



2019 ANNUAL REPORT

# Greater Inclusion, Growth for the Nation



**LANDBANK**

WE HELP YOU GROW.

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## The Cover

The LANDBANK 2019 Annual Report's theme of "Greater Inclusion, Growth for the Nation" centers on the Bank's commitment to reach more Filipinos through its products and services and working with them towards national development.

LANDBANK anchored its strategies and directions to the National Government's priorities and took more aggressive steps towards intensifying our support to the agriculture sector, especially to the country's small farmers and fishers.

We strive to constantly innovate our service delivery by using the latest technologies, and to improve our products to become more responsive to the needs of these mandated sectors, as well as other customers. Just like in open circles that are used as our cover's main graphics, LANDBANK creates spaces or opportunities to link with and serve more people.

# VISION

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

# MISSION

## To our Clients and Publics:

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

## To our Employees:

We are the employer of choice.

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

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

# Our Corporate Policy

The LANDBANK Vision and Mission Statements embody the Bank's strategies and plans for the medium-term 2019-2023. With the identification of its priority sectors and primary partners, the development thrust of LANDBANK remains at the core of its operations. Emphasis was placed on the "unbanked" and "underserved" areas, which are LANDBANK's primary focus as it promotes inclusive growth.

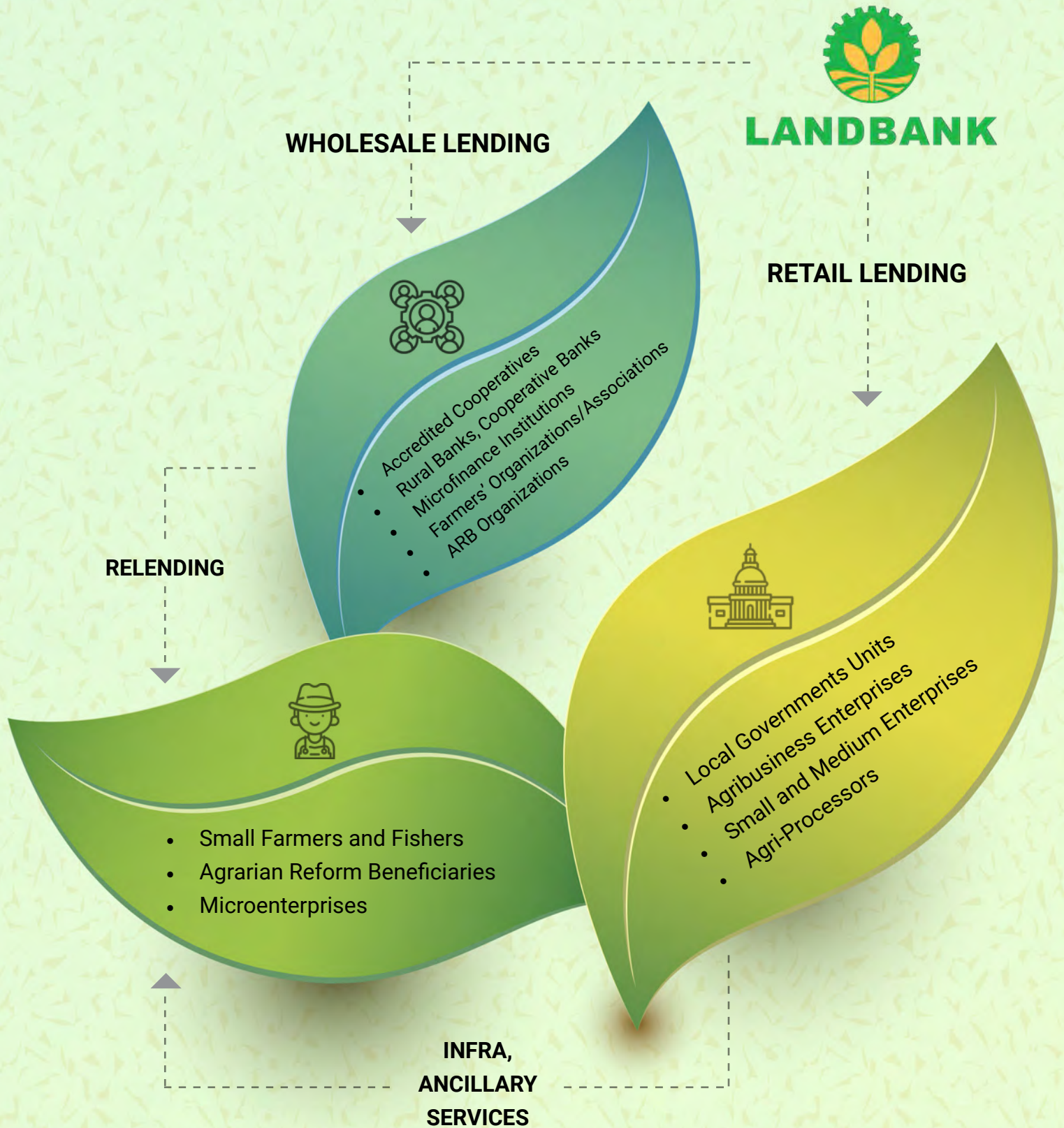
LANDBANK also commits to leverage on technology in bringing the financial and support services to its customers. Similarly, it puts high premium on the growth and development of its human resource, who are the Bank's primary movers in the pursuit of its mandate and institutional goals.

