ₱67,556,423, respectively, as of December 31, 2008.

##### d. Classification under HTM investments

The classification of non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity. Further, the Group determines whether the investments are quoted or not; unquoted debt investments are classified under Loans and receivables. If the Group fails to keep these investments to maturity other than for specific circumstances – for example, selling an insignificant amount or close to maturity – it will be required to reclassify the entire held-to-maturity portfolio as available-for-sale. The investments would therefore be measured at fair value instead of amortized cost. The carrying values of held-to-maturity investments of the Group and the Parent are ₱37,267,247 and ₱36,758,052 as of December 31, 2009 and ₱ 40,873,661 and ₱40,236,532 as of December 31, 2008, respectively.

##### e. Recognition of deferred tax asset

The Group cannot yet establish when it will realize its deductible temporary differences and carry forward benefits of NOLCO and MCIT. When the Group is already in a positive tax position, the Management will review the level of deferred tax assets that it will recognize in the books.

**Estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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 ₱4,723,053 and ₱4,617,935 as of December 31, 2009 and ₱5,100,972 and ₱4,867,573 as of December 31, 2008, respectively.

**5. Cash and Other Cash Items**

This account consists of:

	<b>Group</b>		<b>Parent</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Cash on hand	13,499,520	13,415,020	13,499,363	13,414,224
Checks and other cash items	411,226	553,834	409,458	526,556
Returned checks and other cash items	64,910	204,029	64,910	204,029
Petty cash fund	1,890	1,139	1,725	928
Revolving fund	2,152	1,690	774	1,025
Payroll fund	6,750	6,601	6,750	6,601
	<b>13,986,448</b>	<b>14,182,313</b>	<b>13,982,980</b>	<b>14,153,363</b>

**6. Due from Other Banks**

This account consists of:

	<b>Group</b>		<b>Parent</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Deposit with local banks	563,816	730,920	359,701	728,706
Deposit with foreign banks	683,150	2,261,774	671,817	2,228,247
	<b>1,246,966</b>	<b>2,992,694</b>	<b>1,031,518</b>	<b>2,956,953</b>

The Group maintains nostro accounts on global basis with twenty four (24) foreign depository banks totaling 38 and 37 bank accounts in 2009 and 2008, respectively, the most significant of which are as follows:

<b>2009</b>	<b>2008</b>
1. Standard Chartered Bank	1. Mizuho Corporate Bank
2. Mizuho Corporate Bank	2. Citibank New York
3. Citibank New York	3. American Express Bank-Tokyo
4. Wachovia Bank	4. JP Morgan Chase
5. Banca Nazionale del Lavoro	5. Banca Nazionale del Lavoro

Deposits with foreign banks as of December 31, 2009 include special deposit account with Citibank–New York and Standard Chartered Bank-Tokyo amounting to \$0.031 million and JPY443.50 million, respectively, which are restricted for disbursements on special lending projects.

**7. Interbank Loans Receivables**

This account consists of the Parent's Loans Receivable from foreign banks amounting to P11,209,390 and P4,607,380 as of December 31, 2009 and 2008, respectively.

Interbank loans receivable carry interest rates at December 31 as follows:

	<b>2009</b>	<b>2008</b>
Domestic	4.06% to 4.88%	5.13% to 5.88%
Foreign	0.01% to 1.95%	0.05% to 10.00%

**8. Securities Purchased under Agreements to Resell**

This account consists of:

	<b>Group</b>		<b>Parent</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Government Securities Purchased under Reverse Repurchase Agreement	15,350,000	32,000,000	15,350,000	32,000,000
	<b>15,350,000</b>	<b>32,000,000</b>	<b>15,350,000</b>	<b>32,000,000</b>

Securities Purchased under Agreements to Resell of the Group carry interest rates at 4.00% to 5.00% and 5.00% to 6.00% as of December 31, 2009 and 2008, respectively.

**9. Financial Assets at Fair Value Through Profit or Loss**

This consists of:

	<b>Group</b>		<b>Parent</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Government Securities - Domestic	116,714	341,929	116,714	341,929
Government Securities - Foreign	86,096	88,555	86,096	88,555
Private Securities - Domestic	52,758	208,255	52,758	208,255
Derivate with positive fair value	7,563,282	8,814,249	7,563,282	8,814,249
	<b>7,818,850</b>	<b>9,452,988</b>	<b>7,818,850</b>	<b>9,452,988</b>

Financial Assets at Fair Value Through Profit or Loss of the Group carry interest rates at December 31 as follows:

	<b>2009</b>	<b>2008</b>
Domestic	3.60% to 10.50%	3.50% to 8.75%
Foreign	2.74% to 7.95%	3.10% to 8.00%

Financial Assets at FV thru P & L includes the foreign exchange (FX) risk cover of the Parent's borrowings from multilateral agencies amounting to ₱7.479 billion in 2009 and ₱8.590 billion in 2008 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, JBIC, etc.) which are relented in local currencies. The fair value changes on the FX risk cover are reported immediately in the income statement. As of December 31, 2009, the outstanding notional amount of the FX risk cover amounted to US\$ 225.44 million, JPY 24,086.54 million and EUR 17.36 million.



Prior to 2007, the value of the FX cover as an option derivative varies on the movement of the foreign exchange rates of the Bills Payable. Beginning 2007, the Bank applied the standard option valuation model approach which resulted in an increase in the derivative asset and unrealized gain/(losses) amounting to ₱220.51 million in 2009 and ₱1,218.47 million in 2008.

#### 10. Available for Sale Investments

This account consists of:

	Group		Parent	
	2009	2008	2009	2008
Domestic				
Government	91,725,537	51,260,778	91,725,537	51,260,778
Private	15,383,296	4,832,203	15,212,583	4,642,633
Foreign				
Government	14,505,217	10,588,572	14,504,965	10,588,515
Private securities	388,438	24,107	369,556	-
Investment in non-marketable securities, net of allowance for probable losses of ₱2,606,702 in 2009 and ₱2,279,856 in 2008	6,581,610	1,048,964	6,581,610	1,048,964
Underwritten	1,014,386	15,533	1,014,386	15,533
	129,598,484	67,770,157	129,408,637	67,556,423

Available for Sale Investments of the Group carry interest rates at December 31 as follows:

	2009	2008
Domestic	4.94% to 14.93%	3.98% to 14.93%
Foreign	2.42% to 11.913%	3.61% to 10.02%

Available for Sale investments include 42 million Meralco shares of stocks with market value of ₱2.5 billion which are subject to legal disputes. In November 2008, Meralco unlawfully cancelled the 42 million 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. 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. The Parent shares of stock in Meralco are not part of the Agrarian Reform Fund, a fund which is solely answerable to the obligation of the National Government pursuant to its Agrarian Reform Program. The Parent continues to claim ownership of subject Meralco share as evidenced by a pending Petition with the Supreme Court.

Accumulated market gains/losses on AFS government and private issues as of December 31, 2009 amounted to ₱10,756.93 million. Net unrealized gains/losses on AFS local currency was ₱11,029.90 million.

The difference in the amount outstanding accumulated market gains/losses and net unrealized gains/losses on AFS as of December 31, 2009 in the amount of ₱272.97 million, represents the remaining unamortized portion of the net unrealized gain or loss, that has been recognized directly in equity when the Available for Sale securities has been reclassified to Held to Maturity securities on various dates. The said amount shall be continuously amortized to profit or loss over the remaining life of the held-to-maturity securities.

Investment in Non-Marketable Equity Securities (INMES) account of the Parent includes a non-earning investment of ₱100 million in Municipal Finance Corporation (MFC) which was dissolved by virtue of Malacañang Executive Order No. 742. The Certificate of Dissolution was issued by the Securities & Exchange Commission to MFC on December 18, 2009 and the return of LBP's investment of P100M (plus interest thereon) was made on January 14, 2010.

#### 11. Held to Maturity Investments

This account consists of:

	Group		Parent	
	2009	2008	2009	2008
Government				
Domestic	28,953,178	32,169,937	28,453,693	31,543,061
Foreign	8,304,359	8,693,471	8,304,359	8,693,471
Private				
Foreign	9,710	10,253	-	-
	37,267,247	40,873,661	36,758,052	40,236,532

Held to Maturity Investments of the Group carry interest rates at December 31 as follows:

	2009	2008
Domestic	3.77% to 17.47%	4.49% to 17.47%
Foreign	2.76% to 13.73%	3.21% to 13.72%

#### 12. Loans and Receivables

This account consists of:

	Group		Parent	
	2009	2008	2009	2008
Interbank Loans Receivable	14,433,115	12,271,118	14,433,115	12,271,118
Allowance for credit losses	(185,748)	(157,399)	(185,748)	(157,399)
	14,247,367	12,113,719	14,247,367	12,113,719
Loans to Government	21,575,990	29,384,384	22,500,315	29,354,192
Allowance for credit losses	(457)	(25,142)	(457)	(25,142)
	21,575,533	29,359,242	22,499,858	29,329,050
Agrarian Reform and other Agriculture Loans	34,253,194	38,251,105	34,251,206	38,246,708
Allowance for credit losses	(1,567,644)	(1,397,246)	(1,567,644)	(1,397,246)
	32,685,550	36,853,859	32,683,562	36,849,462
Development Incentive Loans	34,916,290	28,758,337	34,916,290	28,758,337
Allowance for credit losses	(32,341)	(107,953)	(32,341)	(107,953)
	34,883,949	28,650,384	34,883,949	28,650,384
Microfinance Loans	499,537	61,917	499,537	61,917
Allowance for credit losses	(51,505)	(386)	(51,505)	(386)
	448,032	61,531	448,032	61,531
SME/MSE Loans	15,273,998	13,367,025	15,273,998	13,367,025
Allowance for credit losses	(847,782)	(834,203)	(847,782)	(834,203)
	14,426,216	12,532,822	14,426,216	12,532,822
Contract to Sell	878,821	69,485	878,821	69,485
Loans to Private Corp.	64,901,207	49,957,625	63,744,860	49,532,082
Allowance for credit losses	(6,232,017)	(7,287,447)	(6,176,199)	(7,245,896)
	58,669,190	42,670,178	57,568,661	42,286,186
Loans to Individual for Housing Purposes	1,738,276	1,553,721	1,738,276	1,553,721
Allowance for credit losses	(57,528)	(47,821)	(57,529)	(47,821)
	1,680,747	1,505,900	1,680,747	1,505,900
Loans to Individual for Consumption	1,843,135	2,316,198	1,843,135	2,316,198
Allowance for credit losses	(45,307)	(125,640)	(45,307)	(125,640)
	1,797,828	2,190,558	1,797,828	2,190,558
Loans to Individual for Other Purposes	3,251,573	2,005,919	3,250,751	2,004,516
Allowance for credit losses	(122,838)	(57,528)	(122,838)	(47,648)
	3,128,735	1,958,271	3,127,913	1,956,868
Loans & Receivables-Others-Non-residents - FCDU	2,656,500	6,999,382	2,656,500	6,999,382
General Loan Loss Provision	(20,272)	(10,639)	-	-
	187,058,196	174,954,692	186,899,454	174,545,347

	Group		Parent	
	2009	2008	2009	2008
Accrued Interest Receivable	2,087,211	2,370,324	2,085,284	2,355,684
Allowance for credit losses	(144,826)	(265,560)	(144,773)	(265,299)
	1,942,385	2,104,764	1,940,511	2,090,385
Accounts Receivable	1,242,054	1,848,670	1,204,391	1,792,705
Allowance for credit losses	(754,592)	(521,170)	(728,059)	(493,672)
	487,462	1,327,500	476,332	1,299,033
Sales Contract Receivable	1,954,660	2,073,382	1,943,464	2,070,893
Allowance for credit losses	(40,159)	(15,416)	(40,159)	(15,416)
	1,914,501	2,057,966	1,903,305	2,055,477
Due from ARF	268,385	96,953	268,385	96,953
Unquoted Debt Securities				
Allowance for credit losses	(370,743)	(603,249)	(370,743)	(603,249)
	21,687,114	10,339,772	21,687,114	10,339,772
Lease Contract Receivable	1,070,821	345,687	-	-
Allowance for credit losses	(961)	(3,650)	-	-
	1,069,860	342,037	-	-
	<b>214,427,903</b>	<b>191,223,684</b>	<b>213,175,101</b>	<b>190,426,967</b>

Interest rates on loans in 2009 range from 4.00% to 39.00% for peso denominated loans and from 0.48% to 30.00% for foreign currency denominated loans.

Unquoted debt securities of the parent classified as loans consist of government and private securities amounting to ₱8,324.66 million and ₱13,362.45 million, respectively, as of December 31, 2009 and ₱7,734.91 million and ₱2,604.86 million, respectively, as of December 31, 2008. The account includes Metro Rail Transit Corporation's (MRTC) Bonds with face value of \$7.649 million acquired in 2003 through dation in partial payment of loan principal and interest amounting to ₱445.94 million.

In November 2008, Land Bank's Board of Directors approved the purchase of MRTC interests in the form of Unsecuritized Equity Rental Payments, Preference Shares and Notes. Purchase of these various interests can be held by LBP as an investment or later sold down to other parties. As of December 31, 2009, LBP held MRTC interest in the form of Unsecuritized Equity Rental Payments, Preference Shares and Notes in the amount of USD376.87 million.

Covered by Memorandum of Agreement (MOA) signed on August 22, 1988 between Land Bank and Bangko Sentral ng Pilipinas, the unpaid obligations of rural banks to BSP were converted into LBP equity contribution to said rural banks. Accordingly, these became non-interest bearing obligations of LBP with BSP and all expenses or losses, if any, which LBP may suffer under the conversion scheme, shall be for the account of BSP.

The total outstanding investment on closed rural banks has been excluded from the Bank's equity investments booked under the Unquoted Debt Securities Classified as Loans account and from the outstanding Bills Payable account.

In 2004, the Parent successfully completed the competitive auction of two pools of non-performing assets (NPAs) under the Special Purpose Vehicle Act of 2002 or RA 9182. Loss on the sale of non-performing assets (NPAs) was booked as Deferred Charges to be written down/amortized over the next ten (10) years in accordance with BSP Memoranda dated February 16, 2004 and December 2, 2005, as amended.

Under PFRS/PAS 39, had this loss been booked/charged in the period of sale, the impact would be a reduction of ₱2.05 billion from the 2005 surplus account of ₱14.376 billion after considering the valuation reserve on assets sold. Balance of Deferred Charges being amortized in 2009 and 2008 amounted to ₱6.10 billion and ₱7.04 billion, respectively. This included the Deferred Charges on another asset sold under the SPV amounting to ₱212 million in 2007. The balance of the unallocated valuation reserve as of December 31, 2008 is more than sufficient to cover the unamortized Deferred Charges.

In December 2007, the Parent successfully completed the sealed bid public auction of three (3) pools of non-performing assets (NPAs) under the Special Purpose Vehicle Act of 2002 or R.A. No. 9182, as amended by R.A. No. 9343.

Loss on the sale was booked or charged in the period of sale and all non-performing assets sold were derecognized in the books of the Parent. Derecognition of the assets was made because the transaction meets the tests under the derecognition rules of the PFRS relating to the transfer of the rights to the contractual cash flows and the substantial transfer of the risks and rewards of ownership.

The Special Purpose Vehicle Act of 2002 or R.A. No. 9182, as amended by R.A. No.9343 expired on May 14, 2008.

Allowance for credit losses

The details of allowance for credit losses on loans of the Parent are:

	Parent	
	2009	2008
Balance, January 1	9,989,334	11,362,878
Write-offs	(299,122)	(297,275)
Transfers and other adjustments	(602,862)	(1,076,269)
Balance, December 31	9,087,350	9,989,334

As of December 31, 2009 and 2008, the breakdown of Gross Loans as to secured and unsecured follows:

	Parent			
	2009		2008	
	Amount	%	Amount	%
Secured loans:				
Guarantee of the Republic of the Philippines	₱26,730,455	13.6%	₱28,018,585	15.2%
Various guarantees	54,025,144	27.6%	47,840,426	26.0%
Various mortgages	58,263,830	29.7%	66,344,680	35.9%
	139,019,429	71.0%		
Unsecured loans	56,967,375	29.1%	42,330,990	22.9%
Gross loan at amortized cost	195,986,804	100.00%	184,534,681	100.0%

Current banking regulations allow banks with no unbooked valuation reserves and capital adjustments to exclude from non-performing loan (NPL) classification those receivables from customers classified as Loss in the latest examination of the BSP which are fully covered by allowance for credit losses, provided that interest on said receivables shall not be accrued.

As of December 31, 2009 and 2008, NPLs not fully covered by allowance for credit losses are as follows:

	Parent	
	2009	2008
Total NPLs	6,868,099	6,783,242
NPLs fully covered by allowance for probable losses	(224,087)	(305,985)
Net NPLs	6,644,012	6,477,257

Under banking regulations, NPLs shall, as a general rule, refer to loan accounts whose principal and/or interest is unpaid for thirty (30) days or more after due date or after they have become past due in accordance with existing rules and regulations. This shall apply to loans payable in lump sum and loans payable in quarterly, semi-annual, or annual installments, in which case, the total outstanding balance thereof shall be considered nonperforming. Restructured loans which do not meet the requirements to be treated as performing loans are also part of the Parent's non-performing loans.

### 13. Investment in Subsidiaries

This account consists of the following investments in subsidiaries which are 100% owned by the Parent and are accounted for at cost:

Name	Amount
LBP Leasing Corporation	310,253
LBP Insurance Brokerage, Inc.	52,500
LB (Land Bank) Realty Development Corporation	18,255
Masaganang Sakahan, Inc.	24,555
LBP Remittance Co., USA	62,595
LBP Financial Services, Italy	47,051
Advance Solutions for Asset Recovery (SPV-AMC), Inc.	31,250
Asset Recovery Innovations, (SPV-AMC), Inc.	31,250
	<b>577,709</b>



On May 11, 2009, the LBP Board of Directors approved under Board Resolution No. 09-281, the dissolution and liquidation of the two (2) remaining SPV Shell companies: (i.) Advanced Solution for Asset Recovery (SPV-AMC), Inc.; and (ii.) Asset Recovery Innovations (SPV-AMC), Inc. Requirements for the dissolution of the companies are currently being completed and thereafter to be submitted to the SEC. Closing of the bank's investment account shall be effected upon receipt of SEC's notice of approval.

#### 14. INVESTMENT PROPERTY

This account consists of:

Group						
	2009			2008		
	Land	Building	Total	Land	Building	Total
<b>At Cost</b>						
At January 1	8,924,997	2,941,327	11,866,324	11,339,036	3,309,955	14,648,991
Additions/(Disposals)	(1,343,485)	(270,793)	(1,614,278)	(2,414,039)	(368,628)	(2,782,667)
At December 31	7,581,512	2,670,534	10,252,046	8,924,997	2,941,327	11,866,324

#### Accumulated depreciation and impairment

At January 1	726,394	899,824	1,626,218	894,901	785,927	1,680,828
Depreciation	-	120,101	120,101	-	127,011	127,011
Transfers/Adjustment	(2,224)	(142,435)	(144,659)	(343,247)	(43,205)	(386,452)
Impairment	9,693	(7,771)	1,922	174,740	30,091	204,831
At December 31	733,863	869,719	1,603,582	726,394	899,824	1,626,218
<b>Net Book value</b>	<b>6,847,649</b>	<b>1,800,815</b>	<b>8,648,464</b>	<b>8,198,603</b>	<b>2,041,503</b>	<b>10,240,106</b>

Parent						
	2009			2008		
	Land	Building	Total	Land	Building	Total

#### At Cost

At January 1	8,825,367	2,895,735	11,721,102	11,238,838	3,262,483	14,501,321
Additions (Disposals)	(1,335,685)	(270,793)	(1,606,478)	(2,413,471)	(366,748)	(2,780,219)
At December 31	7,489,682	2,624,942	10,114,624	8,825,367	2,895,735	11,721,102

#### Accumulated depreciation and impairment

At January 1	724,143	871,544	1,595,687	894,901	757,709	1,652,610
Depreciation	-	118,153	118,153	-	125,064	125,064
Transfers/Adjustment	-	(142,435)	(142,435)	(343,247)	(41,320)	(384,567)
Impairment	9,693	(7,771)	1,922	172,489	30,091	202,580
At December 31	733,836	839,491	1,573,327	724,143	871,544	1,595,687
<b>Net Book value</b>	<b>6,755,846</b>	<b>1,785,451</b>	<b>8,541,297</b>	<b>8,101,224</b>	<b>2,024,191</b>	<b>10,125,415</b>

Depreciation and amortization of the Group amounting to ₱120,101 and ₱127,011 and of the Parent amounting to ₱118,153 and ₱125,064 in 2009 and 2008, respectively, are included in depreciation and amortization expense in the statement of income and expenses.

Investment properties acquired through foreclosure as of December 31, 2009 which are still within the redemption period by the borrowers and with on-going court case amounted to ₱342,335 and ₱2,800,580, respectively. Properties amounting to ₱339,509 are agricultural lands covered by the government's agrarian reform program. As of December 31, 2009 and 2008, the aggregate market value of the investment properties amounted to ₱9,995,144 and ₱12,957,184 respectively, for the Group and ₱9,887,628 and ₱12,791,354, respectively, for the Parent Company. Fair value has been determined based on valuations made by independent and/or in-house appraisers. Valuations were derived on the basis of recent sales of similar properties in the same area as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made.

#### 15. Property and Equipment

This account consists of:

Group									
	Land	Building Under Construction	Buildings	Leasehold Rights and Improvements	Transportation and Equipment	Furniture and Office Equipment	Transportation Equipment Under Lease	Others	Total
At Cost									
At January 1	419,055	105,705	4,071,907	220,216	198,742	4,237,947	263,945	214,211	9,731,728
Additions	1,469	38	197,307	62,444 (6,883)	1,843 (24,138)	332,634 (124,497)	1,828	2,422 (137,145)	599,985 (399,458)
Disposals	-	(106,795)	-	-	-	-	-	-	-
Transfers	-	15,258	(204,917)	(4,577)	(824)	(28,698)	-	(3,272)	(227,030)
At December 31	420,524	14,206	4,064,297	271,200	175,623	4,417,386	265,773	76,216	9,705,225

#### Accumulated Depreciation, Amortization & Impairment Loss

At January 1	-	-	1,304,109	648	152,392	2,981,394	33,936	151,208	4,623,687
Depreciation & amortization	-	-	145,952	68,480	11,610 (24,572)	205,840 (136,354)	34,238	14,768 (93,103)	480,888 (254,029)
Disposals	-	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	1	-	379	125,007	-	(3,008)	122,379
At December 31	-	-	1,450,062	69,128	139,809	3,175,887	68,174	69,865	4,972,925
Allow for Losses	-	-	5,510	-	13	2,258	-	1,466	9,247
Net book value	420,524	14,206	2,608,725	202,072	35,801	1,239,241	197,599	4,885	4,723,053

Parent									
	Land	Building Under Construction	Buildings	Leasehold Rights and Improvements	Transportation and Equipment	Furniture and Office Equipment	Transportation Equipment Under Lease	Others	Total

#### At Cost

At January 1	419,055	105,705	3,868,589	214,874	138,472	4,208,413	263,945	205,909	9,424,962
Additions	1,469	38	131,849	62,444	214	330,464	1,828	1,561	529,867
Disposals	-	(106,795)	-	(6,795)	(22,128)	(124,200)	-	(132,385)	(392,303)
Transfers	-	15,258	(25,708)	(4,576)	(825)	(27,323)	-	(266)	(43,440)
At December 31	420,524	14,206	3,974,730	265,947	115,733	4,387,354	265,773	74,819	9,519,086

#### Accumulated Depreciation, Amortization & Impairment Loss

At January 1	-	-	1,289,150	-	121,104	2,958,504	33,936	147,627	4,550,321
Depreciation & amortization	-	-	142,985	67,731	4,571 (22,701)	202,651 (136,085)	34,238	14,573 (92,899)	466,749 (251,685)
Disposals	-	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	379	126,142	-	(2)	126,519
At December 31	-	-	1,432,135	67,731	103,353	3,151,212	68,174	69,299	4,891,904
Allow for Losses	-	-	5,510	-	13	2,258	-	1,466	9,247
<b>Net book value</b>	<b>420,524</b>	<b>14,206</b>	<b>2,537,085</b>	<b>198,216</b>	<b>12,367</b>	<b>1,233,884</b>	<b>197,599</b>	<b>4,054</b>	<b>4,617,935</b>

Depreciation and amortization of the Group amounting to ₱480,888 and ₱499,632 and of the Parent amounting to ₱466,749 and ₱486,606 in 2009 and 2008, respectively, are included in depreciation and amortization expense in the statement of income and expenses.

