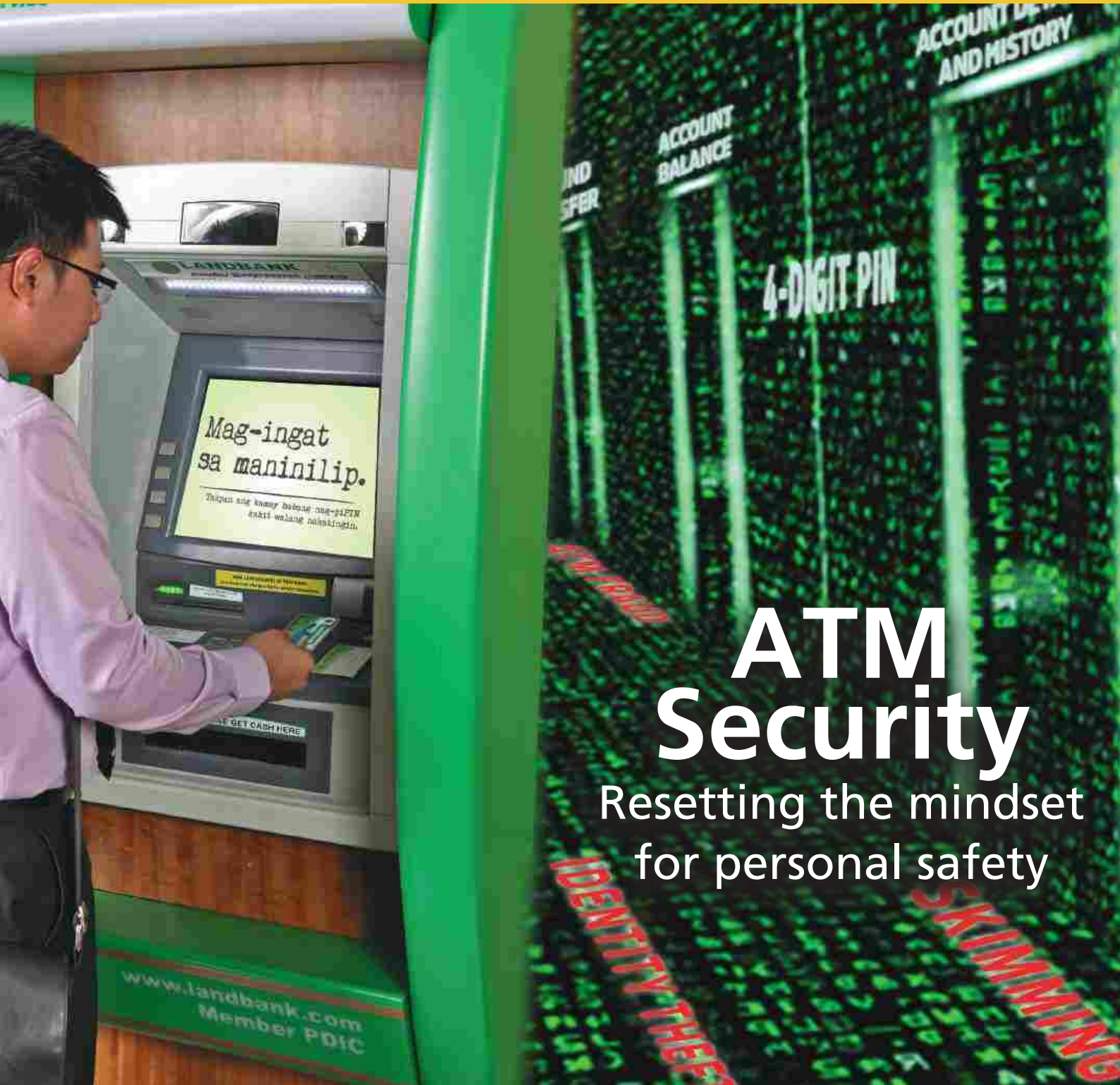


HARVEST

A quarterly publication for LANDBANK's Clients and Partners
Vol. IX, No. 2 July 2014



ATM Security

Resetting the mindset
for personal safety

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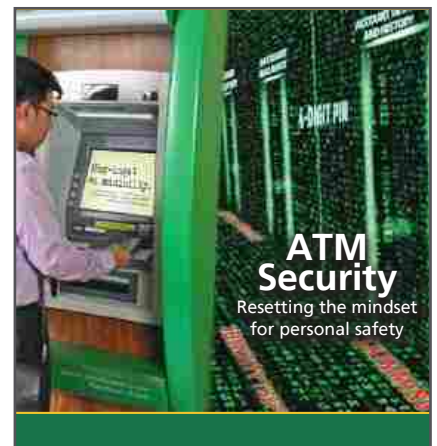
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About the Cover

The banking industry faces constant challenges in delivering service efficiency to the public that is both innovative and safe. As we meet our client demands with regard to ATM security, we at LANDBANK and BancNet call on the public to help curb such attacks on our financial security through conscious learning.