# LANDBANK's Brand

LANDBANK is unique among the universal banks in the Philippines, as it constantly performs a balancing act between remaining faithful to its social mandate and sustaining institutional viability. It is one of the top banks in the country and has always lived up to its role in promoting countryside development, primarily through agriculture and fisheries.

Through the years, LANDBANK's roles have evolved and expanded. Beyond lending, its development work involves extending support to the National Government in its socioeconomic programs. LANDBANK is reaching out to people and communities and bringing to them these programs, consistent with the LANDBANK promise to be a partner for the growth of its customers and other stakeholders.

# LANDBANK's Integrated Countryside Lending Framework





## Message from the President of the Philippines

My warmest greetings to the Land Bank of the Philippines (LANDBANK) as it publishes its 2019 Annual Report. I commend LANDBANK for maintaining its position as one of the top performing banks in the country, with 18.5 billion pesos in net income and over two trillion pesos in total resources for 2019. Your intensified support for our agricultural sector through expanded loan services for small farmers and fisherfolk, including agrarian reform beneficiaries, is truly remarkable.

As you chronicle your achievements and policy directions in this publication, I hope that it will also strengthen your commitment to help promote greater countryside development. May you continue to provide timely and accessible financial assistance to our priority sectors in the agriculture and fishery industries.

Together, let us work with a renewed fervor to achieve a stronger and more progressive future for all Filipinos.

I wish you success in all your endeavors.

**RODRIGO ROA DUTERTE**

MANILA  
July 2020

# Chairman's Message

**T**he year 2019 underscored LANDBANK's unique and crucial role in carrying out key socioeconomic programs of the government.

The Bank has achieved significant milestones as a source of financing for underserved sectors, especially farmers and fisherfolk, while maintaining its strength as one of the largest and soundest financial institutions in the country.

By extending more credit to farming and fishing communities, LANDBANK has helped drive the government's efforts to modernize the agriculture and fisheries sector.

Under the Agricultural Competitiveness Enhancement Fund (ACEF) Program, P1.04 Billion in loans was released as of end-2019, which benefited more than 7,000 farmers. For the Expanded Rice Credit Assistance under the Rice Competitiveness Enhancement Fund (ERCA-RCEF), LANDBANK released P358.25 Million in loans to 7,468 farmers.

With LANDBANK, the government extended immediate financial assistance to farmers nationwide through the Expanded Survival and Recovery Assistance Program for Rice Farmers (SURE Aid) and the Rice Farmer Financial Assistance (RFFA) Program.

LANDBANK has also enhanced its own lending programs and processes in support of the country's agriculture sector. The LANDBANK Board of Directors is committed to aggressively expanding the Bank's assistance to small farmers, aiming to reach 2.0 Million farmer beneficiaries in 2020; 2.5 Million in 2021; and 3.0 Million by the end of 2022.

This commitment makes it equally important to ensure LANDBANK's financial viability. Sustaining the Bank's strong financial footing will help intensify lending to the agricultural sector, as well as to other priority sectors that play significant roles in spurring development across the country.

In 2019, LANDBANK breached the P2.00-Trillion mark in total assets at P2.03 Trillion, 8 percent higher than P1.88 Trillion in 2018. Net income also grew by 20 percent to P18.51 Billion, and deposits increased by 8 percent to P1.78 Trillion. Capital likewise expanded by 13 percent to P149.00 Billion.

