

Sowing the Seeds of Progress



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LANDBANK has fostered growth and countryside development in the Philippines through unwavering dedication and fulfilment of its social mandate. The Bank has since extended the reach of sustainability initiatives and projects—scattering seeds of change and progress far and wide—all for the purpose of securing the prosperity of the countryside.

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The cover of this LANDBANK 2012 Sustainability Report is printed on Arjo Wiggins Sensation Tactile Bright White 270gsm, certified by the Forests Stewardship Council (FSC). It uses only wood pulps from well-managed forests to reduce impact to the environment, and is made with superior 100% recycled pulp. The loose leaf is printed on Beckett Expression 118gsm which contains 30% post-consumer waste recycled fiber, and is certified by Green Seal.



About the Report

We are proud to present to our stakeholders the Sustainability Report of the Land Bank of the Philippines (LANDBANK) covering our performance from January to December 2012. We have voluntarily prepared this Report following the prescribed guidelines of the Global Reporting Initiative (GRI) at the self-declared A Level.

The most widely used sustainability reporting framework, the GRI guides us in reporting our ecological footprint, with our economic, environmental, social, and governance performance information organized according to LANDBANK's five Sustainability Cornerstones. These

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

We do this because all of us at LANDBANK are directly in touch with each of these cornerstones in the work that we do every day. Organizing our sustainability initiatives in terms of these cornerstones articulate for us what we have always practiced: the deep integration of sustainable development into our work principles, procedures, products, services, and programs.

We have been reporting annually since 2009 on our performance and activities. We do so because it is in line with our vision of being the dominant financial institution in countryside development, committed to the highest standards of ethics and excellence in the service of the Filipino people. Our most recent report is the LANDBANK 2011 Sustainability Report: *Creating Positive Handprints for the Future Today*.



About the Report



Photo courtesy of IRRI

Boundary Setting and Materiality

All information in this report represents the areas in which LANDBANK has operational control and social involvement, and covers topics and indicators that are relevant, with careful consideration of its economic, environmental and social impacts. While our economic data includes units outside the Philippines, the social and environmental data in this report include only the Philippine branches and exclude subsidiaries.

Economic data were based on the financial records from January to December 2012, while environmental data were culled from billing, monitoring, and management systems.

We used the GHG Protocol Standard for computing our emissions. Some of the accomplishments of the LANDBANK Countryside Development Foundation, Inc. (LCDFI), particularly on community development, are also detailed.

LANDBANK's Corporate Social Responsibility Technical Working Group (CSR TWG) also made use of the Financial Services Sector Supplement (FSSS) in determining the data relevant to every Performance Indicator material to the Bank. There are no restatements of information provided from preceding reports.

The Bank's Corporate Social Responsibility (CSR) Steering Committee, composed of the LANDBANK Board of Directors and Management Committee, provided effective direction

and overall leadership in the preparation and production of this Report.

The CSR TWG, composed of various heads of groups and units with related functions, leads in the preparation of the Bank's Sustainability Report and in the implementation of sustainability programs and activities of the Bank. The CSR TWG identified the indicators material to the operations of the Bank by means of a Materiality Testing Template and constant consultations with members of the group.

All feedback from the members were compiled and deliberated on during a plenary meeting, after which the member-units of the CSR TWG monitored and submitted the necessary information in accordance with the GRI

Indicator Protocols. Stakeholder identification and mapping was similarly undertaken by means of a Stakeholder Prioritization Template.

LANDBANK engaged the services of the Center for Social Responsibility of the University of Asia and the Pacific (CSR-UA&P) to further refine our sustainability reporting practices. With the assistance of UA&P, the CSR TWG was trained in the use of the GRI principles and the GRI-aligned reporting process. The UA&P guided the CSR TWG in the materiality testing and stakeholder prioritization required by the Report.

To qualify for a GRI Application Level A, from Level B of the previous report, we incorporated additional indicators and used the FSSS since LANDBANK is a government financial institution. Over the last four years, we have progressed from a self-declared GRI Application Level C (reporting only on 17 Key Performance Indicators) to a self-declared Level B, where we reported on 39 GRI Indicators, including nine from sector supplement.

For 2012, we have advanced to a self-declared GRI Application Level A, reporting on an expanded list of 78 Key Performance Indicators to give wider and deeper

insight into the sustainability practices and initiatives of LANDBANK. Next year, we shall employ an external assurance for our GRI-checked 2013 report.

If there are any questions or concerns regarding this report, please contact the Corporate Affairs Department (CAD), 32/F LANDBANK Plaza, 1598 M. H. Del Pilar corner Dr. J. Quintos Streets, Malate, Manila. You may also call (+632) 522-0000 local 7374 / 405-7374.

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

* Sector supplement in final version

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

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

Reporting Period	2012	2011	2009-2010
GRI Application Level	Level A (self-declared)	Level B (self-declared)	Level C (self-declared)
Original GRI Indicators	63	30	17
FSSS Indicators	15	9	0
Total GRI Indicators	78	39	17



Vision

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

Mission

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

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

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

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

Message from the President of the Philippines

My warmest greetings to the board, administration, and staff of the Land Bank of the Philippines (LANDBANK) on the publication of your 2012 Sustainability Report.

Confidence in our economy is at an all-time high, with the Philippine Stock Exchange index surpassing record after record, and a major credit ratings agency upgrading the Philippines to investment-grade status. The challenge then is to ensure that our economic revitalization is sustained and cascaded to all sectors of society. The accomplishments detailed in this publication demonstrate your solidarity with our development agenda.

I congratulate you on your success in widening outreach to unbanked and underserved areas, keeping non-performing loans to a minimum, and cultivating the priority sectors of agriculture and micro-enterprise. Your consistently positive performance gives our people confidence in the stability of your institution and its capacity to respond to the complexities of our developing economy.

Let us remain guided by the responsibilities of public service: to dispense our duties with the utmost integrity and accountability, and uphold the common good.

I wish you continued success in your endeavors to secure the vibrant future that our countrymen deserve.



President Benigno S. Aquino III
Republic of the Philippines



Let us remain guided by the responsibilities of public service: to dispense our duties with the utmost integrity and accountability, and uphold the common good.



Message from the Chairman and the President

For the past 49 years, LANDBANK has been blessed with the opportunity to nurture relationships with the Filipino farmer, the fisherman, the micro and small entrepreneur, the cooperative, the rural bank, the local and national government, the OFW, and countless other partners in sowing progress in the countryside.

As we look forward to achieving more and going further together in LANDBANK's 50th year, allow us to present the highlights and accomplishments that defined 2012 for the Bank, guided by our three business goals of pursuing our mandate as a countryside development financial institution, providing quality customer service and products, and ensuring long-term institutional stability and viability.

This report zeroes in on seeds we have sown in the five priority areas upon which we build and align our sustainability efforts. These are Enterprise Development, Community Development, Environmental Protection and Management, Customer Service, and Employee Development.

Reporting our performance and sustainability initiatives is important to us because at LANDBANK, sustainability is a shared responsibility and mutual goal embedded in our work principles, products, services, and programs.

Enterprise Development

In the area of enterprise development, we continued to fuel economic growth in rural areas by supporting mandated clients and priority sectors. LANDBANK today is the biggest provider of development financing to small farmers and fisherfolk, micro and SMEs, and Local Government Units (LGUs). LANDBANK's loans to its mandated and priority sectors exceeded its target and grew to P205.3 billion this year from P172.1 billion in 2011. This makes up 75% of the Bank's regular loan portfolio of P273.4 billion.

What these figures represent are more roads, hospitals, public markets, schools, and other basic infrastructure constructed by means of financial assistance to our partners in nation-building. It means providing our services to more members of the marginalized sectors who otherwise are deprived of formal credit access. It means taking an active role in the government's goal of promoting inclusive growth, extending our reach to the unbanked, unserved, and underserved sectors of the country.

We enabled small, informal entrepreneurs to establish and grow their enterprises, with loans extended to MSMEs reaching P30.3 billion this year from P21.2 billion in 2011. By equipping them to produce, compete, and sustain themselves as viable economic producers, we create and nurture an enterprise culture in the countryside. This way, LANDBANK not only helps rural folk improve their lives but also empowers them to contribute to sustainable employment, production, and livelihood generation in their communities.

Community Development, and Environmental Protection and Management

In the community development front, we focused on implementing programs and projects that embolden communities to believe in their innate capacity to uplift their socio-economic status and create positive change. We remained aggressive in funding training and capability building programs, such as through our annual donation to the LANDBANK Countryside Development Foundation, Inc. (LCDFI) of P20 million. LANDBANK has provided funding for cooperatives of small farmers and fisherfolk, Agrarian Reform Beneficiaries (ARBs), Countryside Financial Institutions (CFIs), small and medium enterprises, and Overseas Filipinos.

Reporting our performance and sustainability initiatives is important to us because at LANDBANK, sustainability is a shared responsibility and a mutual goal embedded in our work principles, products, services and programs.

Also an integral part of our community development efforts is promoting environmental awareness and developing a socially responsible culture within the institution and among our clients and partners. We engage local communities and people's organizations in our Corporate Social Responsibility (CSR) programs geared towards rehabilitation, maintenance, and protection of the environment. As of 2012, the number of LANDBANK's partner institutions has grown to fourteen.

Customer Service and Employee Development

In the area of customer service, 2012 was defined by our solid commitment to streamline operations. Foremost among the changes is the organization-wide realignment we implemented this year, the objective of which was to align the units of the Bank according to business lines in order to further enhance the delivery of services.

We continued to expand our physical presence and develop our banking technology in line with our thrust to bring convenient banking services closer to more unserved and underserved areas. We concluded the year with 333 branches and 1,070 ATMs nationwide, making LANDBANK the only Bank present in 80 provinces of the country. Our BancNet membership has also opened new channels for interbank fund transfers, as well as internet and mobile banking.

We made it a point to recruit and retain skilled and talented individuals with the heart, mind, and integrity to serve our stakeholders and join us in the fulfillment of our mandate. This year, LANDBANK hired 367 new employees to strengthen our workforce nationwide, 55% of whom are deployed in field units as front liners in serving our priority sectors. While we have in place a succession planning program, we are also actively recruiting fresh talent to hone LANDBANK's future leaders.

Alongside this, we remained aggressive in improving our financial viability, which is equally important in the fulfillment of our social mandate, as our profits fuel our development initiatives. LANDBANK registered a net income of P10.7 billion this year, which is 22 percent higher than the P8.8 billion income in 2011. We also continued to fortify our financial pillars, with assets reaching P689.1 billion, capital of P81.9 billion and deposits amounting to P543.8 billion as of end-2012.

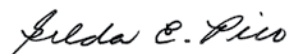
Sowing the Seeds of Progress

All these and more are what we like to call "seeds of progress" that we have sown hand in hand with our development partners throughout the year, all geared towards building an institution that is relevant, responsive, and an active player in uplifting the lives of Filipinos and promoting sustainable development in the countryside.

For 2013, the pursuit of our social mandate will remain at the front and center of our operations as we mark LANDBANK's 50th year with renewed commitment to "empower the countryside and nurture progress countrywide." We will be relentless in our efforts to be present where we are needed, and to be needed where we are present. We will continue to be a major supporter and player in the National Government's effort to promote inclusive growth by creating opportunities in the countryside and empowering more Filipinos to be productive participants in the economy.



Sec. Cesar V. Purisima
Chairman



Gilda E. Pico
President and CEO



We will be relentless in our efforts to be present where we are needed, and to be needed where we are present.



About the **Land Bank of the Philippines**

The Land Bank of the Philippines (LANDBANK) is a Government Owned and Controlled Corporation (GOCC) committed to countryside development and poverty alleviation, the development of the cooperative system, self-sustainability through cross-subsidy operations, and environmental protection.

Created in 1963 through Republic Act No. 3884, with the Secretary of Finance as the Chair of its Board of Trustees, LANDBANK functioned as the Agricultural Credit Administration (ACA) responsible for extending credit assistance to small farmers and farmers' cooperatives.

A decade later, in 1973, the Bank expanded its commercial banking powers and established itself as a universal bank to provide timely and adequate support for all phases of agrarian reform, including loans for agricultural, industrial, home-building or home-financing projects, and other productive enterprises.

The Bank became the financial intermediary for the Comprehensive Agrarian Reform Program (CARP) in 1988, broadening coverage of agrarian reform in accordance with Republic Act No. 6657, otherwise known as the Comprehensive Agrarian Reform Law (CARL), to include all public and private agricultural lands and other lands of the public domain suitable for agriculture.

By 1990, the primary responsibility of determining land valuation and compensation for all lands under CARP was transferred from the Department of Agrarian Reform (DAR) to LANDBANK by virtue of Executive Order No. 405, and in 1995 the Bank became the official government depository.

Today, LANDBANK operates as a government financial institution with a social mandate to spur countryside development. Our center of operations is located at LANDBANK Plaza, 1598 M. H. Del Pilar corner Dr. J. Quintos Streets, Malate, Manila, with 333 branches spread out over 79 out of 80 provinces in the Philippines, making us the most extensive banking network in the Philippines.

We have also forged partnerships with remittance companies in Japan, Singapore, Hong Kong, Australia, UAE, and USA to further enhance remittance services available to Overseas Filipino Workers (OFWs) and increase remittance performance.

In response to the National Government's call to support priority investment projects as defined in the Philippine Development Plan 2011-2016, we have adopted the following new definition of priority sector loans to further expand credit outreach to the unbanked and underserved areas:

- **Mandated Sectors:** Small Farmers and Fisherfolk, Agrarian Reform Beneficiaries (ARBs) and their Associations
- **Agriculture and Fisheries:** Agri-business, Aqua-business and Agri-Aqua-related projects of Local Government Units (LGUs) and GOCCs and
- **National Government Priority Programs** (including Public-Private Partnership projects): Micro, Small and Medium Enterprises (MSMEs), Communications, Transportation, Housing (socialized, low-cost, and medium-cost), Education, Health Care, Environment-related projects (including clean and renewable energy), and Tourism



LANDBANK logos through the years

No. of LANDBANK's Field Units and ATMS

Branches, Extension Offices & Servicing Units	333
Lending Centers	37
Head Office	6
Provinces	31
Telling booths	8
FX booths	8
Development Assistance Centers (DACs)	16*
Agrarian Operations Centers	12
ATMs	1,070

* as of June 2012 (prior to the integration with Lending Centers)

About the Land Bank of the Philippines

P37.7
BILLION
Gross Revenue

P11.8
BILLION
Operating Cost

P6.5
BILLION
Employee Compensation and
Fringe Benefits

P34.4
BILLION
Retained Earnings

In 2012, LANDBANK had a gross revenue of P37.7 billion. With retained earnings for 2012 reaching P34.4 billion, LANDBANK did not receive any significant financial assistance from the government. All pertinent amounts are summarized in the table below.

(in P millions)	2012 Audited	2011 Audited
Gross Revenue	37,683	34,201
Operating Cost	11,817	9,465
Employee Compensation & Fringe Benefits	6,478	6,456
Donations / Charitable Contributions	85	52
Income Tax	806	200
Net Income	10,725	8,839
Dividends Paid to National Govt.	6,308	4,590
Retained earnings	34,405	31,546

In 2012, LANDBANK carried out an organization-wide realignment, which has reconfigured the Bank into five sectors:



Agricultural and Development Lending Sector (ADLS)

Manages the overall loan portfolio of the Bank and handles the credit support to the priority sectors



Branch Banking Sector (BBS)

Supervises branch banking operations, e-banking products, remittance services, and ATM services



Corporate Services Sector (CSS)

Handles overall supervision over human resource, facilities, procurement services, provident fund management



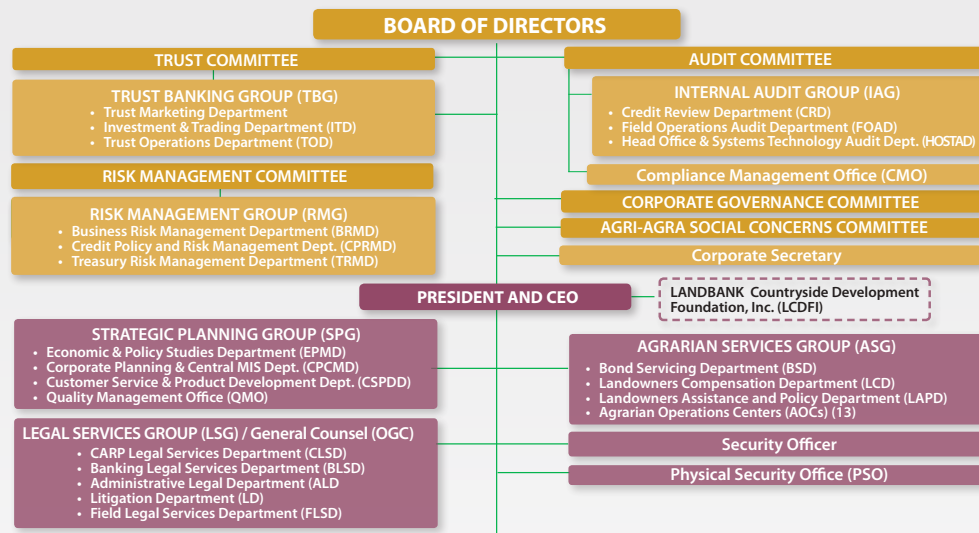
Operations Sector (OS)

Provides Bank-wide operational support including accounting services, controllership, asset appraisal, and information technology



Treasury and Investment Banking Sector (TIBS)

Oversees treasury operations, financial resource management, investment banking, and fund sourcing



BOARD OF DIRECTORS

Chairman
Cesar V. Purisima
Secretary, Department of Finance

Vice-Chairperson
Ms. Gilda E. Pico
President and CEO, LANDBANK

Alternate Directors
Agrarian Reform Usec. Anthony N. Parungao
Agriculture Usec. Antonio A. Fleta
Finance Usec. Jeremias N. Paul, Jr.
Labor Usec. Danny P. Cruz

Members
Virgilio R. delos Reyes
Secretary, Department of Agrarian Reform

Proceso J. Alcalá
Secretary, Department of Agriculture

Rosalinda D. Baldoz
Secretary, Department of Labor and Employment

Mr. Crispino T. Aguelo
Mr. Victor Gerardo J. Bulatao
Mr. Tomas T. de Leon, Jr.
Mr. Domingo I. Diaz