Office equipment, furniture and vehicles with carrying amount of ₱45,916 and ₱45,609 in 2009 and 2008, respectively, are temporarily idle. The carrying amount of properties which are held for disposal are ₱1,491 and ₱2,032 in 2009 and 2008, respectively.

#### 16. Other Resources

This account consists of:

	Group		Parent	
	2009	2008	2009	2008
Deferred charges	6,104,795	7,044,035	6,104,795	7,043,994
Accrued interest receivable	2,843,163	2,503,254	2,843,189	2,503,152
Sundry debits	1,219,346	1,165,795	1,219,346	1,165,795
Prepaid expenses	1,288,767	582,915	1,278,001	571,664
Other intangible assets	348,204	370,417	347,661	369,664
Documentary stamps	306,662	195,724	306,662	195,724
Stationery & supplies on hand	143,213	124,361	142,164	123,262
Accounts receivable	74,925	68,074	74,530	67,296
Inter-office float items	53,648	—	53,648	—
Others	562,050	130,651	532,356	577,620
	12,944,773	12,185,226	12,902,352	12,618,171

#### 17. Allowance for Credit Losses

Changes in the allowance for credit losses are as follows:

	2009	2008
Balance at beginning of year:		
Loan portfolio	9,989,334	11,362,878
Other assets	4,813,896	4,254,168
	14,803,230	15,617,046
Provisions charged to operations	893,356	10,477
Accounts charged off and others	(299,122)	(297,325)
Transfer/adjustments	(1,602,904)	(526,968)
	(1,008,670)	(813,816)
Balance December 31	13,794,560	14,803,230
Balance at end of year:		
Loan portfolio	9,087,350	9,989,334
Receivables from customers and other assets	4,707,210	4,813,896
	13,794,560	14,803,230

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 ₱893,356 for the year detailed as follows:

Loans and receivables	540,357
ROPA	24,488
PPE	853
Other Assets	327,658
	893,356

#### 18. Deposit Liabilities

This account consists of:

	Group		Parent	
	2009	2008	2009	2008
Domestic				
Demand deposits	156,996,445	128,123,587	157,015,997	128,139,967
Savings deposit	209,623,504	184,206,831	209,858,565	184,365,075
Time certificate of deposit	2,441,257	2,228,559	2,441,257	2,228,559
Long Term Negotiable Certificate of Deposits	478,610	446,799	478,610	446,799
	369,539,816	315,005,776	369,794,429	315,180,400
Foreign				
Demand deposit-FCDU/EFCDU	212	218	212	218
Savings deposit –FCDU/EFCDU	7,716,205	7,570,144	7,735,010	7,571,441
Time certificate of deposit-FCDU/EFCDU	19,095,135	10,777,933	19,095,135	10,777,933
	26,811,552	18,348,295	26,830,357	18,349,592
	396,351,368	333,354,071	396,624,786	333,529,992

Domestic deposit liabilities earn annual fixed interest rates ranging from 0% to 8% both in 2009 and 2008. Foreign deposit rates range from 0.25% to 4.5% and from 1% to 2% in 2009 and 2008, respectively.

#### 19. Bills Payable

This account consists of:

	Group		Parent	
	2009	2008	2009	2008
Bangko Sentral ng Pilipinas	176,804	144,396	176,804	144,396
Domestic Borrowings	1,566,869	2,530,110	1,384,869	2,258,110
Foreign Borrowings	30,156,496	32,789,492	30,156,496	32,789,492
	31,900,169	35,463,998	31,718,169	35,191,998

Of the foreign borrowings, ₱30,156.50 million represents bills payable to multilateral & bilateral funding agencies such as the World Bank, Asian Development Bank, Japan Bank for International Cooperation and Kreditanstalt Fur Wiederaufbau. Foreign borrowings relent in local currency are provided with foreign exchange (FX) risk cover by the Philippine Government. Of the said amount, the National Government has provided foreign exchange risk cover (FXRC) on the ₱23,530.34 million which has a historical value of ₱18,770.72 million. 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 2009 range from 0.62% to 6.60% and 0.75% to 9.83%, respectively, while for 2008, the rates range from 0.75% to 7.39% and 0.75% to 9.83% for foreign and domestic borrowings, respectively.

#### 20. Unsecured Subordinated Debt

	2009	2008
Foreign	6,930,000	7,128,000
Domestic	6,934,000	-
	13,864,000	7,128,000



The foreign notes due on October 19, 2016 and callable with step-up in 2011 bear interest rate of 7.25% per annum payable semi-annually in arrears, on 19 April and 19 October in each year, which commenced on 19 April, 2007.

The domestic notes is due on June 09, 2019 and callable with step-up in 2014 bear interest rate of 7.25% per annum payable quarterly which commenced on June 09, 2009.

## 21. Other Liabilities

This account consists of:

	Group		Parent	
	2009	2008	2009	2008
Accrued Interest, Fringe benefits, Taxes and other Expense Payable	5,337,491	4,491,414	5,281,250	4,439,439
Accounts Payable	4,412,129	2,861,066	4,113,198	2,869,687
Due to Agrarian Reform Fund	2,598,593	2,381,118	2,598,593	2,381,118
Sundry Credits	424,661	637,375	424,661	637,375
Unearned Income	96,324	628,747	95,159	546,111
Withholding Tax Payable	235,481	164,093	220,322	161,381
Inter-office Float Items	-	1,854	-	1,854
Miscellaneous Liabilities	2,696,235	7,324,015	2,951,973	8,055,405
Others	1,094,328	352,048	901,425	267,559
	16,895,242	18,841,730	16,586,581	19,359,929

## 22. 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 income and expenses) 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 income and expenses as either Provision for or (Benefit from) Income Tax.

Republic Act 9337, which was passed into law in May 2005, amended certain provisions of the National Internal Revenue Code of 1997. The more salient provisions of the Act included: 1) change in normal corporate income tax from 32% to 35% effective November 1, 2005 and 30% effective January 1, 2009; 2) change in allowable deduction for interest expense from 38% to 42% effective November 1, 2005 and 33% beginning January 1, 2009; 3) revised rates for Gross Receipts 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 other FCDUs and other depository banks under the Expanded Foreign Currency Deposit System, including interest income from foreign currency loans, is subject to 10% final tax. Interest income derived by resident individual or corporation on deposits with other FCDUs and Offshore Banking Units (OBU) are subject to 7.5% final tax.

The provision for/(benefit from) income tax consists of:

	Group		Parent	
	2009	2008	2009	2008
Current:				
Normal	56,522	63,112	-	-
MCIT	142,715	99,000	142,715	99,000
	199,237	162,112	142,715	99,000
Deferred	146,456	106,615	151,848	104,085
	345,693	268,727	294,563	203,085

The reconciliation of the provision for income tax computed at the statutory tax rate to the actual provision is as follows:

	Group		Parent	
	2009	2008	2009	2008
Statutory income tax	2,186,843	1,905,211	2,115,694	1,827,329
Tax effects of:				
FCDU income	(629,024)	(621,165)	(629,024)	(621,165)
Tax exempt & tax paid income	(2,916,544)	(3,910,007)	(2,916,544)	(3,905,211)
Non-deductible expense	743,411	480,306	743,411	480,167
Non-deductible interest expense	1,138,517	1,612,174	1,138,517	1,612,174
Unrecognized deferred tax asset	(114,027)	851,673	(114,027)	844,363
Others	(63,483)	(49,465)	(43,464)	(34,572)
	345,693	268,727	294,563	203,085

No deferred tax assets were recognized by the Parent for 2009 and 2008 since Management believes that it is not probable that future taxable profits will be available against which the asset can be utilized. Below are the temporary differences for which no deferred tax asset is recognized by the Parent.

	2009	2008
Allowance for credit losses	13,418,040	12,935,925
NOLCO	-	1,733,445
MCIT	186,179	133,572
	13,604,219	14,802,942

Details of the NOLCO of the Parent are as follows:

Year Incurred	Amount	Expiry Date
2007	854,795	December 31, 2010
2008	1,733,445	December 31, 2011
	2,588,240	

Details of the excess MCIT over NIT of the Parent are as follows:

Year Incurred	Amount	Expired	Balance	Expiry Date
2007	136,492	-	136,492	December 31, 2010
2008	133,572	-	133,572	December 31, 2011
2009	186,178	-	186,178	December 31, 2012

## 23. 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 requirement. Total expenses charged against operations in 2009 and 2008 amounted to ₱375,897 and ₱363,483, respectively.

## 24. Lease Contracts

Operating lease commitments – as lessee

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	Parent	
	2009	2008
Within one year	373,161	278,097
After one year but not more than five years	756,077	709,409
More than five years	220,053	282,825
	1,349,291	1,270,331

Operating lease commitments – as lessor

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	Parent	
	2009	2008
Within one year	50,115	57,702
After one year but not more than five years	22,623	42,676
More than five years	2,439	3,797
	75,177	104,175

## 25. 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% 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% of total loan portfolio, whichever is lower, of the parent.

BSP Circular 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 percent of the subscribed capital stocks.

Total outstanding DOSRI loans of the Parent as of December 31, 2009 amounted to ₱37,478 million of which ₱37,105 million are government borrowings covered by BSP Circular 547.

	2009				2008			
	Key Management		Others (GOCCs, Provident Fund and Rural Banks)	Total	Key Management		Others (GOCCs, Provident Fund and Rural Banks)	Total
	Personnel	Subsidiaries			Personnel	Subsidiaries		
Receivables from customers	18,673	1,014,467	37,086,563	38,119,703	11,504	1,140,709	49,278,462	50,430,675
Deposit liabilities		273,394		273,394		175,921		175,921
Other liabilities		352,367		352,367		793,256		793,256
	18,673	1,640,228	37,086,563	38,745,464	11,504	2,109,886	49,278,462	51,399,852

The following are the significant transactions with subsidiaries:

	2009	2008
Sales (Purchases)	(2,276)	(559)
Interest income	49,710	54,171
Interest expense	(1,357)	(14,578)
Lease expense	(45,201)	(47,381)
Other income	1,513	1,900
Other expenses	(199,705)	(230,124)
	(197,316)	(236,571)

Transactions with other related parties:

*Compensation of key management personnel of the Group*

	Group		Parent	
	2009	2008	2009	2008
Short-term employee benefits	105,470	94,690	94,145	84,348
Post-employment benefits	26,935	21,161	24,116	21,161
Other long-term benefits	40,616	35,891	40,616	35,891
Total compensation paid to key Management personnel	173,021	151,742	158,877	141,400

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, 2009 and 2008, 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.

## 26. 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 held by the Parent under its trust operations amounted to ₱53,695,127 and ₱55,106,689 as at December 31, 2009 and 2008, respectively.

Summary of Assets under Management based on Financial Reporting Package for Trust Institutions (FRPTI) issued by BSP Circular No. 609 dated May 26, 2008, in compliance with the Philippine Financial Reporting Standards (PFRS) is as follows:

	2009	2008
Special Purpose Trust	5,490,081	6,834,293
Other Fiduciary Accounts	12,410,190	20,224,624
Agency	22,383,874	16,925,990
Trust	13,410,982	11,121,782
	53,695,127	55,106,689

The FRPTI reflects the assets and accountabilities of trust institution relative to its contractual relationships with its clients generally classified as to trust, other fiduciary, agency, advisory/consultancy and special purpose trust. Further, the Unit Investment Trust Fund (UITF) is now part of the Trust Group.

In compliance with the requirements of the General Banking Law, government securities with total face value of ₱779,260 in 2009 and ₱743,900 in 2008 are deposited with BSP as security for the Parent's faithful performance of its fiduciary obligation.

## 27. Derivative Financial Instruments

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, 2009, the outstanding notional amount of the currency sell forward/swap agreements with maturity of less than six (6) months amounted to ₱21,522.83 million with positive fair values of ₱21,456.66 million



**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 income statement. As of December 31, 2009, the outstanding notional amount of the FX risk cover amounted to US\$225.44 million, JPY24,086.54 million and EUR17.36 million.

**Embedded Derivatives***Embedded Credit Derivatives*

This includes credit default swaps embedded in host debt instruments and with credit linkages to reference entities. As of December 31, 2009, the Parent has no such outstanding credit derivatives.

*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. As of December 31, 2009, these currency derivatives are not deemed to be significant.

**28. 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	
	2009	2008
Trust Department accounts	53,802,014	54,443,981
Commitments	37,036,632	11,110,518
Standby/commercial letters of credit	12,116,302	8,866,231
Derivatives	3,110,706	19,409,189
Outstanding guarantees	701,749	820,902
Spot exchange contracts	554,400	1,853,260
Late deposits received	424,712	289,830
Outward bills for collection	158,995	13,140,755
Forward Exchange Contracts	-	11,119,680
Others	1,329,274	816,902
	109,234,784	121,871,248

**29. Financial Performance**

The following basic ratios measure the financial performance of the Parent:

	2009	2008
Net interest margin ratio	4.92%	5.41%
Return on average assets	1.41%	1.29%
Return on average equity	15.26%	15.36%

**30. Capital Funds**

The Parent complies with the provision of RA 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). On December 23, 2009, the Parent remitted ₱1.0 billion cash dividend to the NG and will remit additional dividend in the form of cash and property dividend amounting to ₱1.95 billion and ₱426 million, respectively. The property declared as dividend to NG with an approved valuation of ₱426 million by the Commission on Audit, is located at 319 Senator Gil Puyat Avenue, Makati City.

Total dividends based on the Parent's CY 2009 net earnings shall amount to ₱3.38 billion.

*Capital Management*

The overall capital management objective of the Group's 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 Company'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 10.00% for both stand-alone basis (head office and branches) and consolidated basis (Parent Company 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.

BSP Circular No. 360, effective July 1, 2003, issued guidelines that required a market risk charge when computing the capital-to-risk assets ratio (CAR). On August 4, 2006, BSP Circular No. 538 was issued prescribing the implementing guidelines for the revised risk-based capital adequacy framework for the Philippine banking system to conform with Basel II recommendations. The new BSP guidelines implemented effective July 1, 2007 included capital charges for operational risk using the basic indicator or standardized approach.

	Group		Parent	
	2009	2008	2009	2008
	(Amounts in Millions)			
Tier 1 Capital	33,243	29,040	33,269	29,060
Tier 2 Capital	19,339	9,361	19,325	9,345
Gross Qualifying Capital	52,582	38,401	52,594	38,405
Less: Required deductions	1,065	931	2,079	1,871
Total Qualifying Capital	51,517	37,470	50,515	36,534
Risk Weighted Assets	293,773	254,196	291,778	252,627
Adjusted Tier 1 Capital ratio	11.13%	11.24%	11.05%	11.13%
Total Capital ratio (CAR)	17.54%	14.74%	17.31%	14.46%

The regulatory qualifying capital of the Parent Company consists of Tier 1 (core) capital, which comprises paid-up common stock, surplus including current year profit, surplus reserves less required deductions such as unsecured credit accommodations to DOSRI, deferred income tax. The other component of regulatory capital is Tier 2 (supplementary) capital, which includes unsecured subordinated debt and general loan loss provision.

Improvements in the Group's and Parent Company's regulatory qualifying capital as of December 31, 2009 was mainly due to the increase in Retained Earnings and Unsecured Subordinated Debt. Increase in the Group's and Parent Company's risk-weighted assets as of December 31, 2009 was due to the expanded loan portfolio and investments in private sector.

LBP Group has fully complied with the CAR requirement of the BSP.

**31. 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 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.

Equity securities – Fair values are based on quoted prices published in markets.

Loans and receivables – Fair values of loans are estimated using the discounted cash flow methodology using the Parent's current incremental lending rates for similar types of loans.

Real estate – Fair values are determined periodically by reference to current market conditions.

Mortgage Loans – Fair values of loans on real estate are estimated using the discounted cash flow methodology using the Parent's current incremental lending rates for similar types of loans.

Short-term investments – Carrying amounts approximate fair values.

Others – Quoted market prices are not readily available for these assets. They are not reported at fair value and are not significant in relation to the Group's total portfolio of securities.

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 rate 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.

**32. Financial Risk Management****RISK MANAGEMENT ORGANIZATION**

The LBP Group is involved in various banking activities that exposes it to various risks which under the regular course of business requires the Bank to effectively measure and analyze, monitor and control identified risks. This includes credit risk, market risk (price risk, interest rate risk and foreign exchange risk) and liquidity risk. The Bank manages all risks in accordance with set principles, properly aligned organizational structure, defined duties and responsibilities, established policies and procedures as well as appropriate measurement, monitoring and control processes.

The following key principles support the Bank's approach to risk management:

- The Board of Directors manages risk-related functions and activities of the bank based on a top-down structure.
- The Board exercises its risk management functions through various committees like the Risk Management Committee (RiskCom), the Audit Committee (AC), the Asset and Liability Committee (ALCO) and the Investment and Loans Committee (ILEC). In general, the RiskCom serves as the overseer for managing the Bank's credit, market, liquidity and operational risks in a coordinated manner within the organization.
- The Risk Management Group (RMG) is independent from risk taking units and performs the oversight function for all major risk areas (credit, market and liquidity and operations). It handles risk management implementation, monitoring and control.
- Under RMG, which is headed by the Chief Risk Officer, are three departments created to handle specific risk areas as follows: Credit Policy and Risk Management Department (CPRMD), Treasury Risk Management Department (TRMD), and Business Risk Management Department (BRMD) for operations risk, including system, legal, technology and other risk.

**RISK CATEGORIES**

As the Bank recognizes all risks inherent to its mandate and its various business activities, it embarked on an Enterprise-wide Risk Management (ERM) Project to capture all risk events categorized under BSP Circular No. 510 (Guidelines on Supervision by Risk): credit risks, market risks, compliance risks, liquidity risks, interest rate risks, operations risks, reputation risks and strategic risks. The 52 risks identified and falling under the above eight categories are defined and given substance in the LandBank Risk Dictionary developed by the ERM Project.

The following constitute the most important risks that LBP presently assumes.

**Specific Banking Risks**

Risk management processes are designed to respond and distinguish each of the eight kinds of specific banking risks namely, credit risk, market risk, interest rate risk, liquidity risk, operations risks, compliance risk, reputation risk and strategic risk.

- **Credit Risk** is the largest single risk that confronts LBP. This occurs from all transactions that give rise to actual, contingent or potential claims against any counterparty, borrower or obligor. The bank recognizes four kinds of credit risks as follows:

- **Default Risk** is the risk that arises from the uncertainty of an obligor's ability to perform its contractual obligations.
- **Counterparty Credit Risk: Loans** is the inability to review and analyze the credit quality of potential/existing borrowers to serve as basis for loan approval (at application) and to determine the probability of default (on an ongoing basis) that could lead to economic losses.
- **Counterparty Credit Risk: Investment Securities** is the failure to anticipate and manage the risk of counterparty default; might lead to severe financial and economic losses for the Bank. This may arise from diverse financial instruments such as trade finance products and acceptances, foreign exchange, financial futures, swaps, bonds, options, commitments and guarantees. There are two forms of Counterparty Credit Risk: Investment Securities, Settlement Risk (SR) and Pre-settlement Risk (PSR).

**Settlement Risk (SR)** is the risk that the settlement or clearance of transaction will fail. This covers interbank USD/Php transactions and arises whenever the exchange of cash securities and/or other assets is not simultaneous.

**Pre-settlement Risk (PSR)** would cover trading transactions involving foreign exchange contracts, money market (Government Securities and Equities) and derivatives. This is the risk when the counterparty fails or experiences a "credit event" prior to the settlement date of the transaction, and will be unable to fulfill the transaction. LBP would then be subject to an exposure equivalent to the current and potential economic cost to replace a non-tradable financial contract in the market when the Bank's counterparty defaults on its commitment.

- **Prepayment Risk** is the risk that issuers or borrowers will pay principal ahead of scheduled payments that can result to the Bank's inability to maximize its return from the security or loan.

- **Market Risk** is the failure to anticipate and manage fluctuations in the values of the Bank's investments and could lead to economic losses. Factors that may affect market risk include interest rates, foreign exchange rates, equity prices, and/or commodity prices.

- **Interest Rate Risk** is the risk arising from the inability to appropriately plan for and react to fluctuations in interest rates which leads to market value losses on investment securities or cash flows shortfalls resulting from re-pricing of loans and obligations. These losses impact on earnings and economic value of capital.

- **Liquidity Risk** is the failure to properly manage the Bank's cash flows that could affect the Bank's ability to settle its obligation as they come due, and could lead to insolvency and regulatory sanctions.

- **Operations Risk** is the current and prospective risk to earnings or capital arising from fraud, error, and the inability to deliver products or services, maintain a competitive position and manage information. Operations risk involves all risks related to employees, contractual specifications and documentation, technology, systems and processes, infrastructure failure and disasters, projects, external influences and customer relationships, risk to earnings or capital arising from problems with service or product delivery in relation to employees, contractual specifications and documentation, technology, infrastructure failure and disasters, projects, external influences and customer relationships.

- **Compliance Risk** is the risk to earnings and capital arising from violations of, or nonconformance with, laws, rules, regulations prescribed practices, internal policies and procedures or ethical standards.



- **Reputation Risk** is defined as the failure to establish and maintain an image of integrity and competence in doing business which will result to loss of customers and even key employees. It is a threat brought about by negative impact of any adverse publicity involving LBP in socio-political scandals that would adversely affect its image. This could be precipitated by perceived graft and corruption charges which may be brought upon LBP officials.
- **Strategic Risk** is the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes.

RISK MANAGEMENT TOOLS

LBP makes use of various quantitative tools and metrics for monitoring and managing risks. Some of these tools are common to a number of risk categories, while others are continuously being developed to respond to particular features of specific risk categories. As part of risk management process, LBP continually evaluates the appropriateness and reliability of risk management tools and metrics to respond to evolving risk environment and at the same time comply with regulatory requirements and industry best practices. The following are the most important quantitative tools and metrics LBP currently uses to measure, manage and report risk:

- **Value-at-Risk (VaR).** LBP uses this approach to derive quantitative measures for the bank’s trading book market risks under normal market condition. Portfolios are formed primarily to diversify risk in trading and investment assets. For a given asset category or portfolio (e.g. government securities, foreign securities, equity investments, foreign exchange), VaR measures the potential loss (in terms of market value) that, under normal market conditions, will not be exceeded with a defined confidence level in a defined period. The VaR for a total portfolio represents a measure of the bank’s diversified market risk in that portfolio.
- **Stress Testing.** Analysis of credit, market, and liquidity risk is supplemented with stress testing. For market risk management purposes, stress tests is performed because value-at-risk calculations are based on relatively recent historical data, and thus, only reflect possible losses under relatively normal market conditions. Stress tests help LBP determine the effects of potentially extreme and probable market developments on the value of its market risk sensitive exposures, on its highly liquid and less liquid trading positions, as well as, on investments. The Bank uses stress testing to determine the amount of economic capital needed to allocate to cover market risk exposure after evaluating extreme and probable market conditions. For liquidity risk management purposes, the Bank performs stress tests to evaluate the impact of sudden stress events on its liquidity position.
- **Scenario Analysis.** This is a tool that generates forward-looking “what-if” simulations for specified changes in market factors. The scenario analysis simulates the impact of significant changes in domestic and foreign interest rates. The implications of specified scenario are simulated on the current portfolio and liquidity position of the bank.
- **Regulatory Risk Reporting.** The Bangko Sentral ng Pilipinas (BSP), as the banking regulator in the Philippines, assesses LBP’s capacity to assume risk in several ways. In compliance with BSP Memorandum Circular No. 538, s. of 2006 re: calculation of the Bank’s capital adequacy ratio (CAR) consistent with the revised International Convergence of Capital Measurement and Capital Standards, or popularly known as Basel II, LBP submits on a quarterly basis result of Capital Adequacy Ratio Calculation.