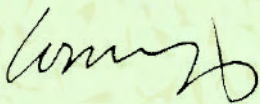
A sound financial position results in the continued trust of customers and the confidence of partners. With this in mind, LANDBANK will continue to offer innovative financial products and services to its customers, especially those in the agriculture sector.

As LANDBANK promotes increased efficiencies in agriculture and across various industries, it also paves the way for meaningful and lasting development in the grassroots. The Bank will remain strong, so that it can continue to serve its unique and indispensable role in nation-building.

“

*The LANDBANK Board of Directors is committed to aggressively expanding the Bank's assistance to small farmers, aiming to reach 2.0 Million farmer beneficiaries in 2020; 2.5 Million in 2021; and 3.0 Million by the end of 2022.*

”



**CARLOS G. DOMINGUEZ**

Secretary of Finance  
Chairman, Land Bank of the Philippines



# President's Message

**R**edoubling our efforts in pursuit of the Bank's social mandate was the biggest challenge for Landbankers in 2019, and we are proud that the results of LANDBANK's operations speak of our fervent response to this challenge.

We re-focused our strategy and enhanced our processes to intensify the Bank's support to the agricultural sector, especially to small farmers and fishers, even as we continued to ensure the viability of LANDBANK's commercial banking operations. The need to ensure our compliance with industry regulations, including the rigid capital requirements for universal banks, runs in parallel with our goal to expand LANDBANK's loans to our mandated sectors.

As of end-December 2019, LANDBANK's loans to agriculture reached P236.31 Billion, exceeding our yearend target of P231.25 Billion with 102% accomplishment rate. Outstanding loans to small farmers, fishers, and farmers' organizations and associations stood at P44.82 Billion, while loans to other players in the agribusiness value chain reached P191.49 Billion.

LANDBANK-assisted farmers and fishers totaled 1,032,982 or 103% of our yearend target of one Million, keeping us on track of achieving our target of assisting 2.0 Million small farmers and fishers in 2020; 2.5 Million in 2021; and 3.0 Million in 2022.

These achievements may be attributed to three major approaches that we have undertaken in 2019:

- 1) direct lending to small farmers and fishers;
- 2) streamlining our lending process; and 3) providing greater access to our financial products and services.

## Lending directly to small farmers and fishers

LANDBANK developed in 2019 new agri and aqua lending programs. These include the Sulong Saka or High-value Crops Financing, Sustainable Aquaculture Lending Program or SALP, and the Financing Program for Greenhouse Farming System.

But in pursuit of our goal to reach more farmers and fishers, LANDBANK adopted direct lending in addition to our wholesale lending approach. While we still support the operations of farmers' and fishers'

organizations, microfinance, and other countryside financial institutions which lend to and extend financial services to our people in the grassroots, LANDBANK has been providing assistance directly to those who need it most. This is the strategy that we are pursuing under the legislated lending programs, which we jointly implement with the Department of Agriculture (DA).

Also in partnership with the DA, LANDBANK introduced facilities in 2019 to cater to the financial needs of various players in the agricultural sector.

The PALAY aLAY sa Magsasaka ng Lalawigan or PALAY ng Lalawigan Program aims to assist rice-producing provinces by enabling their local government units to procure palay produced by local farmers, and to acquire farming facilities or equipment.

Under the Expanded Survival and Recovery Assistance Program for Rice Farmers or SURE Aid Program, LANDBANK released P2.07 Billion in loans to 136,648 farmers tilling one hectare of land and below.

Meanwhile, in partnership with the Department of Agrarian Reform, LANDBANK enhanced the former ASL for Farmers Program. Now dubbed and is being implemented as Accessible Funds for Delivery to Agrarian Reform Beneficiaries or AFFORD-ARBs, this program provides loans to finance the production of rice, corn, and other high-value crops, as well as the acquisition of farm implements. As of end-2019, outstanding loans under the program amounted to P100.86 Million to 523 farmer-borrowers and one farmers' organization.

## Making lending programs simple

LANDBANK also worked on simplifying our programs so they will be more affordable and accessible to small farmers and fishers. We standardized and reduced interest rate for loans to 5% per annum. Loan application forms, promissory note and documentary requirements were streamlined.

These measures reflect our goal of continual improvement by reviewing our processes to achieve greater operational efficiency, along with effective risk management and internal controls.



## Promoting greater financial inclusion

LANDBANK also worked at providing customers greater access to our financial products and services by expanding our physical network, engaging with agent banking partners, and offering digital channels that facilitate faster and more convenient account application and other banking transactions. We aimed at reaching customers in far-flung municipalities, including the previously unbanked and underserved.