Harvest Magazine Editorial Staff

Harvest Magazine is a quarterly publication produced by LANDBANK's Corporate Affairs Department. 32nd Floor, LANDBANK Plaza - 1598 M.H. Del Pilar cor. Dr. Quintos Sts., Malate, Manila 1004

Harvest Editors reserve the right to edit and finalize all stories prior to publication. For comments or suggestions/contributions, please contact us at 5512200 loc. 2288 or e-mail lbp-harvest@mail.lanbank.com or landbank.harvest@gmail.com.

Editor-in-Chief
Associate Editor
Managing Editor
Writers

Photographers
Contributors

CATHERINE ROWENA B. VILLANUEVA
MELISSA B. CALIMAG
ELEANOR V. SATUITO
BONN MARIE P. ABALAJON. NOEL D. ANTONIO
NICOLE R. DELMONTE. PAMELA JOYCE M. ELEAZAR
JOSELITO G. RAMOS. JENALYN M. RUBIO
EDEL C. SABIO. RON REINER S.ROCIO
LANDBANK CORPORATE COMMUNICATORS

NOTES FROM THE TOP



At LANDBANK, we derive fulfillment from the quality service and client satisfaction that we extend to the public. But, part and parcel of realizing world-class service and efficiency in banking are the various risks regarding the security for our clients, from their personal information down to the last centavo they entrust to us.

One of the challenges the industry currently faces is the growing threat of ATM security—one that affects individuals and businesses on different scales. With consistent vigilance from both financial organizations and consumers, this kind of theft borne of advancements in the very technological capabilities we rely on today will become harder to breach.

With a new vision and mission at hand, we at LANDBANK are more fervent in our efforts to mitigate dated practices by adopting innovations and exploring more networks for the betterment of the institution's brand of service delivery across the country. Doing so would require the use of the best technology solutions available and the commitment to consistently uphold best practices at par with global standards.

The viable mechanisms for communications especially with our banking functions can be multiplied tenfold and cascaded through the proper channels with the right tools and fellow organizations moving toward the same results.

The cooperation with our peers in the industry is likewise crucial to our endeavor to create a safe and efficient banking environment for our clients, wherever they are and at any time, here and around the world.

Andres C. Sarmiento
Executive Vice President
Operations Sector

Guiding the controllership, operations, services and technology management of LANDBANK is Executive Vice President Andres C. Sarmiento.

As part of the Management Team, EVP Sarmiento is crucial to the effective implementation of current policies and procedures aimed at achieving the Bank's mandate and operational priorities. Having held key positions involved in risk and asset capability, he is also the Chairman of the Internal Capital Adequacy Assessment Process (ICAAP) Steering Committee.

He is a Business Administration degree holder, ranked 19th in the 1972 CPA Board Examination, and is Career Service Executive Eligible. Marking his 40th year with the institution this July, EVP Sarmiento's valuable insights on strategic financial planning continue to be well-articulated for LANDBANK.

LANDBANK Express Access Machine LEAM

Tax payments @ your fingertips

Waiting in line for over-the-counter tax payments in LANDBANK branches now has a more convenient alternative thanks to the LANDBANK Express Access Machine (LEAM), which was launched last May 2014 at the Cash Department, LANDBANK Plaza.

Graced by guests from the Bureau of Internal Revenue (BIR) and officers and staff under the various units of the Bank's Card and e-Banking Group (CeBG), the event signifies LANDBANK's commitment to aiding public awareness campaigns and improving collection efforts of the BIR.

The LEAM is a self-service machine that accepts BIR payments, allowing taxpayers to simply deposit their payments and forms in the designated envelope chute of the LEAM. The entire process is easy to maneuver as step-by-step instructions are provided on the screen.