CREDIT RISK MANAGEMENT

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. Consistent with good corporate governance, the Parent manages credit risk by setting limits for individual borrowers and group of borrowers and industry segments. The Parent also monitors credit exposures, and continually assesses the credit quality of counterparties. For certain clients, credit risk management is supplemented by credit rating systems. Various rating systems were developed for corporations, small and medium enterprises, financial institutions, cooperatives and local government units. The ratings of clients are being used, among others, as basis for determining the credit worthiness of loan clients.

For the year, the Parent has completed the calibration of the credit rating systems for Universal Banks, Commercial Banks, Offshore Banking Units and Foreign Banks with Local Branches in the Philippines while the other existing credit rating systems are being calibrated to make these rating systems Basel II compliant.

Credit derivatives and credit-related commitments

Credit risk with respect to derivative financial instruments is limited to those instruments with positive fair values, which are included under “Other Assets”. The Bank also makes available to its customers guarantees which may require that the Bank make payments on behalf of these clients. Such payments are collected from customers based on the terms of the Letter of Credit (LC). These guarantees expose the Bank to similar risks as loans and these are mitigated by the same control processes and policies. As a result, the maximum credit risk, without taking into account the fair value of any collateral and netting arrangements, is limited to the amounts on the balance sheet plus commitments to customers.

The table below shows the maximum exposure to credit risk for the components of the balance sheet, including derivatives. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral arrangements.

	Group		Parent	
	2009	2008	2009	2008
On-Balance sheet financial assets				
Cash and balances with BSP (excluding				
Cash on hand)	58,738,805	46,809,075	58,735,494	46,780,921
Due from banks	1,246,966	2,992,694	1,031,518	2,956,953
Interbank Loans Receivable	11,209,390	4,607,380	11,209,390	4,607,380
Securities Purchased under Resale Agreements	15,350,000	32,000,000	15,350,000	32,000,000
Financial assets designated at fair value				
through profit or loss-Held for trading	7,818,850	9,452,988	7,818,850	9,452,988
Available-for-Sale Investments	129,598,484	67,770,157	129,408,637	67,556,423
Held-to-Maturity Investments	37,267,247	40,873,661	36,758,052	40,236,532
Loans and Receivables	214,427,903	191,223,684	213,175,101	190,426,967
Total	475,657,645	395,729,639	473,487,042	394,018,164
Off-Balance sheet items				
Financial Guarantees	1,944,485	4,972,722	1,944,485	4,972,722
Loan Commitments and Other				
Credit Related Liabilities	47,880,711	15,824,928	47,880,711	15,824,928
Total	49,825,196	20,797,650	49,825,196	20,797,650
Total Credit Risk Exposure	525,482,841	416,527,289	523,312,238	414,815,814

Where financial instruments are recorded at fair value, the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

The details on the maximum exposure to credit risk for each class of financial instrument are referred to in specific notes.

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 Parent 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 2009 the Parent’s qualifying capital covering credit risk is ₱50.515 billion. Based on the BSP definition, the Parent has set the benchmark for large exposures at ₱2.53 billion.

On the other hand, the Parent’s Single Borrower’s Limit (SBL) is pegged at ₱11.003 billion for direct lending and ₱15.405 billion for wholesale lending.

Overall credit risk management is a function of the Board of Directors (BOD)-level Risk Management 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 Parent ensures that the credit risks undertaken are commensurate with the risk appetite and the Parent’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 Parent 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% of total loan portfolio. As of 31 December 2009 and 2008, the Parent does not have credit concentration in any particular industry.

As of December 31, 2009 and 2008, information on the concentration of credit as to industry based on carrying amount is shown below:

	Parent			
	2009		2008	
	Amount	%	Amount	%
Agriculture, Hunting and Forestry	40,052,255	20.4%	43,571,502	23.6%
Public Administration and Defense	36,493,401	18.6%	32,023,940	17.3%
Financial Intermediation	33,831,447	17.3%	29,077,718	15.8%
Electricity, Gas and Water	17,332,449	8.8%	27,131,831	14.7%
Real Estate, Renting and Business Activities	21,400,741	10.9%	15,029,359	8.1%
Transport , Storage and Communication	13,278,310	6.8%	9,641,966	5.2%
Manufacturing	10,737,142	5.5%	9,564,246	5.2%
Wholesale & Retail Trade, Repair of Motor Vehicles, Motorcycles & Personal and Household goods	7,013,214	3.6%	6,844,217	3.7%
Community, Social and Personal Services	5,789,977	2.9%	3,338,140	1.8%
Private Households	1,885,633	1.0%	2,368,986	1.3%
Construction	1,483,925	0.8%	1,627,113	0.9%
Hotel and Restaurant	2,937,035	1.5%	1,569,440	0.9%
Others	3,751,275	1.9%	2,746,223	1.5%
Total	195,986,804	100.0%	184,534,681	100.0%
Less: Allowance for Credit Losses	9,087,350		9,989,334	
	186,899,454		174,545,347	

#### ***Collateral and other credit enhancements***

The amount and type of collateral required depends on the type of borrower and assessment of the credit risk of the borrower. The Bank's revised Credit Manual provides the guidelines on the acceptability of collateral and maximum valuation for each type of collateral.

The following are the main collaterals accepted by the Bank:

- For commercial lending - cash or government securities, real estate properties, inventory, chattel.
- For retail lending, - mortgages over residential properties.

The Bank also obtains guarantees from corporations which are counter-guaranteed by the Philippine National Government and from other corporations accredited by the Bank.

The Bank monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

It is the Bank's policy to dispose of foreclosed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy foreclosed properties for business use.

The Bank also makes use of master netting agreements with counterparties.

#### **MARKET RISK MANAGEMENT**

Market risk is the failure to anticipate and manage fluctuations in the values of the Bank's investments and could lead to economic losses. LBP recognizes three types of market risks: Interest Rate Risk, Foreign Exchange Risk, Equity Price Risk.

#### **Market Risk Management Framework**

LBP 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 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, foreign exchange or index). LBP exposure on derivatives is currently limited to currency swaps and currency forwards to manage foreign exchange exposure. Although the Bank is also exposed to derivatives that are embedded in some financial contracts, these are considered insignificant in volume.

The Bank uses a combination of risk sensitivities, value-at-risk (VaR), stress testing, capital adequacy ratio and capital metrics to manage market risks and establish limits.

The LBP Board of Directors, Risk Management Committee and the Asset and Liability Committee (ALCO), supported by the Treasury Risk Management Department under the Risk Management Group, define and set Position limit, Management Alert limits, Value-at-Risk (VaR) limits, Monthly Stop Loss limits and Yearly Stop Loss caps for market risks for each trading portfolio.

The Treasury Group, particularly the Foreign Exchange Department (FED) (which handles foreign exchange and foreign securities trading), and the Local Currency Department (LCD), which takes charge of Government Securities and Equities, allocate these limits to each of the traders in their respective departments.

A management loss alert is activated whenever losses during a specified period equal or exceed specified management loss alert level. LBP controls and minimizes the losses that may be incurred in daily trading activities through the stop loss limits.

Positions are monitored on a daily basis to ensure that these are maintained within established limits. Position Limits are also established to control losses.

#### **Managing Market Risk Components**

The following discusses the key market risk components along with respective risk mitigation techniques:

#### **Interest Rate Risk Management**

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. LBP adopts two perspectives in measuring Interest Rate Risk as follows:

- **Earnings Perspective** – The Bank uses the Earnings-at-Risk (EaR) Model to estimate changes in net interest income (NII) under a variety of rate scenarios over a 12 month horizon. It is a simulation method that analyzes the interest rate risk in the banking book in terms of earnings (accrual basis). EaR measures the loss of NII resulting from upward/downward interest rate movements in a "Business as usual" environment, either through gradual movements or as a one-off large interest rate shock over a particular time horizon. An increase in NII could result if rates move favourable to the Bank's position or could result to a decrease in NII if interest rates move against the Bank.
- **Economic Value Perspective** – The Bank uses the Economic Value of Equity (EVE) Model to assess the potential long-term effects of changes in interest rates. This model provides long-term view of possible effects of interest rate changes over the remaining life of the Bank's holdings. This model also measures the change in the Bank's economic value of equity for specified changes in interest rates.

#### **Foreign Exchange**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. LBP views the Philippine Peso as its functional currency. Positions are monitored daily to ensure that these are within established limits. The following limits are set for foreign-currency related transactions:

	Position Limit	Management Loss Alert	Stop loss Limit
		Monthly	Monthly
Foreign Exchange Trading	\$50.0M	\$100,000	\$200,000
Foreign Securities	\$20.0M	\$100,000	\$200,000



LBP had the following significant exposures denominated in foreign currencies as of 31 December 2009:

	(In Thousand - Pesos)		Total
	US\$	Others	
<b>Assets</b>			
Foreign Currency & Coins on Hand COCI	628,817	48,181	676,998
Due from banks	193,881	513,855	707,736
Held for Trading	86,095	-	86,095
Available for sale investments	21,486,263	264,427	21,750,690
Held to maturity investments	8,204,941	99,418	8,304,359
Interbank loans receivable	10,570,560	638,830	11,209,390
Loans and receivables	16,183,229	6,630,588	22,813,817
Investment in subsidiaries	46,994	22,294	69,288
Other assets	384,908	117,602	502,510
<b>Total Assets</b>	<b>57,785,688</b>	<b>8,335,195</b>	<b>66,120,883</b>
<b>Liabilities</b>			
Deposit liabilities	26,467,209	363,148	26,830,357
Bills payable	10,415,107	19,741,389	30,156,496
Unsecured Subordinated Debt	6,930,000		6,930,000
Others	1,284,772	596,725	1,881,497
<b>Total Liabilities</b>	<b>45,097,088</b>	<b>20,701,262</b>	<b>65,798,350</b>

#### Equity Price Risk Management

The bank is exposed to equity price risk as a consequence of making markets in equity securities. Equity price risk results from changes in the levels of volatility of equity prices, which in turn affect the value of equity securities. Current equity portfolio, however, is not presently considered as these are not substantial to impact the Bank's capital adequacy ratio. Equities are subject to daily mark-to-market and controlled through risk limits such as position, VaR, Stop Loss and Management Alert.

#### Market Risk Measurement Models

##### \* Value-at-Risk Analysis

Value at Risk (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 the 99% confidence level, assuming a static portfolio. This level implies that on 99 trading days out of 100, the mark-to-market of the portfolio will likely either (1) increase in value, or (2) decrease in value by less than the VaR estimate; and that on 1 trading day out of 100, the mark-to-market of the portfolio will likely decrease in value by an amount that will exceed the VaR estimate. The VaR measure enables LBP to apply a constant and uniform measure across all of its trading business and products. It also facilitates comparisons of the Bank's market risk estimates both over time and against its daily trading results.

VaR is calculated by simulating changes in the key underlying market risk factors (e.g., interest rates, interest rate spreads, equity prices, foreign exchange rates) to determine the potential distribution of changes in the market value of LBP's portfolios of market risk sensitive financial instruments.

Daily VaR calculations are compared against VaR limits, the monetary amount of risk deemed tolerable by management. Trading positions are marked-to-market and monitored daily. Value-at-Risk (VaR) is computed for marked-to-market portfolios to measure likely impact on earnings due to interest rate movements. As a policy, LBP employs a 2.326 standard deviation measure of VaR that implies a one-tailed confidence interval of 99% in its VaR calculation. For daily VaR measures, time to unwind have a minimum of 24 hours, such that revaluations are based on day-to-day movements in interest rates.

The Value-at-Risk disclosure for the trading activities is based on Variance-Covariance or Parametric Value-at-Risk Model. For Equities, Foreign Exchange and Foreign Securities trading portfolio, Parametric VaR is run parallel with the internally developed Historical Simulation VaR Calculation Model as the Bank continuously pursues initiatives to improve processes in preparation to the bank's migration towards an Integrated Treasury System. The VaR disclosure is intended to ensure consistency of market risk reporting for internal risk management, for external disclosure and for regulatory purposes. The over-all Value-at-Risk limit for the LBP Treasury Group's trading activities was P80 Million (with a 99% confidence level, and a one-day holding period) throughout 2009.

##### \* Back-Testing

Back-testing is the basic technique used in verifying the quality of risk measures used by the Bank. It is the process of comparing actual trading results with model-generated risk measures.

Back-testing is used by the Bank's trading units to verify the accuracy and predictive power of the value-at-risk calculations. In back-testing, the focus is on the comparison of actual daily changes in portfolio value, and hypothetical changes in portfolio value that would occur if end-of-day positions remain unchanged during the 1 day holding period.

Back-testing results are presented to the Asset and Liability Committee (ALCO) which serves as management risk committee for LBP management level and the Risk Management Committee for the Board level. The Committees analyze performance fluctuations and assess the predictive power of the value-at-risk model, which in turn allows the improvement of the risk estimation process.

##### \* Stress Testing

Measuring market risk using statistical risk management models has recently become the main focus of risk management efforts in the banking industry where banking activities are exposed to changes in fair value of financial instruments. LBP believes that the statistical models alone do not provide reliable method of monitoring and controlling risk. While VaR models are relatively sophisticated, they have several known limitations. Most significantly, standard VaR models 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 risk management tool used to determine the impact on earnings of market movements considered "extreme", i.e., beyond "normal" occurrence. Stress tests are LBP's measures of risks to estimate possible losses which the Value at Risk (VaR) does not capture.

The bank's portfolio scenario analysis (PSA) report is a model forecasting the loss return values of a selected portfolio. It calculates the size of possible losses related to a precise scenario. It identifies scenarios which may influence the portfolio strongly and which market variables may trigger these scenarios to be able to come up with a sound portfolio risk management. The Portfolio scenario analysis is a replication scenario based on historical events based on imagined crises or future developments that have not yet occurred.

Results of PSA were also simulated to Capital Adequacy Ratio of the Bank to be able to assess its impact on the CAR compliance set at 10%.

#### LIQUIDITY RISK MANAGEMENT

##### Liquidity Risk Management Framework

The LBP Board has delegated the responsibility of managing the overall liquidity of the Bank to a committee of senior managers known as Asset/Liability Management Committee (ALCO). This Committee meets twice a month or more frequently as required by prevailing situations. Senior management is responsible for effectively executing the liquidity strategy and overseeing the daily and long-term management of liquidity risk. ALCO delegates day-to-day operating responsibilities to the treasury unit based on specific practices and limits established in governing treasury operations. The Treasury Risk Management Department is responsible for monitoring the Bank's risk positions and ensures that reports on the bank's current risk are prepared and provided to ALCO and BOD/RiskCom in a timely manner.

LBP's liquidity risk management framework is structured to identify, measure and manage the liquidity risk position of the Bank. The policies that govern liquidity risk management are reviewed and approved on a regular basis by the Risk Management Committee and the Board of Directors.

The Bank's liquidity policy is to maintain adequate liquidity at all times and hence to be in a position to meet all of its obligations, in normal course of business. In managing its liquidity, LBP has the following sources of funding: cash from operations, stock of marketable assets, government and retail deposit sources, and various credit lines from Banks.

The Treasury Group submits to the Sector Head and the President, Daily Treasury Reports which include the Bank's cash/near cash investments and other data related to liquidity which assist senior management in decision making.

The Bank's liquidity position is subjected to stress testing and scenario analysis to evaluate the impact of sudden stress events. The scenarios are based on historic events, case studies of liquidity crises and models using hypothetical events.

##### Liquidity Risk Measurement Models

LANDBANK formulated different types of liquidity risk measurement tools to determine any future liquidity structural imbalances to be able to formulate strategies to mitigate liquidity risk and address funding needs.

Liquidity is being monitored and controlled through maturities of assets and liabilities over time bands and across functional currencies as reflected in the Liquidity Gap Report. This report is prepared to provide senior management and the Board timely appreciation of the Bank's liquidity position.

The following table sets out the Bank's liquidity position as of the dates indicated:

	As of 31 December	
	2009	2008
Liquid Assets 1/	269,038	213,531
Financial Ratios		
Liquid Assets to Total Assets	52.37%	48.90%
Liquid Assets to Total Deposits	67.83%	64.02%

1/ Liquid Assets include the following:

#### Category A

- Cash and other cash items
- Government Securities (with maturity of 1 year or less)
- Interbank Call Loan Receivable (Banks)

#### Category B

- Government Securities (with maturity of more than 1 year)
- Interbank Call Loan Receivables (BSP)

#### Category C

- Tradable Non-Government Securities and Commercial Papers

The ALCO and the Treasury Group are responsible for the daily implementation and monitoring of relevant variables affecting LBP's liquidity position. ALCO reviews the Bank's assets and liabilities position on a regular basis and, in coordination with the Treasury Group, recommends measures to promote diversification of its liabilities according to source, instrument and currency to minimize liquidity risks resulting from concentration in funding sources.

LBP formulated a liquidity contingency plan using extreme scenarios of adverse liquidity which evaluates the Bank's ability to withstand these prolonged scenarios and to ensure that it has sufficient liquidity at all times. The contingency plan focuses on LBP'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 available funds of the Bank (such as unused credit facilities) and the scenarios under which it could use them. The plan provides guidance for managing liquidity risks in each of the following market scenarios:

**Ordinary course of business.** In the ordinary course of its business activities, LBP typically manages its liquidity risk by seeking to roll-over its deposited funds through the offering of competitive rates of interest, drawing upon its interbank credit lines and/or the early termination of government securities purchased under reverse repurchase agreements ("GSPURRA").

**Seasonal/Intermediation duration.** LBP manages its liquidity risk in the longer-term via the liquidation of marketable government securities, the solicitation of government deposits and the use of derivative instruments in the swap market.

**Acute/institution specific.** In acute or institution specific circumstances, the Parent will seek to manage its liquidity risk by the proportional liquidation of government securities, the non-renewal of maturing short-term loans, borrowing from the BSP and the Philippine Deposit Insurance Corporation using eligible securities as collateral and soliciting cash infusions from the Government.

As of 31 December 2009, ₱95.91 billion or 19% of the Bank's total assets were represented by gross loans with remaining maturities of less than one year classified as to original term and ₱39.0 billion or 7.61% of the total assets were invested in trading and investment securities with remaining maturities of one year or less. The Bank's trading and investment securities account includes securities issued by sovereign issuers, primarily government treasury bills, fixed rate treasury notes, floating rate treasury notes and foreign currency denominated bonds issued by the government. Other resources include amounts due from BSP and other banks which accounted for 11.57% of LBP's total resources as of 31 December 2009. Deposits with banks are made on a short-term basis with almost all being available on demand or within one month.

BSP regulations currently require Philippine banks to maintain statutory reserve of 8.0%, per Cir. 632 dated 3 Nov. 2008, against Peso Deposit and deposit substitute liabilities and liquidity reserves against Peso demand, savings and time deposits and deposit substitute liabilities equivalent to 11.0% starting 15 July 2005 (under BSP Circular 491). At least 19.0% of the statutory reserve requirement must be deposited with the BSP. A maximum of 40% of the statutory reserve deposited with the BSP earns 4% interest per annum. The balance of 81% of the statutory reserve maybe held in the form of the deposits with the BSP, cash at hand and/or in the vault of the Bank. All of the liquidity reserves must be held in Reserve Deposits Account with BSP.

Although the Bank pursues what it believes to be a prudent policy in managing liquidity risk, a maturity gap does, from time to time, exist between the Bank's assets and liabilities. In part, this comes about as a result of the Bank's policy to seek higher yielding assets, a policy which will generally lead to the average maturity of its financial assets exceeding that of its liabilities.

Table below presents the assets and liabilities based on the contractual maturity, settlement and expected recovery dates:

	2009			2008		
	Due Within One Year	Due Greater than One Year	Total	Due Within One Year	Due Greater than One Year	Total
<b>Assets</b>						
Cash and Other Cash Items	13,982,980	-	13,982,980	4,153,363	-	14,153,363
Due from BSP	58,251,877	-	58,251,877	46,041,782	-	46,041,782
Due from Other Banks	1,031,518	-	1,031,518	2,956,953	-	2,956,953
Interbank Loan Receivable	11,209,390	-	11,209,390	4,607,380	-	4,607,380
Held for Trading Loans	15,350,000	-	15,350,000	32,000,000	-	32,000,000
Regular Loans	69,351,877	143,823,224	213,175,101	89,990,381	100,436,586	190,426,967
Total Investments	38,996,509	135,566,739	174,563,248	27,835,290	89,988,362	117,823,652
Other Assets		26,196,429	26,196,429	16,168	28,626,635	28,642,803
<b>Total Assets</b>	<b>208,174,151</b>	<b>305,586,392</b>	<b>513,760,543</b>	<b>217,601,317</b>	<b>219,051,583</b>	<b>436,652,900</b>

#### Liabilities

Deposits						
Demand	157,016,209	-	157,016,209	128,140,185	-	28,140,185
Savings	215,966,447	1,627,128	217,593,575	190,445,954	1,490,562	191,936,516
Time	15,784,469	5,751,923	21,536,392	12,435,927	570,565	13,006,492
LTCND		478,610	478,610	-	446,799	446,799
Bills Payable	3,059,622	28,658,547	31,718,169	4,229,342	30,962,656	35,191,998
Unsecured Subordinated Debt		13,864,000	13,864,000	-	7,128,000	7,128,000
Due to BTr, BSP, & MCs	1,227,087	-	1,227,087	988,787	2,376	991,163
Due to Local Banks & Others	10,310	-	10,310	11,353	-	11,353
Other Liabilities & Payables	695,639	18,146,968	18,842,607	663,095	19,879,057	20,542,152
<b>Total Liabilities</b>	<b>393,759,783</b>	<b>68,527,176</b>	<b>462,286,959</b>	<b>336,914,643</b>	<b>60,480,015</b>	<b>397,394,658</b>

- The Bank does liquidity gap analysis using the Liquidity Gap Report (LGR). It is a risk measurement tool used in identifying the current liquidity position to determine the ability to meet future funding needs. It breaks down balance sheet items according to estimated maturities of assets and liabilities in order to determine any future structural imbalances such as long-term assets growing faster than long term liabilities. The TRMD assists ALCO in its function by preparing Peso, FX Regular, FCDU and consolidated Liquidity Gap Reports on a monthly basis.

The following table sets forth the asset-liability gap position over the detailed time period for the Parent at carrying amounts in million pesos as of 31 December 2009 based on contractual repayment arrangements which take into account the effective maturities as indicated by LBP's deposit retention history.