LANDBANK Branches totaled 409 as of end-2019. Our ATM network also grew to 2,195 with the installation of 238 new ATMs. The number of our Cash Deposit Machines was also raised to 160, with the addition of 41 new CDMs. The establishment of Quirino and Lanao Lending Centers in 2019 also brought the total number of LANDBANK LCs to 46.

As of end-2019, we have accredited 15 agent partners that operate in 13 unbanked municipalities and six areas without LANDBANK presence. The award-winning Digital Onboarding System or DOBS has also been made available through all LANDBANK Branches in our Digital Banking Corners. Offsite, customers can access DOBS through LANDBANK's newly enhanced website.


Access to our products and services was also provided through our financial inclusion programs. In 2019, LANDBANK conducted Financial Inclusion Forums in seven municipalities, where 3,772 farmer-participants received their Agent Banking Prepaid Cards. Lending Centers throughout the country also conducted a total of 857 farmers' forums in 79 provinces, with more than 92,000 farmers, fishers and agri-MSMEs in attendance.

LANDBANK also continued to play a key role in implementing the government's Conditional Cash Transfer Program or Pantawid Pamilyang Pilipino Program under the Department of Social Welfare and Development. In 2019, we disbursed a total of P73.94 Billion to 4.4 Million beneficiaries nationwide. Under the Unconditional Cash Transfer Program, we released a total of P17.3 Billion to 4.8 Million beneficiaries.



For the Pantawid Pasada Program of the Department of Transportation, we opened and loaded 110,434 cash cards with P20,514 each worth of grants to drivers and operators of public utility vehicles, particularly jeepney drivers, totaling P2.27 Billion.

But apart from these numbers and list of accomplishments discussed further in this Annual Report, the LANDBANK story in 2019 is better told by the people we touch base with and serve. We thank you, our clients, partners and employees who serve as living proofs of the meaningful and far-reaching impact of our work at LANDBANK. You are our biggest inspiration as we remain committed to supporting your growth, as well as the growth and development of our country.

  
**CECILIA C. BORROMEO**  
President and CEO

# Breathing new life in Bongao

KALTIMEX RURAL ENERGY CORPORATION (KREC)  
Bongao, Tawi-Tawi



“Without LANDBANK’s financial help, we would not have been able to provide power to the remote island of Bongao. The children in Tawi-Tawi can now read whenever they want.”

- Chairman Krishan Kumar and  
Director Jayashree Ralhan  
Kaltimex Rural Energy Corporation



**E**lectricity has transformed Bongao into an island of opportunities. The capital of Tawi-Tawi, the southernmost province of the Philippines, never had the capacity to generate enough electricity before Kaltimex Rural Energy Corporation (KREC) began its operations in the coastal municipality.

KREC powers the households, businesses, schools, and other private and public institutions in Bongao, a 366-square kilometer municipality that is home to some 100,000 people. With a dependable and adequate supply of electricity, the people have become more productive, the local economy has grown more vibrant, and Bongao now thrives as a center from which ripples of development are made, said KREC Director Oscar Torralba.



In 2016, Kaltimex Energy Philippines, Inc. incorporated KREC as a special purpose vehicle to undertake the operations in Tawi-Tawi. Two years after, in 2018, as it sealed an agreement with the National Power Corporation (NPC) and Tawi-Tawi Electric Cooperative (TAWELCO), KREC began to generate and supply the electricity in Bongao.

KREC Director Helen De Leon recalled that the company's relationship with LANDBANK also started in 2018. The Bank approved a term loan for KREC, which financed the partial setup and construction of its diesel power plant in Bongao.

"Without LANDBANK, we would not be able to complete the plant in Tawi-Tawi, sustain its operation, and plan beyond what we have there now," said Director Torralba. The eight-megawatt power generating plant of KREC is five kilometers away from Sanga-Sanga Airport. Enclosed in five-meter high concrete fences is this 2.5-hectare area where modern facilities are found. It houses power generating machineries, including storage tanks, generators, and coolers; maintenance and administration building, canteen, and housing facilities for KREC employees. It has meeting rooms as well as prayer rooms.

Often visited by school children for their educational tours, the KREC power plant has also served as a tourist spot for other stakeholders. It has welcomed officials from across the BARMM (Bangsamoro Autonomous Region in Muslim Mindanao). Their visitors are inspired with what KREC has pioneered in Bongao and hope for their communities to also have the same facilities and power-generating capacity, Director Torralba said proudly.