Top photo shows Undersecretary for the Department of Finance Jeremias Paul Jr. with LANDBANK President and CEO Gilda Pico, Bureau of Internal Revenue Regional Director Araceli Francisco, and LANDBANK Executive Vice President for Branch Banking Sector Jocelyn Cabreza after testing the LEAM. Other photos show other LANDBANK officers and guests in attendance at the launch of the LEAM.

PhilHealth brings auto-credit payment scheme to LANDBANK

LANDBANK and the Philippine Health Insurance Corporation (PhilHealth) recently signed a memorandum of agreement to facilitate the mandatory implementation of the Auto-Credit Payment Scheme (ACPS) for the health insurance claims of PhilHealth-accredited health care institutions (HCIs). The agreement requires all accredited government and private HCIs to open accounts with LANDBANK through which their PhilHealth claims will be paid.

Also in attendance were PhilHealth COO and EVP Ramon Aristoza Jr., Treasury Senior Manager Evangeline Racelis, Project Management Team for Claims Head Dr. Lambert David and LANDBANK Senior VP for South NCR Branches Group Marilyn Tiongson, Assistant VP and Relationship Officer Rossana Coronel, Pasig Capitol Branch Head Violeta Constantino and Marketing Assistant Mary Ruth Sharon Ramos and other representatives from PhilHealth.



LANDBANK President and CEO Gilda Pico and PhilHealth President and CEO Alexander Padilla signed the agreement at the PhilHealth Head Office, Pasig City. LANDBANK Executive Vice President for Branch Banking Sector Jocelyn Cabreza and PhilHealth Senior Vice President for Health Finance Policy Sector Dr. Francisco Soria Jr. signed as witnesses.

PARTNERSHIPS AT WORK

LANDBANK TBG adds DFA-PFO to client list

The LANDBANK Trust Banking Group (TBG) has added the Department of Foreign Affairs-Provident Fund Office (DFA-PFO) to its list of valuable clients with its appointment as Trustee of its provident fund.

Under the new agreement, LANDBANK TBG will handle fund administration activities including investments and reinvestments, employee records maintenance, as well as proper accounting and proper documentaion of regulatory-mandated reports for DFA-PFO. The DFA Provident Fund Office was established per Executive Order 641 and DFA Department Order 11-13 in September 2013. Its primary objective is to provide additional retirement or separation benefits and loan financing for members.



LANDBANK First Vice President for Trust Banking Group and Trust Officer Josephine Cervero leads the signing with DFA Assistant Secretary and PFO Chairman Domingo Nolasco. With them are LANDBANK Head for Trust Business Development Madonna Cinco (left) and DFA-PFO Board Member Christopher Montero (right).

Carmona hospital infused with P300M loan



What patients can expect in a Level II hospital:

- Chief of hospital or Medical Director and board-certified clinical Department Heads
- Specialists/departments in Medicine, Pediatrics, Obstetrics and Gynecology
- General Intensive Care Unit
- Neonatal Intensive Care Unit
- High Risk Pregnancy Unit
- A DOH-licensed Level 2 imaging facility with mobile x-ray inside the institution and with capability for contrast examinations
- Respiratory therapy services
- DOH-licensed tertiary clinical laboratory



BancNet Executive Vice President and COO Aristeo Zafra talks about the state of ATM security in the country, and the importance of an educated public.

SAFE AND SOUND

Developing a public consciousness for a secure ATM banking experience

As with many good habits, these acts need to be repeated regularly and should be part of someone's active consciousness. Positive reinforcement through auditory or visual cues are often the way to go. And yet, when it comes to how we, in general, handle our automated teller machine or ATM cards in public leaves a lot more to be desired.

Enter any ATM booth or corner these days and the first thing that will greet you are various posters and reminders about ATM security. Maybe it is this very reason—us being used to the sight, that a lot of people end up ignoring their important message. But, certain groups commit fraudulent activities that are detrimental not just to the cardholders but to the banking industry as a whole.

As a vital link to interbank services, point-of-sale (POS) transactions with retail merchants, and provider of other electronic financial infrastructure, we look to pioneer BancNet, now the biggest ATM network operating in the Philippines. Trying to have a better understanding of the current situation of ATM security in the country today, we sat with Executive Vice President and Chief Operations Officer for BancNet Aristeo P. Zafra, Jr. last June 18, 2014. Noticing an increase in the presence of ATM security reminders in print and other media channels, we asked the following:

Why has there been a more active campaign on ATM security awareness?