	Due within 3 mos	Due more than 3 to 6 mos (In Million Pesos)	Due more than 6 mos to 1 year	Due more than 1 year to 5 years	Due more than 5 years
<b>Financial Assets</b>					
Cash and Due from Banks	73,266	-	-	-	-
Total Loans	56,181	29,850	9,881	63,861	79,962
Total Investment	14,583	7,608	16,805	51,736	83,831
Other Assets	-	-	-	-	26,197
<b>Total Assets</b>	<b>144,030</b>	<b>37,458</b>	<b>26,686</b>	<b>115,597</b>	<b>189,990</b>
<b>Financial Liabilities</b>					
Deposits	130,485	13,394	17,317	58,142	177,287
Borrowings	2,316	420	1,561	11,612	17,046
Other Liabilities and Unsecured Subordinated Debt	357	-	339	1,921	30,090
Total Capital	-	-	-	-	51,474
<b>Total Liabilities</b>	<b>133,158</b>	<b>13,814</b>	<b>19,217</b>	<b>71,675</b>	<b>275,897</b>
<b>Asset &amp; Liabilities Gap</b>	<b>10,872</b>	<b>23,644</b>	<b>7,469</b>	<b>43,922</b>	<b>(85,907)</b>



The LBP 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 and overall level of risk. The maturity mismatch is within the level of liquidity versus Maximum Cumulative Outflow (MCO) limit which is set by the Board of Directors. This tool is used to manage and control the liquidity risk in the gap report of the Bank. 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 near time buckets. LBP's cumulative negative gaps should not be more than P12 Billion. Liquidity limits are also set per book for Peso, FX Regular and FCDU.

Financial Analysis is another liquidity risk measurement tool that calculates and compares liquidity and leverage ratios derived from information from the Bank's financial statements against set liquidity/leverage limits. The Bank makes use of the following financial ratios for liquidity risk management:

1. Liquid Asset to Total Assets Ratio
2. Volatile Liabilities against Liquid Assets Ratio
3. Volatile Liabilities against Total Assets Ratio
4. Liabilities against Assets (Debt/Total Asset Ratio)

The Bank examines several possible situations, usually worst case, most likely case and best case. It does Portfolio Stress Test and Liquidity Stress Test. Result of scenario analysis helps the Bank focus on the level of liquidity that could be reasonably built within a specified period to meet different situations. This also serves as guide for the Bank in the limit setting process for the various ratios mentioned, for example, minimum liquid assets to volatile liabilities.

LBP developed the Liquidity Stress Test to address the shortcoming of LGR. This is a risk management tool used to evaluate the potential impact on liquidity of unlikely, although plausible, events or movements in a set of financial variables. While such unlikely outcomes do not mesh easily with LGR analysis, analysis of these outcomes can provide further information on expected portfolio losses or cash flow over a given time horizon.

The failure to properly manage the Bank's cash flows could affect the Bank's ability to settle its obligation as they come due, and could lead to insolvency and regulatory sanctions. It adversely affects its ability to accommodate liquidity maturities and deposit withdrawals, fund asset growth and business operations and meet contractual obligations to customers or counterparties in any currency.

Liquidity management involves forecasting funding requirements and maintaining adequate liquidity at all times to be in a position, in the normal course of business, to meet the needs and accommodate fluctuations in asset and liability levels due to changes in the Bank's business operations or unanticipated events. Liquidity management is thus one of the fundamental preconditions to achieving all other banking activities - strategically mapped by ALCO, actively managed by the Asset and Liabilities Management Department (ALMD) and overseen by the Treasury Risk Management Department (TRMD).

To limit liquidity risk, LBP Management has instituted the following:

1. Active and Appropriate Board and Senior Management Oversight -

The Board and Senior Management receives regular liquidity reports and updates to fully inform them of the level of liquidity risk assumed by the Bank and if activities undertaken are within the prescribed risk tolerance in accordance with approved guidelines, liquidity /funding policy (targets), risk limits.

2. Diversified funding sources - The Bank has identified the following sources of funding:

- Cash from operations,
- Sale of Government Securities (GS) under Available for Sale (AFS)
- Government and retail deposit sources
- Interbank market
- Borrowings from BSP
- Undertaking Peso-Dollar Swaps
- Accessing loans from multilateral and bilateral institutions (WB, ADB, JBIC etc)

LBP has started initiatives towards a comprehensive liquidity risk measurement and control using as tool the Consolidated Liquidity Gap Report covering Parent including financial allied undertakings/subsidiaries/affiliates of the Bank subsidiaries. This enables the Bank to understand how subsidiaries and affiliates can raise or lower the consolidated risk profile of the Bank.

Risk models used in liquidity risk management are subjected to independent model validation. The Internal Audit Group is tasked to do model validation of risk management models. An independent validation is also being done by the Basel Officer for Treasury who reports directly to the Head of the Risk Management Group.



## NETWORK DIRECTORY



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## AGOO

T. Asprer St., Ago, La Union 2504  
Tel. No.: (074) 521-0259  
TeleFax No.: 710-1051

## ALAMINOS

Marcos Ave. Palamis, Alaminos City  
Pangasinan 2404  
Tel. Nos.: (075) 552-7160  
552-7183; 654-1100  
TeleFax No.: 551-5360

## BAGUIO CITY

LBP Bldg., 85 Harrison Rd., Baguio City  
Tel. Nos.: (074) 424-0142  
442-2710; 443-4082  
304-1574; 442-6375  
442-5089  
Fax No.: 442-6989

## BAGUIO NAGUILIAN

Ground Flr., Marcon's Bldg.  
90 Brgy. Insan, Naguilian Road  
Baguio City, Benguet  
Tel. No.: (074) 619-2984  
Telefax No.: (074) 619-2983

## BANGUED

Mega Centrum Building, Taft cor. Rizal Sts.  
Bangued, Abra  
Tel. Nos.: (074) 752-7648  
752-8260  
Telefax No.: 752-7646

## BATAC

J. Nalupta Bldg., Washington St.  
Brgy. 4 Nalupta, Batac, Ilocos Norte 2906  
Tel. Nos.: (077) 792-3061  
617-1078  
Fax No.: 792-3453

## BONTOC

Provincial Multi-Purpose Bldg. Poblacion  
Bontoc, Mt. Province  
Tel. No.: (074) 602-1286  
Telefax No.: 462-4116

## BUGUIAS

Mike-Ulo-An's Bldg., Abatan  
Buguias, Benguet  
Tel. Nos.: (097) 360-8343  
(0920) 950-5171  
(0920) 923-6501

## CANDON

LBP Bldg., National Highway  
Cor. Pacquing St., Candon  
Ilocos Sur 2710  
Tel. Nos.: (077) 742-5648  
742-6198  
Fax No.: 742-6029

## DAC - I

2nd Flr. LBP Bldg. McArthur Highway  
Urdaneta City, Pangasinan  
Tel. Nos.: (075) 568-6046  
Telefax No.: (075) 568-4006

## DAGUPAN

A.B. Fernandez Ave.  
Dagupan City, Pangasinan 2400  
Tel. Nos.: (075) 522-0502  
523-4407/4698  
515-5156  
Fax No.: 515-2498

## DAGUPAN E.O.

T. Siapno Bldg.  
Mayambo-Caranglaan District  
Dagupan City, Pangasinan  
Tel. Nos.: (075) 515-7167  
522-0390  
Telefax No.: 515-7293

## LAOAG

LBP Building, J.P. Rizal St.  
Brgy. San Miguel, Laoag City  
Ilocos Norte 2900  
Tel. Nos.: (077) 771-4181  
772-0511; 772-0453  
772-0484; 770-5585  
Telefax Nos.: 771-1060; 771-4384

## LA TRINIDAD

Benguet State University Compound Km5  
La Trinidad, Benguet  
Tel. Nos.: (074) 422-1820  
422-2622; 309-1990  
Fax No.: 422-1821

## LA UNION ACCOUNTING CENTER

Quezon Avenue, San Fernando City  
La Union 2500  
Tel. No.: (072) 242-7675  
Telefax No.: 700-4098

## LA UNION-ILOCOS LENDING CENTER

Quezon Avenue, San Fernando City  
La Union 2500  
Tel. Nos.: (072) 888-2069  
700-2993  
Telefax No.: 700-4097

## LINGAYEN

Josefina Bldg., Avenida, Rizal East  
Lingayen, Pangasinan 2401  
Tel. Nos.: (075) 542-6931  
542-6932; 542-5258  
662-0248  
Fax No.: 542-6933

## NARVACAN

National Highway, Brgy. San Jose  
Narvacan, Ilocos Sur 2704  
Tel. No.: (077) 732-0275  
732-0276; 673-0838  
Fax No.: 077) 732-5815

## PANGASINAN ACCOUNTING CENTER I

2/F, LBP Bldg., A.B. Fernandez Ave.  
Dagupan City, Pangasinan 2400  
Tel. Nos.: (075) 515-6759  
515-6603; 522-3070  
Telefax No.: 515-6402

## PANGASINAN ACCOUNTING CENTER II

McArthur Highway Nancayasan  
Urdaneta City, Pangasinan  
Tel. Nos.: (075) 568-8964  
656-2472  
Telefax No.: 568-8965

## PANGASINAN LENDING CENTER

LBP Bldg., Mc Arthur Highway  
Nancayasan, Urdaneta, Pangasinan 2428  
Tel. Nos.: (075) 568-7388  
624-2019  
Telefax No.: (075) 568-7292

## SAN CARLOS (Pangasinan)

LBP Bldg., Rizal Avenue  
San Carlos City, Pangasinan 2420  
Tel. Nos.: (075) 532-5400  
634-1420; 532-2191  
Fax No.: 532-3007

## SAN FERNANDO (La Union)

Doña Marietta Bldg., Ortega St.  
San Fernando, La Union 2500  
Tel. Nos.: (072) 242-5654  
888-4894; 700-2459  
242-5656; 700-2683  
Fax No.: 700-2684

## SAN FERNANDO (La Union) E.O.

Doña Pepita Bldg. South National Highway  
San Fernando City, La Union  
Tel. Nos.: (072) 888-5697  
888-3363  
Telefax No.: 700-2586

## TAYUG

LBP Bldg. Bonifacio St., cor. Quezon Blvd.  
Tayug, Pangasinan 2445  
Tel. Nos.: (075) 572-4065  
572-3158  
Fax No.: 572-4435

## URDANETA

LBP Bldg. Mc Arthur Highway, Nancayasan  
Urdaneta, Pangasinan 2428  
Tel. Nos.: (075) 568-3177; 568-2388  
568-2676  
Fax No.: 568-2560

## VIGAN

Florentino St., Plaza Maestro  
Commercial Complex, Vigan  
Ilocos Sur 2700  
Tel. Nos.: (077) 632-0167; 722-2620  
Telefax Nos.: 722-2621; 722-2619

## REGION II

(Region II and Eastern CAR)

## OFFICE OF THE REGIONAL HEAD

LBP Bldg., Bagay Rd., Brgy. San Gabriel  
Tuguegarao City, Cagayan  
Tel. Nos.: (078) 846-9116  
846-6025; 846-4776  
Fax No.: (078) 844-1943

## ALICIA

Velilla Bldg., Magsaysay St.  
Calaocan, Alicia, Isabela  
Tel. No.: (078) 662-7313  
Fax No.: (078) 662-7215

## APARRI

LBP Bldg., Maharlika Highway  
Macanaya District, Aparri, Cagayan  
Tel. Nos.: (078) 822-8264  
822-8792; 822-1268  
888-2258  
TeleFax No.: (078) 888-2285

## AOC - II

LBP Bldg., Bagay Rd., Brgy. San Gabriel  
Tuguegarao City, Cagayan  
Tel. No.: (078) 846-2575  
Fax No.: (078) 844-3431

## BAMBANG

Cuaresma Bldg., Maharlika Highway  
Bambang, Nueva Vizcaya  
Tel. Nos.: (078) 803-1059  
803-2319  
Fax No.: (078) 321-3194

## BASCO

National Rd. cor. Santana St.  
Kaychanarianan, Basco, Batanes  
Tel. Nos.: (0917) 816-0385  
(0928) 689-9943

#### **CABARROGUIS**

Capitol Commercial Bldg.  
Capitol Hills, San Marcos  
Cabarroguis, Quirino  
Tel. No.: (078) 692-5013  
Fax No.: (078) 692-5012

#### **CAGAYAN ACCOUNTING CENTER**

LBP Bldg., Bagay Rd.  
Brgy. San Gabriel  
Tuguegarao City, Cagayan  
Tel. No.: (078) 846-4613  
Fax No.: (078) 846-4612

#### **CAUAYAN**

Isabela Trade Center Bldg.  
Maharlika Rd., Cauayan City, Isabela  
Tel. Nos.: (078) 634-5016  
652-2101; 897-1033  
Fax Nos.: (078) 652-2011

#### **DAC - II**

LBP Bldg., Bagay Rd., Brgy. San Gabriel  
Tuguegarao City, Cagayan  
Tel. No.: (078) 846-4534  
Fax No.: (078) 846-2910

#### **ILAGAN**

Abarca Bldg., National Highway  
Calamagui 2nd, Ilagan, Isabela  
Tel. Nos.: (078) 624-0676  
622-2529  
TeleFax No.: (078) 622-2526

#### **ISABELA ACCOUNTING CENTER I**

Isabela Trade Center Bldg.  
Maharlika Rd., Cauayan City, Isabela  
Tel. No.: (078) 652-1171  
Fax Nos.: (078) 634-5306

#### **ISABELA ACCOUNTING CENTER II**

Heritage Bldg., Maharlika Rd.  
Santiago City, Isabela  
Tel. Nos.: (078) 682-7716  
682-8877  
Fax No.: (078) 682-5933

#### **LAGAWE**

Tumapang Bldg., J.P. Rizal Ave.  
Poblacion West, Lagawe, Ifugao  
Tel. No.: (074) 382-2019  
Fax No.: 382-2017

#### **LUNA**

Local Government Operations Center  
Bldg.  
Luna, Apayao  
Tel. No.: (0917) 507-3500

#### **NORTHERN CAGAYAN**

##### **LENDING CENTER**

LBP Bldg., Bagay Rd., Brgy. San Gabriel  
Tuguegarao City, Cagayan  
Tel. No.: (078) 846-4754  
TeleFax No.: 846-2910

#### **ROXAS (Isabela)**

LBP Bldg., Osmeña St.  
Vira Roxas, Isabela  
Tel. Nos.: (078) 642-8075  
642-8267  
Fax No.: 642-8315

#### **SANCHEZ MIRA**

Obispo Bldg., National Highway, Centro  
02  
Sanchez Mira, Cagayan  
Tel. Nos.: (078) 822-9376  
822-9377  
Fax No.: 864-7576

#### **SAN ISIDRO (Isabela)**

LBP Bldg., National Highway  
San Isidro, Isabela  
Tel. Nos.: (078) 832-1371  
305-9819  
Fax No.: 682-3564

#### **SANTIAGO**

Heritage Bldg., Maharlika Rd.  
Santiago City, Isabela  
Tel. Nos.: (078) 682-7135  
305-0134  
TeleFax No.: 682-7194

#### **SOLANO**

Galima Bldg., cor. Mabini St.  
National Highway, Solano  
Nueva Vizcaya  
Tel. Nos.: (078) 326-5672  
326-5673  
326-5675  
Fax No.: 326-5671

#### **SOUTHERN CAGAYAN LENDING CENTER**

Heritage Bldg., Maharlika Rd.  
Santiago City, Isabela  
Tel. Nos.: (078) 682-2633  
682-2050  
Fax No.: 682-5933

#### **TABUK**

Omengan Bldg., Provincial Rd.  
Bulanao, Tabuk, Apayao  
Tel. No.: (0917) 858-8273

#### **TUGUEGARAO**

LBP Bldg., Bagay Rd., Brgy. San Gabriel  
Tuguegarao City, Cagayan  
Tel. Nos.: (078) 844-1941  
844-1942; 846-2986  
844-0044  
Fax No.: 846-9148; 846-3732

#### **REGION III-A**

*(Bulacan, Pampanga, Bataan and  
Zambales)*

#### **OFFICE OF THE REGIONAL HEAD**

3rd Flr., Freluz Bldg. Olongapo-Gapan Rd.  
City of San Fernando, Pampanga  
Tel. Nos.: (045) 963-5105  
963-6677  
Fax No.: 963-3359

#### **ANGELES**

Gloans Bldg., Sto. Rosario St.  
Angeles City, Pampanga  
Tel. Nos.: (045) 322-5910  
888-1244; 888-5959  
Fax No.: 625-9715

#### **AOC III-A**

2nd Flr., Freluz Bldg.  
Olongapo-Gapan Rd.  
City of San Fernando, Pampanga  
Tel. No.: (045) 961-6557  
TeleFax No.: 963-9872

#### **AOC III-A SATELLITE OFFICE**

2nd Flr., LBP Bldg., McArthur Highway  
Urdaneta City, Pangasinan  
Tel. No.: (075) 568-2765  
Fax No.: 568-4006

#### **APALIT**

BSP Bldg., Mc Arthur Highway  
San Vicente, Apalit, Pampanga  
Tel. Nos.: (045) 879-1355  
302-8715  
TeleFax No.: 652-0187

#### **BALAGTAS**

McArthur Highway, San Juan  
Balagtas, Bulacan  
Tel. Nos.: (044) 693-1044  
693-2723  
TeleFax No.: 918-1200

#### **BALANGA**

LBP Bldg., Don Manuel Banzon Ave.  
Doña Francisca Subdivision  
Balanga City, Balanga, Bataan  
Tel. Nos.: (047) 237-3004  
237-2129; 791-1203  
TeleFax No.: 237-2522

#### **BALIUAG**

LBP Bldg., B.S. Aquino Ave.  
Baliuag, Bulacan  
Tel. Nos.: (044) 766-3318  
766-5777; 673-2075  
TeleFax No.: 766-2208

#### **BATAAN ACCOUNTING CENTER**

LBP Bldg., DAR Compound  
San Ramon Highway  
Dinalupihan, Bataan  
TeleFax No.: (047) 481-2821

#### **BATAAN-ZAMBALES**

**LENDING CENTER**  
2/F, LBP Bldg., DAR Compound  
San Ramon Highway, Dinalupihan, Bataan  
Tel. Nos.: (047) 481-2818  
481-2817  
TeleFax No.: 636-1268

#### **BULACAN ACCOUNTING CENTER**

McArthur Highway, Sumapang Matanda  
Malolos, Bulacan  
Tel. Nos.: (044) 796-0166  
796-1265; 760-0266  
TeleFax No.: 796-0164

#### **BULACAN LENDING CENTER**

Mc Arthur Highway, Sumapang Matanda  
Malolos, Bulacan  
Tel. Nos.: (044) 796-1301  
791-9085; 662-7499  
TeleFax No.: 796-0412

#### **CASINO FILIPINO - ANGELES**

##### **FX BOOTH**

CF Angeles Balibago  
Angeles City, Pampanga  
Tel. Nos.: (045) 892-5073 Loc. 239

#### **CLARK**

Lily Hill Plaza, C. M. Recto Highway  
Clarkfield, Pampanga  
Tel. Nos.: (045) 599-2253  
599-7097  
TeleFax No.: 599-2254

#### **DAC III-A**

3rd Flr., Freluz Bldg. Olongapo-Gapan Rd.  
City of San Fernando, Pampanga  
Tel. No.: (045) 961-2186  
Fax No.: 963-3359

#### **DAU**

LEFA Bldg., McArthur Highway  
Dau, Malabacat, Pampanga  
Tel. Nos.: (045) 624-0840  
624-0914  
TeleFax No.: 892-2437

#### **DINALUPIHAN**

LBP Bldg., DAR Compound  
San Ramon Highway  
Dinalupihan, Bataan  
Tel. Nos.: (047) 481-1778  
481-1779  
TeleFax No.: 636-1438

#### **IBA**

ST Bldg., Zone VI, Baytan  
Iba, Zambales  
Tel. Nos.: (047) 811-1391  
811-1200  
TeleFax No.: 811-1700

#### **MALOLOS HIGHWAY**

Sumapang Matanda, McArthur Highway  
Malolos, Bulacan  
Tel. Nos.: (044) 791-6391  
662-7500; 662-8367  
TeleFax No.: 791-6392

#### **MALOLOS PLAZA**

M. Crisostomo St., San Vicente  
Malolos, Bulacan  
Tel. Nos.: (044) 791-0671  
791-2202  
TeleFax No.: 662-7501

#### **MARIVELES**

G/F Monasteria Knitting Bldg.  
Luzon Ave., Phase I  
The Freeport Area of Bataan  
Mariveles, Bataan  
Tel. No.: (047) 935-4217  
TeleFax No.: 935-4218



**MEYCAUAYAN**

Santos Hermanos Bldg.  
McArthur Highway, Banga  
Meycauayan, Bulacan  
Tel. Nos.: (044) 840-7817  
935-3856  
TeleFax No.: 228-2635

**OLONGAPO**

2542 Rizal Ave., cor. 25th St.  
East Bajac-Bajac, Olongapo City  
Tel. Nos.: (047) 223-2606  
222-2984  
TeleFax No.: 222-2983

**PAMPANGA ACCOUNTING CENTER**

Ground Flr., Freluz Bldg.  
Olongapo-Gapan Rd.  
City of San Fernando City, Pampanga  
Tel. No.: (045) 963-6998  
Fax No.: 961-1564

**PAMPANGA LENDING CENTER**

3rd Flr. Freluz Bldg. Gapan-Olongapo Rd.  
City of San Fernando, Pampanga  
Tel. Nos.: (045) 963-6678  
963-9876  
TeleFax No.: 961-3215

**SBMA TELLERING BOOTH**

Ground Flr., Building 228  
Subic Bay Metropolitan Authority  
(SBMA) Office., Waterfront Rd.  
Central Business District  
Subic Bay Freeport Zone

**SAN FERNANDO (Pampanga)**

Ground Flr., Freluz Bldg.  
Olongapo-Gapan Rd.  
City of San Fernando, Pampanga  
Tel. Nos.: (045) 961-5415  
961-0817  
TeleFax No.: 963-5104

**SAN JOSE DEL MONTE**

E & F Bldg., Gov. F. Halili Ave.  
Tungkong Mangga  
San Jose del Monte, Bulacan  
Tel. Nos.: (044) 691-0592  
691-0593; 815-0276  
TeleFax No.: 691-0594

**STA. MARIA**

Formix Bldg., Fortuno Halili Ave.  
Bagbaguin, Sta. Maria, Bulacan  
Tel. Nos.: (044) 641-1435  
641-4517; 288-2577  
TeleFax No.: 641-2700

**SUBIC**

Maritan Bldg, Manila Ave.  
Cor. Rizal Ave., Subic Bay Freeport Zone  
Olongapo City, Zambales  
Tel. Nos.: (047) 252-6495  
252-3890  
TeleFax No.: 252-3483

**ZAMBALES ACCOUNTING CENTER**

2542 Rizal Ave., cor. 25th St.  
East Bajac2, Olongapo City, Zambales  
TeleFax No.: (047) 224-8002

**REGION III-B**

(Aurora, Nueva Ecija and Tarlac)

**OFFICE OF THE REGIONAL HEAD**

2nd Flr., LBP Bldg. cor. Gabaldon  
& Gen. Tinio Sts., Cabanatuan City  
Nueva Ecija  
Hotline: (044) 600-0823  
Tel. No.: (044) 463-1801  
TeleFax No.: 463-1801

**AOC III - B**

LBP Bldg. cor. Gabaldon & Gen. Tinio Sts.  
Cabanatuan City, Nueva Ecija  
Tel. Nos.: 463-2247  
TeleFax No.: (044) 463-1801

**SATELLITE OFFICE**

San Isidro (NE): (044)486-7363  
San Jose(NE): (044)511-0464  
La Paz ,Tarlac: (045)493-1901