MANAGEMENT TEAM

President and CEO
Ms. Gilda E. Pico

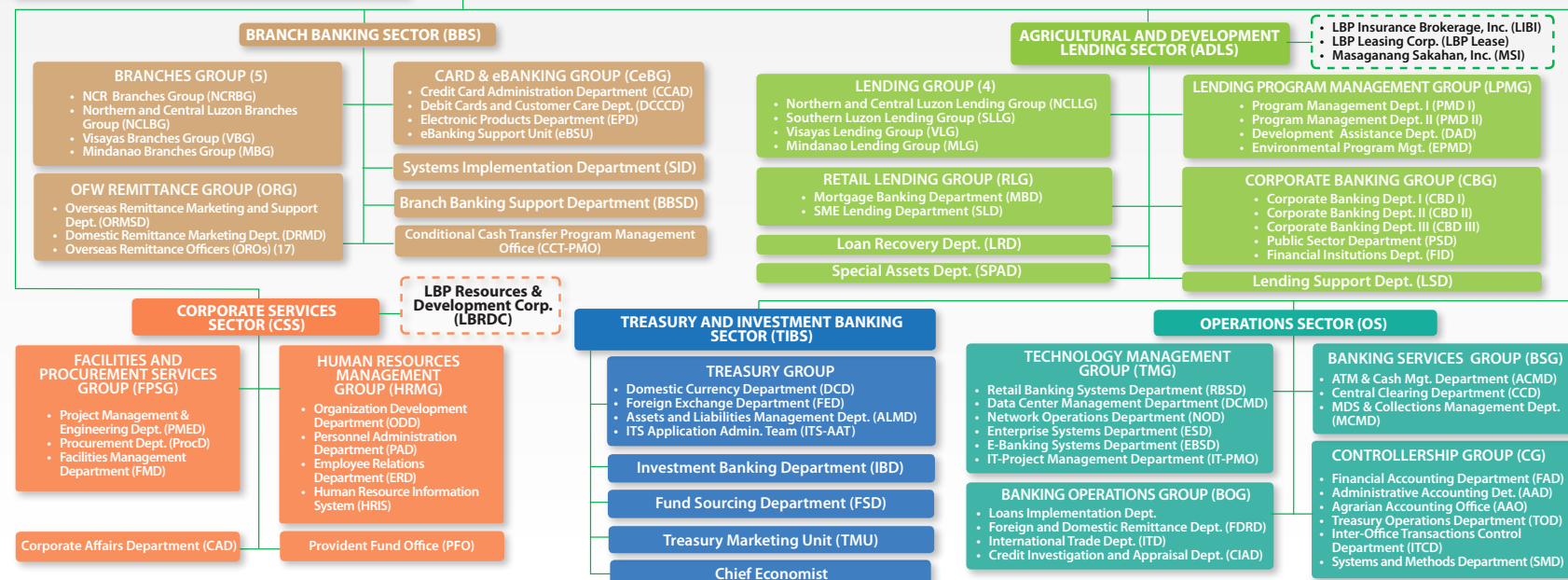
Agricultural and Development Lending Sector (ADLS)
EVP Cecilia C. Borromeo

Branch Banking Sector (BBS)
EVP Jocelyn DG. Cabreza

Operations Sector (OS)
EVP Andres C. Sarmiento

Treasury and Investment Banking Sector (TIBS)
EVP Rabboni Francis B. Arjonillo

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





About the Land Bank of the Philippines

Through this new organizational framework, LANDBANK intends to work towards: (1) achieving a sustained expansion of loans to the priority sectors; (2) attaining higher financial inclusion through credit outreach and availability of deposit and branch services in areas without banks; (3) aligning organizational units according to business lines to improve operational efficiencies and comply with Basel Accord requirements; and (4) implementing more efficient, standardized, and streamlined operations.

A management implementation plan covering communication changes and appropriate interventions was devised to ensure a smooth transition into this organizational change. As reflected in our Collective Negotiation Agreement (CNA), any significant organizational change requires at least a 60-day notice.

Our Products, Services, and Subsidiaries

LANDBANK is the official depository of government funds. We support the country's agrarian operations in our continuing provision of credit assistance, implementation of CARP involved in land evaluation, compensation to owners of

private agricultural lands, and collection of amortizations from CARP farmer-beneficiaries.

To generate commercial banking profit that will sustain our operations focused on the small farmers and fisherfolk, we provide retail and institutional clients with the following wide variety of banking and financial products, services, and programs that are supported and complemented by our subsidiaries, foundation, and attached entities:

- Deposit Products
- E-banking Products
- Credit Facilities
- Fund Transfer
- Investment Banking
- International Banking
- Specialized Lending
- Trust Products and Services
- Programs for Countryside Financial Institutions
- Programs for Cooperatives
- Enterprise Development Programs
- Institutional Development Programs
- Assistance Programs for Landowners

Our Subsidiaries

LBP Insurance Brokerage, Inc. (LIBI) was established in 1981 primarily to service the Bank's insurance requirements, its subsidiaries, its clients and borrowers, and other government agencies through general insurance brokerage, as well as management and consultancy services on insurance-related activities.

LBP Leasing Corporation (LLC) was created to engage in leasing of all kinds of equipment; to extend credit to industrial, commercial, agricultural, and other enterprises; and to engage in financing of merchandise in all their various forms. LLC extends timely and adequate financial support to Agrarian Reform by allowing farmer beneficiaries to acquire farm equipment and post-harvest facilities through a leasing facility.

LBP Resources and Development Corporation (LBRDC) was created in 1975 to serve as an investment diversification for landowners whose properties have been covered by the agrarian reform law, in the form of real estate development and construction. LBRDC is currently engaged in construction, project management, brokering services, and real estate management and development.

Masaganang Sakahan, Inc. (MSI) was created in 1974 to provide needed marketing support, appropriate technology transfer, and institutional capability-building initiatives for small farmers and fisherfolk co-ops being assisted by the Bank.

LBP Countryside Development Foundation, Inc. (LCDFI) was established in 1983 as the embodiment of the Bank's commitment to spur development in the countryside, particularly among its priority sectors such as the small farmers and fisherfolk, Agrarian Reform Beneficiaries (ARBs), Countryside Financial Institutions (CFIs), small and medium enterprises (SMEs), and OFWs. Products and Services Programs include Training and Capability-Building Services for Cooperatives and CFIs, OFW Reintegration Program,

Scholarship Program, and Research and Publications, among others.

National Livelihood Development Corporation (NLDC) was formed during the merger of two government entities, the National Livelihood Support Fund (NLSF) and Livelihood Corporation (LIVECOR) in 2007 in accordance with Executive Order No. 681, to provide a fund-delivery system and organizational machinery for socialized livelihood credit. NSLF assists agrarian reform beneficiaries and communities in actively engaging in community-based enterprises through a package of livelihood and enterprise development programs and interventions.

People's Credit and Finance Corporation (PCFC) is a government corporation created in 1996 through Administrative Order No. 148 as an alternative banking, financing, and credit system that will provide affordable credit to the marginalized sector of the country. By virtue of the Social Reform and Poverty Alleviation Act (R.A. 8425), it was designated as the vehicle for microfinance service delivery exclusively for the poor. It is also the executing agency of the United Nation's Development Program's (UNDP) Microstart Program for institutional development and has been authorized to mobilize financial resources from both local and international sources.

Awards and Citations

LANDBANK-funded projects in South Ubian, Tawi-Tawi

Outstanding Development Project under the Infrastructure Development Category
Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)

LANDBANK 2009-2010 Sustainability Report

Best Sustainability Report under the Special Awards Category
Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)

LANDBANK Newsgram

Communication Skills Division, Publications Category
11th Philippine Quill Awards
International Association of Business Communicators (IABC) Philippines

Top Taxpayer Award for the Year 2011

Financial Institution Category
Quezon City Local Government Unit

Mother-Baby Friendly Workplace Certification

*Center for Health Development–
National Capital Region (DOH CHD-NCR)
Department of Health*

ISO Certifications



ISO 9001:2008
(Quality Management System)



ISO 14001:2004
(Environmental Management System)

Continuing Certification for the Head Office, 10 NCR and 8 provincial branches

- Continuing Certification for the branch banking operations of the PEZA-Roxas Boulevard Branch
- Continuing Certification for the lending and financial services operations of the Public Sector Department
- Continuing Certification for the loan operations of the Pampanga Lending Center

Corporate Governance and Risk Management



LANDBANK's vision is to be the dominant financial institution in countryside development committed to the highest standards of ethics and excellence in the service of the Filipino people. We endeavor to accomplish this by providing necessary financial and technical support for our farmers, fisherfolk, and other priority sectors.

We also commit to delivering innovative products and services that are consonant with ecological enhancement and effectively address our clients' needs. By providing our employees with a work environment that encourages growth and rewards excellence, we aim to embody professionalism and integrity.

Corporate governance is crucial to achieving our vision and mission. The direction taken by the Bank, the quality of decisions, and the implementation of a balanced accountability framework rest in the leadership's wisdom, experience, and ethics.

Properly designed governance rules paired with the command of competent, qualified, and ethical individuals ensure the presence of a fair and transparent business environment where the leaders and employees collaborate for the benefit of the Bank and our stakeholders. The extent to which we hold ourselves accountable and take responsibility for our actions is tied to good governance.

We uphold the principles and practices of good governance through strict adherence to standards, rules and regulations; assessments in the form of internal and external audits; and group and individual self-evaluations. We promote transparency and full accountability in our actions and

decisions. Most importantly, we follow the rule of law and apply the impartial enforcement of legal frameworks.

All these implementing structures and processes are in place toward the accomplishment of our mandate of delivering timely, innovative, and responsive products and services in line with environmental responsibility and sustainable development.

LANDBANK established a governance structure that underpins relevant policies, systems and mechanisms supportive of current corporate governance rules and regulations, applicable laws of the country, and consistent with globally accepted standards and principles of good governance.

It defines a governance hierarchy led from the top by LANDBANK Board of Directors and the President, filtering down to the four Board-level committees and the independent Bank units (Internal Audit Group, Risk Management Group, Compliance Management Office, Trust Banking Group) performing specific functions.

The Internal Audit Group, reporting directly to the Audit Committee, implements the Risk Scoring System, a tool in the risk assessment phase of the audit planning process that identifies, measures, and prioritizes risks, and allocates resources to meet the auditing needs of the Bank.

Its policies and guidelines for the proper conduct are based on the International Standards for the Professional Practice of Internal Auditing and/or BSP issuances, and were approved by the Audit Committee. The IAG serves as the Lead Auditor in overseeing the conduct of the Bank audit and ensuring the continued certification of the Bank units to the ISO 14001:2004.

The Board of Directors and its Committees

LANDBANK's affairs, business, and properties are directed, managed, and preserved by the Board of Directors, as per Republic Act No. 3844 and as amended by Republic Act No. 7907 of 1995 or the LANDBANK Charter. Members of the Board of Directors are appointed by the President of the Philippines based on attained education and proficiency, expertise and recognized competence in relevant fields, and attendance to the special seminar on corporate governance. These are the requirements in addition to those required under other applicable laws and regulations.

The Board of Directors is composed of nine members, five of whom are ex-officio members, namely: the Secretary of Finance as the Chairman, who is elected or appointed as Chair of the Bank's highest governance body, in accordance with RA 7907; the LANDBANK President as the Vice Chairman; and the Secretaries of Agriculture, Agrarian Reform, and Labor and Employment as members.

They are authorized to designate their respective alternates to attend Board and Board-level committee meetings in their place. The remaining four are sectoral representatives—two from the private sector and two from agrarian reform beneficiaries—who all directly support the President and Chief Executive Officer of the Bank.

The Board conducts two regular LANDBANK Board Meetings every month. These meetings cover the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities and adherence to or compliance with internationally agreed standards, codes of conduct, and principles.

The Board exercises full disclosure regarding any actual or potential conflict of interests as well as inhibition from participation in any decision-making of the concerned Director/s. It evaluates its performance as a group and as individual members based on an annual performance self-rating system that facilitates the identification of strengths and areas of improvement to optimize performance. Annual Board Member's Performance Evaluation Reports are submitted to the Office of the President of the Philippines.

LANDBANK's policy on compensation recognizes the company and individual employee performance. All positions in the Bank are governed by a compensation, position classification system and qualification standards approved by the Board of Directors based on a comprehensive job analysis and audit of actual duties and responsibilities.

LANDBANK's compensation is a mix of remuneration and rewards schemes developed to motivate and retain its performance-driven workforce. Currently, the Bank's compensation plan is undergoing review by the governance commission for GOCCs (GCG) with the end to align pay and performance to the Bank's strategic goals and objectives. The GCG is the central advisory, monitoring and oversight body on GOCC performance and sustainability, and is created by Republic Act No. 10149 otherwise known as the GOCC Governance Act of 2011.



Corporate Governance and Risk Management



LANDBANK employees perform official duties properly and diligently at all times as stipulated in the Bank's Code of Conduct. They are to commit themselves exclusively to the business and responsibilities of their office during working hours unless, otherwise, properly allowed under existing laws, rules and regulations.

As a financial institution wholly owned by the government of the Republic of the Philippines, a big part of our commitment to integrity and transparency is maintaining continuous and open dialogue between management and shareholders. Our shareholders are encouraged to seek guidance and to air out their concerns via a number of formal channels. These channels include the "Contact Us" tab in the LANDBANK website, as well as our official Facebook and Twitter accounts.

The Code of Conduct also states that LANDBANK and its employees shall handle complaints and grievances in accordance with the Bank's formal Grievance Procedure in line with the Grievance Machinery of the Civil Service Commission.

Our Employee Relations Department (ERD) under the Human Resources Management Group (HRMG) is in charge of raising all employee concerns to the relevant officers. All Bank officials are responsible for maintaining an environment that enables employees to safely raise and discuss issues. This way, we are able to prevent incidents from occurring and address issues when they arise.

LANDBANK has four primary committees: the Risk Management Committee, the Trust Committee, the Corporate Governance Committee, and the Audit Committee.

The **Risk Management Committee** oversees the identification and assessment of risks at all levels of the Bank, conducts regular discussions based on regular management reports, and ensures that the Bank's risk infrastructure and

operating policies are congruent with corporate policies on prudent risk management, and conform to regulatory, industry and technological standards, trends and best practices.

The **Trust Committee**, acting in accordance with its by-laws and/or as delegated by the Board, manages the acceptance, closing, review and approval of trust and other fiduciary accounts as well as investing, reinvesting, and managing of funds or property.

The **Corporate Governance Committee** ensures appropriate and effective management of the Board, its committees, and executive management in line with the promotion of transparency, operational responsibility, and accountability as consistent with the Bank's mission, vision, strategic intent, and operating values.

The Committee also reviews, evaluates, and makes recommendations on the qualification standards as well as the selection/promotion of senior officers for all positions in the Bank, while also overseeing the performance evaluation, continuing education, management of conflicts of interest, and commensurate remuneration of Board of Directors both as a group and individually.

It conducts an annual self-evaluation of its performance, exercises direct functional supervision over the Compliance Management Office (CMO), and acts as the oversight committee for the Bank's implementation of the Internal Capital Adequacy Assessment Process (ICAAP) as approved by the Board on February 8, 2010.

The **Audit Committee** is in charge of reviewing and assessing all operational and financial audit reports, monitoring and overseeing the internal control and regulatory compliance with the Bank's systems, and ensuring the Bank's compliance with pertinent laws and regulations in the ethical conduct of affairs and management of employees.

MANAGEMENT-LEVEL BANK COMMITTEES

- Management Committee (ManCom)
- Investment and Loans Committee (ILC)
- Asset and Liability Committee (ALCO)
- Information Technology Committee (IT Com)
- Codified Approving/Signing (CASA) Committee
- LBP Anti-Money Laundering Committee
- Head Office Bids and Awards Committee (HOBAC)
- Head Office Committee on Assets Disposal (HOCAD)
- Accountability Assessment Committee (AAC)
- Organizational Alignment Committee (OAC)
- Corporate Social Responsibility (CSR) Steering Committee
- Selection Board I (SB I)
- Selection Board II (SB II)
- Credit Committee (CreCom)
- Internal Capital Adequacy Assessment Process Steering Committee (ICAAP SC)
- Enterprise-wide Risk Management Project Steering Committee (ERM PSC)
- Branch Operations Committee (BOC)
- Environmental Management System Working Committee (EMS WC)
- Head Office Business Continuity Committee (HOBCC)
- Crisis Management Committee
- Relief and Disaster Assistance Committee (RDAC)
- Records Management Improvement Committee (RMIC)
- Building Committee
- Organizational Review Executive Committee (OREC)
- Training Advisory and Scholarship Committee (TASC)
- Integrity Committee
- Employee Management Committee (EMC)
- Committee on Decorum and Investigation (CODI)
- Health and Safety Committee (HSC)
- Employees' Uniform Committee (EUC)
- Program on Awards and Incentives for Service Excellence (PRAISE) Committee
- Special Events Committee
- Branch Banking Sectoral Committee (BBSC)

Corporate **Governance** and Risk **Management**

LANDBANK IS A MEMBER OF THE FOLLOWING NATIONAL AND INTERNATIONAL ASSOCIATIONS:



Asia-Pacific Rural
and Agricultural
Credit Association



Association of
Government
Accountants of
the Philippines



Association of
Government Internal
Auditors



Bank Marketing
Association of the
Philippines



Bankers Association
of the Philippines



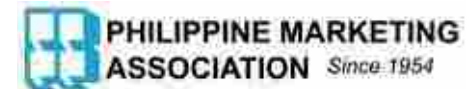
Government
Corporations
Athletic
Association



People Management
Association of the
Philippines



Philippine Association
of National Advertisers



Trust Officers
Association of
the Philippines

Risk Management, Anti-Corruption, and Procurement

Good governance covers our decision-making process and implementation with regard to risks. Because we value accountability, transparency, efficiency, and responsiveness, we continue to review and enhance our systems to accommodate evolving needs and emerging developments. We implement key risk measures that are aimed at promoting sustainable and effective risk management over its major risk areas.

LANDBANK has a zero-tolerance policy for corruption. For its internal accountability and assessment program, the

Bank examined 296 or 104.0% of its 286 target units /IT systems and conducted quality review of 27 accounts with large exposures.

LANDBANK personnel are guided by the Revised Rules on Administrative Cases in the Civil Service and are expected to strictly comply with various anti-graft and corruption laws, such as Republic Act No. 1379 (An Act Declaring Forfeiture in Favor of the State Any Property Found to have been Unlawfully Acquired by Any Public Officer or Employee), Article XI of the 1987 Philippine Constitution (Accountability of Public Officers), Republic Act No. 3019 (Anti-Graft and Corrupt Practices Act), Republic Act No. 6713 (Code of Conduct

and Ethical Standards for Public Officials and Employees), Republic Act No. 9485 (An Act to Improve Efficiency in the Delivery of Government Service to the Public by Reducing Bureaucratic Red Tape, Preventing Graft and Corruption, and Providing Penalties or The Anti-Red Tape Act of 2007), Revised Penal Code (Title II) - Crime Against the Fundamental Laws of the State Revised Penal Code (Title VII), Republic Act No. 7080 (An act Defining and penalizing the Crime of Plunder), Presidential Decree No. 749 (Granting Immunity from Prosecution to Givers of Bribes and Other Gifts and their Accomplices in Bribery and Other Graft Cases Against Public Officers), and Presidential Decree No. 46 (Making it



Corporate **Governance** and Risk **Management**



Punishable for Public Officials and Employees to Receive, and for Private Persons to Give Gifts on Any Occasion, Including Christmas).