Since a few years back, we have been receiving reports of increasing number of unauthorized cash withdrawals on the ATMs. Cardholder accounts were debited without client knowledge or activity. I think that is an offshoot of a global trend as other countries are also attacked by these syndicates and their victims were those with the magnetic stripe at the back of their card.

Some countries have migrated from magnetic stripe ATM cards to the chip card. The chip cards make it more difficult for fraudsters to copy the cards because of more sophisticated authentication and validation algorithm used in the technology. Some of our neighboring countries have gone into the chip technology and so, the fraudsters shifted from these foreign countries to the Philippines, where we still, up to now, have magnetic stripe-based ATM cards.

What are the possible means by which ATM frauds are carried out?

*This current magnetic stripe technology is very vulnerable to **card skimming**, wherein a device attached to the ATM can capture the*

card information; and based on that info, a duplicate of the card can be produced. This is what is used to withdraw from the ATM. And investigations found most incidents are a result of this kind of cyber crime.

Adding to the problem is now the use by the fraudsters of a PIN pad overlay. It's something that is placed on top or on the surface of the PIN pad so that it will look like a real PIN pad. But, actually, it is a device that electronically captures your PIN entry. So, upon installation after some time, the fraudster would return to that ATM and harvest – get the fake card reader, get the overlay and the code from there. So, they are able to get a record of all the card information as well as the corresponding PIN. If they can match the date and time when you use the card and when you enter the PIN, then that's it. They have all the information they need to access your bank account.

Will we see a collective shift to chip-based technology in our banking industry?

Our central bank has mandated that we shift also, primarily to solve the fraud. The BSP (Bangko Sentral ng Pilipinas) deadline to all the banks and payment processors is January 2017. By then, all ATM cards must have been replaced with the chip-based cards. On the other hand, the ATMs, the POS terminals, all the devices that accept the cards should be retrofitted with the chip card readers and so goes with the banks since they own and operate these machines.

It's really an initiative of the entire payment network – the banks, switches of BancNet, Megalink, and some other providers of terminals, particularly the POS terminals, where aside from the banks, some other third parties act as POS terminal providers to merchant establishments. So, they are also covered by the BSP circular 808 that covers the technology upgrade. Of course, they should be accredited by the networks like BancNet and Megalink.

Is there a study or particular group charged with monitoring these recent incidents of ATM fraud?

We have an anti-fraud committee with representatives from BancNet and Megalink, and we work with BSMA - Bank Security Managers Association. It's an association of all the security departments/Heads of banks. And so, we collaborate with them, they conduct surveillance and investigation leading to apprehension of fraudsters. Even our security guards are involved. Our member banks are briefing them to watch out for any signs, any suspicious activities in the ATM vestibule. In fact, we have had several apprehensions of fraudsters due to the vigilance of our security guards and officers.

And there's an alliance of security officers among the banks. Since this is an industry issue, actually. It's not limited sa isang bangko. It's important that all the banks cooperate because all banks are affected. So, they have an agreement to cooperate with each other. It really is an educational process and joint undertaking by all organizations involved in protecting our

ATM customers.

For confirmed unauthorized transactions, who should pay the generated losses to the account holder?

Our policy in BancNet is for the issuer bank primarily to be responsible for settling customer complaints, regardless which bank's machine was used. **The principle being it's your customer, so you have to take care of your customer.** If you need to collaborate with other banks, then you have to do it. But, don't ask the cardholder to do it – pasa-pasa. That's our standing policy, even with the incidents of card skimming and other fraud taking place at the ATM, it's still the primary responsibility of the issuer bank to handle his or her client.

How should clients guard themselves against ATM fraud?

Part of our education campaign for our cardholders is to really protect your PIN by covering your hand while entering your PIN. Take time to read posters about ATM use, safety tips and reminders for the cardholders to be able to protect their PIN. There are also PIN pad shields on the machines as added security. Because even if they are able to duplicate your card, if they don't get your PIN, it's useless. I understand some clients find discomfort with it, but it's for their own protection. I'm sure the design will evolve in the future to make it more ergonomic.

Next page, please.

From page 6

Safe and sound....

We produced some materials that we seeded on Facebook and uploaded on Youtube, and we expect it to go viral. And based on our feedback, there have been a lot of clicks on that. Again, delivering the same message to protect your PIN. Except it's a different communication channel.