**BALER**

Cordial Bldg. National Highway  
Baler, Aurora  
Tel. No.: (042) 722-0100

**CABANATUAN**

LBP Bldg. cor. Gabaldon & Gen. Tinio Sts.  
Cabanatuan City, Nueva Ecija  
Tel. Nos.: (044) 600-3184  
463-5836; 463-4826  
600-4599  
TeleFax No.: 463-1802

**CABANATUAN MAHARLIKA HIGHWAY**

Tan Bldg. Maharlika Highway  
In front of NFA, Cabanatuan City  
Nueva Ecija  
Tel. No.: (044) 940-2822  
TeleFax No.: (044)600-3831

**CAMILING**

Arellano St., Camiling, Tarlac  
Tel. No.: (045) 934-0493  
Fax No.: (045) 934-0980

**CAPAS**

Brgy. Sto. Domingo II  
Capas, Tarlac  
Tel. No.: (045) 615-0720  
TeleFax No.: (045) 615-0628

**CONCEPCION (Tarlac)**

LBP Bldg. L. Cortez St. Brgy. San Nicolas  
Concepcion, Tarlac  
Tel. No.: (045) 923-0906  
TeleFax No.: (045)923-0748

**DAC III - B**

LBP Bldg. cor. Gabaldon & Gen. Tinio Sts.  
Cabanatuan City, Nueva Ecija  
Tel. No.: (044) 464-3048  
TeleFax No.: (044) 463-1801

**GAPAN**

Tinio St., Bucana, Gapan, Nueva Ecija  
Tel. No.: (044) 486-1534  
TeleFax No.: (044) 486-2196

**GUIMBA**

LBP Bldg. Hay Julianio cor. Dansalan Sts.  
Guimba, Nueva Ecija  
Tel. No.: (044) 611-1307  
TeleFax No.: 943-0535

**MUÑOZ**

Research Ext. & Training. Bldg.  
Central Luzon State University  
Muñoz, Nueva Ecija  
Tel. No.: (044) 806-2203  
TeleFax No.: (044) 456-0699

**NORTH NUEVA ECIA ACCOUNTING CENTER**

LBP Bldg. Eugenio St.  
San Jose City, Nueva Ecija  
Tel. No.: (044) 511-0464  
TeleFax No.: 947-0881

**NUEVA ECIA LENDING CENTER**

3rd Flr., LBP Bldg.  
Cor. Gabaldon & Gen. Tinio Sts.  
Cabanatuan City, Nueva Ecija  
Tel. No.: (044) 600-1835  
TeleFax No.: 463-1803; 940-1718

**PANIQUEI**

LBP Bldg. M. H. del Pilar St.  
Paniquei, Tarlac  
Tel. No.: (045) 931-0602  
Fax No.: (045) 931-0722

**SAN ISIDRO (NE)**

LBP Bldg., Poblacion  
San Isidro, Nueva Ecija  
Tel. No.: (044) 486-0193  
Fax No.: 486-0902

**SAN JOSE CITY (NE)**

LBP Bldg. R. Eugenio St.  
San Jose City, Nueva Ecija  
Tel. No.: (044) 511-1734  
511-1603  
TeleFax No.: (044) 940-2322  
940-3233

**SOUTH NUEVA ECIA ACCOUNTING CENTER**

3rd Flr., LBP Bldg.  
Cor. Gabaldon & Gen. Tinio Sts.  
Cabanatuan City, Nueva Ecija  
Tel. No.: (044) 463-7524  
TeleFax No.: (044) 464-0197

**TALAVERA**

Pecache Bldg., A. Diaz cor. Quezon Sts.  
Talavera, Nueva Ecija  
Tel. No.: (044) 411-1555  
Fax No.: (044) 940-5978

**TARLAC**

Philamlife Bldg., F. Tañedo St.  
Tarlac, Tarlac  
Tel. No.: (045) 982-2759  
TeleFax No.: (045) 982-1751  
982-0912

**TARLAC ACCOUNTING CENTER**

Philamlife Bldg., F. Tañedo St.  
Tarlac City, Tarlac  
Tel. No.: (045) 491-1898  
Fax No.: (045) 982-8940

**TARLAC LENDING CENTER**

2nd Flr., LBP Bldg. L. Cortez St.  
Brgy. San Nicolas, Concepcion, Tarlac  
Tel. No.: (045) 923-1407  
TeleFax No.: 923-1406

**• National Capital Region Branches Group •****OFFICE OF THE GROUP HEAD**

27th Flr., LANDBANK Plaza  
1598 M.H. Del Pilar cor. Dr. J. Quintos Sts.  
Malate, Manila  
Tel. Nos.: (02) 551-2200  
522-0000; 450-7001  
Locals: 7419, 7665, 2343, 2616  
Direct Line: 405-7419; 405-7665  
Fax No.: 528-8549

**NCR LENDING CENTER**

27th Flr., LANDBANK Plaza  
1598 M.H. Del Pilar cor. Dr. J. Quintos Sts.  
Malate, Manila  
Tel. Nos.: (02) 551-2200  
522-0000; 450-7001  
Locals: 7613, 2240, 2672, 2758  
2759, 7486, 2550, 2518  
2258  
Direct Line: 405-7613; 405-7175  
Fax No.: 528-8551

**NCR-A****OFFICE OF THE AREA HEAD**

Makati Business Center  
Ground Flr., Ayala Robinsons  
Summit Center, Ayala Ave.  
Makati City 6783  
Tel. Nos.: 844-2950; 889-9271  
843-5406  
TeleFax No.: 884-1950

**BICUTAN DOST**

Gen. Santos Ave., Bicutan  
Taguig City, Metro Manila  
Tel. Nos.: 837-0746; 838-7212  
837-5873  
Fax No.: 838-7211

#### BUENDIA

LBP Building I, Sen. Gil Puyat Ave.  
Makati City  
Tel. Nos.: 836-9734; 403-0439  
4030180; 403-9971  
403-0235; 403-0475  
Fax No.: 856-6387

#### FORT BONIFACIO

NAMRIA Compound, Lawton Ave.  
Fort Bonifacio, Taguig City  
Tel. Nos.: 887-2877; 887-2876  
889-7367  
Fax No.: 889-7368

#### FTI

Ground Flr., New FTI Administration Bldg.  
FTI Complex taguig City, Metro Manila  
Tel. Nos.: 822-9348; 822-9347  
Fax No.: 822-9349

#### GUADALUPE

2022 Ramon Magsaysay St.  
Cor. Urdaneta St., Guadalupe Nuevo  
Makati City  
Tel. Nos.: 882-0948; 798-2121  
750-4744  
TeleFax No.: 882-0958

#### J.P. RIZAL

Lahug cor. J. P. Rizal Sts., Makati City  
Tel. Nos.: 899-9183; 897-5339  
895-9671  
Fax No.: 897-5967

#### MAKATI ACCOUNTING CENTER I

#318 Sen. Gil Puyat Ave., Makati City  
TeleFax No.: 897-5799

#### MAKATI ACCOUNTING CENTER II

Layug cor. J.P. Rizal Sts. Makati City  
Tel. Nos.: 899-2442; 899-2443  
TeleFax No.: 895-3936

#### MAKATI ATRIUM

Makati Atrium Bldg., Makati Ave.  
Makati City  
Tel. Nos.: 811-4254; 811-4255  
Fax No.: 811-4256

#### MAKATI BUSINESS CENTER

Robinsons Summit Center  
Ayala Ave., Makati City 6783  
Tel. Nos.: 884-1952; 844-2953  
TeleFax No.: 844-3038

#### MAKATI CITY HALL

Ground Flr., Makati City Hall Bldg.  
J. P. Rizal St., Makati City  
Tel. Nos.: 890-9984; 895-8676  
Fax No.: 895-3849

#### MUNTINLUPA

#37 National Highway  
Putatan, Muntinlupa City  
Tel. Nos.: 862-4208; 862-4249  
Fax No.: 862-0115

#### PASEO DE ROXAS

Asia Tower Condominium  
Paseo de Roxas cor. Benavidez Sts.  
Makati City  
Tel. Nos.: 812-6329; 840-2472  
840-2471  
Fax No.: 840-2473

#### PASONG TAMO

King's Court II Bldg.  
Pasong Tamo St., Makati City  
Tel. Nos.: 848-6726; 811-2305  
811-2306  
Fax No.: 811-2313

#### PATEROS

C & N Bldg., #50 M. Almeda St.  
Pateros, Metro Manila  
Tel. Nos.: 642-3403; 642-3262  
642-3032  
Fax No.: 642-3262

#### TAGUIG TELLERING BOOTH

Taguig Municipal Hall, Tuktukan  
Taguig City, Metro Manila  
Tel. No.: 643-5719  
Fax No.: 541-3852

#### NCR-B

##### OFFICE OF THE AREA HEAD

2nd Flr., Land Bank of the Philippines  
Plaza  
1598 M.H. Del Pilar cor. Dr. J. Quintos Sts.  
Malate, Manila  
Tel. Nos.: 405-7537; 405-7424  
405-7742  
Fax No.: 528-8494

#### ALMANZA

Lalaine Bldg., #469 Real St., Talon  
Las Piñas, Metro Manila  
Tel. Nos.: 800-4992; 800-1902  
to 03  
Fax No.: 800-4991

#### BACLARAN

LBP Bldg., 714 Roxas Blvd.  
Baclaran, Parañaque City  
Tel. Nos.: 855-7503; 852-8683  
551-2484; 851-2174  
TeleFax No.: 855-2358  
Fax No.: 852-8682

#### BACLARAN ACCOUNTING CENTER

#714 Roxas Blvd., Baclaran  
Parañaque, Metro Manila  
Tel. No.: 831-7773  
TeleFax No.: 851-2102

#### BACLARAN BIR TELLERING BOOTH

Uniwide Coastal Mall  
Roxas Blvd., Parañaque City

#### BIR ANDA CIRCLE TELLERING BOOTH

Ground Floor BIR Bldg., Anda Circle  
Port Area, Manila  
Tel. No.: 527-3115

#### BOC-MICP

Ground Flr., BOC Bldg.  
Manila International Container Port  
(MICP), North Harbor, Tondo, Manila  
Tel. Nos.: 244-5067; 244-5068  
TeleFax No.: 244-5078

#### BOC POM TELLERING BOOTH

Gate 3 Bureau of Customs  
Port Area, Manila  
Tel. No.: 536-0159  
Fax No.: 536-0162

#### BSP SERVICING UNIT

2nd Flr., Department of Finance Bldg.  
BSP Compound Malate, Manila  
Tel. Nos.: 526-5601; 526-1851  
TeleFax No.: 526-5602

#### DOLE E.O.

DOLE Bldg., Gen. Luna St.  
Intramuros, Metro Manila  
Tel. No.: 527-2126  
Fax No.: 527-3465

#### INTRAMUROS

Ground Flr., Palacio del Gobernador Bldg.  
Andres Soriano, Jr. cor. Gen. Luna Sts.  
Intramuros, Metro Manila  
Tel. Nos.: 527-5851 to 54  
527-3133; 527-2778  
Fax No.: 527-3077; 527-5855

#### INTRAMUROS ACCOUNTING CENTER

Ground Flr., Palacio del Gobernador Bldg.  
Andres Soriano Jr. cor. Gen. Luna Sts.  
Intramuros, Metro Manila  
Tel. Nos.: 527-3120; 521-5362  
TeleFax No.: 527-5860

#### LAS PIÑAS

Valenzuela Bldg., #263 Real St. Pamplona  
Las Piñas, Metro Manila  
Tel. Nos.: 871-0653; 874-9295  
874-9277  
Fax No.: 871-0654

#### LANDBANK PLAZA

1598 M.H. Del Pilar cor. Dr. J. Quintos Sts.  
Malate, Manila  
Tel. Nos.: 551-2200; 522-0000  
Locals: 7337, 7147, 2214  
2713, 2704  
Fax No.: 528-8502

#### NAIA ARRIVAL E.O.

IPT Bldg., Ninoy Aquino International  
Airport Terminal I  
Parañaque City, Metro Manila  
Tel. No.: 879-5190  
Fax No.: 879-5191

#### NAIA-BOC

NAIA BOC Bldg., MIA Rd.  
Parañaque, Metro Manila  
Tel. Nos.: 879-4192; 879-5306  
Fax No.: 879-4191

#### OWWA E.O.

Frederick Bldg., Buendia Ave., Pasay City  
Tel. No.: 833-3608  
TeleFax No.: 551-6636

#### ROXAS BLVD

(Philippine Economic Zone Authority)  
Ground Flr., PEZA Bldg.  
Roxas Boulevard cor. San Luis St.  
Pasay City  
Tel. Nos.: 833-5106; 833-9985  
TeleFax No.: 833-6365

#### PASAY

Warner Bldg., #2540-2550 Taft Ave.  
Pasay City, Metro Manila  
Tel. Nos.: 551-6968; 551-6970  
Fax No.: 551-2712

#### SENATE E.O.

Senate of the Philippines, GSIS Bldg.  
Roxas Blvd., Pasay City  
Tel. No.: 552-6718  
TeleFax No.: 552-6758

#### SOUTH HARBOR

Marsman Bldg., Gate I  
Muelle de San Francisco  
South Harbor, Port Area Manila  
Tel. Nos.: 527-6425; 527-4851  
527-4829  
Fax No.: 527-4841

#### SUCAT

#8260 Dr. A. Santos Ave. cor. Valley 2  
Sucat Parañaque Metro Manila  
Tel. Nos.: 825-4661; 825-7381  
826-3372 to 73  
Fax No.: 825-4680

#### SUCAT ACCOUNTING CENTER

#8260 Dr. A. Santos Ave., cor. Valley 2  
Sucat, Parañaque, Metro Manila  
Telefax No.: 826-3374

#### VILLAMOR AIR BASE EO

Ground Flr., Airmen's Mall Col. Jesus  
Villamor Airbase, Pasay City  
Tel. Nos.: 851-1378; 853-8315  
TeleFax No.: 851-1019

#### YMCA

New YMCA Bldg. Complex  
A.J. Villegas St., Ermita, Manila  
Tel. Nos.: 527-6343; 527-6345  
527-9572  
Fax No.: 527-9573

#### NCR- C

##### OFFICE OF THE AREA HEAD

2nd Flr., Dolmar Bldg.  
#1110 Perez St. cor. U.N. Ave.  
Paco Manila  
Tel. Nos.: 404-3626; 523-4248  
400-10-44  
Fax No.: 498-0058



**CALOOCAN**

#151 Samson Rd., Caloocan City  
Tel Nos.: 364-0475; 363-9472  
361-4591  
TeleFax No.: 361-3076

**CALOOCAN ACCOUNTING CENTER**

318 Plaza Rizal cor. P. Burgos  
& Gen. Luna Sts., 10th Ave.  
Grace Park, Caloocan City  
Tel. No.: 288-1424  
TeleFax No.: 285-5334

**CALOOCAN EO**

Ground Flr., Doña Juana Bldg.  
#18 Plaza Rizal cor. P. Burgos  
& Gen. Luna Sts., 10th Ave.  
Grace Park, Caloocan  
Tel. No.: 288-1501  
TeleFax No.: 288-8113

**CASINO FILIPINO-HERITAGE  
FX BOOTH**

2nd Flr., Heritage Hotel  
Roxas Blvd. cor. EDSA Extension  
Pasay City  
Tel. Nos.: 854-8888 local 7571  
Fax No.: 854-8783

**CASINO FILIPINO- HYATT MANILA  
FX BOOTH**

2nd Flr., Hyatt Hotel  
Pedro Gil St., Manila  
TeleFax No.: 245-9763 local 115

**CASINO FILIPINO-PAVILION  
FX BOOTH**

Ground Flr., Casino Filipino Pavilion  
Holiday Inn Hotel, U.N. Ave., Manila  
Tel. No.: 523-8691 local 158  
Fax No.: 526-5970

**G. ARANETA**

Unit G. White Hasco Condominium  
G. Araneta Ave., cor. Bayani Sts.  
Quezon City  
Tel. Nos.: 741-7909; 741-7910  
741-7923  
TeleFax No.: 741-7907

**MALABON**

#671-672 Rizal Ave. Extension  
Malabon City  
Tel. Nos.: 281-0407; 281-0408  
281-4308  
Fax No.: 282-0738

**MALACAÑANG**

Edificio J y J, #867 Gen. Solano  
Cor. Nepomuceno Sts.  
San Miguel Manila  
Tel. Nos.: 735-4923; 735-1904  
735-4910  
TeleFax No.: 735-4912; 735-1756

**MALACAÑANG EO**

Room 116 Mabini Hall Gate 7  
Malacañang Manila  
Tel. Nos.: 736-1035; 736-6201  
Local - 6133  
TeleFax No.: 736-1085

**NAVOTAS**

Navotas Municipal Hall  
M. Naval St., Sipac-Almasen Navotas  
Metro Manila  
Tel. Nos.: 282-5432; 282-5433  
TeleFax No.: 282-5434

**PCSO EO**

PCSO Complex, E. Rodriguez Sr. Ave.  
Quezon City  
Tel. Nos.: 740-7651; 740-7650  
TeleFax No.: 740-7649

**QUEZON AVENUE**

AM & Associates Bldg.  
#28 Quezon Ave. Quezon City  
Tel. Nos.: 732-2348; 732-8232  
732-8435; 712-7702  
Fax No.: 732-8431

**SUPREME COURT EO**

Ground Flr., Multipurpose Bldg.  
Supreme Court of the Philippines  
Padre Faura St., Manila  
Tel. Nos.: 524-0507; 522-3249  
TeleFax No.: 525-4368

**TAFT AVENUE**

Ground Flr., Manila Astral Tower  
1330 Taft Ave., cor. Padre Faura Sts.  
Ermita Manila  
Tel. Nos.: 536-5855; 526-80-35  
536-5823  
Fax No.: 522-02-89

**TAYUMAN**

Tayuman Commercial Center, Inc  
Tayuman cor. T. Mapua Sts.  
Sta. Cruz, Manila  
Tel. Nos.: 255-7577; 255-7688  
TeleFax No.: 255-7744

**U.N. AVENUE**

Ground Flr., Dolmar Bldg.  
#1110 Perez St. cor. UN Ave.  
Paco, Manila  
Tel. Nos.: 523-4319; 400-1045  
404-3625; 404-3627  
TeleFax No.: 523-4264

**U.N. AVENUE ACCOUNTING CENTER**

2nd Flr., Dolmar Bldg.  
#1110 Perez St. cor. U.N. Ave.  
Paco, Manila  
Tel. Nos.: 525-0346; 521-6593  
TeleFax No.: 526-0239

**VALENZUELA**

GBT Bldg., Oreta Subdivision  
Maysan Rd., cor. G. Taruc St.  
Malinta, Valenzuela, Metro Manila  
Tel. Nos.: 292-1971; 292-3688  
292-1478  
Fax No.: 292-0114

**NCR- D****OFFICE OF THE AREA HEAD**

2nd Flr., LBP Bldg., 125 West Ave.  
Quezon City  
Tel. Nos.: 376-4233; 376-4230  
Fax No.: 376-4234

**BATASAN**

Batasan Compound, Batasan Hills  
Quezon City  
Tel. Nos.: 951-1377; 951-1390  
Fax No.: 951-1333

**COA**

COA Bldg. No.3 COA Compound  
Commonwealth Ave., Quezon City  
Tel. Nos.: 951-0930; 931-4055  
Fax No.: 932-8452

**COMMONWEALTH**

#535 Verde Oro Bldg.  
Commonwealth Ave., Quezon City  
Tel. Nos.: 931-5757; 931-4061  
Fax No.: 931-5766

**EAST AVENUE**

SSS Livelihood Trade Center, East Ave.  
Quezon City  
Tel. Nos.: 433-8973; 920-1230  
925-7213; 927-6266  
Fax No.: 921-5931

**EAST AVENUE ACCOUNTING CENTER**

SSS Livelihood Trade Center  
East Ave., Quezon City  
Tel. Nos.: 426-2663; 929-2796  
Fax No.: 927-4431

**EDSA - CONGRESSIONAL**

HPI Corporate Center, 1026 North EDSA  
Quezon City  
Tel. Nos.: 928-2109; 925-4974  
Fax No.: 928-4662

**EDSA NIA ROAD**

DPWH Compound, EDSA cor. NIA Rd.  
Quezon City  
Tel. Nos.: 928-8126; 436-0009  
Fax No.: 928-8130

**KATIPUNAN**

# 307 One Burgundy Plaza  
Katipunan Ave., Loyola Heights  
Quezon City  
Tel. Nos.: 426-0011; 426-0012  
929-1079  
Fax No.: 929-1080

**LTO EO**

LTO Central Office, East Ave.  
Quezon City  
TeleFax No.: 927-3507

**LWUA EO (Katipunan)**

LWUA Administration Bldg.  
Katipunan Ave. Extension  
Balara, Quezon City  
TeleFax No.: 927-2495

**NAPOCOR EO**

NAPOCOR Compound  
Quezon Ave., cor. BIR Rd., Quezon City  
Tel. No.: 924-2364  
Fax No.: 981-2850

**NORTH AVENUE**

Sugar Regulatory Administration Bldg.  
North Ave., Diliman, Quezon City  
Tel. Nos.: 926-0951; 926-0953  
453-5570  
Fax No.: 455-2093

**NOVALICHES**

Level 1, Main Mall  
Robinsons Nova Market  
Brgy. Pasong Putik, Quirino Highway  
Novaliches, Quezon City  
Tel. Nos.: 937-1425; 937-2074  
Fax No.: 937-2075

**QUEZON CITY CIRCLE**

PCA Bldg., Commonwealth Ave.  
Diliman, Quezon City  
Tel. Nos.: 925-4947; 925-4948  
929-2807  
Fax No.: 925-4946

**QUEZON CITY CIRCLE EO**

LBP Bldg., Elliptical Rd.  
Diliman, Quezon City  
Tel. Nos.: 426-3342; 426-3343  
Fax No.: 925-2690

**QUEZON CITY HALL**

CTO West Wing Annex Bldg.  
Quezon City Hall Compound, Quezon City  
Tel. No.: 929-9889  
Fax No.: 924-3593

**UP DILIMAN EO**

Ground Flr., Southeast  
Cor., Bulwagang Rizal  
UP Diliman Campus, Quezon City  
Tel. Nos.: 433-1666; 926-6841  
Fax No.: 928-3020

**WEST AVENUE  
ACCOUNTING CENTER**

2nd Flr., LBP Bldg. 125 West Ave.  
Quezon City  
Tel. Nos.: 416-6284; 416-6294  
Fax No.: 376-4235

**WEST AVENUE (QC)**

LBP Bldg. 125 West Ave., Quezon City  
Tel. Nos.: 376-4232; 376-4237  
376-4367  
Fax No.: 376-4239

**NCR - E**

**OFFICE OF THE AREA HEAD**

2nd Flr., J.S. Gaisano Bldg.  
#88 Shaw Blvd. Pasig City  
Tel. Nos.: 635-9972; 637-8595  
Fax No.: 638-9599

**CAMP AGUINALDO**

AFP Gen. Insurance Corporation Bldg.  
Bonny Serrano Rd., cor. EDSA  
Camp Aguinaldo, Quezon City  
Tel. Nos.: 913-4364; 913-4365  
Fax No.: 911-2590

**CAMP CRAME**

Ground Flr., PNP Multi-purpose Center  
Camp Crame Compound, Quezon City  
Tel. Nos.: 410-9090; 410-9103  
Fax No.: 723-9414

**CSG (CIVIL SECURITY GROUP)**

**TELLERING BOOTH**

Fire and Explosive Division  
Civil Security Group  
Camp Crame Compound, Quezon City

**CUBAO**

Saint Anthony Bldg., Aurora Blvd.  
Cor. Cambridge St.  
Cubao, Quezon City  
Tel. Nos.: 794-1619; 912-2260  
TeleFax No.: 912-0451