In terms of compliance with Republic Act No. 9485 or the Anti-Red Tape Act (ARTA) of 2007, LANDBANK revised its Citizen's Charter for Lending Operations and formulated the Citizen's Charter for Branch Banking Products and Services. In the first run of the ARTA Report Card Survey in 2012, the Bank passed the survey with its La Trinidad and Bangued Branches obtaining an Acceptable rating.

Violators are subjected to due process and those found guilty are penalized in accordance with existing Civil Service laws and rules on administrative disciplinary cases.

Thirty-six business units or 6.73% of 535 total units were analyzed for risks related to corruption. These include: LCAG (BSD, LAPD and Landowner's Compensation Department); FPSG (Procurement Department); and, the 32 Lending Centers. All LANDBANK employees submitted their Statements of Assets, Liabilities and Net Worth (SALN) in 2012, as mandated by law.

To reinforce internal accountability and assessment, the Bank conducted vital control measures such as the revision of the IAG Operations Manual; improvement of the risk-based internal audit methodology by enhancing the risk scoring system; the development of the risk assessment preliminary survey tools; the conduct of self-assessment of the Bank's



AML Risk Rating System (ARRS); and the validation and handling of post-review of the 2012 ICAAP Document and the credit rating of LGUs and Universal, Commercial and Off-Shore banks. We also crafted the Rules on Conflict of Interests for Internal Auditors and revised the Audit Committee and IAG Charters.

We continue to implement our major behavioral program, the Workplace Ethics and Values Enhancement (WEAVE) Program, which is conducted in partnership with the Civil Service Commission. In 2012, WEAVE was attended by 322 employees, bringing the overall total to 1,099 or 21% of the target participants since the program's initial run in 2009.

The Bank further enhanced compliance with regulatory

requirements through measures such as the conduct of seminars on Anti-Money Laundering Act (AMLA) for AMLA Trainors, LANDBANK personnel, senior management and Board of Directors (BODs), and non-covered institutions and clients.

A total of 7,030 regular employees were trained in 2012, comprising 99% of the total employee population of LANDBANK. The AML Questionnaire in our website was updated, and the AML Compliance Testing Program and the ARRS were established. The compliance testing results were reported, and regular monitoring of complaints/requests, crimes and losses as well as fees and penalties were maintained along with the dissemination of regulatory issuances.

Other programs designed to provide our employees with sufficient knowledge and skills needed to better serve the Bank's clients and satisfy their needs are the customer service training and learning sessions, as incorporated into the Bank's employee (re)orientation program, and the Customer Relationship Enrichment and Management.

The Professional Enhancement Program is held for supervisors to enhance mastery of select topics, and to align personal values with organizational ideals. The program was attended by 26 participants in 2012, with a total of 585 participants trained since 2009, translating into 95% of the target population.

One hundred percent (100%) of the Bank's officers and employees submitted their Code of Conduct Compliance Certification in 2012.

For credit risk management, the Bank approved the automated credit rating system for LGUs for implementation in CY 2013. This supplements the models already in the implementation stage, specifically the automated model for Livelihood Loans and the manual model for Rural, Thrift and Cooperative Banks.

On July 6, 2012, the Bank launched its Enterprise Risk Management (ERM) Phase 2 Project involving the conduct of ERM process on its next seven (7) top risks, namely: Strategic Planning, Measurement and Monitoring of Major Initiatives, Technology Identification, Socio-Political, Banking Regulations, Lending Capacity and Liquidity.

Meanwhile, the Credit Risk Engine System Phase 2 Project was launched on July 30, 2012 to build data infrastructure which would enable the Bank to automate the calculation of Credit Risk Weighted Assets under the Foundation Internal Ratings-Based Approach, initially for the LGU portfolio. Moreover, the Bank's ICAAP Steering Committee convened on November 28, 2012 to usher in the preparation of its 2013 ICAAP Document.

While LANDBANK does not currently conduct human rights screening among suppliers, contractors, and consultants, our procurement process strictly adheres to the procedures and requirements under Republic Act No. 9184 otherwise known as the Government Procurement Reform Act.

We are looking into the possibility of integrating human rights screening into our procurement process, and we are also evaluating its bearing on the competitiveness of procurement as provided in RA 9184.

Our procurement process strictly adheres to the procedures and requirements under Republic Act No. 9184 otherwise known as the Government Procurement Reform Act.

Professional Enhancement Program

26

Participants in 2012

Seminar on Anti-Money Laundering Act

7,030

Participants

=99%

Total Employee Population

585

Participants trained since 2009

=95%

Target Population

Submission of Code of Conduct Compliance Certification

100%

of the Bank's officers and employees

Disclosure on **Management Approach**

Engaging Stakeholders in Environmental Responsibility

LANDBANK commits to innovative products and services that allow the Bank and all our stakeholders to fulfill our sustainability and environmental protection goals in business lines. We are guided by our Corporate Environmental Policy which reiterates the incorporation of environmental management practices for environmental protection and sustainable development in all our operations, services, and decisions.

As one of our valuable stakeholders, our clients are enjoined to exercise environmental responsibility as we ensure that all

LANDBANK-financed projects are environmentally sound. This is through our Environmental Policy on Credit Delivery which ensures that all financed projects are compliant with environmental laws. Our Environmental Due Diligence (EDD) facilitates assessment and screening of environmental and social risks in the implementation of LANDBANK-assisted projects, where projects screened undergo the following: (1) environmental categorization, (2) EDD for identification of potential adverse impacts on natural habitats, and (3) the preparation of necessary mitigating measures.

We also provide additional service to our clients through the Carbon Finance Support Facility which provides

opportunities to eligible project proponents to participate in the Clean Development Mechanism (CDM) program of the United Nations Framework Convention on Climate Change (UNFCCC).

We also ensure that our internal stakeholders – our employees – are also capable of carrying out the Bank's inherent environmental responsibility. Our employees undergo capability-building programs on renewable energy, updates on environmental laws and regulations, and other environment-related issues through our continuing professional development on environmental trainings and other technical assistance components.





Photo courtesy of IRRI

The inclusion and integration of all our stakeholders—from employees to suppliers—in our campaign against environmental and social risks have given us opportunities to inform, influence, and engage them in the alignment of business operations with our environmental management programs toward the protection of our environment.

Improving Lives Across the Nation

In line with our vision of being the dominant financial institution in countryside development, LANDBANK continues to fuel economic activity in the rural areas by supporting mandated clients and priority sectors and spurring economic growth in rural and agricultural areas as the chief provider of financial and technical assistance.

We retain our leadership by sustaining excellent customer service through our efficient and cost-effective service

operations, our maintenance of a substantial portion in our loan portfolio for priority sectors, and our continuing support to development assistance programs. We expand credit outreach and heed the government's call to support priority investment projects by adopting a new definition of priority sector loans from the Philippine Development Plan 2011-2016.

Apart from our mandated sectors, we continue to support Agri-business, Aqua-business and Agri- Aqua-related projects of LGUs and GOCCs, as well as National Government Priority Programs concerning communications, transportation, housing (socialized, low-cost, and medium-cost), education, healthcare, environment-related projects (including clean and renewable energy), and tourism.

We have developed a business model to enhance our vision and mission, increase business volume and income by identifying and developing new market niches, and



We retain our leadership by sustaining excellent customer service through our efficient and cost-effective service operations, our maintenance of a substantial portion in our loan portfolio for priority sectors, and our continuing support development assistance programs.

Disclosure on Management Approach

continue to strengthen countryside banking by working toward inclusive growth. Given our strategic presence in 79 out of 80 provinces, which makes us the widest branch-network in the country, LANDBANK's direct and indirect economic impacts inevitably improve lives in surrounding communities.

Banking on a Healthy Environment

Inherently integrated in LANDBANK's mandate and company culture, our sustainability efforts are embedded in our mission to deliver innovative products and services that are consonant with ecological enhancement and effectively address our clients' needs.

Our Corporate Environmental Policy actively promotes environmental protection and sustainable development by incorporating effective environmental management practices in all our operations, services, and decisions. The Bank's various environmental programs are geared toward the protection of natural resources, energy conservation, and proper waste management, among others.

The environmental sustainability strategy of LANDBANK is founded on three goals. The first is to evaluate and manage our environmental footprint in our daily operations by means of various programs, such as our Environmental Management System (EMS), employed in our head office and in all branches and field offices. Second, to deliver innovative products and services that effectively address our clients'

needs while being ecologically sound and compliant with applicable environmental laws, regulations and covenants that LANDBANK subscribes to. Lastly, to support climate change mitigation and adaptation undertakings.

We maintain continuous investments in environmental ventures, such as the Adopt-a-Watershed Program II. In support of the Government's National Greening Program (NGP), the program aims to rehabilitate 40 hectares of denuded watershed and forest areas nationwide. We also have the Manila Bay SUNSET Partnership Program, which is LANDBANK's flagship Corporate Social Responsibility (CSR) program that focuses on clean-up and awareness activities conducted at the Manila Bay area throughout the year.

To evaluate and manage our environmental footprint in our daily operations by means of various programs, such as our Environmental Management System, now employed in our head office and in more branches and field offices.



To deliver innovative products and services that effectively address our clients' needs while being ecologically sound and compliant with applicable environmental laws, regulations and covenants LANDBANK subscribes to.



To support climate change mitigation and adaptation undertakings.



Nurturing Our Most Important Resource

LANDBANK provides for the professional development and care of our human capital through capability development and training, which is enshrined in the Bank's Strategic Plan. As an equal-opportunity employer that embraces diversity and gives equal chance to candidates from the countryside, LANDBANK continually invests in individuals with the necessary competencies and high potential, since a well-trained workforce helps boost organizational productivity and effectiveness.

We encourage growth by providing capability-building programs and granting every employee access to fair and equal opportunities for training and development, regardless of gender, age, regional background, religious beliefs, and seniority in tenure. Employees may also avail of scholarships in pursuit of higher education through the National Scholarship for Development, our in-house scholarship program.

Our pay structure incorporates an entry-level salary higher than the minimum wage per location as issued by the Department of Labor and Employment (DOLE) and a periodic compensation review to ensure competitiveness within the industry. Our performance management system aids in duly evaluating, recognizing, and rewarding employees' contributions toward realizing corporate goals and objectives in the form of promotions, rewards and incentives, as well as scholarship grants.

We safeguard occupational health and safety and employee well-being through disease prevention and risk control programs, employee education/learning sessions on relevant topics, compliance with relevant occupational safety and health standards and other issuances; and provision of facilities/services (e.g. medical services, nutrition counselling, physical fitness, day care center, lactation station, recreation center) to support employees' health and wellness.

Finally, we recognize the right of government employees to self-organize, and have thus forged with the LBP Employees' Association (LBPEA) the Collective Negotiation Agreement (CNA), which outlines our responsibilities in employee job security, benefits and rights, awards and incentives, leave benefits, special privileges for pregnant and nursing women, and legal assistance for employees, among others.

Championing Human Rights in the Quest for Prosperity

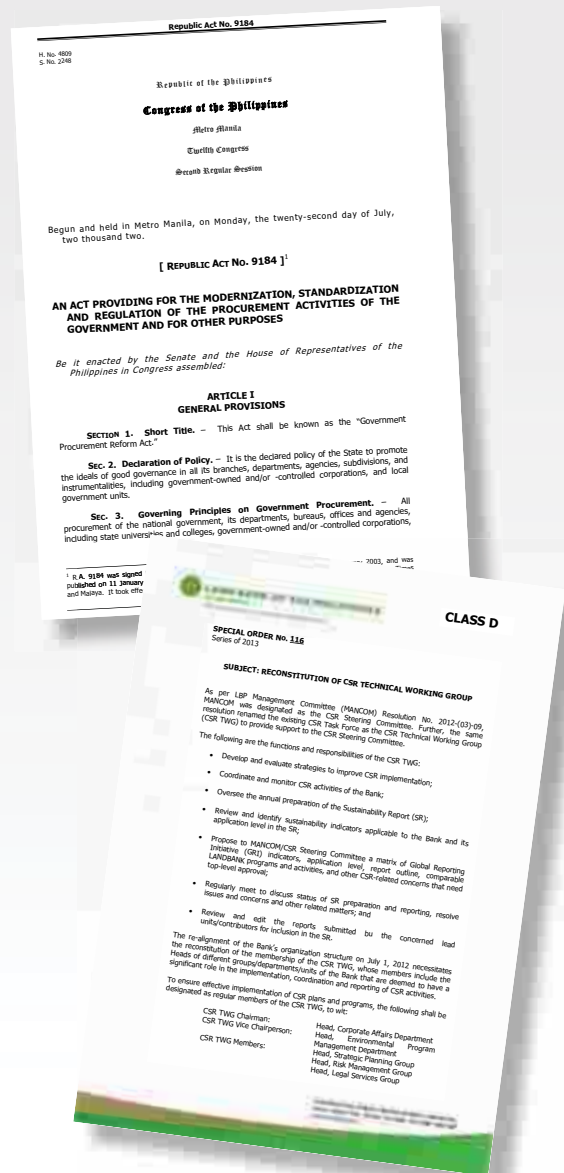
To help improve the lives of all LANDBANK stakeholders and lead the country to economic prosperity, we champion human rights in the lives we touch and the projects we participate in. We perform our responsibilities with full courtesy and respect, without prejudice to race, religion, regional or ethnic origin, gender or political affiliation. We prioritize the protection of human life within and outside of our organization.

We protect our people through the administration of adequate security coverage for the Bank, officers, and clientele against unlawful acts, harm, damage, loss, and compromise. We practice non-discrimination in hiring and granting professional advancement opportunities and uphold the rights of our employees to associate with and participate in a public sector union, which we consider our partner in the preservation and promotion of their interests. We conduct learning programs on human rights-related topics such as social conflicts, sexual harassment, gender and development, and the grievance machinery.

Organizational development, interventions and concerns regarding human rights are handled by the Organization Development Department (ODD), while management takes charge of the development, implementation, and periodical evaluation of the Security and Safety Program to protect personnel as well as prevention and remediation in the event of emergencies, disasters, and calamities.



Disclosure on Management Approach



We also ensure that our dealings with other organizations value human rights. LANDBANK's procurement process is in accordance with the requirement of RA 9184 and we are studying the eventual integration of human rights screening in our selection of suppliers, contractors and consultants.

Promoting Social Justice and Sustainable Development

As a financial institution with a social mandate, LANDBANK's duty to society encompasses our service to communities, our involvement in public policy, our advancement of compliance, and our mitigation of corruption. We serve our mandated sectors in our commitment to communities and stakeholders, as embedded in our vision and mission.

Our support for Corporate Social Responsibility (CSR) initiatives has led to the issuance of a Special Order by our President and CEO to create the Bank's CSR Steering Committee and CSR Technical Working Group to further ensure our optimal performance and service in the area of social responsibility. LANDBANK conducts CSR programs in cooperation with the LANDBANK Countryside Development Foundation, Inc. (LCDFI), and in partnership with other foundations and institutions.

We also comply with all the policies imposed by the Monetary Board and the National Government and embed good governance principles and mechanisms in our systems, processes, and structure. We established a well-defined governance structure consistent and compliant with current corporate governance rules and regulations, applicable laws of the country, and with globally-accepted standards and principles of good governance.

We adhere strictly to Civil Service rules and address and mitigate incidences of corruption through the implementation of revised rules on administrative cases, a strict implementation of the Code of Conduct for Public Officials and Employees, and adherence to the provisions of anti-corruption laws. We expect all our employees to comply strictly with our Code of Ethics and follow all rules and regulations, internal policies, and procedures pertinent to their functions and positions. We also routinely conduct employee seminars on core values, corporate ethics, social responsibility, and anti-money laundering, as well as those on operation and career enhancement.

Serving Customers with Excellence and Integrity

LANDBANK ensures excellence in customer service through full disclosure of the features, terms and conditions of our products and services. We provide timely financial and technical support to our mandated clients and make pertinent product and service information easily available through posters, brochures and websites. Our marketing tools and activities are truthful, legally compliant, socially responsible, and environment-friendly as guaranteed through our compliance with the Corporate Identity Manual and Manual of Procedures, the strict monitoring and approval processes of our advertising collaterals and tools, and the evaluation of feedback from the public.

We strictly comply with all laws and regulations of the Bangko Sentral ng Pilipinas (BSP) and the National Government in the fair design and sale of financial products and services. An Executive Order issued by the Risk Management Group of the Bank on the classification, handling, access, and disclosure

of information assets, guides all employees in properly and adequately safeguarding the confidentiality and integrity of Bank information.

As a financial institution, we make sure that compliance testing is an established procedure that ensures the management of pertinent risks and compliance with applicable laws, rules, and regulations. As such, employees are trained on all offerings, policies, procedures, and implementation details through regularly conducted briefings and training programs, with all implementing units guided to ensure smooth, uniform, and effective implementation of all Bank products and services and performance in all branches monitored.

All our employees are guided by the principles of professionalism and integrity in their conduct, through training programs, adherence to the Code of Conduct for Employees, and their concurrence and signing of a Confidentiality Agreement.

LANDBANK ensures excellence in customer service through full disclosure of the features, terms and conditions of our products and services.



Stakeholders' Engagement

"Malaki ang kahalagahan ng LANDBANK dahil sila ay nakakatulong sa mga maliliit na magsasaka sa pamamagitan ng pagpapahiram ng kapital para magamit sa sakahan, at ito'y dinadaan sa aming kooperatiba. Unti-unting umaangat ang aming pamumuhay...."

"Ang LANDBANK ang aming tulay para makapagbigay kami ng sahod sa aming mga tauhan sa malalayong nayon."

"Sila [ang LANDBANK] ay tumutulong bilang gabay sa pag-unlad."

These are just a few of the inspiring and encouraging words from some of the small farmers LANDBANK has assisted. Small farmers are just one of the many small informal entrepreneurs who are often denied banking services.

LANDBANK has always taken concrete steps toward carrying out our mandate of providing financial and technical support and services to marginalized sectors generally excluded from banking and business opportunities. Recognizing that even the smallest assistance will go a long way in effecting change in these marginalized priority sectors, we bring business opportunities within their reach through the extension of loans to these small entrepreneurs. Our social mission defines and refines our priorities, strategies and decisions in the pursuit of economic viability and inclusive growth.

To maintain our success in meeting and anticipating the specific needs of the sectors we serve, LANDBANK engages our stakeholders in discussions regarding the efficiency and effectiveness of our offerings. Stakeholder participation in the evolution and development of our offerings is of utmost importance. By gathering information on the needs and realities of our priority sectors, we arm ourselves with the relevant information and best possible practices to help improve the products and services we offer.