Recently, we have produced five of these video clips for Facebook, the latest of which is about reminding cardholders when they go to the ATM, to first inspect the machine before anything else, before starting their transaction. Check. Look for anything fake – look for a fake card reader, look for a fake PIN pad. Because if you feel that it is a bit...medyo gumagalaw, it's fake.

Why should people keep on using their cards, despite the risks involved?

Primarily, it's still the convenience factor. Because with your ATM card, you have access 24/7 to banking services. Not only can you withdraw cash any time you want, but you can also use your card to do bill payments. Hindi ka na kailangan pumunta pa sa offices ng mga billers. The convenience outweighs the risks involved. Plus, an assurance that the banks are doing something, the best that they can do. We are really looking forward to the day when all mag-stripe cards will be replaced by chip cards.

What is your message to the cardholders and public in general?

Our advocacy has really been to educate our cardholders, for them to be aware that such fraud incidents may happen. And to be prepared, that is why we have reminders for them - primarily, to protect their PIN; cover with their other hand when encoding; not to give out their PIN to others. Basically, customers can help the banking industry with this security concern by being vigilant—to check or inspect the machine for anything unusual. If for any reason, you begin to have doubts about the ATM, just find another ATM. And please report it, so that proper action can be taken.

Until such time that we have implemented more sophisticated security systems, like the use of the chip card, that is the best thing we can do—to make sure that these fraudsters do not get access to our sensitive information.

BancNet's continuous efforts to educate the public on ATM security has been very much present in its various print campaign materials displayed in ATM areas across the country.

ADVISORY ON BANCNET ONLINE TRANSACTIONS

Balance Inquiry and Interbank Fund Transfer (IBFT) through BancNet Online are temporarily unavailable. However, you may still perform these transactions through the automated teller machine (ATM) or your LANDBANK iAccess account.

LANDBANK adds six ADFIAP Awards to its mantle

February 2014 saw the conferment of six new awards to the Land Bank of the Philippines by the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP).

LANDBANK was one of 13 member-institutions honored with several Outstanding Development Awards during ADFIAP's 37th Annual Meetings held last April 23 to 25, 2014 in Moscow, Russia.

The ADFIAP award recognizes and honors institutional members which have undertaken and assisted projects that have facilitated development in their respective countries. The ADFIAP annual meeting, held in different venues in the Asia-Pacific region, serves as a platform for the ADFIAP members, partner-organizations and other stakeholders to exchange views, ideas and best practices on issues affecting them as well as to network and explore cooperation opportunities.

Receiving the trophies on behalf of LANDBANK is Senior Vice President for Controllershship Group Yolanda Velasco. She is flanked by ADFIAP Chairman and Credit Guarantee Corporation Malaysia Berhand Managing Director Datuk Wan Azhar Wan Ahmad (right) and Vneshecombank Deputy Chairman Alexander Ivanov.



INFRASTRUCTURE DEVELOPMENT CATEGORY

DEPARTMENT OF EDUCATION (DepEd)
PUBLIC-PRIVATE PARTNERSHIP (PPP)
FOR SCHOOL INFRASTRUCTURE PROJECT



Constructed 6,544 classrooms in Aurora, Bataan, Bulacan, Cavite, Laguna, Nueva Ecija, Quezon, Pampanga, Rizal, Tarlac, and Zambales.

DEVELOPMENT AND EXPANSION OF
ILIGAN CITY (LANAO DEL NORTE)
WATER SYSTEM



Potable drinking water is now available to Iligan City 24 hours a day.

TARLAC-PANGASINAN-LA UNION
EXPRESSWAY (TPLEX)



Modern, highly accessible and safe, the highway connects the SCTEX in Tarlac City to Paniqui, Tarlac. The last stretch of the TPLEX from this point to Rosario La Union to be finished in 2015.

CORPORATE SOCIAL RESPONSIBILITY (CSR) CATEGORY



ADOPT-A-WATERSHED PROGRAM

Reforested and protected 40 hectares of denuded watersheds in Luzon, Visayas, and Mindanao.



GAWAD KABUHAYAN PROGRAM

Provided education assistance to poor but deserving dependents of farmers and fisherfolk taking up B.S. Agriculture or any related discipline.



GAWAD PATNUBAY SCHOLARSHIP PROGRAM

Aided the recovery of affected families displaced by Typhoon Sendong in Cagayan de Oro City by equipping them with livelihood skills.