**CUBAO ACCOUNTING CENTER**

Saint Anthony Bldg., cor. Cambridge St.  
Aurora Blvd., Cubao Quezon City  
Tel. No.: 912-2315  
Fax No.: 995-0832

**DECS EO**

Ground Flr., Mabini Bldg., DepEd Complex  
Meralco Ave., Pasig City  
Tel. No.: 636-4850  
TeleFax No.: 636-4847

**DOTC**

Columbia Tower East Wack-Wack  
Ortigas Ave., Mandaluyong City  
Tel. Nos.: 726-2603; 726-2604  
744-3445  
Fax Nos.: 726-7602

**GHQ TELLERING BOOTH**

AFP Finance Center, Camp Aguinaldo  
Quezon City

**EDSA GREENHILLS**

#259-269 CLMC Bldg. EDSA Greenhills  
Mandaluyong City  
Tel. Nos.: 723-5793; 723-1864  
744-5442; 744-2885  
Fax No.: 723-6617

**GREENHILLS ACCOUNTING CENTER**

# 259-269 2nd Flr., CLMC Bldg.  
EDSA, Mandaluyong City  
Tel. Nos.: 744-4290; 744-4291  
TeleFax No.: 721-2173

**KAPASIGAN**

E. Caruncho Bldg., A. Mabini St.  
Kapasigan Pasig City  
Tel. Nos.: 640-3651; 640-3652  
643-8897  
Fax No.: 643-8886

**MANDALUYONG EO**

BOC Bldg., Maysilo Circle  
Brgy. Plainview, Mandaluyong City  
Tel. No.: 534-1723  
Fax No.: 534-1724

**MARCOS HIGHWAY-GIL FERNANDO**

MR Complex cor. Marcos Highway  
& Gen. Fernando Ave.  
San Roque, Marikina City  
Tel. Nos.: 645-0251; 645-0261  
980-6654  
Fax No.: 369-8806

**MARIKINA**

Olympia Bldg., #618 J. P. Rizal St.  
Concepcion, Marikina City  
Tel. Nos.: 948-2680; 948-2681  
Fax No.: 948-7723

**PASIG CAPITOL**

J.S. Gaisano Bldg., #88 Shaw Blvd.  
Pasig City  
Tel. Nos.: 632-7780; 638-0598  
633-9718  
Fax No.: 633-9717

**PASIG ACCOUNTING CENTER**

2nd Flr., JS Gaisano Bldg.  
#88 Shaw Blvd., Pasig City  
Tel. No.: 637-9604  
Fax No.: 914-5231

**PASIG CITY HALL EO**

2nd Flr., Pasig City Hall  
Caruncho Ave., Pasig City  
Tel. No.: 640-3746  
Fax No.: 640-3761

**POEA TELLERING BOOTH**

Ground Flr., POEA Bldg.  
EDSA cor. Ortigas Ave., Mandaluyong City

**SAGSD TELLERING BOOTH**

Ground Flr., SAGSD Bldg.  
PNP Camp Crame Compound  
Camp Crame, Quezon City  
Tel. No.: 723-0401

**SAN JUAN**

#66 N. Domingo St., San Juan  
Metro Manila  
Tel. Nos.: 724-4991; 799-5003  
TeleFax No.: 726-0227

**SHAW BOULEVARD**

Beacon Plaza, Shaw Blvd. cor. Ideal Sts.  
Mandaluyong City  
Tel. Nos.: 725-4629; 725-9661  
Fax No.: 725-4671

• Southern Luzon  
Branches Group •

**OFFICE OF THE GROUP HEAD**

Lower Ground Flr., New City Hall Bldg.  
Brgy. Real, Calamba City, Laguna  
Tel. Nos.: (049) 531-2577  
531-4964  
Fax: 531-3679

27th Flr., LANDBANK Plaza  
1598 M.H. Del Pilar cor. Dr. J. Quintos Sts.  
Malate, Manila  
Tel. Nos.: (02) 551-2200  
522-0000; 450-7001  
Locals: 7315, 2764, 2670  
Direct Line: 405-7315  
Fax No.: 528-8581

**REGION IV**

(Batangas, Occidental Mindoro, Romblon  
and Oriental Mindoro)

**OFFICE OF THE REGIONAL HEAD**

2nd Flr., LandBank-Lipa Bldg.  
Pres. JP Laurel H-way, Marauoy  
Lipa City, Batangas  
Tel. Nos.: (043) 757-2356  
981-2857  
TeleFax No.: 312-0599

**AOC - IV**

LBP Bldg. Silangan Rd. UPLB Campus  
Los Baños, Laguna  
Tel. No.: (049) 536-7515  
Fax No.: 536-7516

**BALAYAN**

Don Jose Lopez Manzano Bldg.  
105 Fraternidad St., Balayan, Batangas  
Tel. Nos.: (043) 211-4967  
211-4968  
Fax No.: 921-3039

**BATANGAS**

Pastor-Talambiras Bldg., P. Burgos St  
Batangas City, Batangas  
Tel. Nos.: (043) 723-7025  
300-7563  
Fax No.: 723-3418

**BATANGAS ACCOUNTING CENTER I**

2nd Flr., LandBank-Lipa Bldg.  
JP Laurel H-way, Marauoy  
Lipa City, Batangas  
Tel. Nos.: (043) 757-1424  
Fax No.: 312-1923

**BATANGAS ACCOUNTING CENTER II**

Don Jose Manzano Bldg., Fraternidad St.  
Balayan, Batangas  
TeleFax No.: (043) 921-2177

**BATANGAS E.O.**

R & L Bldg., National Highway  
Kumintang Ilaya, Batangas City  
Tel. No.: (043) 723-2934  
TeleFax No.: 300-2934

**BAUAN (Batangas)**

Plaza Consorcio, National Highway  
Barangay Manghiniao I, Bauan, Batangas  
Tel. No.: (043) 727-1426  
Fax No.: 727-1425

**CALAPAN**

Filipiniana Complex, Brgy. Sto. Nino  
Calapan, Oriental Mindoro  
Tel. No.: (043) 288-2470  
Fax No.: 288-2471

**DAC - IV**

2nd Flr., LandBank-Lipa Bldg.  
JP Laurel H-way, Marauoy  
Lipa City, Batangas  
TeleFax No.: 981-0141

**LEMERY**

Ilustre Ave., Poblacion  
Lemery, Batangas  
Tel. Nos.: (043) 411-1428  
411-1385  
Fax No.: 411-1482

**LIPA**

LandBank Bldg. JP Laurel H-way  
Marauoy, Lipa City, Batangas  
Tel. Nos.: (043) 312-4730  
312-4764  
TeleFax No.: 756-2619

**MAMBURAO**

Bernardo Bldg., 14 Rizal St., Brgy. Singko  
Mamburao, Occidental Mindoro  
Tel. No.: (043) 711-1087  
Fax No.: 711-1244

**ODIONGAN**

Fernandez Bldg., M. Roxas St.  
Odiongan, Romblon  
Tel. No.: (042) 567-5206  
Fax No.: 567-5120

**PINAMALAYAN**

Hidalgo Bldg., Mabini cor. Aguinaldo St.  
Pinamalayan, Oriental Mindoro  
Tel. Nos.: (043) 284-3511  
443-1163  
TeleFax No.: 284-3510

**REGION IV LENDING CENTER**

2nd Flr., LandBank Bldg.  
Pres. Laurel Highway, Marauoy  
Lipa City, Batangas  
Tel. Nos.: (043) 312-0510  
312-3704  
TeleFax No.: 756-0909



**REGION IV LENDING CENTER  
OCCIDENTAL MINDORO  
SATELLITE OFFICE**

Punzalan Bldg., Quirino St., Brgy. 6  
San Jose, Occidental Mindoro  
TeleFax No.: (043) 491-4306

**REGION IV LENDING CENTER  
ORIENTAL MINDORO  
SATELLITE OFFICE**

Filipiniana Complex, Brgy. Sto. Niño  
Calapan City, Oriental Mindoro  
Tel. No.: (043) 288-2327  
TeleFax No.: 288-2472

**ROSARIO (Batangas)**

LBP Bldg., Gualberto Ave., Brgy. D.  
Rosario, Batangas  
Tel. No.: (043) 321-1167  
Fax No.: 321-3102

**SAN JOSE (Mindoro)**

Punzalan Bldg., Quirino St., Brgy. 6  
San Jose, Occidental Mindoro  
Tel. No.: (043) 491-2032  
Fax No.: 491-1525

**TANAUAN**

LBP Bldg., Pres. J.P. Laurel Hi-way  
Tananan City, Batangas  
Tel. No.: (043) 778-4179  
Fax No.: 778-4180

**AREA IV-A**

*(Cavite, Palawan and Rizal)*

**OFFICE OF THE AREA HEAD**

2nd Flr., Ortigas Royale Condominium  
Ortigas Ave., Ext. Cainta, Rizal  
Tel. Nos.: 710-6014; 655-2064  
TeleFax No.: 655-9535

**ANTIPOLO**

S. Oliveros Bldg.  
151 M.L. Quezon St., Brgy. San Roque  
Antipolo City, Rizal  
Tel. Nos.: 697-0747; 697-1482  
650-5473  
Fax No.: 697-1481

**BINANGONAN**

MLRC Bldg., #504 National Rd.  
Calumpang, Binangonan, Rizal  
Tel. Nos.: 652-0309; 289-0784  
Fax No.: 652-1455

**BROOKE'S POINT**

Virgilio cor. Villapa Sts., Poblacion  
Brooke's Pt., Palawan  
Tel. Nos.: (048) 723-0856  
723-0854  
(0919) 374-1543

**CAINTA**

Ground Flr., Ortigas Royale Condominium  
Ortigas Ave., Ext. Cainta, Rizal  
Tel. Nos.: 656-1774; 656-1610  
655-6458; 655-4445  
Fax No.: 656-9534

**CAVITE ACCOUNTING CENTER I**

Cavite Export Processing Zone  
Compound, Cavite City, Cavite  
Tel. No.: (046) 437-2449  
Fax No.: 437-1986

**CAVITE ACCOUNTING CENTER II**

G. Toledo Bldg., Pedro Montoya  
Cor. Yakal Sts., Silang, Cavite  
Tel. No.: (046) 414-2987  
Fax No.: 414-2986

**CAVITE**

LBP Bldg., P. Burgos Ave. cor. Ronquillo St.  
Caridad, Cavite City, Cavite  
Tel. No.: (046) 431-2087  
TeleFax No.: (046) 431-1397

**CAVITE LENDING CENTER**

Virginia Mansion-NVCP Bldg.  
Aguinaldo Highway  
Dasmariñas, Cavite  
Tel. Nos.: (046) 416-5048  
416-1241; 416-5247  
Fax No.: (046) 416-1146

**CORON**

Dabuit Bldg., Poblacion  
Coron, Palawan  
Tel. Nos.: (0928) 5010727  
(0910) 392-3652

**DAC - IV-A**

2nd Flr., Ortigas Royale Condominium  
Ortigas Ave., Ext. Cainta, Rizal  
TeleFax No.: 655-2064

**DASMARIÑAS**

Virginia Mansion-NVCP Bldg.  
Aguinaldo Highway  
Dasmariñas, Cavite  
Tel. Nos.: (046) 416-1918  
416-1147; 416-2355  
416-3378  
Fax No.: 416-1148

**IMUS**

ONM Bldg., Palico III  
Gen. E. Aguinaldo Highway  
Imus, Cavite  
Tel. No.: (046) 471-1204  
Fax No.: 471-4378

**PALAWAN LENDING CENTER**

#270 Hagedorn Bldg., Rizal Ave.  
Puerto Princesa City, Palawan  
Tel. No.: (048) 433-8092  
TeleFax No.: 433-9306

**PUERTO PRINCESA**

#270 Hagedorn Bldg., Rizal Ave.  
Puerto Princesa City, Palawan  
Tel. Nos.: (048) 433-2823  
433-3490; 434-2141  
Fax No.: 433-2820

**RIZAL ACCOUNTING CENTER**

2nd Flr., S. Oliveros Bldg., #151 M.L.  
Quezon St., Brgy. San Roque  
Antipolo City, Rizal  
Tel. Nos.: 630-3644; 696-6255  
Fax No.: 630-3633

**RIZAL LENDING CENTER**

2nd Flr., Ortigas Royale Condominium  
Ortigas Ave., Ext. Cainta, Rizal  
Tel. Nos.: 655-4449, 655-4565  
655-8092  
TeleFax No.: 655-5833

**ROSARIO (Cavite)**

Cavite Export Processing Zone Comp.  
Rosario, Cavite  
Tel. Nos.: (046) 437-2749  
437-8669  
Fax No.: 437-6378

**SILANG**

G. Toledo Bldg., P. Montoya  
Cor. Yakal Sts., San Miguel I  
Silang, Cavite  
Tel. No.: (046) 414-0171  
TeleFax No.: 414-2461

**TAGAYTAY**

LBP Bldg., Tagaytay Centrum  
Tagaytay City, Cavite  
Tel. No.: (046) 413-0714  
TeleFax No.: 413-0715

**TANAY**

F.T. Catapusan St., Tanay, Rizal  
Tel. Nos.: 654-0656; 654-0655  
Fax No.: 654-0064

**TAYTAY**

Manila East Arcade Manila East Rd.  
Taytay, Rizal  
Tel. Nos.: 660-4398; 286-3680  
Fax No.: 660-4453

**TRECE MARTIRES**

Indang-Trece Rd., Brgy. Luciano  
Trece Martires City, Cavite  
Tel. No.: (046) 419-1472  
Fax No.: 419-0171

**AREA IV-B**

*(Laguna and Quezon)*

**OFFICE OF THE AREA HEAD**

2nd Flr., LBP Bldg.  
Silangan Rd., UP Los Banos Campus  
Los Baños, Laguna  
Tel. No.: (049) 827-3820  
TeleFax No.: 536-7249

**BIÑAN**

Bonifacio St. Bgy. Canlalay  
Biñan, Laguna  
Tel. Nos.: (049) 511-8817  
411-3527  
TeleFax No.: (02) 520-6708

**BOAC**

Francisco-Pura Bldg.  
Gov. Damian Reyes St., Brgy. San Miguel  
Boac, Marinduque  
Tel. Nos.: (042); 332-1038  
311-1001; 311-1237  
TeleFax No.: 332-2005

**CABUYAO**

Don Onofre Bldg., Rosario Village  
Brgy. Sala, Cabuyao, Laguna  
Tel. No.: (049) 832-0845  
TeleFax No.: (049) 531-4746

**CALAMBA**

F.P. Perez Bldg., Brgy. Parian  
Calamba City, Laguna  
Tel. Nos.: (049) 502-8695  
502-8696  
TeleFax No.: 502-8694

**CALAMBA E.O.**

Calamba New City Hall Bldg., Brgy. Real  
Calamba City, Laguna  
Tel. No.: (049) 545-0177  
TeleFax No.: 545-0176

**CANDELARIA**

Del Valle cor. De Gala St., Poblacion  
Candelaria, Quezon  
Tel. Nos.: (042) 585-3616  
585-3615; 585-1386  
Fax No.: 741-1386

**DAC - IV-B**

2nd Flr., LBP Bldg.  
Silangan Rd., UP Los Banos Campus  
Los Baños, Laguna  
Tel. No.: (049) 536-6392  
Fax No.: (049) 536-7249

**GUMACA**

Bonifacio cor. Mariano rincipe St.  
Maharlika Highway, Poblacion  
Gumaca, Quezon  
Tel. Nos.: (042) 421-1197  
317-7363; 421-1181  
317-5680  
Fax No.: 421-1173

**INFANTA**

Oliva Bldg., Rizal St.  
Infanta, Quezon  
Tel. No.: (042) 535-2363  
TeleFax No.: 535-2165

**LAGUNA ACCOUNTING CENTER I**

2nd Flr., LBP Bldg.  
Silangan Rd. UP Los Baños Campus  
Los Baños, Laguna  
Tel. Nos.: (049) 827-2870  
536-7248  
Fax No.: 536-6393

**LAGUNA ACCOUNTING CENTER II**

F.P. Perez Bldg., Brgy. Parian  
Calamba City, Laguna  
Tel. Nos.: (049) 545-7163  
834-3107  
TeleFax No.: 545-6371

**LAGUNA LENDING CENTER**

4th Flr., LBP Bldg.  
Silangan Rd., UP Los Baños Campus  
Los Baños, Laguna  
Tel. No.: (049) 536-6349  
Fax No.: 536-6349

**LUCENA**

Padillo Bldg. Quezon Ave. cor. Trinidad St.  
Lucena City, Quezon  
Tel. Nos.: (042) 710-3795  
710-6833; 373-5791  
660-3583  
Fax No.: 710-2617

**MULANAY**

Maxino-Tan Bldg., Provincial Rd.  
Cor. F. Nañadiego St.  
Mulanay, Quezon  
Tel. Nos.: (042) 319-7243  
911-2123; 319-7331  
319-2443  
Fax No.: 319-7591

**QUEZON ACCOUNTING CENTER**

Padillo Bldg., Quezon Ave. cor. Trinidad St.  
Lucena City, Quezon  
Tel. No.: (042) 660-4553  
Fax No.: 373-2048

**QUEZON LENDING CENTER**

Padillo Bldg., Quezon Ave. cor. Trinidad St.  
Lucena City, Quezon  
Tel. Nos.: (042) 660-1662  
373-5746; 710-3489  
Fax No.: 660-2449

**SAN PABLO (Laguna)**

Iluminada Bldg., Rizal Ave.  
Cor. Lopez Jaena St., Poblacion  
San Pablo City, Laguna  
Tel. Nos.: (049) 562-0731  
561 1540; 800-3272  
TeleFax No.: 562-0732

**SAN PABLO (Laguna) E.O.**

SSS Bldg. M. Paulino St. cor. Balagtas Blvd.  
San Pablo City, Laguna  
Tel. No.: (049) 800-4239  
Fax No.: 561-2309

**SAN PEDRO (Laguna)**

Ground Flr., ETG Business Ctr.  
A. Mabini St., San Pedro, Laguna  
Tel. No.: (02) 520-4319  
TeleFax No.: (02) 520-3784

**SINILOAN**

LBP Bldg., E. Castro St., Siniloan, Laguna  
Tel. Nos.: (049) 341-1167  
501-0250  
Fax No.: 501-0398

**STA. CRUZ (Laguna)**

A. Regidor cor. P. Burgos Sts.  
Sta. Cruz, Laguna  
Tel. No.: (049) 501-2206  
TeleFax No.: 501-3644

**STA. CRUZ CAPITOL**

P. Guevarra St., Sta. Cruz, Laguna  
Tel. Nos.: (049) 501-1924  
810-3923  
TeleFax No.: 501-1285

**STA. ROSA**

National Highway, Balibago  
Sta. Rosa, Laguna  
Tel. Nos.: (049) 534-2143  
534-9202  
TeleFax No.: 534-2914

**U.P. LOS BAÑOS**

Ground Flr., LBP Bldg.  
Silangan Rd. UP Los Baños Campus  
Los Baños, Laguna  
Tel. Nos.: (049) 536-5058  
536-7094  
Fax No.: 536-3360

**REGION V**

*(Albay, Camarines Norte, Camarines Sur, Catanduanes, Masbate and Sorsogon)*

**OFFICE OF THE REGIONAL HEAD**

2nd Flr. LBP Bldg. Rizal St. Cabagñan  
Legazpi City, Albay 4500  
Tel. No.: (052) 480-6755  
Fax No.: 480-6835

**ALBAY ACCOUNTING CENTER**

3rd Flr. LBP Bldg. Rizal St. Cabagñan  
Legazpi City, Albay 4500  
Tel. Nos.: (052) 480-0075  
437-8512

**AOC - V**

3rd Flr. LBP Bldg. Rizal St. Cabagñan  
Legazpi City, Albay 4500  
Telefax Nos.: (052) 480-6547  
481-5815

**CAMARINES NORTE ACCOUNTING CENTER**

LBP Bldg. Vinzons Ave. (Maharlika H-way)  
Daet, Camarines Norte  
Tel. No.: (054) 440-1403  
Fax No.: 440-1407

**CAMARINES SUR**

**ACCOUNTING CENTER**  
LBRDC Bldg., Gen. Luna St.  
Naga City, Camarines Sur  
Tel. Nos.: (054) 473-5979  
473-7926  
Fax No.: 473-4006

**DAC - V**

2nd Flr., LBP Bldg. Rizal St. Cabagñan  
Legazpi City, Albay 4500  
Telefax: (052) 480-1628

**DAET**

LBP Bldg. Vinzons Ave. (Maharlika H-way)  
Daet, Camarines Norte  
Tel. Nos.: (054) 440-1404  
721-3688; 721-2696  
Fax No.: 440-1405

**GOA**

Ground Flr., Centenera Bldg.  
Panday St., Goa Camarines Sur  
Tel. No.: (054) 453-0250  
TeleFax No.: 453-1068

**IRIGA**

Ground Flr., Mark Nancy Bldg.  
Santiago I. Gonzales St., Brgy. San Roque  
Iriga City, Camarines Sur  
Tel. Nos.: (054) 655-0796  
456-0297; 299-5848  
TeleFax No.: 456-0375

**IROSIN**

Beata Dorotan Bldg., San Juan  
Irosin, Sorsogon  
Tel. Nos.: (056) 421-5013  
557-3165  
Fax No.: 557-3291

**LABO**

Maharlika Highway, Poblacion  
Labo, Camarines Norte  
Tel. No.: (054) 585-2172  
TeleFax No.: 447-6045

**LEGAZPI**

LBP Bldg. Rizal St. Cabagñan  
Legazpi City, Albay 4500  
Tel. Nos.: (052) 821-1391  
480-6550; 821-7944  
Telefax Nos.: 480-4252; 480-6314

**LEGAZPI LENDING CENTER**

2nd Flr., LBP Bldg. Rizal St. Cabagñan  
Legazpi City, Albay 4500  
Tel. No.: (052) 480-6888  
Fax No.: 480-6887

**LIGAO**

Estevez Bldg., McKinley St., Centro  
Ligao City, Albay  
Tel. Nos.: 837-0222; 485-2637  
Telefax No.: (052) 485-2208

**MASBATE**

N. E. Martinez Bldg.  
Cor. Quezon and Danao Sts.  
Masbate City, Masbate  
Tel. Nos.: (056) 333-2977  
333-2281  
Fax No.: 333-2448

**NAGA**

LBRDC Bldg. General Luna St.  
Naga City  
Tel. Nos.: (054) 473-7925  
811-3317; 473-7949  
Fax No.: 473-1788; 472-3030

**NAGA LENDING CENTER**

LBRDC Bldg. Gen. Luna St.  
Naga City, Camarines Sur  
Tel. Nos.: (054) 473-3264  
473-2047; 811-6287  
Fax No.: 473-7924

**PILI**

Bal Per Sumayao Bldg., National H-way  
Old San Roque, Pili, Camarines Sur  
Tel. Nos.: (054) 361-2565  
477-3044  
Fax No.: 477-3333

**SIPOCOT**

San Juan Ave. South Centro  
Sipocot, Camarines Sur  
Tel. No.: (054) 256-6337  
Fax No.: 450-6025

**SORSOGON**

Rizal cor. Burgos Sts. Burabod  
Sorsogon City  
Tel. No.: (056) 211-4074  
TeleFax No.: 421-5215

**SORSOGON ACCOUNTING CENTER**

Rizal cor Burgos Sts. Burabod  
Sorsogon City  
Tel. Nos.: (056) 211-4598  
421-5660  
TeleFax No.: 421-5222