Our continued economic viability has enabled us to develop environment-friendly and sustainable products, services and programs for farmers, fisherfolk, and others in unbanked and underserved areas of the countryside, as evident in our involvement in enterprise, countryside and community



Apart from small farmers and fisherfolk, public school teachers are also among the Bank's priority sectors and stakeholders, such as the member teachers of the Sto. Niño Teachers and Farmers Multi-Purpose Cooperative.



development. We do this through the provision of loans and trainings ordinarily inaccessible to our mandated sectors.

The open communication lines between LANDBANK and our stakeholders foster our comprehension of their needs and concerns vis-à-vis our products and services. LANDBANK's stakeholders' and community engagements have provided us with opportunities to enhance our products and services by involving our stakeholders in the democratic process of discussing issues and concerns that relate to our offerings. These opportunities are of great significance to us because we are able to encourage them to become more actively

involved in the improvement of the quality, longevity, and responsiveness of our offerings.

In the preparation of this Report, a total of three Stakeholders' Engagement Meetings in Luzon, Visayas and Mindanao were held in San Fernando, Pampanga; Iloilo City; and Davao City. A total of 102 participants from farmers and fisherfolk cooperatives, multi-purpose cooperatives, CCT beneficiaries, government agencies, and LANDBANK officers and employees attended the meetings. These are the highlights of the engagements:



LANDBANK's stakeholders' and community engagements have provided us with opportunities to enhance our products and services by involving our stakeholders in the democratic process of discussing issues and concerns that relate to our offerings.

Stakeholders' Engagement



Pantawid Pamilyang Pilipino Program Beneficiaries

LANDBANK’s service in the “Pantawid Pamilyang Pilipino Program” (4Ps), also known as Conditional Cash Transfer (CCT), has made it easier and convenient for the 4Ps beneficiaries to access their benefits. According to the Parent Leaders, the member beneficiaries tasked with leading and representing the group, the invaluable help extended to their community by LANDBANK affords them easy access to the cash grants that they receive from the DSWD.

Cash grants for the 4Ps beneficiaries are made available via different modes of payment which include LANDBANK Cash Cards, over-the-counter transactions, Globe G-Cash, rural banks, cooperatives and PHILPOST. As of December 31, 2012, the total cash grants to the beneficiaries amount to 23.7 billion, benefiting over 3 million households.

LANDBANK Cash Cards offer the beneficiaries reassurance of their quick and easy access to the funds. LANDBANK has been able to serve them well and meet their needs due to our presence in almost all of the Philippine provinces, the wide reach of our ATM network, and our introduction of mobile ATMs—a service development responsive to their needs.

Though their ATM cards may not be used as Savings Accounts, possessing them offers reassurance of their quick and easy access to the funds. LANDBANK has been able to serve them well and meet their needs due to our presence in almost all of the Philippine provinces, the wide reach of our ATM network, and our introduction of mobile ATMs – a service development responsive to their needs.

Mode of Payment	Amount (In P billions)	No. of Households (in millions)	%
LANDBANK Cash Cards	9.383	1.587	51.19%
LANDBANK Over-the-Counter	3.683	0.214	6.90%
Subtotal	13.066	1.801	58.10%
G-Xchange, Inc.	4.277	0.515	16.61%
RBs Over-the Counter	4.125	0.478	15.42%
Coops Over-the-Counter	0.071	0.017	0.55%
PHILPOST	2.146	0.289	9.32%
Subtotal	10.619	1.299	41.90%
GRAND TOTAL	23.685	3.100	100%

Farmer Cooperatives

The representatives of the various cooperatives serviced by LANDBANK also expressed appreciation for the services extended to them. They were granted pre-discounted loans with an enhanced credit line. Nearly 100% of the members of the cooperatives received loans that enabled them to put up the capital for their farming activities, subject to performance evaluation and monitoring by the Bank. The low interest rates enabled them to sustain their farming operations without losing profits. They are also happy about the additional programs opened to service their needs such as the “Sikat-Saka Program,” among others.

These cooperatives were also granted 14 training seminars a year, including sessions on financial management and capability building. By providing guidance through education to accompany the loans, LANDBANK enable them to produce high-value crops that increased their household income and afforded them productive use of what has always been unproductive land.

Government Agencies

Government employees meanwhile said that their relationship with LANDBANK has gone beyond securing their salaries on time. Some said they avail of other bank products available to

regular clients such as salary loans, personal loans, and other services. LANDBANK also affords government employees such conveniences as the second endorsement of checks, which enables them to use these for purchases in the absence of cash on hand.

COMMITMENTS FROM LANDBANK

LANDBANK will be putting up eight new branches in 2013 as part of our commitment to promote inclusive growth that is pro-poor and broad-based, with equitable allocation of resources that can reach every section of the society.



LANDBANK will also prioritize the strengthening of the entrepreneurial framework and capacities of cooperatives. This is aligned with our drive to lead cooperatives towards an entrepreneurial direction.



Through an enhanced Wellness Program, we shall further strengthen our human capital which is vital as we expand business volume and income. This enhanced Wellness Program will be replicated in the field units all over the country.

The Bank will work towards reducing the processing time of land valuation for CARP from 60 to 45 days. This will help the Bank in targeting a significant improvement in land amortization collection.



The Bank will also undertake expansion of financing programs that will include new and emerging crops with strong economic potential. We will also refocus the Grassroots Development Program to cover coastal areas which are often neglected and unserved.



We will target 150 new ATMs next year to bring our ATM network to 1,200 by the end of 2013. This is in line with our continuing strategy of improving service delivery as we put more effort to aggressively market the use of alternative delivery channels.



A photograph of a bustling fish market. In the foreground, several large, dark fish, likely tuna, are laid out on a blue and orange wooden stand. The background shows a paved area with a yellow truck, a blue auto-rickshaw, and several fishing boats with masts and rigging. People are visible walking around the market. The sky is overcast.

Spurring
Economic Growth

Enterprise Development

We believe that a well-rounded approach on enterprise development for the Bank is both about developing such priority sectors as our Filipino farmers and fisherfolk, as well as beyond the business front, with LANDBANK's advocacy programs as the Food Supply Chain Program and the Technology Promotion Center Program—to both support our agricultural workers' enterprises and guarantee sustainable livelihood.

In the Philippines, as in many parts of the world, small informal entrepreneurs like farmers and fisherfolk are excluded from business opportunities. Often unable to submit typical requirements, they are denied access to loans that can help improve their standard of living. With insurmountable business obstacles, they are left at the mercy of market and business forces, and their dream enterprises do not have a fighting chance.

As a development-oriented institution devoted to spurring economic growth in the countryside, LANDBANK is focused on serving our priority sectors. We believe that helping develop enterprises will lead to job creation and income generation not only for themselves but for their community as well. Among them are Frabelle Fishing Corporation and Alliance Select Foods International, Inc. that are now two of the largest fishing and canning enterprises in General Santos City.

From its humble beginning in 1964, Frabelle has emerged as a world-class fishing company, supplying the tuna needs of local canneries here and in Asia, North America, and Europe. LANDBANK's support is helping the company to continuously modernize its fleet and operations. Today, Frabelle is the largest deep-sea fishing company in the Philippines and has the largest fleet—more than 100 fishing boats—in Asia.



*Top: Cold storage facility of Frabelle Fishing Corporation at the Veneracion Wharf in General Santos City
Bottom: Fish processing operation at the Alliance Select Foods International, Inc. in General Santos City*



Enterprise Development

LANDBANK remains committed to supporting our priority sectors through the sustained expansion of our portfolio towards serving them. The details of our business lines per region are summarized in the table below.

We carry out development assistance programs to empower and enable small informal entrepreneurs to grow their enterprises. These employ non-traditional lending

modalities, capacity-building support, and establishment of market linkages, all of which aid them in acquiring, discovering, and developing their best practices for their enterprises.

Our Development Advocacy Program uses new lending modalities such as receivables financing, purchase order financing, and household cashflow-based financing, and

credit enhancement instruments like market contracts or guarantee cover for a more inclusive approach to loans program.

This program was able to assist 85,615 small farmers and fisherfolk, microenterprises, and SMEs with a total loan amount released since 2007 of P5.6 billion. We also provided technical and institution-building programs geared

GROSS LOAN PORTFOLIO (in P millions) As of 31 December 2012

SECTORS			LUZON	VISAYAS	MINDANAO	HEAD OFFICE-BASED LOANS	TOTAL
I	Mandated Sector						
	1.	Small farmers including agrarian reform beneficiaries and their associations	15,890.45	7,582.87	9,592.51	-	33,065.83
	2.	Small fisherfolk and their associations	182.43	84.94	48.83	-	316.20
		Sub-Total	16,072.87	7,667.82	9,641.34	-	33,382.03
II	Support for Agriculture and Fisheries						
	3.	Agribusiness	1,319.61	728.18	899.31	15,004.81	17,951.91
	4.	Aqua-business	-	200.00	-	372.63	572.63
	5.	Agri-Aqua related projects of Local Government Units (LGUs) and Government-Owned and -Controlled Corporations (GOCCs)	7,377.54	4,994.61	6,464.62	29,164.82	48,001.59
		- LGUs	7,338.70	4,994.61	6,464.62	646.93	19,444.86
		- GOCCs	38.84	-	-	28,517.89	28,556.73
		Sub-Total	8,697.15	5,922.79	7,363.93	44,542.26	66,526.13
III	Support for Other National Government						
	Priority Programs (including PPP projects)						
	6.	Micro, small and medium enterprises	13,784.34	2,583.18	4,127.18	9,823.17	30,317.87
	7.	Communications	-	-	-	3,554.36	3,554.36
	8.	Transportation	2,402.58	1,738.76	1,254.64	12,128.76	17,524.74
	9.	Housing (Socialized, Low Cost and Medium Cost)	505.33	160.09	119.28	19,483.24	20,267.94
	10.	Education	2,865.74	120.12	213.67	1,306.21	4,505.73
	11.	Health Care	744.20	165.94	77.66	1,065.80	2,053.60
	12.	Environment-related projects including clean and renewable energy	2,060.76	1,518.48	1,028.36	22,191.38	26,798.98
	13.	Tourism	-	-	98.22	237.52	335.74
		Sub-Total	22,362.94	6,286.57	6,919.02	69,790.43	105,358.95
	TOTAL PRIORITY SECTOR LOANS		47,132.96	19,877.18	23,924.28	114,332.69	205,267.11
	Others						
	14.	Other LGU Loans	1,873.38	2,850.31	1,193.50	3,831.46	9,748.65
	15.	Other GOCC Loans	-	-	-	18,837.30	18,837.30
	16.	Others	1,867.96	4,760.13	1,205.80	31,755.68	39,589.57
	TOTAL OTHER SECTOR LOANS		3,741.34	7,610.44	2,399.30	54,424.44	68,175.52
	GROSS LOAN PORTFOLIO (Regular) *		50,874.30	27,487.62	26,323.58	168,757.13	273,442.63

* Excludes Interbank Term Loans Receivable (Foreign Regular & FCDU/EFCDU), Loans and Receivables Arising from Repurchase Agreements/Certificates of Assignment/Participation with Recourse/Securities Lending and Borrowing Transaction, and Domestic Bills Purchased Lines; Includes Unsubordinated Secured Debt Facility on Rural Banks

toward improving their potential for economic growth and operational capabilities.

Because we recognize how crucial food security is to a developing nation, we continue to grant farmers access to loans through programs designed to support their specific and evolving needs. We were able to assist 434,570 farmer-beneficiaries in 2012 with a total released amount of P13 billion through the Rice Productivity Program, an initiative that supports the government's effort to increase rice production and achieve food sufficiency.

The **Sikat-Saka Program** of the Department of Agriculture (DA)—which is currently being implemented in the four pilot areas of Isabela, Nueva Ecija, Iloilo, and North Cotabato and is set for expansion to 16 more rice producing provinces—released a total of P48.4 million to 699 farmer-beneficiaries.

Our **Food Supply Chain Program (FSCP)**, a synergy program with DA and DOF, supports the government's thrust towards food security and self-sufficiency by increasing agricultural productivity, improving the food distribution system, strengthening farmers organizations, and imparting enabling technical capability enhancement trainings to sustain product marketing requirements.

From January to December 2012, 115 projects involving 115 anchor firms and 320 coop/FO/NGO producers/SMEs nationwide were financed and forged under Production, Technical and Marketing Agreements. 66 training sessions were conducted for 2,567 beneficiaries of LANDBANK-assisted Cooperatives under this program.

RICE PRODUCTIVITY PROGRAM

434,570

Farmer Beneficiaries in 2012

P13

BILLION
Total Loan Amount





Enterprise Development



2012 PERFORMANCE

SIKAT-SAKA PROGRAM

P48.2MILLION

Total Releases

699

Farmer Beneficiaries

FOOD SUPPLY CHAIN PROGRAM

2,567

Beneficiaries

115

Projects

66

Training Sessions

320

Coop/FO/NGO

TECHNOLOGY PROMOTION CENTER PROGRAM

P686.34MILLION

Total Releases

17,423

Small Farmers and Fishers Beneficiaries

16

Technology Promotion Centers Nationwide

210

Cooperatives

Through the **Technology Promotion Center Program**, the Bank and our partners agree to utilize technical, financial, physical and manpower resources to promote a viable technology that would generate production and post-production of efficiencies, and guarantee increase in farmers' income.

As of December 2012, there were 16 Technology Promotion Centers established nationwide and 24 validated technologies with a total loan releases of P686.34M technology adoptors covering 210 cooperatives and two SMEs, benefiting a total of 17,423 SFFs.

Another important yet underserved enterprise sector is the OFW community. Time spent working abroad to support families deprives OFWs of opportunities to invest in their career development here in the Philippines, and those who desire to resume working in the country encounter challenges reentering the economy.

As a response, LANDBANK provides OFWs with easy access to start-up funds for their small businesses and livelihood projects through the **OFW Reintegration Program**. In coordination with DOLE-Overseas Workers Welfare Administration (OWWA), it aims to provide OFWs



or our “Bagong Bayani” with livelihood opportunities and encourage them to invest in the Philippines rather than work abroad.

As of December 2012, LANDBANK was able to assist 553 OFW borrowers, approving a total loan amount of P406.63 million, helping OFWs to be with their families and prosper in the growing economy of the country.

The OFW Reintegration Program is complemented by an assistance program that provides OFWs with an orientation/training that serves as a one-stop shop for information on LANDBANK’s financial services. Information on assistance programs, incentives, and training in entrepreneurship and/or skills for returning OFWs and/or dependents offered by other government agencies is also available here, along with the OFW national cooperative with provincial chapters for localized assistance. In 2012, 12 entrepreneurship training seminars were conducted nationwide, benefiting 403 OFWs.

By offering products, services and programs that meet their needs—enterprise funding through loans, guidance through capacity building and training resources, and the achievement of sustainability in the enterprise through the adoption of good workplace practices—LANDBANK creates and nurtures an emergent enterprise culture within the countryside. By aiding in enterprise development, we are able to promote economic growth and aid in reducing poverty.



Frabelle Fishing Corporation Assistant General Manager for Engineering Mr. Jung Sangkwahn, Administration and Finance Head Ms. Rosemarie Guiriba, and General Manager Mr. John Ang



Nature’s Legacy Eximport, Inc. Marketing Head Ms. Genevieve Larase and General Manager Ms. Susan Loy



Alliance Select Foods International, Inc. Plant Manager Mr. Salvador Magbanua, Jr., VP for Operations Ms. Herminia Narciso, and General Manager Mr. Robert Canda



Creating
Inclusive Possibilities

Community Development

Holistic community development is both about supporting agricultural workers' sustainable employment and improving other facets of the community such as infrastructure, through some of LANDBANK's projects on water supply and power production, as well as enabling various members of the community through training and capability programs.

Small farmers and fisherfolk comprise one of the most vulnerable and disadvantaged groups not only in the country but also worldwide. Faced with huge business costs and little to no access to capital or loans, they are unable to compete with commercial players in the local or global markets and often end up selling their produce at a fraction of its cost.

LANDBANK enjoys a privileged position of creating inclusive possibilities that integrate environmental protection and sustainable development for our country's marginalized sectors, such as our informal agricultural workers, along with agrarian reform beneficiaries and their associations. By giving them the means to produce, compete, and sustain themselves as viable economic producers and units, LANDBANK affords them better income-generating opportunities toward sustainable employment, production, and livelihood generation.

Tired with the burden of never-ending debts just to make ends meet, a group of public school teachers and farmers pulled P11,000 of their hard-earned savings in 1996 to form the Sto. Niño Teachers and Farmers Multi-purpose Cooperative in Sto. Niño, South Cotabato.

Today, with assistance from LANDBANK, the Cooperative operates a gas station, a convenience store, an agri-supply store, a palm oil plantation, and a small banking unit that provides collateralized lending. In 2012, LANDBANK honored them with the Gawad Pitak Award as "Outstanding Institution-based Cooperative."



Top:
Convenience Store
Middle: Palm Oil Farm
Bottom: Gasoline
Station

Opposite page: Sto. Niño
Teachers and Farmers Multi-
Purpose Cooperative Board
Member Ms. Nelida Castillo,
Assistant Treasurer Ms. Shirley
Manua, Treasurer Ms. Marbelita Tirado,
General Manager Mr. Robert Sorioso,
Chairperson Ms. Perla Suscano, Board
Secretary Ms. Margelin Paulo, and Vice Chair
Ms. Maricar Coronel



Community Development



With P33.4 billion or 12.2% of the bank's total loan portfolio to small farmers and fisherfolk, LANDBANK helps them avail of production loans in our commitment to make credit available to sustain countryside development.

Integrating environmental sustainability in LANDBANK-financed projects

We also provide environment-friendly financing and incentives to pig farm owners through the Carbon Finance Support Facility, which facilitates financial rewards through "carbon credits" for the reduction of greenhouse gas (GHG) emissions by emitters in developing countries (such as the Philippines) through the Clean Development Mechanism (CDM) of the Kyoto Protocol. "Carbon credits" or Certified Emission Reductions can be purchased only through clean

and green projects as well as investments in climate-friendly projects that displace carbon-intensive technologies.

By including in our assistance the installation of anaerobic wastewater treatment systems that capture methane (a greenhouse gas emission as a by-product of livestock production) so that it can be utilized to generate renewable electricity instead of harming the environment, we are able to contribute in the efforts to replace fossil fuel-intensive electricity, invest in climate-friendly projects, and fulfill our GHG reduction commitment by gaining more and more CERs.

In line with the Medium-term Philippine Development Plan, infrastructure facilities and utilities of LGUs with the aim of improving living conditions, raising public health standards, enhancing social services, and protecting the environment of the constituents of LGUs. We assess projects based





on the extent to which these address the needs of their constituents while complying with social safeguards and environmental requirements.