BRANCH BANKING NEWS & UPDATES

LANDBANK San Fernando now with solar power



The LANDBANK San Fernando Branch has been retrofitted with solar panels, one of many that will soon be seen in other Branches in the Visayas and Mindanao regions in 2014.

LANDBANK, through service provider Solenergy, Inc., recently installed a solar panel system at the LANDBANK Building located in Jose Santos Avenue, Dolores, San Fernando City, Pampanga. The project is the first for LANDBANK and was implemented in support of the national government’s program on the use of renewable energy.

The solar panel system consist of Photo Voltaic Cells/Modules, inverter, control panel, roof mounting components and a set of cables connected to the building electrical mains. The system operates at a maximum efficiency of 98.8 percent with a generation output of 17 kwh per day. This translates into savings of 6 to 15 percent depending on the weather condition and with peso value equivalent of P177 per day on the average.

The service life of PV cells is expected to span 25 years while the other components are at seven to 10 years. Operational and maintenance costs are expected to be at a minimum. The next solar panel system will be installed in various LANDBANK Branch Buildings in the Visayas and Mindanao within the year.

Now in your neighborhood



Inaugurated

Carmen (Rosales) Branch
G/F Alvarado Bldg., Brgy. Carmen West
Rosales, Pangasinan
(075) 632-1681

Marlene Mendoza
Head



Inaugurated

Dapitan Branch
Gloria de Dapitan, Sunset Blvd.
Dawo, Dapitan City
(065) 213-6876

Laneli Elum
Head



Soft Opening

GSIS Macapagal Avenue Branch
GSIS Financial Building Financial Center
Macapagal Avenue, Pasay City
(02) 804 - 3312

Rolando Carpio
Head



Inaugurated

Carigara Branch
Real Street, Leyte
(075) 632-1681

Marierou Goseco
Head

AgriCOOLture educational video series launched

Premiered this June 2014, AgriCOOLture, a new educational series set in video and e-module formats, is the latest project geared at empowering the younger generation toward the revitalization of agriculture in the country.

This program, which was launched March of this year, is part of the partnership between LANDBANK and Knowledge Channel Foundation, Inc. (KCFI) through its Gawad e-dukasyon Program (GeP). The series is available in cable and satellite-connected television sets and internet-ready computers in the country's public school system. The use of modern media channels to promote agriculture and studies relevant to the industry is significant to reaching the young demographic more effectively.

Stressing the program's role, LANDBANK President and CEO Gilda Pico stated that the GeP is part of the Bank's campaign to "rebrand" agriculture as a viable enterprise and not just a traditional means of livelihood. She added, "Through Knowledge Channel's extensive audience reach, we hope to entice more young Filipinos to someday pursue careers in agri-preneurship and contribute to the country's agricultural growth and development."

The Commission on Higher Education has noted a consistent decline in enrolment in agriculture, forestry, and fisheries among colleges and universities in the country. From 94,900 college enrollees in 2001 for agriculture, forestry, and fisheries courses, enrollment declined by nearly 50 percent to only 49,823 in 2011.

The educational series is scheduled four times during airing week and will last for five school years. Viewers will get to learn about crop production and harvest, poultry raising, and aquaculture and fisheries.

LANDBANK President and CEO Gilda Pico (3rd from right), together with Education Secretary Bro. Armin Luistro (5th from left) accept the official copies of the AgriCOOLture educational video series from Knowledge Channel President and Executive Director Rina Lopez-Bautista (4th from left). With them, from left, are: AgriCOOLture video series host Aaron Villafior, LANDBANK Directors Victor Gerardo Bulatao and Crispino Aguelo, Executive Vice President for Corporate Services Sector Julio Climaco Jr., and Vice President for Corporate Affairs Department Catherine Rowena Villanueva.



MEDIA GUIDE: Learn about LANDBANK'S latest products, services, programs and client features



GMA News TV
Sundays
8:00am-8:30am

03 August
LANDBANK Mobile
Loan Saver



ABS-CBN
Sundays
7:00am-7:30am



Entrepreneur
Magazine

August issue
LANDBANK Client
Sps. Salvador and
Nova Veluz of
Buddy's Restaurant



Get rebates when you use your LANDBANK Visa Debit Card!

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- Rebate/s will be credited the next banking day to your LANDBANK Visa Debit card account.
- Promo period is from August 8 to September 8, 2014.

For more information, please call:
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1-800-10-405-7000 (Domestic Toll Free)
or log on to www.landbank.com