**TABACO**

Castillon Bldg., Riosa St.  
Tabaco, Albay  
Tel. Nos.: (052) 830-0058  
558-2701  
TeleFax No.: 487-5182

**VIRAC**

JMA Bldg. Rizal St., Sta. Elena  
Virac, Catanduanes  
Tel. No.: (052) 811-2224  
Fax No.: 811-1638



### • Visayas Branches Group •

#### OFFICE OF THE GROUP HEAD

LBP Bldg. P. del Rosario St. cor. Jones Ave.  
Cebu City, Cebu  
Tel. Nos.: (032) 254-3842  
255-4962  
Fax No.: 255-4424

27th Flr., LANDBANK PLAZA  
1598 M.H. Del Pilar cor. Dr. J. Quintos Sts.  
Malate, Manila  
Tel. Nos.: 551-2200; 522-0000  
450-7001  
Locals: 7308 & 7176  
Direct Lines: 405-7308; 405-7176  
Fax No.: 528-8595

#### REGION VI

(Aklan, Antique, Capiz, Guimaras, Iloilo and Negros Occidental)

#### OFFICE OF THE REGIONAL HEAD

2nd Flr., LBP Bldg., Iznart cor. Solis Sts.  
Iloilo City, Iloilo  
Tel. Nos.: (033) 5096957  
335-1002/338-1682  
Locals: 216, 218, 219; 335-0968  
Fax No.: 335-1006

#### AOC VI - A

2nd Flr., LBP Bldg., Iznart cor. Solis Sts.  
Iloilo City, Iloilo  
Tel. Nos.: (033) 509-8578  
335-1002; 338-1682  
Locals: 211, 213, 237, 337  
TeleFax No.: 337-1426

#### AOC VI-B

3rd Flr., LBP Bldg., Cottage Rd.  
Cor. Gatuslao St.  
Bacolod City, Negros Occidental  
TeleFax No.: (034) 434-2192

#### ANTIQUE

San Jose Municipal Bldg.  
Rep. A. Salazar cor. Tobias A. Fornier Sts.  
San Jose, Antique  
Tel. Nos.: (036) 540-8335  
540-9556; 320-2028  
Telefax Nos.: 540-9405; 540-9734

#### BACOLOD

LBP Bldg., Gatuslao St. cor. Cottage Rd.  
Bacolod City, Negros Occidental  
Tel. Nos.: (034) 435-0142  
434-5407; 432-3134  
435-0148; 435-0163  
435-0164; 434-2407  
434-2364  
Fax No.: 435-0162

#### CADIZ

Lopez Jaena cor. Cabahug Sts. Pob.  
Cadiz City, Negros Occidental  
Tel. Nos.: (034) 493-0569  
720-8150  
Fax No.: 493-0413

#### DAC - ILOILO

3rd Flr., LBP Bldg., Iznart cor. Solis Sts.  
Iloilo City, Iloilo  
Tel. Nos.: (033) 509-8977  
335-1002; 338-1682  
Locals: 229, 227  
TeleFax No.: 337-3437

#### DAC - NEGROS

2nd Flr., LBP Bldg. Gatuslao St.  
Cor. Cottage Rd., Bacolod City  
Negros Occidental  
Tel. No.: (034) 435-0145  
Fax No.: 435-1107

#### GAISANO (Iloilo)

Gaisano City Mall  
Luna St., Lapaz, Iloilo City, Iloilo  
Tel. Nos.: (033) 320-8763  
509-2227  
Fax No.: 320-8763

#### GUIMARAS (Jordan)

Finerock Bldg., San Miguel  
Jordan, Guimaras  
Tel. No.: (033) 237-1419  
TeleFax No.: 581-3234

#### HERNAEZ E.O.

Perpetual Bldg., cor. Jovito & Hernaez Sts.  
Bacolod City, Negros Occidental  
Tel. No.: (034) 433-9538  
TeleFax No.: 433-9539

#### ILOILO

LBP Bldg., Iznart cor. Solis Sts.  
Iloilo City, Iloilo  
Tel. Nos.: (033) 335-1004  
335-1002; 338-1682  
Locals: 205, 206, 233, 235  
336-1563  
TeleFax No.: 335-1005

#### ILOILO ACCOUNTING CENTER

3rd Flr., LBP Bldg., Iznart cor. Solis Sts.  
Iloilo City, Iloilo  
Tel. Nos.: (033) 509-8399  
335-1002; 338-1682  
Locals: 228, 227, 232, 234  
TeleFax No.: 337-4500

#### ILOILO LENDING CENTER

2nd Flr., LBP Bldg., Iznart cor. Solis Sts.  
Iloilo City, Iloilo  
Tel. Nos.: (033) 336-0391  
509-8913; 335-1002  
338-1682  
Locals: 221, 224, 215, 225  
TeleFax No.: 336-9870

#### JARO

Celis Compound, Commission Civil St.  
Jaro, Iloilo  
Tel. Nos.: (033) 329-2320  
329-2340  
TeleFax No.: 329-2330

#### KABANKALAN

G. Gochangco Bldg. Guanzon St.  
Kabankalan City, Negros Oriental  
Tel. Nos.: (034) 471-2315  
471-2111  
Fax No.: 471-2415

#### KALIBO

La Esperanza Commercial Bldg.  
Osmeña Ave., Kalibo, Aklan  
Tel. Nos.: (036) 262-3300  
262-5245; 268-4289  
268-7144; 268-4811  
500-7419  
TeleFax No.: 262-4965

#### MANDALAGAN EO

AVP Bldg., Lacson St. Mandalagan  
Bacolod City, Negros Occidental  
Tel. No.: (034) 441-3537  
TeleFax No.: 441-3539

#### NEGROS OCCIDENTAL

ACCOUNTING CENTER  
2nd Flr., LBP Bldg. Gatuslao St.  
Bacolod City, Negros Occidental  
Tel. No.: (034) 435-4615  
TeleFax No.: 435-4616

#### NEGROS OCCIDENTAL

LENDING CENTER  
2nd Flr., LBP Bldg. Gatuslao St.  
Cor. Cottage Rd., Bacolod City  
Negros Occidental  
Tel. Nos.: (034) 435-0144  
707-6896; 433-6455  
TeleFax No.: 435-1107

#### PANDAN

Justice Calixto A. Zaldivar  
Cor. Mayor D. Dy Buco Sts.  
Centro Norte Pandan, Antique  
Tel. No.: (036) 278-9333  
TeleFax No.: 278-9154

#### PASSI

AGT Bldg. Simeon Aguilar St.  
Passi City, Iloilo  
Tel. Nos.: (033) 536-8058  
311-5122; 311-5200  
367-1585  
Fax No.: 311-5187

#### PLAZA LIBERTAD

Ybernias Bldg., Zamora St.  
Iloilo City, Iloilo  
Tel. No.: (033) 509-9220  
TeleFax No.: 336-0294

#### ROXAS (Capiz)

Acevedo Bldg., P. Gomez St.  
Roxas City, Capiz  
Tel. Nos.: (036) 621-3394  
621-3395; 621-4394  
621-0012; 621-2353  
522-8199; 621-2066  
Fax No.: 621-0353

#### SAGAY

Roxas Ave. cor. National Rd.  
Sagay City, Negros Occidental  
Tel. Nos.: (034) 488-0141 to 43  
TeleFax No.: 488-0144

#### SAN CARLOS (NO)

Ground Flr., Heritage Bldg., II  
City Center (Center Mall)  
San Carlos City, Negros Occidental  
Tel. Nos.: (034) 312-5807  
729-9129  
Fax No.: 312-5806

#### SARA

LBP Bldg. C. Tady St., Sara, Iloilo  
Tel. No.: (033) 392-0251  
Fax No.: 392-0255

#### SIPALAY

Sipalay City Hall Brgy. Barangay 2  
Sipalay, Negros Occidental  
Tel. No.: (034) 476-3168

#### UP MIAG-AO

UP Visayas Fisheries Library  
Museum Bldg., UP Visayas Campus  
Miaag-ao, Iloilo  
Tel. Nos.: (033) 513-8599  
315-8656  
TeleFax No.: 315-8655

#### VICTORIAS

Rainbow Mall Bldg. Osmeña Ave.  
Victorias, Negros Occidental  
Tel. Nos.: (034) 399-2965  
717-7356  
Fax No.: 399-2966

#### REGION VII

(Bohol, Cebu, Negros Oriental and Siquijor)

#### OFFICE OF THE REGIONAL HEAD

LBP Bldg. Osmeña Blvd.  
Cor. P. del Rosario St., Cebu City, Cebu  
Tel. Nos.: (032) 412-9820  
254-2316  
Fax No.: 416-8008

#### AOC - VII

LBP Bldg., Osmeña Blvd.  
Cor. P. del Rosario St., Cebu City, Cebu  
Tel. Nos.: (032) 416-7967  
254-4996  
Fax No.: 254-4996

#### BAIS

LBP Bldg., Aglipay St.  
Bais City, Negros Oriental  
Tel. No.: (035) 402-8291  
Fax No.: 402-9432

#### BANILAD E.O.

MEPZ Administration Bldg.  
Lapu-Lapu City, Cebu  
Tel. No.: (032) 495-4833  
TeleFax No.: 422-8393

#### BAYAWAN

National Highway cor. Mabini St.  
Poblacion, Bayawan City, Negros Oriental  
Tel. No.: (035) 228-3025  
TeleFax No.: 228-3025

#### BOC-CEBU E.O.

Cebu International Port Complex  
North Reclamation Area, Cebu City  
Tel. No.: (032) 232-1516  
TeleFax No.: 232-1639

#### BOGO

P. Rodriguez St., 6010 Bogo City, Cebu  
Tel. No.: (032) 251-2063  
Fax No.: 434-8124

#### BOHOL ACCOUNTING CENTER

2nd Flr., Bohol Provincial Capitol Complex  
J.S. Torralba cor. Marapao Sts.  
Tagbilaran City, Bohol  
TeleFax No.: (038) 501-9091

#### BOHOL LENDING CENTER

Bohol Provincial Capitol Complex  
J.S. Torralba cor. C. Marapao Sts.  
Tagbilaran City, Bohol  
Tel. No.: (038) 411-5235  
TeleFax No.: 501-9968

#### CARCAR

Henry Uy Bldg. Poblacion III, Awayan  
Carcar, Cebu  
Tel. Nos.: (032) 487-8682  
487-8681  
TeleFax No.: 487-8680

#### CEBU ACCOUNTING CENTER

2nd Flr. LBP Bldg. P. del Rosario  
Cor. Jones Ave., Cebu City, Cebu  
Tel. Nos.: (032) 253-7367  
254-1313; 255-4650  
Fax No.: 254-1314

#### CEBU-CAPITOL

Ground Flr., Leonisa Bldg. Escario  
cor. Juana Sts., Extension  
Cebu City, Cebu  
Tel. Nos.: (032) 253-1337  
254-5957; 416-5448  
412-5127 to 28  
Fax No.: 253-6937

#### CEBU LENDING CENTER

LBP Bldg. P. del Rosario cor. Jones Ave.  
Cebu City, Cebu  
Tel. Nos.: (032) 255-3710  
255-3720; 253-8327  
235-2273; 256-1394  
Fax No.: 254-1314

#### CEBU-OSMEÑA BLVD.

GSO Bldg., Quezon National Highway  
Pajo, Lapu-Lapu City, Cebu  
Tel. Nos.: (032) 255-0471 to 73  
255-8723; 412-9629  
412-9630; 253-4429  
412-9631; 412-9632  
254-1312; 256-1774  
Fax No.: 412-9571

#### CEBU-PLAZA INDEPENDENCIA

(Formerly Plaridel)  
LBP Bldg., Osmeña Blvd.  
Cor. P. del Rosario St., Cebu City, Cebu  
Tel. Nos.: (032) 253-0696  
412-9729; 412-1772  
254-1788  
Fax No.: 253-7390

#### DAC – VII

Ground Flr., LBP Bldg.  
Osmeña Blvd. cor. P. del Rosario St.  
Cebu City, Cebu  
Tel. Nos.: (032) 415-6187  
254-2316  
Fax No.: 416-8008

#### DANAO

F. Ralota St., Poblacion, Danao City, Cebu  
Tel. No.: (032) 200-3598  
Fax No.: 200-3599

#### DUMAGUETE

NORECO II Bldg., cor Real & San Juan Sts.  
Dumaguete City, Negros Oriental  
Tel. No.: (035) 225-7568  
225-4687; 225-2406  
225-4688; 422-2481  
TeleFax No.: 422-9055

#### GUIHULNGAN

116 KM National Highway  
Poblacion, Guihulngan, Negros Oriental  
Tel. No.: (035) 410-3095  
TeleFax No.: 231-3263

#### ISLAND CITY MALL EO

Ground Flr., Island City Mall  
Dampas District, Tagbilaran City, Bohol  
TeleFax No.: (038) 501-0155

#### LAPU-LAPU

LDM Bldg. M.J. Cuenco Ave.  
Cebu City, Cebu  
Tel. Nos.: (032) 340-0758  
495-3838; 495-3737  
495-3823  
Fax No.: 340-0757

#### LAPU-LAPU E.O.

Girl Scouts of the Philippines Bldg.  
Banilad St., Cebu City, Cebu  
Tel. Nos.: (032) 232-2788  
233-3029  
TeleFax No.: 341-0710

#### MACTAN-CEBU INTERNATIONAL

##### AIRPORT FX BOOTH

Mactan International Airport  
Lapu-Lapu City, Cebu

##### MANDAUE

Dayzon Bldg. Tipolo, Mandaue City, Cebu  
Tel. Nos.: (032) 344-0671  
344-0672; 422-6277  
422-6244  
Fax No.: 346-2649

##### MANDAUE E.O.

LBP Bldg. Ouano St. Centro  
Mandaue City, Cebu  
Tel. Nos.: (032) 346-7120  
422-3039  
Fax No.: 346-7129

#### NEGROS ORIENTAL

##### ACCOUNTING CENTER

NORECO II Bldg., Real cor San Juan Sts.  
Dumaguete City, Negros Oriental  
Tel. No.: (035) 225-1063  
Fax No.: 422-9095

#### NEGROS ORIENTAL-SIQUIJOR

##### LENDING CENTER

NORECO II Bldg., Real cor San Juan Sts.  
Dumaguete City, Negros Oriental  
Tel. Nos.: (035) 225-0969  
225-9735  
Fax No.: 422-5623

##### SIQUIJOR (Larena)

Larena Multi-Purpose Bldg.  
National Highway cor. Magsaysay St.  
Larena, Siquijor  
Tel. No.: (035) 484-1147  
TeleFax No.: 377-2023

#### TAGBILARAN

Bohol Provincial Capitol Complex  
J.S. Torralba cor. Marapao Sts.  
Tagbilaran City, Bohol  
Tel. Nos.: (038) 411-3831  
235-3129; 501-7189  
Fax No.: 501-9039

#### TALIBON

Ground Flr., Talibon Public Mega Market  
Reclamation Area Poblacion  
Talibon, Bohol  
Tel. No.: (038) 515-0049  
Fax No.: 332-1071

#### WATERFRONT HOTEL CASINO

##### FX BOOTH (Lahug)

Waterfront Casino Hotel, Lahug  
Cebu City, Cebu  
Tel. No.: (032) 232-8380

#### WATERFRONT HOTEL CASINO

##### FX BOOTH

Waterfront Casino Hotel  
Lapu-lapu City, Cebu  
Tel. No.: (032) 340-6051

#### REGION VIII

(Biliran, Leyte, Southern Leyte, Eastern/  
Northern Samar and Samar)

#### OFFICE OF THE REGIONAL HEAD

2nd Flr. Oceanic Bldg., Justice Romualdez  
cor. Senator Enage Sts.  
Tacloban City, Leyte  
Tel. Nos.: (053) 321-7382  
523-2784; 325-5246  
Fax No.: 325-7668

#### AOC - VIII

Real St., Sagkahan District  
Tacloban City, Leyte  
Tel. Nos.: (053) 325-5247  
325-7852; 321-3797  
TeleFax No.: 321-5163

#### BAYBAY

Castillo Bldg., 160 A. Bonifacio St.  
Baybay City, Leyte  
Tel. No.: (053) 563-9218  
TeleFax No.: 335-3140

#### BORONGAN

Araba Bldg., San Pedro St.  
Borongan, Eastern Samar  
Tel. Nos.: (055) 560-9188  
261-2008  
TeleFax No.: 560-9173

#### CALBAYOG

MRCR Bldg. cor. Umbria St. &  
Rosales Blvd., Calbayog City  
Western Samar  
Tel. Nos.: (055) 209-1178  
209-1803; 209-2781  
TeleFax No.: 533-9765

#### CATARMAN

Manuel L. Uy Bldg., Jacinto cor. Garcia Sts.  
Catarmán, Northern Samar  
Tel. No.: (055) 500-9007  
TeleFax No.: 251-8385

#### CATBALOGAN

Picson Bldg., Del Rosario St.  
Catbalogan, Western Samar  
Tel. Nos.: (055) 251-2026  
543-8351; 543-9180  
Fax Nos.: 251-2150

#### DAC - VIII

Real St., Sagkahan District  
Tacloban City, Leyte  
Tel. No.: (053) 341-6770  
TeleFax No.: 523-0340

#### LEYTE ACCOUNTING CENTER

3rd Flr. Oceanic Bldg., Justice Romualdez  
Cor. Senator Enage Sts.  
Tacloban City, Leyte  
Tel. Nos.: (053) 321-9496  
523-2785  
TeleFax No.: 321-9495



**MAASIN**

UCCP Bldg., College of Maasin Campus  
Kangleon St., Maasin City, Southern Leyte  
Tel. Nos.: (053) 381-2034  
570-9869; 570-8092  
TeleFax No.: 570-9788

**NAVAL**

Naval Commercial Bldg. Padre Inocentes  
Garcia cor. Abad Sts., Brgy. Sto Rosario  
Naval, Biliran  
Tel. No.: (053) 500-9263  
TeleFax No.: 500-9130

**ORMOC**

PSS Bldg. Real St., Ormoc City, Leyte  
Tel. Nos.: (053) 255-3346  
255-4216; 561-8387  
255-5845  
TeleFax No.: 255-4504

**SAMAR ACCOUNTING CENTER**

Picson Bldg. del Rosario St.  
Catbalogan, Western Samar  
Tel. No.: (055) 251-5479  
TeleFax No.: 543-8005

**SOGOD**

New Bus Terminal Bldg. Zone III  
Sogod, Southern Leyte  
Tel. Nos.: (053) 382-2318  
382-3031; 577-0013  
TeleFax No.: 382-2317

**TACLOBAN**

Oceanic Bldg., Justice Romualdez  
Cor. Senator Enage Sts.  
Tacloban City, Leyte  
Tel. Nos.: (053) 321-5050  
523-0330; 321-7076  
523-0325; 321-6999  
321-7001  
Telefax Nos.: 325-5095; 325-4671

**TACLOBAN LENDING CENTER**

Mezzanine, Esperas Bldg. Real St.  
Tacloban City, Leyte  
Tel. Nos.: (053) 325-4059  
523-0018; 523-2490  
523-2480  
Fax Nos.: 325-9544; 523-2481

**TACLOBAN REAL**

Esperas Bldg. Real St., Tacloban City, Leyte  
Tel. Nos.: (053) 321-2221  
321-5836; 323-6267  
325-2164  
Fax No.: 321-5837

• **Mindanao Branches Group** •**OFFICE OF THE GROUP HEAD**

LBP Bldg. #7 Palm Drive  
Bajada, Davao del Sur  
Telefax Nos.: (082) 305-0827  
221-7206

27th Flr., LANDBANK Plaza,  
1598 M. H. Del Pilar cor. Dr. J. Quintos Sts.  
Malate, Manila

Tel. Nos.: 5512200; 522-0000  
450-7001  
Locals: 7314; 2209; 2367  
Direct Line: 405-7314  
Fax No.: 528-8577

**REGION IX**

(*Basilan, Misamis Occidental, Sulu  
Tawi-Tawi and Zamboanga del Norte/Sur*)

**OFFICE OF THE REGIONAL HEAD**

2nd Flr., LBP Bldg. Capt. F. Marcos St.  
Cor. Valderosa St., Pettit Barracks  
Zamboanga City, Zamboanga del Sur  
Tel. Nos.: (062) 990-2978  
992-6702  
TeleFax No.: 990-1718

**AOC - IX**

2nd Flr., LBP Bldg. Capt. F. Marcos St.  
Cor. Valderosa St., Pettit Barracks,  
Zamboanga City, Zamboanga del Sur  
Tel. No.: (062) 991-9368  
TeleFax No.: 991-0252

**BASILAN**

A. C. Infante Inc. Bldg.  
J.S. Alano St., Isabela City, Basilan  
Tel. No.: (062) 200-3923  
TeleFax No.: 200-3346

**BONGAO**

Tolentino Go Bldg. Bagay St.  
Bongao, Tawi-Tawi  
Tel. No.: (068) 268-1148  
TeleFax No.: 268-1015

**BUUG**

Escobar Bldg., National Highway  
Buug, Zamboanga Sibugay  
Tel. No.: (0918) 939-9068  
TeleFax No.: (062) 344-8111

**DAC - IX**

2nd Flr., LBP Bldg. Capt. F. Marcos St.  
Cor. Valderosa St., Pettit Barracks  
Zamboanga City, Zamboanga del Sur  
TeleFax No.: (062) 992-2144

**DIPOLOG**

Ground Flr., FSA Bldg., ABC Compound  
Quezon Ave., Dipolog City  
Zamboanga del Norte  
Tel. Nos.: (065) 212-2277  
212-7238; 212-7237  
TeleFax No.: 212-3284

**DIPOLOG ACCOUNTING CENTER**

2nd Flr., FSA Bldg., ABC Compound  
Quezon Ave., Dipolog City  
Zamboanga del Norte  
Tel. No.: (065) 212-8671  
TeleFax No.: 212-8066

**DIPOLOG LENDING CENTER**

2nd Flr., FSA Bldg. ABC Compound  
Quezon Ave., Dipolog City  
Zamboanga del Norte  
Tel. Nos.: (065) 212-3233  
212-8068  
Fax No.: 212-8067

**IPIL**

Chiong Bldg. National Rd.  
Ipil, Zamboanga Sibugay  
Tel. No.: (062) 333-2342  
TeleFax No.: 333-2278; 333-5689

**JOLO**

Travisi St., Jolo, Sulu  
Tel. No.: (085) 341-8911  
Local: 2137  
TeleFax No.: 2352

**MOLAVE**

SVLI Bldg., Mabini St.  
Cor. Capistrano St., Madasigon  
Molave, Zamboanga del Sur  
Tel. Nos.: (062) 225-1606  
225-1608  
Fax No.: 225-1607

**OROQUIETA**

Dajao Bldg. Rizal St.  
cor. Pastrano St., Poblacion 1  
Oroquieta City, Misamis Occidental  
Tel. Nos.: (088) 531-1292  
531-0007  
Fax No.: 531-1095

**OZAMIS**

Ground Flr., Casa Esperanza Bldg.  
Don Anselmo Bernad Ave.  
Ozamis City, Misamis Occidental  
Tel. Nos.: (088) 521-3721  
521-1372  
Fax No.: 521-3720

**PAGADIAN**

Ground Flr., Cabato Bldg., Jamisola St.  
Pagadian City, Zamboanga del Sur  
Tel. Nos.: (062) 214-1405  
214-2265; 214-1591  
Fax No.: 215-2344

**PAGADIAN ACCOUNTING CENTER**

2nd Flr., Cabato Bldg., Jamisola St.  
Pagadian City, Zamboanga del Sur  
Tel. No.: (062) 214-4473  
Fax Nos.: 214-1589; 214-1590