We financed infrastructure projects such as water supply facilities, power production and distribution, solid waste management facilities (including construction of sanitary landfills), roads and bridges, schools, and hospitals. In 2012, LANDBANK assisted 43 provinces, 89 cities, and 692 municipalities. We were able to serve 824 LGUs, comprising 44.8% of all LGUs nationwide, in the amount of P44.8 billion.

LANDBANK also signed a P742-million loan agreement with the City Government of Puerto Princesa, Palawan to finance the construction of a City Hall with an environment-friendly and energy-efficient design. The new Puerto Princesa Green City Hall, which is expected to be completed by January 2014, utilizes day lighting, natural ventilation, photovoltaic systems to generate electricity from sunlight, and a water recycling facility to ensure sustainable water supply.

Funding support for MSMEs

Micro, small and medium enterprises (MSMEs) also play a significant part in the country's economic development. We make it easy for MSME lenders and borrowers to transact through a website that gives them easy access to credit information. A Memorandum of Agreement for a loan channel catering to SMEs was signed in October 2012 between LANDBANK and FINEX Foundation for Entrepreneurship, Inc. (FFEI).

On the website of FINEX SME plus Loan Portal, we have optimized systems for credit assistance, allowing lenders and borrowers to directly reply and transact with each other. As a result, LANDBANK's outstanding loans extended to MSMEs grew from P21.2 billion in 2011 to P30.3 billion or 11.1% to the Bank's regular loan portfolio of P273.4 billion in 2012.

INFRASTRUCTURE PROJECTS

P44.8 BILLION
Total Amount

43
Provinces

692
Municipalities

89
Cities

824
LGUs



Community Development

Training and Capability Programs

The LANDBANK Countryside Development Foundation, Inc. (LCDFI) takes the lead in the training and capability building programs for cooperatives of small farmers and fisherfolk, Agrarian Reform Beneficiaries (ARBs) and Countryside Financial Institutions (CFIs).

Periodic reviews complement these training sessions to assess the operation of cooperatives, particularly in risk management. The results of the review determine the operational strengths and weaknesses of cooperatives as the basis for credit as well as the identification of capacity building intervention that they may need. LANDBANK uses the enhanced Cooperative Operations Review Instruments (CORI) to assess the co-ops's management of risks. Results of operations review are used as basis in determining the training requirements of co-operatives. The CORI covers five components: control environment, risk assessment, control activities, information and communication, and

monitoring. A total of 50 trainings were conducted across all regions, benefitting 1,736 participants from 532 co-ops.

The Training for LCDFI Anchor Key Cooperatives (AKC) offers higher-level technical training, consultancy services, coaching, and mentoring outreach to enhance and sustain the institutional viability of LANDBANK-accredited key cooperatives. It provides technical training on a one-on-one basis for co-op board, management and personnel. In 2012, LCDFI conducted 70 trainings nationwide, benefitting 2,455 participants.

The Training Program for CFIs and Microfinance Institutions (MFIs) covers rural banks, thrift banks, and non-government organizations (NGOs) with strategies for enhancing and sustaining their organization and operational and financial capabilities toward expanding their outreach to small farmers and fisherfolk. In 2012, the program focused on financial inclusion trainings, covering the widening of insights into potential financial products that can be extended to grassroots clients who are hard to reach, therefore often unserved or underserved by formal financial institutions, as

well as to potential areas for expansion. LCDFI conducted 16 trainings, in which 54 CFIs and MFIs from all over the country participated.

LANDBANK also oversees Partnership with Anchor KCs and Anchor MFIs under the LCDFI Integrated Community Development Program (ICDP), which aims to promote convergence of community-based programs in the countryside and/or hard-to-reach areas or communities as prioritized through community participation.

The partnership focuses on the following areas of concern: livelihood and job generation through microfinance services and trainings; One-Town-One-Product Development/Promotion through business development services; nutrition and maternal/child health care; access to clean water, electricity, and general sanitation; ecological and environmental protection and preservation; elementary and secondary school participation scholarship (Alternative Learning System); decent housing; and partnerships with LGUs as well as Sisterhood Programs for municipalities and city networking.

ENHANCED COOPERATIVE OPERATIONS REVIEW INSTRUMENT

1,736

Participants

50

Trainings

LCDFI ANCHOR KEY COOPERATIVES TRAINING

2,455

Participants

70

Trainings





Also in 2012, we established the Gawad PATNUBAY (Pag-aaral Tungo sa Maunlad na Bayan) Scholarship Program as an e2e (education to employment) initiative for children or dependents of cooperatives, Agrarian Reform Beneficiaries/Communities (ARBs/ARCs), and municipalities assisted by LANDBANK.

For the formal education, we collaborated with the International Rice Research Institute (IRRI) and their partner state colleges and universities nationwide for college students who wish to pursue Bachelor of Science degrees in agriculture or related disciplines. For the informal education, we tapped the Philippine Federation of Family Farm and Rural Schools (PHILFEFFARS) for the Diploma in Farm Business Management scholarships, a two-year ladderized program.

During school year 2012-2013, before shifting its support to college/vocational scholarships, Gawad Patnubay

continued to provide for the tuition fees of its remaining 39 high school students, with one high school graduate in March 2012, who went on to enroll at the University of St. La Salle, Bacolod, and is currently pursuing a Bachelor of Science degree in Food Technology.

LANDBANK also pioneered in the concept of “recovery through livelihood,” which complements our social mandate of promoting the well-being of the marginalized sectors, primarily farmers and fisherfolk. We concretized this concept in the Gawad Kabuhayan Program.

What began as our collaboration with Habitat for Humanity-Philippines and its partners in the promotion of self-reliance among an estimated 3,355 families affected by Typhoon Sendong in six relocation sites in Cagayan de Oro City became a continuing program designed to aid the recovery of affected families by equipping them with skills vital to accessing and developing opportunities for livelihood.





Advocating
Sustainable Development

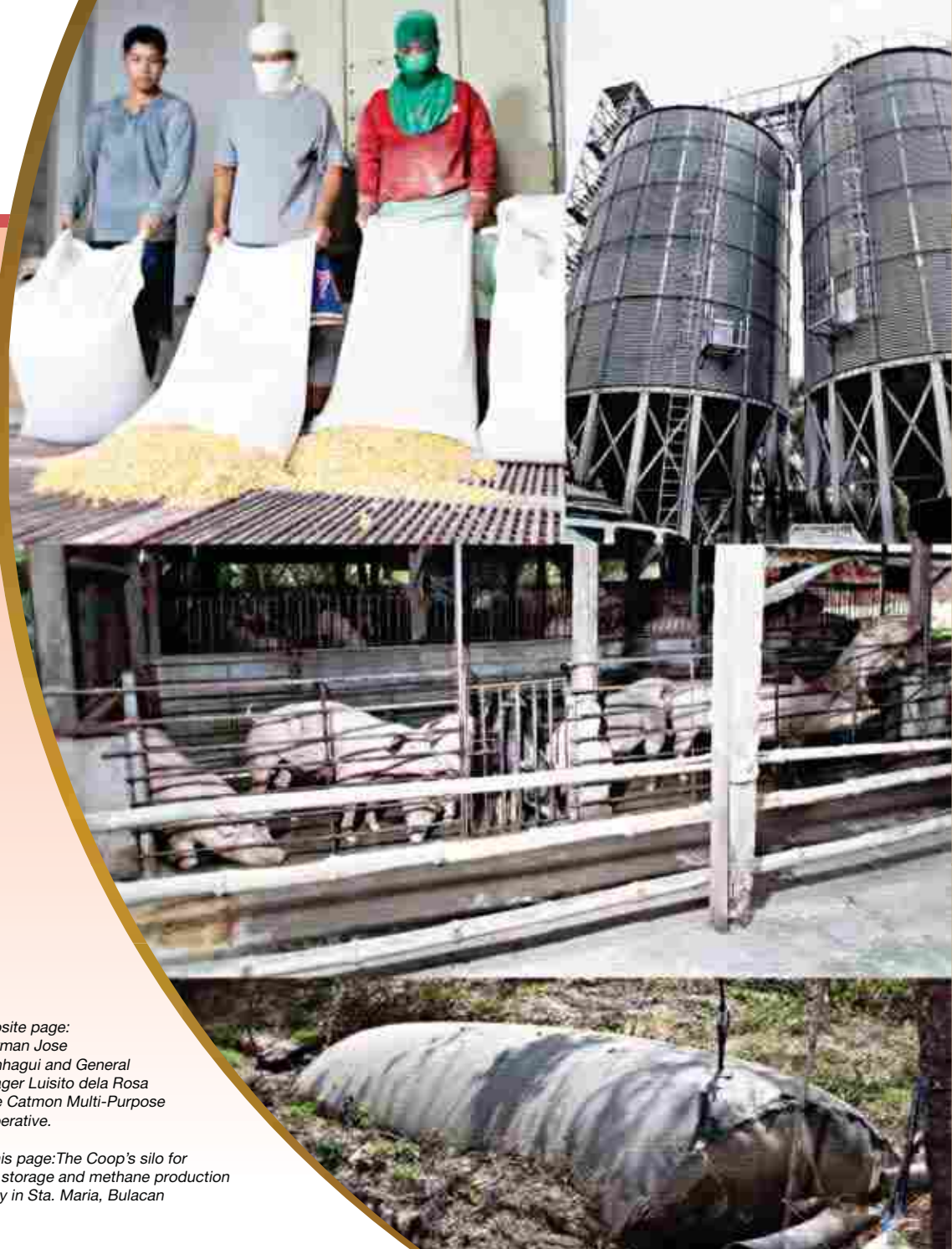
Environmental Protection and Management

LANDBANK has undertaken the conscientious measurement and reduction of our natural resource consumption as well as the calculation of our carbon footprint. We promote environmental protection and sustainable development in the Bank's operations through the Environmental Management System (EMS) which integrates in-house initiatives such as electricity, water, and fuel conservation programs as well as waste management and GHG accounting and reporting programs.

But our environmental protection and sustainable development mandate extends beyond our offices to the lands and waters in the far reaches of the Philippines. We study and carefully consider not only the economic but also the social and environmental costs of the projects that are under consideration for funding.

One such project is the biogas recovery and development project of Catmon Multi-purpose Cooperative in Sta. Maria, Bulacan. Wastes from more than 10,000 heads of fattened hogs from its piggery are collected and processed to produce methane, a highly combustible greenhouse gas which is a by-product of fermenting animal manure. The methane is then pumped back to the farm as fuel instead of having it released to the atmosphere which contributes to global warming.

LANDBANK has been helping finance the Cooperative's feed milling and hog fattening project since 1989. Also, the Cooperative is currently actively pursuing a waste segregation program, street cleaning, and tree planting, and is advocating organic farming and solar energy use in partnership with the Bank, DAR, and the LGU of Sta. Maria. For all these, they were named 3rd Place winner in the Gawad Pitak 2012 with an award for "Best Cooperative in Environmental Protection and Management."



*Opposite page:
Chairman Jose
Bulanhagui and General
Manager Luisito dela Rosa
of the Catmon Multi-Purpose
Cooperative.*

*On this page: The Coop's silo for
grain storage and methane production
facility in Sta. Maria, Bulacan*



Environmental Protection and Management

Every day, employees at the LANDBANK Plaza on Roxas Boulevard are witnesses to the beauty of the Manila Bay sunset. Lasting mere seconds, the setting sun serves as a constant reminder of the transience of the beauty and bounty of nature.

Fittingly enough, LANDBANK's flagship CSR program is the Manila Bay SUNSET Partnership Inc. (MBSPPI), which implements a sustainable approach in cleaning and protecting the world-famous Bay's marine and coastal resources. A public-private collaboration that aims to help protect and rehabilitate Manila Bay, MBSPPI pushes for collaboration in the use of our technical, financial, and manpower resources to improve the quality of the water of the Bay.

This program aims to increase the level of commitment of the establishments and LGUs in the Manila Bay area, promote volunteerism through sustained partnerships with them, and generate public awareness and involvement campaigns for controlling the pollution of Manila Bay. These include the weekly and annual cleanup activities, installation of trash receptacles

and traps, and campaigns for increased awareness and commitment from the people and establishments around the Bay area.

New program partners that joined in 2012 are the University of the Philippines-Manila, Metro Manila Development Authority (MMDA), Polytechnic University of the Philippines (PUP), and Cooperative Development Authority (CDA). This increased the membership to 14 institutions.

The commitment of our member-partners to the clean-up activities and the campaign to rehabilitate Manila Bay is encouraging. By reaching out to the people that we share this precious environment with, letting them know that we are willing to contribute to its protection and maintenance, and showing them that we can all achieve more when we work together, LANDBANK is able to couple efforts of spurring countryside development with the promotion of safeguards for environmental safety and protection.

Similarly, our Manila Bay SUNSET is a constant reminder of the impact we all have on our environment. As a Bank with

Year	No. of Volunteers	Garbage Collected
2012	1,318 (+190%)	6,134 garbage sacks (+408%)
2011	693	1,500 garbage sacks
2010	684	1,206 garbage sacks
2009	672	1,000 garbage sacks
2008	655	875 garbage sacks
2007	300	200 garbage sacks
2006	200	8 dump trucks



an environmental protection and sustainable development mandate, we have to begin within ourselves.

In 2006, LANDBANK adopted two hectares each in six of the country's critical and denuded watersheds—Magat River, Nueva Vizcaya; Angat-Ipo, Bulacan; Bago River, Negros Occidental; Binahaan River, Leyte; Lasang River, Davao Del Norte; and Silway River, South Cotabato—for reforestation and protection as part of our Adopt-a-Watershed Program in partnership with the DENR.

A national initiative in habitat protection and restoration, the Program also supports the country's critical irrigation systems. Through this program, which is our contribution to the National Greening Program (NGP) of the Aquino administration, the Bank seeks to increase biodiversity in the planted areas and plant fruit-bearing trees to financially benefit the local communities while also fostering volunteerism among LANDBANK employees for the tree planting activities. Through the years, LANDBANK employees have regularly trooped to the watersheds to plant seedlings and clean up the surrounding areas.

On September 26, 2012, LANDBANK entered into a Memorandum of Agreement with the DENR for the second phase of the Adopt-a-Watershed Program for 2012-2015. Under the renewed green partnership, the Bank will sponsor the cost of the Program's implementation in 40 hectares over a three-year period.

Ten hectares will be covered from each of the following sites: Bugallon, Pangasinan and Balabag, San Jose del Monte City, Bulacan; while five hectares each from Don Salvador Benedicto, Negros Occidental; Sapang Dako, Cebu City; Paquibato, Davao City; and Polomolok, South Cotabato.

In pursuit of a more sustainable approach, LANDBANK and the DENR entered into tri-partite agreements with people's organizations (POs) in the local sites. By tasking the POs with providing the seedlings to be planted along with protecting and cultivating the area for the next three years, we fulfill our social responsibility of promoting and cultivating the communities' sense of ownership and agency.

Not only has this project fostered volunteerism in LANDBANK employees, it also helped develop partnerships with local community groups and upland dwellers to provide them with an additional source of livelihood. As a result, biodiversity in the planted areas have returned and increased.

We also sent a contingent of LANDBANK volunteers to participate in the 27th International Coastal Cleanup in October 2012 in Gasangan, Baseco Compound in Tondo, Manila. The activity resulted in the gathering of 95 truckloads (approximately 354 tons) of garbage in the cleanup site, thanks to the help of other government agencies, private institutions, NGOs, and the academe.

We aspire to continuously contribute to the improvement of the human condition and quality of life through efforts that bring about the nurturance, rebuilding and maintenance of our habitats and ecosystems. Everything is connected to everything, and each little commitment we make to reforestation helps our forests replenish themselves.

LANDBANK's efforts embody our commitment to environmental protection and sustainable development. From our office practices and systems to our environmental requirements for our external projects as well as our participation in reforestation and rehabilitation of our country's forests and waters, it is clear that LANDBANK is part of the green solution.





Environmental Protection and Management

Environmental Management System and Bank-wide Internal Conservation Efforts

LANDBANK is also committed to ensuring our compliance with applicable environmental laws, regulations, and covenants, as indicated in our Corporate Environmental Policy. The Bank has designated Pollution Control Officers (PCOs) for LANDBANK Plaza and for each region to ensure that all units of the Bank comply with environmental requirements and have the necessary environmental permits.

Our PCOs are tasked to comply with the requirements of concerned government agencies and regularly monitor and submit reports on our compliance with the Bank's pollution control facilities in accordance with standards set by regulatory agencies such as the DENR, Laguna Lake Development Agency (LLDA), and LGUs.

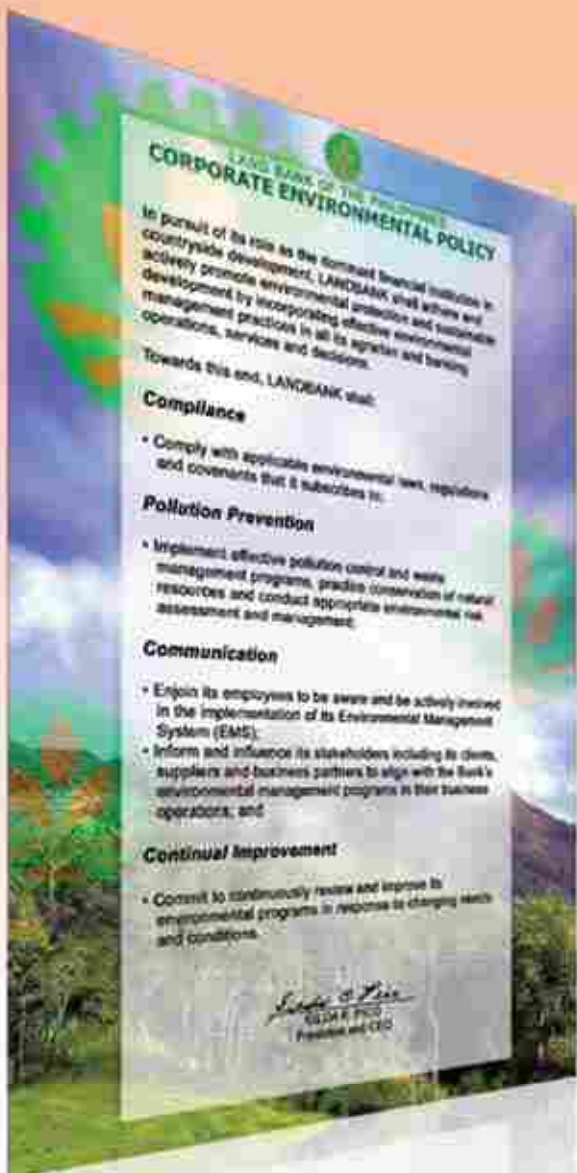
We have implemented an Electricity Conservation Program (ECP) and a Water Conservation Program (WCP), as mandated in Executive Order No. 39 and 20 respectively, series of 2008, in all field units nationwide. Our ECP requires all LANDBANK units to use different conservation initiatives, as well as monitoring and reporting procedures to measure and manage the electricity consumption and compute for conserved energy. We have also implemented the use of LED bulbs at the LANDBANK Plaza as part of our efficiency

improvements. This resulted to an initial drop of 2.07% in our electrical consumption. Full LED use is expected by 2014.

We also introduced the use of the Energy Efficiency Index (EEI), a building performance indicator for energy efficiency to serve as guide in estimating the energy performance of the branches and field units. EEI results are computed based on the difference between the actual consumption and the efficient consumption level (currently an interim standard of 180kwh/m2/year based on pilot computation of selected NCR branches), and corresponding action plans for lowering electricity consumption will be designed around them.

Based on the EEI reports submitted by 315 LANDBANK field units, 154 field units (49%) consumed electricity within the standard, resulting in a reduced consumption of 2,732,040 kwh and generating a total savings of about P25.27 million. However, 161 branches/field units or 51% have yet to improve efficient electrical consumption in order to meet the interim EEI standard of the Bank.

To target a potential reduced consumption of 2,560,936 kwh equivalent to approximately P23.69 million per year, the concerned field units were instructed to undertake the following initiatives: (a) check the efficiency of electric equipment used; (b) replace old and inefficient equipment; (c) check the building's heat insulation system; and (d) strictly implement the Bank's ECP.



	2012	2011	Increase/Decrease	%
	(in kwh)			
LANDBANK Plaza	10,276,000	10,493,000	-217,000.00	-2.07
Field Units	17,527,792	17,089,438	438,354.29	2.57
Total	27,803,792.00	27,582,438.00	221,354.29	0.80

The availability of water in abundance to all of us at LANDBANK emphasizes the privileged access we have to this important natural resource in light of the agricultural sector we serve, whose access to water determines the future of its produce. Thus, we institute conscientious consumption mechanisms. Our WCP follows the mandated water conservation measures for all employees and service providers that are specified in the EMS Good Practices implemented in all field units nationwide.

LANDBANK also installed storage tanks to recover and recycle water from the four operational cooling towers at the LANDBANK Plaza. Ensuring that water discharged during operations is captured to replace water lost in the cooling tower, this recovery and recycling system enables us to conserve an estimated 1,181 cubic meters per year, or 2% of the total water consumption.

	2012	2011	Increase/ Decrease	%
	(in m ³)			
LANDBANK Plaza	60,997	64,762	-3,765.00	-5.81

The proper collection, transport, and processing or disposal of waste is essential to environmental protection and disease

Parameters (Effluent)	As of end 2012	DENR Standard for Class SC Waters
pH	7.96	w/in 6.0 - 9.0
Total Suspended Solid, mg/L	47	150 (max)
Oil and Grease, mg/L	1.3	10 (max)
Bio-chemical Oxygen Demand, mg/L	42	100 (max)
Chemical Oxygen Demand, mg/L	80	200 (max)

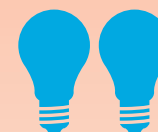
prevention. Improper waste management and monitoring are the causes of flooding, the spread of diseases, and environmental hazards. Our commitment to our environmental mandate starts within our offices through the responsible management of our waste.

Properly-labelled garbage bins are provided at every floor of the LANDBANK Plaza as well as every branch and field unit nationwide for the proper segregation of solid waste at source into biodegradable, non-biodegradable, and recyclable waste. Paper conservation measures are also implemented at every department and unit, where documents and records are classified for disposal, retention and storage, or safekeeping toward reducing the quantity of solid waste stored.

Paper and other recyclable material for disposal are sold to buyers, while residual and biodegradable/food waste material are disposed of through the city's garbage collection system.

In 2012, a total of 31,875.66 cubic meters of wastewater generated by our Head Office was properly treated prior to its discharge and disposal. LANDBANK provides for a more efficient operation and maintenance of its Sewage Treatment Plant (STP) and contracts a third party laboratory to conduct a quarterly testing of its wastewater to properly monitor and ensure the compliance of the Bank to the Clean Water Act and applicable environmental standards.

LANDBANK PLAZA SAVINGS



ELECTRICITY
217,000 kwh
=2.07% reduction



WATER
3,765 m³
= 5.81% reduction



Environmental Protection and Management



WASTE MANAGEMENT



Type of Waste	2012		2011	
	Volume (in kgs)	%	Volume (in kgs)	%
LANDBANK Plaza				
Recyclable	13,919	17%	8,976	10%
Biodegradable	7,372	9%	9,051	10%
Residual	61,935	74%	73,064	80%
Total	83,226	100%	91,091	100%

Hazardous waste is collected at source and stored in appropriate and properly labeled containers, which are held in a storage area until disposed of through a DENR-accredited transporter/treater. As of 2012, we have not yet conducted any actual disposal of our hazardous wastes through our partner agencies or the DENR accredited transporter/treater. These wastes remains properly stored in a designated storage area.

LANDBANK entered into a partnership with ABS-CBN Foundation, Inc. (AFI) and Philippine Recyclers, Inc. (PRI) for the proper handling, treatment and disposal of decommissioned lead-acid batteries generated from the use of Bank-leased vehicles. PRI properly recycles the batteries in accordance with applicable laws and regulation.

AFI channeled the funds generated from the sale of the recovered lead to support their eco-projects such as "Save the La Mesa Watershed Project" and the Environmental Hotline of the "Bantay Kalikasan Program" that investigates reports of ecological problems and malpractices. In 2012, about 1,149 assorted batteries were accumulated for donation, potentially amounting to P57,000.

We also have a joint project called "Bantay Langis" also with AFI and Genetron International Marketing, Inc., which deals with the proper treatment and recycling of used oil and petroleum products generated in the regular course of the

Bank's operations. These are properly hauled, transported, treated/recycled by Genetron and the corresponding monetary value is turned over to AFI's own "Bantay Langis" Project.

LANDBANK also implements the Greenhouse Gas (GHG) Accounting and Reporting Program covering GHG emissions from the use of fuel for vehicles, generator sets, and electricity to power our operations. To complete our GHG inventory, the program will be expanded to include other emission sources such as business travels as well as employees travelling to and from the workplace. In 2012, emissions from business travels of LANDBANK employees based at the Head Office were initially determined and reported.

	2012
	Emissions in Metric Tons CO ₂
LANDBANK Plaza	
Scope 1 (direct)	316.82
Scope 2 (indirect)	4,696.13
Scope 3 (other indirect)	184.84
Total	5,197.79

As part of our fuel conservation program, we have continuously implemented periodic maintenance and replacement of inefficient vehicles/parts to reduce our fuel consumption of service vehicles. The increase in our fuel consumption of 2.53% is a direct result of a corresponding increase in the number of business trips made in 2012. The increase can also be attributed to the wear and tear of vehicles, such as our year 2004 vehicles.

On the direct use of petroleum and oil products, the Bank had no significant oil or chemical spills in 2012 given the nature of our operations.

	2012	2011	Dec./Inc.	%
	(in Liters)			
Diesel	91,186.88	89,139.34	2,047.54	2.30
Gasoline	30,955.39	29,993.21	962.18	3.21
Total	122,142.27	119,132.55	3,009.72	2.53

Parameters	Emissions in milligram per Normal cubic meter (mg/Ncm)					DENR Standard
	Gen-set 1	Gen-set 2	Gen-set 3	Gen-set 4	Gen-set 5	
Particulate Matter	32.8	21.4	24.7	35.8	23.3	150 (max)
Sulfur Dioxide	25.8	17.5	10.5	16.6	7.8	1,500 (max)
Nitrogen Oxide	208.9	287.1	333.5	263.4	310.7	2000 (max)
Carbon Monoxide	389.8	495.4	237.9	337.6	418.9	500 (max)

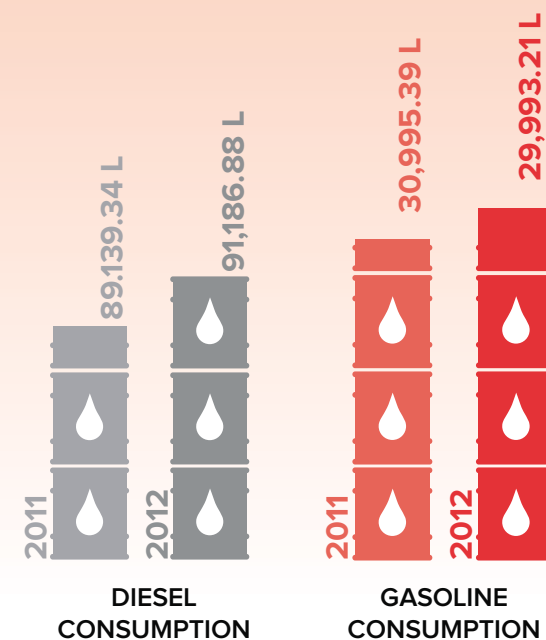
(Significant air emissions by type and weight)

Project Impacts and Environmental Due Diligence

LANDBANK's environmental protection and sustainable development mandate extends beyond our offices to the lands and waters in the far reaches of the Philippines. We study and carefully consider not only the economic but also the social and environmental costs of the projects that are under consideration for funding.

Committed to promoting and participating in initiatives that are environmentally sound and socially responsible, we make it our responsibility to integrate environmental and social considerations into our project review process. We strictly adhere to the Credit Policy Issuance 2009-02 (Environmental Policy on Credit Delivery) and require all the projects that we will finance to comply with environmental laws.

This covers Environmental Due Diligence (EDD) on credit delivery, which necessitates that all environmental impacts arising from the project be identified, mitigating measures be implemented, and environmental performance be monitored. This encompasses projects under the purview of the Philippine Environmental Impact Statement (EIS) System through all their stages, from loan packaging until full payment.





Environmental Protection and Management



		No. of Projects
Group I	Environmentally Critical Projects (ECPs)	4
Group II	Projects located in Environmentally Critical Areas (ECAs)	277
Group III	Non-environmentally critical project located in non-environmentally critical area.	66
Group IV	Co-located project under one or more proponent/locations, which are located in a contiguous area	0
Total		347

DENR Administrative Order No. 2003-30 or the Implementing Guidelines of the Philippine EIS System categorizes projects according to their critical impact on the environment. Projects classified under Groups I, II and IV undergo the EDD of the Bank. We evaluate these projects and then provide our clients with the potential environmental impacts, mitigating measures, benefits, and appropriate recommendations specific to each project.

In 2012, the Bank conducted EDD on a total of 347 projects (184 new and 163 existing projects) from various industries located in different provinces in the country in 2012.

We also created the Environmental and Social Safeguards Framework to regulate the implementation of projects that we assist. One such project is the Support for Strategic and Local Development and Investment Project (S2LDIP), a project in

partnership with the World Bank, where LANDBANK reviews its sub-projects and provides advisory service to LGUs.

A total of 71 projects amounting to P 4,514.51 M were enrolled under the program. Out of the total number of projects, 57 are already completed, 12 are ongoing and two (2) sub-projects are under procurement.

The Bank was also involved in the Manila Wastewater Management Project (MWMP), another World Bank supported project that aims to improve wastewater services through the reduction of the pollution load of the Manila Bay, which catches all of Metro Manila's domestic wastewater. Our regulation framework includes environmental screening, categorization, potential adverse impact identification, and mitigation measures preparation.

Support for Strategic and Local Development and Investment Project (S2LDIP)		
Type of Projects	No. of Projects	Loan Amount (in P millions)
Water Supply	23	1,171.07
Power Generation (1 MW Mini Hydro Power Project)	1	60.00
Sanitary Landfill	1	293.00
Roads	3	162.29
Drainage and Flood Control	1	65.08
Sports Complex Project	4	1,015.23
Slaughter House	3	48.25
Public Market	13	777.78
Bus Terminal	1	56.81
Public Market with Bus Terminal	5	199.28
Government Center	1	200.56
Shoreline Protection/ Sanitation/Site Development	1	19.00
Purchase of Heavy Equipment (Brand New)	14	446.16
TOTAL	71	4,514.51

Under the project, the Manila Water Company, Inc., and Maynilad Water Services, Inc. are the two water concessionaires identified as project sub-borrowers and will be supported in their coverage and effectiveness of wastewater collection and treatment and septage management.

Our Carbon Finance Support Facility (CFSF) assists our environmentally conscientious clients and provides them

with opportunities to earn additional income based on the sales of carbon credits through their continued compliance with environmental laws by joining the Clean Development Mechanism (CDM) program of the United Nations Framework Convention on Climate Change (UNFCCC). LANDBANK was able to register with the UNFCCC three (3) CMD Program of Activities, as follows:

Title of CDM Program of Activity	UNFCCC Registration No. / Date of Inclusion	Eligible Projects	Potential Certified Emission Reductions (CERs)
PoA for Methane recovery and combustion with renewable energy generation from anaerobic animal manure management systems	PoA 5979 May 10, 2012	Piggery Farms	2.5 million
PoA for LANDfill gas recovery and combustion with renewable energy generation from sanitary landfill sites	PoA 6707 July 20, 2012	Sanitary Landfills / Dumpsites	2.5 million
Philippines Mini-Hydro PoA	PoA 8674 December 11, 2012	Mini-hydro	2.5 million

One of the LANDBANK programs supporting environment-related projects is the **Renewable Energy for Wisers and Accelerated Resources Development (REWARD)** program, which makes credit facilities available for borrowers engaged in production of renewable and alternative energy sources.

Under the program, small and medium entrepreneurs, cooperatives, local government units, and non-government organizations may avail of working capital loan from LANDBANK to finance their bio-fuel, biomass based, hydropower, wind, geothermal and solar projects. The loan may also be used for working capital, acquisition of fixed assets, and preparation of feasibility studies to include engineering designs.

Below are the existing financed projects under REWARD for 2012:

Type	No. of Projects	Capacity	Approved Amount	Outstanding Balance
		(in MW)	(in P millions)	
Hydro Power	8	780.9	1,175.37	275.34
Biomass	8	18.4	679.47	569.58

During the same year, these potential RE and biofuels projects were in the pipeline:

Type	No. of Projects	Capacity (in MW)	Indicative Amount (in P millions)
Hydro Power	17	102.4	P8,098.74
Biomass	3	17.8	P770.65
Solar	1	1.0	P250.00

Banking
with Convenience



Customer Service

In the course of a busy day, it has already become usual to discover that there is no more cash on hand and a short trip to the ATM is in order. Modern technology has given us mobility and flexibility that moving about cashless is a mere inconvenience easily solved by a trip at any time of the day or night across the street, down the block, or around the corner.

There are, however, countless others for whom the conveniences we take for granted cost dearly, and their lack of access can have a grave impact on their already-limited resources. LANDBANK's customer service is attuned to the daily realities of our stakeholders, whose daily sustenance, health, and well-being rely on funds that need to be readily accessed.

One innovative channel is LANDBANK's iAccess Retail Internet Banking, an alternative banking system designed for individual customers which is a convenient, reliable and secure delivery of banking transactions via the internet. LANDBANK iAccess is available 24 hours a day, 7 days a week.

For the Bank's institutional clients both private corporations and government entities, LANDBANK provides them with the weAccess Institutional Internet Banking which allows them to perform banking transactions and avail of other banking services through the web. With this system, the client can initiate various transactions like real time and future dated fund transfers or online balance inquiries through computers with internet connection and a secure browser.





Customer Service



Only LANDBANK has mobile ATMs that are specially designed and mounted on customized vehicles for deployment to service unbanked and remote areas of the country.

Launched particularly to aid in the distribution of cash grants to beneficiaries under the government's Pantawid Pamilyang Pilipino Program (4Ps) or Conditional Cash Transfer (CCT) Program, the mobile ATMs come complete with aluminum steps and hand railings to also aid physically challenged customers. Access ramps are, in fact, standard facilities of our ATM Kiosks at onsite and offsite locations. These testify to LANDBANK's well-thought-out commitment to inclusivity in our products and services.

To continuously reach out and maintain goodwill among our various stakeholders and partners, we strive to be always on the alert for better ways to provide convenient cash banking services. With LANDBANK maintaining its ranking as the fourth largest bank in terms of ATM network and our membership with Expressnet along with our interconnection with Megalink and Bancnet, we enable customers to have access to over 9,000 ATMs nationwide.

Our Express Payment System allows them to shop at more than 20,000 establishments nationwide by using their LANDBANK ATM cards, eliminating the need to find an ATM to withdraw cash. Through our 24/7 phone banking facility, Phone Access, customers can perform any banking transaction any time of the day or night. Our Customer Care Center provides round-the-clock assistance for the immediate resolution of banking problems and concerns.

We have branches in 79 out of the 80 provinces in the country, including the most remote, unserved, underserved, and underbanked areas in the Philippines.

LANDBANK's nationwide accessibility and 24/7 availability enables us to serve the poorest of households. We coordinate with DSWD in the disbursement of funds under the national government's CCT Program. Designed to reduce poverty

PRESENCE OF LBP IN POOR PROVINCES IN THE COUNTRY

The 15 poorest provinces in the country in the first 6 months of 2012

Province	% of poor	No. of Branch(es)	No. of Lending Centers
Lanao Del Sur	68.9%	2	2
Apayao	59.8%	1	1
Eastern Samar	59.4%	1	1
Maguindanao	57.8%	3	1
Zamboanga del Norte	50.3%	2	1
Davao Oriental	48.0%	1	1
Ifugao	47.5%	1	1
Sarangani	46.5%	1	1
Negros Oriental	45.3%	4	1
Masbate	44.2%	1	1
North Cotabato	43.9%	4	1
Northern Samar	43.7%	3	1
Bukidnon	43.3%	4	1
Lanao Del Norte	42.5%	2	1
Sultan Kudarat	41.6%	3	1

Source: National Statistical Coordination Board

through the provision of conditional cash grants to extremely poor households, this flagship program requires beneficiaries to adhere to health and education requirements for family members.

Their fulfillment of these conditions is in compliance with developmental objectives geared towards investing in human capital and poverty alleviation. Our presence in remote and underserved areas facilitates the release of subsidies to these families.

To facilitate pay-outs for the beneficiaries of the CCT Program, we employ the following modes of payment: Cash Cards, Globe G-Cash (GXI), Philippine Postal Corporation (PHILPOST), Rural Banks, and co-ops.

First-line maintenance of ATMs is provided by an institutional partner to ensure availability of ATMs in the absence of a branch. We are now formulating policies to employ BancNet's Point-of-Sale (POS) Cash Out system to complement the CCT pay-outs for hard to reach areas.

Our Grassroots Development Program (GDP) is another program whose borrowers gain from LANDBANK's wide reach. We lend to grassroots enabling partners, such as agri-business entities and non-government organizations (NGOs), which relend to small farmers and fisherfolk for livelihood activities. We have expanded our lending operations as well as outreach and extended financial services in the countryside to remote areas with little to no banking presence.

We also have lending operations for Barangay Micro Business Enterprises and the entrepreneurial poor through the Micro Finance Program for MFI Retailers, whose credit assistance is carried out through eligible microfinance institutions such as cooperatives, CFIs and NGOs that conduct micro lending. These are prime examples of our efforts in support of the government's financial inclusion programs toward poverty alleviation and job generation.