**SINDANGAN**

Sindangan Public Market Phase VI  
Rizal Ave., Poblacion  
Sindangan, Zamboanga del Norte  
Tel. No.: (065) 224-2236  
Fax No.: 224-2011

**WMSU E.O.**

Western Mindanao State Univ. Campus  
San Jose Rd., Zamboanga City  
Zamboanga del Sur  
Tel. No.: (062) 991-8319  
TeleFax No.: 992-2483

**ZAMBOANGA ACCOUNTING CENTER**

3rd Flr., LBP Bldg. Capt. F. Marcos St.  
Cor. Valderosa St., Pettit Barracks,  
Zamboanga City, Zamboanga del Sur  
TeleFax No.: (062) 992-2926

**ZAMBOANGA LENDING CENTER**

2nd Flr., LBP Bldg. Capt. F. Marcos St.  
Cor. Valderosa St., Pettit Barracks,  
Zamboanga City, Zamboanga del Sur  
TeleFax No.: (062) 990-2365

**ZAMBOANGA MAIN**

Ground Flr., LBP Bldg. Capt. F. Marcos St.  
Cor. Valderosa St., Pettit Barracks  
Zamboanga City, Zamboanga del Sur  
Tel. Nos.: (062) 991-0095  
991-2173; 991-0171  
Fax No.: 991-0621

**ZAMBOANGA VETERANS**

Vicente Wee Bldg. Veterans Ave.  
Zamboanga City, Zamboanga del Sur  
Tel. Nos.: (062) 991-2329  
993-2885; 991-5395  
Fax No.: 991-3735

**REGION X**

(*Bukidnon, Camiguin, Misamis Oriental,  
Lanao del Norte, Agusan del Norte and  
Surigao del Norte*)

**OFFICE OF THE REGIONAL HEAD**

2nd Flr., Boy Scouts of the Philippines  
Green Tower Bldg., Velez and Luna Sts.  
Cagayan de Oro City, Misamis Oriental  
Tel. Nos.: (088) 856-3201  
(08822) 729-090  
Fax No.: 8568240

**AOC - X**

2nd Flr., Boy Scouts of the Philippines  
Green Tower Bldg., Velez and Luna Sts.  
Cagayan de Oro City, Misamis Oriental  
Tel. No.: (08822) 722-849  
TeleFax No.: (088) 856-4590

**BUKIDNON ACCOUNTING CENTER**

J.K. Laviña Bldg. M.L. Quezon St.  
Valencia City, Bukidnon  
Tel. Nos.: (088) 222-3702  
828-1203; 828-2472  
Fax No.: 828-4022

#### **BUKIDNON LENDING CENTER**

LBP Provincial Center Capitol Drive  
Malaybalay City, Bukidnon  
Tel. Nos.: (088) 221-2122  
813-4724  
TeleFax No.: 813-4500

#### **BUTUAN**

Onghoc Bldg., Montilla Blvd.  
Butuan City, Agusan del Norte  
Tel. Nos.: (085) 342-6907  
342-3476; 815-6159  
225-2294; 341-5944  
341-5426  
Fax No.: 225-3923

#### **BUTUAN LENDING CENTER**

Onghoc Bldg., Montilla Blvd.  
Butuan City, Agusan del Norte  
Tel. Nos.: (085) 341-4583  
815-6181; 225-2050  
TeleFax No.: 341-5427

#### **CABADBARAN**

Chang Bldg., Atega cor. Asis Sts.  
Cabadbaran, Agusan del Norte  
Tel. Nos.: (085) 818-1897  
343-0700  
Fax No.: 343-0377

#### **CAGAYAN DE ORO ACCOUNTING CENTER**

Ground Flr., Boy Scouts of the Philippines  
Green Tower Bldg., Velez and Luna Sts.  
Cagayan de Oro City, Misamis Oriental  
Tel. Nos.: (08822) 712-297  
(088) 856-4824  
856-5116

#### **CAGAYAN DE ORO CITY PPA E.O.**

NHA Compound, Macabalan  
Cagayan de Oro City, Misamis Oriental  
Tel. No.: (088) 856-9526  
Fax No.: (08822) 723-050

#### **CAGAYAN DE ORO LENDING CENTER**

2nd Flr., Boy Scouts of the Philippines  
Green Tower Bldg., Velez and Luna Sts.  
Cagayan de Oro City, Misamis Oriental  
Tel. Nos.: (088) 856-5417  
(08822) 722-915  
TeleFax No.: (088) 856-4968

#### **CAMIGUIN**

(Formerly Mambajao Br.)  
Corrales Bldg., Gen. B. Aranas St. Pob.  
Mambajao, Camiguin  
Tel. No.: (088) 387-1092  
Fax No.: 387-1090

#### **CAPISTRANO**

Skyhi Twin Cinema Complex  
Capistrano cor. Pacana Sts.,  
Cagayan de Oro City, Misamis Oriental  
Tel. Nos.: (088) 727-678  
856-5515; 856-5516  
856-5437; 856-5438  
856-2383; 231-4206  
231-4207  
Fax No.: (08822) 725-777

#### **DAC - X**

Ground Flr., Boy Scouts of the Philippines  
Green Tower Bldg., Velez and Luna Sts.  
Cagayan de Oro City, Misamis Oriental  
Tel. Nos.: (08822) 728-881  
(088) 856-3200

#### **DON CARLOS**

LBP Bldg. Sayre Highway Poblacion Sur  
Don Carlos, Bukidnon  
Tel. No.: (088) 226-2580  
Fax No.: 226-2378

#### **GINGOOG**

Moreno Bldg., National Highway  
Gingoog City, Misamis Oriental  
Tel. Nos.: (088) 861-0207  
(08842) 7948  
(08842) 7502  
TeleFax No.: (088) 861-0461

#### **ILIGAN**

LBP Bldg., Bro. Raymond Jeffrey Rd.  
cor. Quezon Ave., Extension, Pala-o  
Iligan City, Lanao del Norte  
Tel. Nos.: (063) 492-1008  
221-3069; 221-5716  
221-5029  
Fax Nos.: 225-3767

#### **MALAYBALAY HIGHWAY**

Belsar Bldg. E. Fortich St. Poblacion  
Malaybalay, Bukidnon  
Tel. Nos.: (088) 221-2121  
221-3108; 813-2330  
221-2343  
Fax No.: 813-4502

#### **MARAMAG**

LBP Bldg., South Poblacion  
Maramag, Bukidnon  
Tel. No.: (088) 238-5269  
Telefax Nos.: (088) 356-1382  
356-1449

#### **MARAWI**

C & D Centerpoint, Quezon Ave.  
Marawi City, Lanao del Sur  
Tel. Nos.: 0921-5828001  
0918-9103326  
Fax No.: 0918-9323943

#### **MARAWI E.O.**

Lao Bldg., MSU Commercial Compound  
Marawi City, Lanao del Sur  
Tel. No.: 0921-5828002

#### **PUERTO (CDO)**

Sayre National Highway  
Puerto, Cagayan de Oro City  
Misamis Oriental  
Tel. No.: (088) 855-1947  
TeleFax No.: (088) 855-8858

#### **SSS CARMEN E.O.**

SSS Cagayan de Oro Branch Bldg.  
Carmen-Patag Rd., Carmen  
Cagayan de Oro City, Misamis Oriental  
Tel. Nos.: (088) 858-5797  
233-3671  
Fax No.: (08822) 710-932

#### **SURIGAO**

Surigao City Hall Compound  
Borromeo St., Surigao City  
Surigao del Norte  
Tel. Nos.: (086) 826-8806  
826-8600; 826-8410  
231-7192  
Fax Nos.: 231-7191; 826-6315

#### **TUBOD**

LBP Bldg. Quezon Ave. Poblacion  
Tubod, Lanao del Norte  
Tel. Nos.: (063) 341-5254  
341-5239; 341-5259  
Fax Nos.: (063) 495-0024  
341-5212

#### **VALENCIA**

J.K. Laviña Bldg., ML Quezon St.  
Valencia City, Bukidnon  
Tel. Nos.: (088) 222-2248  
828-2312; 828-2466  
Fax No.: 828-1310

#### **VELEZ**

Ground Flr., Boy Scouts of the Philippines  
Green Tower Bldg., Velez and Luna Sts.  
Cagayan de Oro City, Misamis Oriental  
Tel. Nos.: (08822) 725-580  
722-219  
(088) 856-3199  
856-3198;  
Telefax Nos.: (08822) 723-549  
(088) 856-6695

#### **WAO**

LBP Bldg., Wao, Lanao del Sur  
Tel. No.: 0920-9504468  
Fax No.: 0920-9370129

#### **REGION XI**

(Davao del Norte, Davao del Sur  
Davao Oriental, Compostela Valley  
Agusan del Sur and Surigao del Sur)

#### **OFFICE OF THE REGIONAL HEAD**

2nd Flr., LBP Bldg. #7 Palm Drive Bajada  
Davao City, Davao del Sur  
Tel. No.: (082) 227-9446  
Fax No.: 221-7080

#### **AOC - XI**

LBP Bldg. #7 Palm Drive Bajada  
Davao City, Davao del Sur  
Tel. Nos.: (082) 221-8456  
305-3455  
Fax No.: 227-9878

#### **BAJADA**

MSD Yap Bldg. J. P. Laurel Ave. Bajada  
Davao City, Davao del Sur  
Tel. Nos.: (082) 221-8455  
222-8546; 222-8544  
224-0631  
Fax No.: 222-0175

#### **BANSALAN**

Viacrusis Bldg., Viacrusis St.  
Bansalan, Davao del Sur  
Tel. No.: (082) 553-9221  
Fax No.: 553-9220

#### **BAYUGAN**

Brgy. Taglatawan, National Highway  
Bayugan City, Agusan del Sur  
Tel. Nos.: (085) 830-1100  
343-6089; 231-3112  
Fax No.: 830-1101

#### **BISLIG**

Castillo Bldg. F. Clar St., Mangagoy  
Bislig, Surigao del Sur  
Tel. Nos.: (086) 628-2044  
628-3038; 853-4427  
Fax No.: 628-2083

#### **CASINO FILIPINO - GRAND REGAL HOTEL FX BOOTH**

Grand Regal Hotel Lanang  
Davao City, Davao del Sur  
Tel. No.: (082) 235-8112

#### **DAC - XI**

2nd Flr., MSD Yap Bldg.  
J.P. Laurel Ave., Bajada  
Davao City, Davao del Sur  
Tel. No.: (082) 224-4735  
Fax No.: 224-4735

#### **DAVAO DEL NORTE ACCOUNTING CENTER**

2nd Flr., LBP Tagum Branch  
CMS Bldg., National Highway  
Tagum City, Davao del Norte  
Tel. Nos.: (084) 218-7934  
218-3147  
Fax No.: 218-3146



**DAVAO DEL SUR****ACCOUNTING CENTER I**

2nd Flr., LBP Davao (Recto) Branch  
 PDIC Bldg. A. Bonifacio  
 Cor. C.M. Recto Sts.  
 Davao City, Davao del Sur  
 Tel. Nos.: (082) 227-0924  
 221-6741  
 Fax No.: 221-8006

**DAVAO DEL SUR****ACCOUNTING CENTER II**

2nd Flr., LBP Digos Branch  
 Estrada cor. Rizal Sts.  
 Digos City, Davao del Sur  
 Tel. No.: (082) 553-8582  
 TeleFax No.: 553-6734

**DAVAO LENDING CENTER**

LBP Bldg., #7 Palm Drive Bajada  
 Davao City, Davao del Sur  
 Tel. Nos.: (082) 224-5843  
 300-3034; 222-8545  
 Fax Nos.: 221-5351

**DAVAO (Recto)**

PDIC Bldg. C.M. Recto cor. Bonifacio Sts.  
 Davao City, Davao del Sur  
 Tel. Nos.: (082) 226-3890  
 226-8970; 227-8465  
 224-0539; 224-1123  
 227-8467; 227-9989  
 Fax No.: 227-8468

**DIGOS**

LBP Bldg. Rizal Ave., cor. Estrada St.  
 Digos, Davao del Sur  
 Tel. Nos.: (082) 553-2480  
 553-2670  
 Fax No.: 553-2661

**HDMF DAVAO CITY****TELLERING BOOTH**

Ground Flr., Tryte Tower J.P. Laurel Ave.  
 Davao City, Davao del Sur  
 Tel. Nos.: (082) 227-0463  
 227-0464

**MALITA**

Malita Public Market  
 Malita, Davao del Sur  
 Tel. No.: 0917- 8591233  
 Fax No.: 0920- 9372041

**MATI**

Andrada Bldg., Rizal St.  
 Mati, Davao Oriental  
 Tel. Nos.: (087) 388-3509  
 388-3605; 388-3742  
 811-5393  
 Fax No.: 811-0121

**MATINA**

GSIS Compound, Matina  
 Davao City, Davao del Sur  
 Tel. Nos.: (082) 297-3063  
 298-1880  
 TeleFax No.: 297-3062

**NABUNTURAN**

Sho Bldg., Lauro Arabejo St.  
 Nabunturan, Compostela Valley  
 Tel. No.: (084) 376-0701  
 Fax No.: 376-0700

**PANABO**

LBP Bldg. National Highway  
 Panabo City, Davao del Norte  
 Tel. Nos.: (084) 822-3019  
 628-4288; 822-1475  
 Fax No.: 628-4386

**SAN FRANCISCO**

San Francisco Public Market Mall  
 Center Island St.  
 San Francisco, Agusan del Sur  
 Tel. Nos.: (085) 343-9376  
 242-3430; 343-8021  
 839-0365  
 Fax Nos.: 839-0333

**SAN PEDRO (Davao)**

Velez Bldg., San Pedro St.  
 Davao City, Davao del Sur  
 Tel. Nos.: (082) 222-1109 to 10  
 305-1171; 221-8041  
 227-5725  
 Fax No.: 221-8040

**TAGUM**

CMS Bldg. National Highway  
 Tagum, Davao del Norte  
 Tel. Nos.: (084) 217-3350  
 217-3355; 217-3699  
 400-6152  
 Fax No.: 218-3145

**TANDAG**

Bautista Bldg. Donasco St.  
 Tandag, Surigao del Sur  
 Tel. Nos.: (086) 211-3072  
 211-3486; 211-4197  
 Fax Nos.: 211-2487; 211-3098

**REGION XII**

(Maguindanao, Shariff Kabunsuan, North Cotabato, Sarangani, South Cotabato and Sultan Kudarat)

**OFFICE OF THE REGIONAL HEAD**

3rd Flr., LBP Bldg. Aquino  
 Cor. Abad Santos Sts.  
 Koronadal City, South Cotabato  
 Tel. Nos.: (083) 228-4663  
 520-0584  
 Fax No.: 520-0581

**ALABEL**

Cultural Ctr. Bldg. Provincial  
 Government Center, Alabel, Sarangani  
 Tel. No.: (083) 304-1047  
 Fax No.: 508-2026

**AOC- XII**

LBP Bldg., Gen. Santos Drive  
 Brgy. Morales, Koronadal City  
 South Cotabato  
 Tel. Nos.: (083) 520-0589  
 228-3126  
 TeleFax No.: 520-0598

**COTABATO**

Cotabato Yu Ekey Mktg. Co. Inc.  
 (CYMCI) Bldg. Don Rufino Alonso St.  
 Cotabato City, Maguindanao 9600  
 Tel. Nos.: (064) 421-4905  
 421-1707; 421-7811  
 Fax No.: 421-4907

**COTABATO CITY HALL E.O.**

Cotabato City People's Palace  
 RH 10, Datu Udtong, Matalam Ave.  
 Malagapas, Cotabato City  
 TeleFax No.: (064) 421-9545

**COTABATO ACCOUNTING CENTER**

Cotabato Yu Ekey Mktg. Bldg.  
 Don Rufino Alonso St.  
 Cotabato City, Maguindanao 9600  
 TeleFax No.: (064) 421-8335

**DAC - XII**

LBP Bldg. Aquino cor. Abad Santos Sts.  
 Koronadal City, South Cotabato  
 TeleFax No.: (083) 228-2663

**DOLE PHILS. E.O.**

Barangay Cannery Site,  
 Polomolok, South Cotabato  
 Tel. No.: (083) 500-3077

**GENERAL SANTOS  
ACCOUNTING CENTER**

2nd Flr. Versu Bldg. National Highway  
 Gen. Santos City, South Cotabato  
 Tel. No.: (083) 302-1526  
 Fax No.: 554-6237

**GEN. SANTOS (Highway)**

Versu Bldg. National Highway  
 Gen. Santos City, South Cotabato  
 Tel. Nos.: (083) 302-6493  
 304-0900  
 Fax No.: 552-6075

**GEN. SANTOS (Pioneer)**

Ground Flr., Philamlife Bldg., Pioneer Ave.  
 Gen. Santos City, South Cotabato  
 Tel. Nos.: (083) 552-8903  
 553-3592; 301-7980  
 554-7225; 301-5633  
 Fax No.: 552-2293

**ISULAN**

LBP Bldg. Siongco St.  
 Cor. National Highway  
 Isulan, Sultan Kudarat  
 Tel. Nos.: (064) 201-3220  
 201-3723  
 Fax No.: 201-3224

**KABACAN**

LBP Bldg. Municipal Hall Compound  
 Kabacan, North Cotabato  
 Tel. Nos.: (064) 248-2468  
 248-2078  
 Fax No.: 248-2467

**KIDAPAWAN**

LBP Bldg., Quezon Blvd.  
 Kidapawan City, North Cotabato  
 Tel. Nos.: (064) 288-1685  
 278-4778  
 Fax No.: 288-1713

**KIDAPAWAN ACCOUNTING CENTER**

2nd Flr. LBP Bldg. Quezon Ave.  
 Cor. Alim St., Kidapawan City  
 Kidapawan City, North Cotabato  
 Tel. No.: (064) 288-1303  
 Fax No.: 288-1429

**KIDAPAWAN E.O.**

Cotabato Provincial Gymnasium  
 Provincial Capitol Compound, Amas  
 Kidapawan City, North Cotabato  
 TeleFax No.: (064) 278-7035

**KIDAPAWAN LENDING CENTER**

2nd Flr., LBP Bldg., Quezon Ave.  
 Cor. Alim St., Kidapawan City  
 North Cotabato  
 Tel. Nos.: (064) 278-4340  
 278-3415  
 Fax No.: 278-4341

**KORONADAL ACCOUNTING CENTER**

LBP Bldg. Aquino cor. Abad Santos Sts.  
 Koronadal City, South Cotabato  
 TeleFax No.: (083) 228-6951

#### KORONADAL

LBP Bldg. Aquino St. cor. J. Abad Santos St.  
Koronadal City, South Cotabato  
Tel. Nos.: (083) 228-3567  
228-2662  
TeleFax No.: 228-3567

#### KORONADAL LENDING CENTER

2nd Flr., LBP Bldg.  
Aquino St. cor. Abad Santos St.  
Koronadal City, South Cotabato  
Tel. Nos.: (083) 520-1966  
228-3760  
TeleFax No.: 228-9103

#### KORONADAL LC SATELLITE OFFICE

2nd Flr. Versu Bldg. National Highway  
Gen. Santos City, South Cotabato  
Tel. No.: (083) 302-2040  
Fax No.: 302-2040

#### LEBAK

Lebak Poblacion Multi-Purpose Coop.  
Rizal Ave., Poblacion, Lebak  
Sultan Kudarat  
Tel. No.: (064) 205-3292  
Fax No.: 205-3024

#### MIDSAYAP

Sol Haus Bldg., Quezon Ave.  
Midsayap, North Cotabato  
Tel. Nos.: (064) 229-8313  
229-8492; 229-8984  
Fax No.: 229-8756

#### PARANG

Municipal Hall Bldg. Mabolo St. Pob. 1  
Parang, Maguindanao  
Tel. No.: (064) 425-0035  
Fax No.: 425-0036

#### PFDA (Philippine Fisheries Development Authority) EO

PFDA Compound, Bgy. Tumbler  
Gen. Santos City, South Cotabato  
TeleFax No.: (083) 553-9007

#### POLOMOLOK

LBP Bldg. French cor. Miranda Sts.  
Polomolok, South Cotabato  
Tel. No.: (083) 500-9011  
TeleFax No.: 500-9012

#### ROSARY HEIGHTS

Estosan Garden Hotel  
Gov. Gutierrez Ave.  
Cotabato City, Maguindanao  
Tel. Nos.: (064) 421-6261  
421-6262  
Fax No.: 421-1380

#### SURALLAH

Elan Bldg. II, National Highway  
Surallah, South Cotabato  
Tel. No.: (083) 238-3408  
TeleFax No.: 238-3232

#### TACURONG

LBP Bldg., Alunan Highway  
Tacurong, Sultan Kudarat  
Tel. No.: (064) 477-0098  
TeleFax No.: 200-4113

#### • OVERSEAS OFFICES DIRECTORY •

##### LBP TOKYO REPRESENTATIVE OFFICE

Rm 302, 3rd Flr., Roppongi Heights  
4-1-16 Roppongi, Minato-ku  
Tokyo, Japan 107 1060032  
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Fax No.: (813) 3582-2978  
Email: rsandarino@yahoo.com

##### LBP SINGAPORE

REPRESENTATIVE OFFICE  
391B Orchard Rd., #23-01  
Ngee Ann City Tower B  
Singapore, 238874  
Tel. No.: (65) 6324-4298  
Fax No.: (65) 6324-7110  
Email: gmsausa@yahoo.com

##### LBP TAIWAN

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Migrant Worker's Center, Room 525  
5th Flr., Central Bldg., Chungshan  
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Fax No.: (8862) 251-53197  
Email: mikealvarez13@yahoo.com  
mikealvarez13@hotmail.com

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Fax No.: (3906) 487-2214  
Email: lbp\_rome@yahoo.com

##### LBP FINANCIAL

SERVICES SPA MILAN  
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Milan, Italy  
Tel. Nos.: (3902) 37053595 /  
89694459  
Fax No.: (3902) 89694972  
Email: lbp\_milan@yahoo.com

##### LBP REMITTANCE CO.

PANORAMA BRANCH  
8215 A. Woodman Ave.  
Panorama City, California 91402  
Tel. No.: (1818) 989-2720  
Fax No.: (1818) 989-2783  
(1818) 773-2861  
Email: lbpremco.eaa1@yahoo.com  
edna.atienza@yahoo.com

##### LBP REMITTANCE CO. SAN FRANCISCO BRANCH

5243 Mission St., San Francisco  
California 94112  
Tel. No.: (415) 239-1090  
Email: jwabana@yahoo.com

##### LBP SOUTH KOREA

REPRESENTATIVE OFFICE  
c/o PHILTRUST Corp.  
44-7 Yongsan-dong 2-Ga  
Yongsan-Gu, Seoul, South Korea 140-835  
Email: millissabernardo@yahoo.com

##### LBP MALAYSIA

REPRESENTATIVE OFFICE  
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G08, Kotaraya Complex JLN Cheng Lok  
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##### MIDDLE EAST

##### ABU DHABI, UNITED ARAB EMIRATES

c/o The Philippine Embassy - Abu Dhabi  
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Email: insertmanuel@yahoo.com  
Cellphone : (009715) 6613158

##### ABU DHABI, UNITED ARAB EMIRATES

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P.O. Box 325, Abu Dhabi, UAE  
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c/o Al Ansari and Behbehani Exchange  
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Murgab, State of Kuwait  
Tel. No.: (00965) 2400803  
Fax No.: (00965) 2401161  
Email: fgfellone2003@yahoo.com

##### RIYADH, KINGDOM OF SAUDI ARABIA

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Al Batha Exchange and Remittance  
Center 701  
Central Area, P.O. Box 22022, Riyadh  
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##### JEDDAH, KINGDOM OF SAUDI ARABIA

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