Customer privacy is of utmost importance to us. We ensure customer safety and protection in transactions through strict procedural and technological systems coupled with responsible employees who uphold ethical practices for customer privacy and observe strict guidelines for customer





Customer Service



awareness. Our Accountability Assessment Committee and the Legal Services Group is prepared to handle any complaints about breaches of customer privacy and losses of customer data. In 2012, we did not receive any complaints on this matter.

Similarly, we strive to always protect our corporate identity and mandate to help spur countryside development through financial services. We make sure that the information we release through posters, brochures, media, and the internet accurately describes LANDBANK's products, services, and programs.

We abide by all laws, standards, and voluntary codes related to marketing communications, and we strictly adhere to the Corporate Identity Manual to ensure the uniform application

of our corporate trademark in printed communications, marketing strategies, and publicity drives. LANDBANK has not experienced any incidents of non-compliance with regulations and voluntary codes concerning products and services information and labeling, by type of outcomes.

Through feedback, we get insights into what our customers think of our products, services, and programs. It also helps us become aware of client expectations and leads us to creative solutions and innovations. As with our mobile ATMs, the discovery that some have difficulty reaching us has helped us devise more and more ways to deliver our services to them.

We conduct customer satisfaction surveys randomly to clients of LANDBANK branches as part of our audit, as well as for our application for ISO 9001:2008 Quality Management





System which is part of the requirements to measure customer satisfaction. The survey is done at least once a year for every branch, and these surveys are consolidated by the Customer

Service and Product Development Department, and reported to the Branch Banking Support Department to enhance our products, services, and programs.



LANDBANK President and CEO Gilda E. Pico receives a plaque of recognition from the Government Quality Management Committee (GQMC) during its 3rd ISO 9001 recognition ceremony held at the Malacañang Palace. The awarding ceremony, which was led by His Excellency President Benigno S. Aquino III, aims to recognize citizen-driven government organizations and agencies that have attained ISO 9001 certification.

LANDBANK believes it is in its best interest to continually engage with our customers to satisfy their needs and expectations, and fulfill our social responsibility as a public-service institution.

Developing and Enhancing Career Programs

Prince Roxas

Management
Training Program
(MTP) Graduate

Kayle Wanda Tang

Management
Training Program
(MTP) Graduate

Karina Roxas

Officers
Development
Program (ODP)
Graduate

Cressida M. Alday-Mendoza

Leadership Development
Program (LDP) Graduate



Employee Development

LANDBANK's most valuable resource is our workforce. As a catalyst for countryside development, we make it a point to recruit and retain skilled and talented individuals to serve our stakeholders with heart, mind, and the right set of ethics. We are always on the lookout for individuals with promising capabilities to join us in the fulfillment of our mandate.

Our policy on internal hiring is complemented by an aggressive recruitment program through coordinated efforts with educational institutions and active participation in their career fairs. The Bank observes a fair and just hiring process. As an equal opportunity employer, we afford all qualified individuals equal chance for employment, creating diversity among employees in the workplace.

Through the years, the Bank has been developing and enhancing its talent management programs and systems in order to attract, retain, and develop competent people fit to serve as partners in fulfilling our vision and mission.

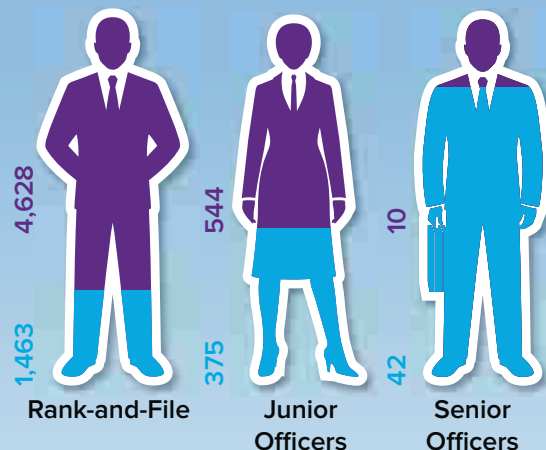
Our development programs for LANDBANK employees include the Management Training Program (MTP) for supervisory positions, Officers Development Program (ODP) for those preparing for managerial positions, Leadership Development Program (LDP) for incumbent Department and Group Heads, and the Executive Development Program (EDP) for senior officers of the Bank.



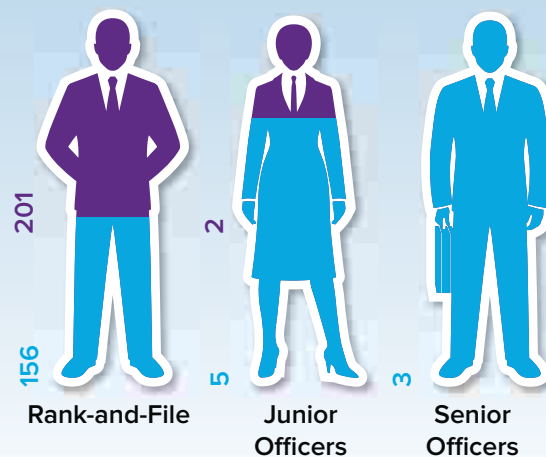


Employee Development

2012 LBP WORKFORCE



2012 NEW HIRES



 Field Units
 Head Office

All employment applications received by LANDBANK pass through a meticulous process of screening and evaluation pursuant to the LANDBANK Charter, the policies of the Bank, and the rules and regulations set by the Civil Service Commission.

Successful candidates are required to qualify further by passing the pre-employment examination, interviews, medical examination, and background check. We consider competency and, as a practice, optimal location in identifying and considering applicants best suited for the job. In 2012, LANDBANK hired 367 new employees to strengthen our

workforce nationwide, 55% of whom are deployed in field units and serve as front liners to our priority sectors. Most of the Senior Officers are head office-based, while 10 of them are assigned in our five branches group, which has direct impact on the plans and programs of the Bank with regard to our core functions.

The tables below summarize our workforce distribution figures including new hires for 2012. They are distributed according to types of post, integration into the total work force, and employee turnover by age group, gender, and region.

2012 LBP WORKFORCE

Employee Classification	Head Office	Field Units	Total
Rank-and-file	1,463	4,628	6,091
Junior Officers	375	544	919
Senior Officers	42	10	52
	1,880	5,182	7,062

Age Group	Total	%
20-25	188	51.23%
26-35	168	45.78%
36-45	7	1.91%
46-49	1	0.27%
50-55	2	0.54%
56-59	1	0.27%
Grand Total	367	100.00%

2012 NEW HIRES

Employee Classification	Head Office	Field Units	Total
Rank-and-file	156	201	357
Junior Officers	5	2	7
Senior Officers	3	0	3
	164	203	367

Gender	Male	Female	Total	%
New Hires (2012)	144	223	367	100.00%

Employee Classification	Head Office	Field Units	Grand Total	%
Rank-and-file	158	199	357	97.28%
Junior Officers	5	2	7	1.91%
Senior Officers	3	0	3	0.82%
Grand Total	166	201	367	100.00%

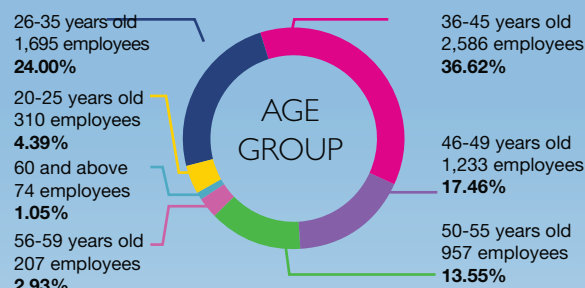
We have a total workforce of 7,062. Of this, 64.51% are female (4,556) and 35.49% are male (2,506). The tables below summarize our data on total workforce by employment type, contract, and region, as broken down by gender.

Total Headcount of Regular Employees for 2012: 7,062

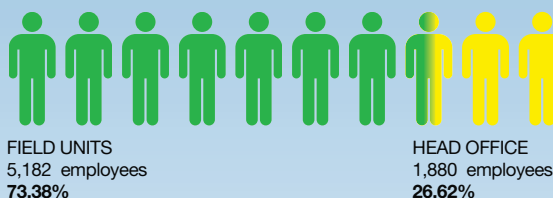
Gender	Total	%
Female	4,556	64.51%
Male	2,506	35.49%
Grand Total	7,062	100.00%

Rank	Female	Male	Grand Total	%
Rank-and-file	3,512	1,830	5,342	75.64%
Supervisory	498	251	749	10.61%
Middle Management	526	393	919	13.01%
Senior Management	20	32	52	0.74%
Grand Total	4,556	2,506	7,062	100.00%

Employee Classification	Female	Male	Grand Total	%
Rank-and-file	4,010	2,081	6,091	86.25%
Junior Officers	526	393	919	13.01%
Senior Officers	20	32	52	0.74%
Grand Total	4,556	2,506	7,062	100.00%



LOCATION



Our workforce is led by our Board of Directors, which manages all our top management committees. All of our Executive Committees except for one, are comprised of both men and women.

The Management Committee (ManCom) has four female members out of 11, comprising 36.3%. The female memberships of all other committees are as follows:

- Investment and Loans Committee (ILC)** – four female members out of 11 (36.3%);
- Asset and Liability Committee (ALCO)** – seven out of 12 members (58.3%);
- Information Technology Committee (IT Com)** – six out of 11 members (54.5%);
- CASA Committee** – five out of eight members (62.5%); and
- LBP Anti-Money Laundering Committee** – two out of three members (66.67%)

Only the Head Office Bids and Awards Committee (HOBAC) has no female members (3 males).

The tables below summarize the composition and breakdown of employees in our governance bodies according to gender, age group, minority group membership, and other indicators of diversity.

Management Committee (ManCom)

Age	Female	Male	Grand Total	%
46-49		2	2	18.18%
50-55	1	3	4	36.36%
56-59	1	-	1	9.09%
60 above	2	2	4	36.36%
Grand Total	4	7	11	100.00%

Investment and Loans Committee (ILC)

Age	Female	Male	Grand Total	%
50-55	1	1	2	18.18%
56-59	1	-	1	9.09%
60 above	2	6	8	72.73%
Grand Total	4	7	11	100.00%

Asset and Liability Committee (ALCO)

Age	Female	Male	Grand Total	%
46-49	-	1	1	8.33%
50-55	2	3	5	41.67%
56-59	2	-	2	16.67%
60 above	3	1	4	33.33%
Grand Total	7	5	12	100.00%



Employee Development

Information Technology Committee (IT Com)

Age	Female	Male	Grand Total	%
46-49	-	2	2	18.18%
50-55	1	2	3	27.27%
56-59	3	-	3	27.27%
60 above	2	1	3	27.27%
Grand Total	6	5	11	100.00%

CASA Committee

Age	Female	Male	Grand Total	%
50-55	1	2	3	37.50%
56-59	2	-	2	25.00%
60 above	2	1	3	37.50%
Grand Total	5	3	8	100.00%

LBP Anti-Money Laundering Committee

Age	Female	Male	Grand Total	%
46-49	1	-	1	33.33%
60 above	1	1	2	66.67%
Grand Total	2	1	3	100.00%

Head Office Bids and Awards Committee (HOBAC)

Age	Female	Male	Grand Total	%
46-49	-	1	1	33.33%
50-55	-	1	1	33.33%
60 above	-	1	1	33.33%
Grand Total	-	3	3	100.00%

Compensation and Benefits

All our employees receive just compensation and mandated benefits. We compensate our employees based on our approved pay structure. The Bank's entry-level salary (daily

rate) is higher compared to the minimum wage per location as issued by the Department of Labor and Employment (DOLE).

Gender and work location do not affect compensation. Employees' advancements are guaranteed in the Magna Carta for Disabled Person (Republic Act No. 7271) and the Magna Carta for Women (Republic Act No. 9710). LANDBANK is not discriminative against sexual orientation.

Both Section 5, Article I of the Collective Negotiation Agreement and Section 1, Article III of the Code of Conduct for LANDBANK Employees provides that the Bank and the LANDBANK Employees Association (LBPEA) believe in equality among men and women and shall carry out their responsibilities as public servants in a courteous and respectful manner without regard to race, religion, regional or ethnic origin, gender, or political affiliation.

Region	Wo No./Date Of Effectivity	Non-Agriculture*	LBP's**
NCR	WO 17/ June 3/Nov. 1, 2012	419.00-456.00	
CAR	WO 15/ June 18, 2012	263.00-280.00	
I	WO 15/ July 25, 2012	233.00-253.00	
II	WO 15/ May 16, 2012	247.00-255.00	
III	WO 17/ October 11, 2012	285.00-336.00	
IV-A	WO 15/ May 15, 2012	255.00-349.50	
IV-B	WO 06/ February 1, 2013	205.00-275.00	
V	WO 15/ April 7, 2012	228.00-252.00	
VI	WO20/ May 31, 2012	235.00-277.00	485.83
VII	WO17/ December 7, 2012	282.00-327.00	
VIII	WO 17/ October 16, 2012	260.00	
IX	WO 18/ June 10, 2013	280.00	
X	WO 17/ June 20, 2013	291.00-306.00	
XI	WO/17/ January 1, 2012	301.00	
XII	WO 17/ April 18, 2012	270.00	
XIII	WO 12/ May 21, 2013	268.00	
ARMM	WO 14/ September 21, 2012	232.00	

We also award full-time employees who have already achieved regular and co-terminous status the following benefits: Rice Subsidy, Leave Credits/Privileges, Annual Merit Increases, Children's Allowance, Longevity Pay, Loyalty Award, Length of Service Award, Travelling Allowance, Terminal and Debilitating Illness Benefit, Life and Disability Benefit, Mutual Aid Benefit, Anniversary Cash Gift, 13th/14th month pay, Christmas Gift Package, and Medical Allowance.

All regular employees are also entitled to parental leaves as provided for under the Omnibus Rule on Leave by the Civil Service. In 2012, 165 women availed of the maternity leave while 19 men availed of the paternity leave.

Further, employees who suffered losses or damages to real properties due to disaster or calamity are granted financial assistance through the Relief and Disaster Assistance Fund. In 2012, a total of 1,359 employee-victims of various calamities, e.g. earthquake in Cebu and Negros, Habagat and Typhoon Pablo, were beneficiaries of this assistance totaling Php17.228 million.

Professional Development Programs

Steadfast in our belief that a well-trained workforce accelerates organizational productivity and effectiveness in today's fast-changing times, LANDBANK is committed

to employee learning through continuing education and development. We make sure that all employees receive their annual performance reviews so that we can keep track of their professional growth, and address their needs to be able to advance in their fields. Last year, all employees received their performance evaluation.

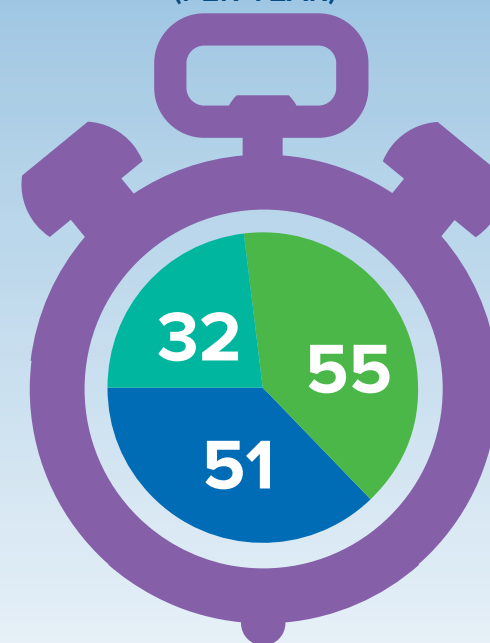
The training programs offered to employees can be grouped into five, namely: (1) Professional Development Program, (2) Rights Awareness Program, (3) Behavioral Program, (4) Health and Wellness Program, and (5) Security Training Program.

We also support the skills management and lifelong learning programs that target employees' continued employability and aid them in managing career endings. In 2012, the Organization Development Department trained 5,999 regular employees through in-house training facilitators and external training providers. Each employee averaged 35 training hours.

LANDBANK continued to implement the National Scholarship for Development (NSFD), through which Bank employees interested in pursuing higher education in disciplines relevant to the Bank's operations may avail of the highest level of professional development. 20 new scholars availed of the program in 2012, bringing the total number of scholars to 56 from the time of NSFD's inception. 40 of them took courses that led to a Master's Degree in Business Administration (MBA), while seven scholars earned their respective graduate degrees.

Position Category	Particulars			Training Hours	
	Female	Male	Total	Total	Average
Rank-and-File	3,376	1,734	5,110	164,902	32.27
Junior Officers	494	348	842	43,276	51.40
Senior Officers	20	27	47	2,571	54.70
	3,890	2,109	5,999	210,749	

TRAINING HOURS PER CATEGORY (PER YEAR)



- Junior Officers
- Rank-and-File
- Senior Officers



Employee Development



We also formed a partnership with the College of Holy Spirit-Manila and the Concordia International College of Canada-Philippines and arranged for an on-site corporate MBA program for supervisors and officers who want to enrich their skills and knowledge in business.

We provide the facilities for the training and shoulder the tuition and other fees for four of the 12 MBA subjects, courses that are run by the Bank as part of our training program. As of December 31, 2012, some 37 officers and supervisors have already availed of the program, attending three separate classes.

LANDBANK also operated within the 2011-approved Management and Leadership Development Framework to continue conducting programs toward equipping and grooming personnel with performance and capability

potential to assume higher and more critical responsibilities in the future.

The second run of the Leadership Development Program (LDP) culminated in 2012 with the graduation of 33 officers. Its third run, which was participated in by 31 officers, began in 2012 as well, and should end during the first quarter of 2013. The first Officers Development Program (ODP) was also held in 2012, with 25 participants and graduates occupying junior officer positions. The first batch of the Management Training Program (MTP), which started during the latter part of 2011, concluded in May 2012 with 32 graduates.

During the third quarter, the second MTP batch started with 33 participants and is expected to end within the first quarter of 2013. The Bank conducts the MTP to develop young professionals and prepare them to become future leaders of

the organization. Under the Executive Development Program, senior officers attended the 35th Pacific Rim Banker's Program in Washington and California, USA.

Striving to continuously support our employees even after they have left the service, we equip them with the right knowledge and appropriate strategies for adjusting to their new life and enjoying it to the fullest. In 2012, LANDBANK launched the first run of Towards New Horizons: A Pre-retirement Program for Landbankers with 31 employees in attendance. The seminar covers the psychology of retirement, personal fund management and investment, entrepreneurial endeavors, alternative sources of income, and the like.

Rights Awareness Program

Twice a month, we conduct the LANDBANK in Perspective (LIP), a series of workshops on workplace rights and welfare of employees. Launched in 2008, LIP is handled by in-house resource persons who cover the areas of health and work-life balance, gender and development, anti-sexual harassment, women's concerns, and the Bank's grievance machinery.

The Bank's initiatives and programs in environmental management are also tackled. In 2012, some 1,158 employees attended the program, bringing the total number of employees trained to 5,381 employees or 76% of the target participants.





Employee Development

We also implemented a series of seminar-workshops with the Kreditanstalt für Weideraufbau (KfW) through FAKT Consult for Management, Training and Technologies on conflict-sensitive lending to LGUs for account officers, account assistants, and other Bank employees.

The sessions were designed to raise awareness and capabilities regarding perception and the analysis of social conflicts that can be mainstreamed in the Bank in order to avoid exacerbating existing tensions and conflicts or creating new ones.

As a testament to our valuation of rights in the workplace, LANDBANK has resolved one complaint of sexual harassment in 2012 through the Committee on Decorum and Investigation. The respondent in the said case was dismissed from the service due to grave misconduct.

In relation to this, we implemented corrective actions concerning sexual harassment, which include continuing attendance of all Bank officers and employees to seminars on values. The Bank also encourages everyone to attend dialogues on moral renewal topics even as it strictly implements the Civil Service rules on administrative disciplinary cases.

Apart from the case cited above, the Bank has not received any other grievance related to human rights. All complaints and administrative cases were handled with due process and deliberated upon within reasonable time by various committees such as the Accountability Assessment Committee (on procedural lapses), Employee-Management Committee (on grievances) and Committee on Decorum and Investigation (on sexual harassment cases).

Behavioral Programs

LANDBANK has a number of behavioral programs designed to enhance ethical behavior in each employee, positively impact those around him or her, and strengthen our service-oriented culture.

The Customer Relationship Enrichment and Management (CREAM) Program was designed to provide our employees with sufficient knowledge and skills needed to better serve the Bank's clients and satisfy their needs, and it is conducted on a per request basis. A more compact version of this program is the employee (re)orientation program, which is comprised of customer service training and learning sessions that incorporate a two-hour session on face-to-face and over-the-phone customer service.





The Bank also continues to conduct the Professional Enhancement Program (PEP). In 2012, the program was attended by 26 participants. A total 585 participants or 95% of the target population, have been trained since 2009 when the PEP was introduced.

What is perhaps the most crucial of the Bank's major continuing behavioral programs is the Workplace Ethics and Values Enhancement (WEAVE) Program. In 2012, some 322 employees attended this program, bringing the overall total to 1,099 or 21% of the target participants since the program's initial run.

On the training programs on the developments and updates on the Anti-Money Laundering Act or AMLA, a total of 7,030 regular employees were trained in 2012, comprising 99% of our total employee population.

Health, Wellness and Work Environment Programs

Occupational health and safety are part of the orientation of newly hired employees to ensure their smooth transition and integration into the workplace and an awareness of health and safety protocols to be observed. In 2012, 31 sessions tackling occupational health and safety for new-hires along with 9 sessions on awareness for emergency preparedness and response with 1,597 participants from the head office were conducted.

The Bank also organizes a monthly Wellness Forum, inviting healthcare professionals as resource persons to give informational talks on various diseases. In 2012, resource persons discussed fitness, psychological well-being, women's health, cancer, skin health, thyroid diseases, sleep hygiene, proper nutrition, musculo-skeletal disorders, heart disease, hypertension, stress management, positive thinking and HIV-AIDS. To complement this, we also published articles on relevant health topics on our internal newsletter, Newsgram, which were disseminated to all employees.





Employee Development

We also implement disease prevention and risk control programs at the worksite for the employees' convenience. Physical fitness activities are held regularly at the worksite gym and fitness center to prevent lifestyle-related diseases (e.g. diabetes, hypertension, obesity) for the employees.

We also hold office exercise, such as the "3PM Banat Buto" to prevent musculoskeletal conditions. Socioemotional health promotion activities such as learning sessions on managing emotions and overcoming life's challenges were conducted as part of the Employee Wellness Program. In 2012, Critical Incident Stress Debriefing sessions were also conducted to help 22 personnel exposed to traumatic stress in the workplace.

We conduct health screening activities at the worksite for the Annual Physical Examination (APE), which include medical history taking and physical examination by a physician, blood tests and other laboratory examinations to promote early detection and management of diseases. Executive Check-ups are likewise offered to Bank officers. We have also made

nutrition counselling services by a registered nutritionist-dietitian available twice a month at the worksite gym where fitness instructors are available to lead in group exercise classes or give advice on the proper exercise regimen for employees.

As a mother-friendly and gender sensitive workplace, LANDBANK earned a "Mother Baby-Friendly Workplace Certification" from the Department of Health with the continued operations of the LBP Lactation Station in the promotion of exclusive breastfeeding, which is known to boost the infant's immune system and prevent illness among infants.

During the 2012 rainy/flood season, we also provided medical screening for high-risk employees and provided them with antibiotics to prevent leptospirosis.

LANDBANK has a security training program for outsourced personnel comprised of formal trainings relevant to their role as security personnel deployed in a financial institution. For the year 2012, we employed a total of 19 security personnel.





The **Land Bank of the Philippines Employees Association (LBPEA)** is accredited by Civil Service Commission (CSC) as the sole and exclusive negotiating agent of all regular rank-and-file employees for the purpose of collective negotiations with Land Bank; and preserving the rights of the employees under the laws.



The **Land Bank of the Philippines Middle Management Officers Association, Inc. (MMOAI)** initiates and formulates plans for servicing, improving and promoting the welfare of its members and beneficiaries; provides and extends them assistance to be properly represented in the governing body, if needed; and represents them in relevant Bank committees to uplift and protect their interest.

Labor and Management Relations

We recognize and guarantee the employees' right to self-organize, as decreed in the Philippine Constitution. As such, all rank-and-file employees are members of the LBPEA, which is recognized as the sole and exclusive negotiating representative of all Bank employees for the purpose of collective negotiations. By the end of 2012, 6,091 rank-and-file employees or 86.25% have been covered by the collective negotiation agreements.

The Collective Negotiation Agreement (CNA) forged between LANDBANK and LBPEA (2011-2014) covers among others

members' job security, benefits and rights, employee awards and incentives, grievance procedure, leave benefits, lodging for employees on official travel, special privilege for pregnant and nursing women, legal assistance for employees, wellness program, annual training programs and scholarship grants.

Through this agreement, we reorganized the Health and Safety Committee (HSC) by virtue of Special Order No. 768, series of 2012, three (3) members of which are officers of the LBPEA. The HSC formulates a comprehensive occupational health and safety program, and oversees its implementation and compliance.

We also recognize the right of the LBPEA to be represented in Bank committees dealing with employees' rights and welfare, namely, the Selection Board I, Employee's Uniform Committee, Health and Safety Committee, Labor Management Committee, Employee Management Committee, Relief and Disaster Assistance Committee, Committee on Decorum and Investigation and Special Events Committee.

CSR Steering Committee



Seated from left to right: EVP Cecilia C. Borromeo, President and CEO Gilda E. Pico, EVP Jocelyn DG. Cabreza

Standing from left to right: SVP Yolanda D. Velasco, SVP Edward John T. Reyes, EVP Rabboni Francis B. Arjonillo, EVP Andres C. Sarmiento, SVP Julio D. Climaco, Jr., SVP Alan V. Bornas

Chairperson

Ms. Gilda E. Pico
President and CEO

Members

EVP Cecilia C. Borromeo
Agricultural and Development Lending Sector

EVP Jocelyn DG. Cabreza
Branch Banking Sector

EVP Andres C. Sarmiento
Operations Sector

EVP Rabboni Francis B. Arjonillo
Treasury and Investment Banking Sector

SVP Yolanda D. Velasco
Controllershship Group

SVP Edward John T. Reyes
Corporate Banking Group

SVP Julio D. Climaco, Jr.
Corporate Services Sector

SVP Alan V. Bornas
Technology Management Group

CSR Technical Working Group

Regular Members

Chairperson

VP Catherine Rowena B. Villanueva
Corporate Affairs Department

Vice-Chairperson

DM Prudencio E. Calado III
Environmental Program Management
Department

Members

FVP Liduvino S. Geron
Strategic Planning Group

FVP Teresita E. Cheng
Risk Management Group

FVP Reynauld R. Villafuerte
Legal Services Group

VP Leila C. Martin
Lending Program Management Group



Seated from left to right: FVP Liduvino S. Geron, AVP Voltaire Pablo P. Pablo III, FVP Reynauld R. Villafuerte, DM Prudencio E. Calado III
Standing from left to right: FVP Teresita E. Cheng, LCDFI Executive Director Erlinda C. Ramos, VP Catherine Rowena B. Villanueva, VP Leila C. Martin, VP Minda D. Rubio

VP Minda D. Rubio
Branch Banking Support Department

AVP Voltaire Pablo P. Pablo III
Employee Relations Department

Executive Director Erlinda C. Ramos
LANDBANK Countryside Development Foundation, Inc.

Secretariat: Corporate Affairs Department

Alternate Members

AVP Shiela Marie Encabo
Ms. Ma. Socorro Prudente
Strategic Planning Group

Mr. Froilan Valmocena
Risk Management Group

Atty. Cherry Martinez-Romano
Legal Services Group

Mr. Gaudioso Carlos Garcia VI
Corporate Affairs Department

Ms. Mina Salamat
Employee Relations Department

Ms. Shirley Meera
Branch Banking Support Department

Ms. Ana Liza Antepuesto
Lending Program Management Group

Mr. Erick de Torres
Environmental Program and Management Department

Ms. Haydee Bellosillo
LANDBANK Countryside Development Foundation, Inc.

GRI Content Index

GRI Indicator	Disclosure	Level of Reporting	Location of Disclosure
STANDARD DISCLOSURES PART I: Profile Disclosures			
1. Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organization	Fully	6, 7
1.2	Description of key impacts, risks, and opportunities.	Fully	6, 7
2. Organizational Profile			
2.1	Name of the organization.	Fully	8
2.2	Primary brands, products, and/or services.	Fully	12
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	10, 11, 12, 13
2.4	Location of organization's headquarters.	Fully	9
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	9
2.6	Nature of ownership and legal form.	Fully	8
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	9
2.8	Scale of the reporting organization.	Fully	9
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	10, 11
2.10	Awards received in the reporting period.	Fully	13
3. Report Parameters			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	1
3.2	Date of most recent previous report (if any).	Fully	1
3.3	Reporting cycle (annual, biennial, etc.)	Fully	1
3.4	Contact point for questions.	Fully	3
3.5	Process for defining report content.	Fully	2, 3
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	2
3.7	State any specific limitations on the scope or boundary of the report (see completeness Principle for explanation of scope).	Fully	1, 2
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	2, 12, 13
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	Fully	2
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	2
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	3
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	74, 75, 76, 77
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	3
4. Governance, Commitments, and Engagement			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	15, 16
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	15

GRI Indicator	Disclosure	Level of Reporting	Location of Disclosure
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	15
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	16
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives.	Fully	15
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	15
4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	15
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	4, 14, 48
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	15
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	14, 15
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Not	Data is not available
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	22, 40, 53
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	Fully	18
4.14	List of stakeholder groups engaged by the organization.	Fully	29, 30, 31
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	28, 29, 30, 31
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	28, 29, 30, 31
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	28, 29, 30, 31
STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)			
DMA PS	Disclosure on Management Approach PS		
Aspects	Product Portfolio		
FS1	Policies with specific environmental and social components applied to business lines.	Fully	22
FS2	Procedures for assessing and screening environmental and social risks in business lines.	Fully	22, 51, 52, 53
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	Fully	22, 51, 52, 53
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	Fully	22
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	Fully	22, 51, 52, 53
	Audits		22
	Active Ownership		22

GRI Indicator	Disclosure	Level of Reporting	Location of Disclosure
DMA EC	Disclosure on Management Approach EC		
Aspects	Economic PerformanceCOMM	Fully	23
	Market presence	Fully	23
	Indirect economic impacts	Fully	23
DMA EN	Disclosure on Management Approach EN		
Aspects	Materials	Fully	24
	Energy	Fully	24
	Water	Fully	24
	Biodiversity	Fully	24
	Emissions, effluents and waste	Fully	24
	Products and services	Fully	24
	Compliance	Fully	24
	Transport	Fully	24
	Overall	Fully	24
DMA LA	Disclosure on Management Approach LA		
Aspects	Employment	Fully	25, 26
	Labor/management relations	Fully	25, 26
	Occupational health and safetyCOMM	Fully	25, 26
	Training and education	Fully	25, 26
	Diversity and equal opportunity	Fully	25, 26
	Equal remuneration for women and men	Fully	25, 26
DMA HR	Disclosure on Management Approach HR		
Aspects	Investment and procurement practices	Fully	26
	Non-discrimination	Fully	26
	Freedom of association and collective bargaining	Fully	26
	Child labor	Fully	26
	Prevention of forced and compulsory labor	Fully	26
	Security practices	Fully	26
	Indigenous rights	Fully	26
	Assessment	Fully	26
	Remediation	Fully	26
DMA SO	Disclosure on Management Approach SO		
Aspects	Local communities	Fully	26
	Corruption	Fully	26
	Public policy	Fully	26
	Anti-competitive behavior	Fully	26
	Compliance	Fully	26
DMA PR	Disclosure on Management Approach PR		
Aspects	Customer health and safety	Fully	26, 27
	Product and service labelling	Fully	26, 27
FS15	Policies for the fair design and sale of financial products and services.	Fully	26, 27
	Marketing communications	Fully	26, 27
	Customer privacy	Fully	26, 27
	Compliance	Fully	26, 27

GRI Indicator	Disclosure	Level of Reporting	Location of Disclosure
Product and Service Impact			
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	Fully	34
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	Fully	34
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	Fully	51, 52, 53
Audit			
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	Fully	14, 16
Active Ownership			
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	Fully	51, 52, 53
FS11	Percentage of assets subject to positive and negative environmental or social screening.	Fully	51, 52, 53
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	Not	Data is not available
Economic			
Economic performance			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	10
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	24, 40, 53
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	65
EC4	Significant financial assistance received from government.	Fully	10
Market presence			
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Fully	64
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Not	Consolidated data is not available
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	62
Indirect economic impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	33, 34, 35, 36, 37
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	33, 34, 35, 36, 37, 39, 42, 43
Environmental			
Materials			
EN1	Materials used by weight or volume.	Not	LANDBANK's main operation does not include manufacturing of goods or products
EN2	Percentage of materials used that are recycled input materials.	Not	LANDBANK's main operation does not include manufacturing of goods or products

GRI Content Index

GRI Indicator	Disclosure	Level of Reporting	Location of Disclosure
Energy			
EN3	Direct energy consumption by primary energy source.	Fully	48, 49, 51
EN4	Indirect energy consumption by primary source.	Fully	48
EN5	Energy saved due to conservation and efficiency improvements.	Fully	48
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	48
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	48, 49
Water			
EN8	Total water withdrawal by source.	Fully	49
EN9	Water sources significantly affected by withdrawal of water.	Fully	49
EN10	Percentage and total volume of water recycled and reused.	Fully	49
Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not	This indicator is not applicable to the Bank because its branches and offices are located in commercial areas / business districts of respective provinces / municipalities
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	52
EN13	Habitats protected or restored.	Fully	46, 47
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Fully	46, 47
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not	This indicator is not applicable to the Bank because its branches and offices are located in commercial areas / business districts of respective provinces / municipalities
Emissions, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	50
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	50
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	50
EN19	Emissions of ozone-depleting substances by weight.	Not	Data is not available
EN20	NOx, SOx, and other significant air emissions by type and weight.	Fully	51
EN21	Total water discharge by quality and destination.	Fully	49
EN22	Total weight of waste by type and disposal method.	Fully	49, 50
EN23	Total number and volume of significant spills.	Fully	51
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Fully	50
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Fully	46, 49

GRI Indicator	Disclosure	Level of Reporting	Location of Disclosure
Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	52
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not	LANDBANK's main operation does not include manufacturing of goods or products
Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	48, 52, 53
Transport			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Fully	50, 51
Overall			
EN30	Total environmental protection expenditures and investments by type.	Fully	46, 47
Social: Labor Practices and Decent Work			
Employment			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Fully	62, 63
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Fully	63
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	65
LA15	Return to work and retention rates after parental leave, by gender.	Fully	65
Labor/management relations			
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	71
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	12
Occupational health and safety			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Fully	71
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Fully	70
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	69, 70
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	69, 70
Training and education			
LA10	Average hours of training per year per employee by gender and by employee category.	Fully	65, 66, 67
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	65, 66, 67
LA12	Percentage of employees receiving regular performance and career development reviews by gender.	Fully	62, 63
Diversity and equal opportunity			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	63, 64

GRI Indicator	Disclosure	Level of Reporting	Location of Disclosure
Equal remuneration for women and men			
LA14	Ratio of basic salary of men to women by employee category.	Fully	64
Social: Human Rights			
Investment and procurement practices			
HR1	Percentage and total number of significant investment agreements and contracts that include human rights clauses or that have undergone human rights screening.	Not	Data is not available
HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening and actions taken.	Fully	21
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Fully	68
Non-discrimination			
HR4	Total number of incidents of discrimination and corrective actions taken.	Fully	25, 64
Freedom of association and collective bargaining			
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Fully	71
Child labor			
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Not	Does not apply to LANDBANK
Prevention of forced and compulsory labor			
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Not	Does not apply to LANDBANK
Security practices			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	70
Indigenous rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not	Data is not available
Assessment			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Not	Data is not available
Remediation			
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	Fully	68
Social: Society			
Local Communities			
SO1 (FSSS)	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Fully	42, 43, 46, 47
SO1 (G3.1)	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Fully	42, 43, 46, 47
FS13	Access points in low-populated or economically disadvantaged areas by type.	Fully	56, 57
FS14	Initiatives to improve access to financial services for disadvantaged people.	Fully	33, 34, 35, 36, 37, 42, 43
SO9	Operations with significant potential or actual negative impacts on local communities.	Not	Data is not available

GRI Indicator	Disclosure	Level of Reporting	Location of Disclosure
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Not	Data is not available
Corruption			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	19
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	20, 21, 68, 69
SO4	Actions taken in response to incidents of corruption.	Fully	20
Public policy			
SO5	Public policy positions and participation in public policy development and lobbying.	Not	Data is not available
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Not	Data is not available
Anti-competitive behavior			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Not	Data is not available
Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Not	Not reported
Social: Product responsibility			
Customer health and safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Not	Data is not available
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Not	Data is not available
Product and service labelling			
FS15	Policies for the fair design and sale of financial products and services.		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Not	Data is not available
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Fully	58, 59
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	55, 56, 57, 58, 59
FS16	Initiatives to enhance financial literacy by type of beneficiary.	Fully	35, 36, 37, 42, 43
Marketing communications			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	58
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	58
Customer privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	58, 59
Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Not	Not reported



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