Thus, KREC is geared to expand its business in other areas. After all, island power generation has always been a part of the Kaltimex story. PT Kaltimex Energy, KREC's parent company, was incorporated in 1996 in Indonesia with the vision to provide electricity to its islands. Now, apart from Indonesia and the Philippines, it operates in Bangladesh, Myanmar, and Singapore.

PT Kaltimex Energy's vision is "to preserve the future of energy and the environment" and Kaltimex in the Philippines has focused on energy efficiency solutions in the demand side of energy management. With the success of its undertaking in Bongao, it plans to venture more on the supply side. That is, to generating electricity in other islands in the country, as well as pursuing renewable energy projects in the future.

"We feel privileged and honored to be a partner in development," Director Torralba said. "Kaltimex, the local government units and other stakeholders are part of this value supply chain that LANDBANK supports" and KREC is committed to live up to its role in helping bring sustainable development to the people and communities it serves.



## Programs for the Priority Sectors

LANDBANK continues to help improve the lives of its stakeholders by providing financial assistance and support services to its mandated and priority sectors – small farmers and fishers (SFFs), and agrarian reform beneficiaries (ARBs) and their associations, as well as the agri- and aqua businesses and agri-aqua related projects of Local Government Units (LGUs) and Government-Owned and Controlled Corporations (GOCCs) and through the various programs of the National Government (NG).

In 2019, total loans to the Bank's mandated and priority sectors remained as a key growth driver, reaching P777.1 Billion from P734.3 Billion in 2018 or 5.8% increase. This represents the bulk share of 93.4% to the Bank's total Loans to All Sectors of P831.7 Billion.



# P777.1 B

Total Loans to the Priority Sector  
**5.8% increase from 2018**

## LOANS TO AGRICULTURE

LANDBANK continues to promote countryside development through agriculture. Operationalizing under an integrated countryside lending development framework, the Bank also supported the financing requirements of private businesses that are engaged in agriculture and fishery activities as well as the agri-aqua related projects of LGUs and GOCCs.



# 1,032,982

Total Number of SFFs served



The Bank intensified its support to the agriculture sector as total loans expanded by 6.5% to P236.3 Billion from P222.0 Billion in 2018. The Bank channeled these loans to its mandated sectors and other agri-borrowers. As of December 31, 2019, LANDBANK loans in support of agriculture comprised 28.4% of its total Loans to All Sectors of P831.7 Billion.

With continuing thrust and stronger support to the mandated and priority sectors, LANDBANK, consistent with the NG's socio-economic agenda, helped stimulate economic activities and livelihood opportunities which have a multiplier effect especially in the growth and development of the countryside.

Moreover, the number of SFFs served by LANDBANK reached 1,032,982 individuals in 2019. This is marked by a significant surge in the number of assisted farmers and fishers from the provinces of Maguindanao, Palawan, Ilocos Norte, Abra and Nueva Ecija totaling 143,313 in the second half of 2019.

In terms of loan releases to SFFs, a total of P65.3 Billion was channeled through 876 accredited farmers' and fishers' cooperatives, 120 countryside

financial institutions, such as, but not limited to rural banks, cooperative banks, thrifts banks and financial institutions and 132 irrigators' associations.

Through these various lending programs, the combined loans to SFFs and Agri and Aqua businesses totaling P236.3 Billion, LANDBANK exceeded its year-end target of P231.3 Billion in 2019. Of this amount, P44.9 Billion were lent to small farmers, fishers, cooperatives and other farmer's associations while P191.5 Billion assisted private enterprises engaged in agri and aqua businesses and other agri-related industries such as agri-processing, agri-enterprises, exporting of fish and other marine products, packaging and storage as well the government sector through LGUs' and GOCCs' agri-aqua related projects.

In support of the NG's priority thrust of eradicating poverty especially in the countryside, the Bank helped invigorate economic activities through its various lending facilities with loans amounting to P52.1 Billion for the 20 poorest provinces across the country identified under the Registry System for Basic Sector in Agriculture of the Department of Agriculture in 2019.



## LOANS SUPPORTING OTHER NATIONAL GOVERNMENT PRIORITY PROGRAMS

The Bank supported the programs of the NG that helped propel economic activity in 2019. As of end-2019, outstanding loans to the NG's Priority Programs stood at P540.6 Billion which is 5.5% higher than P512.2 Billion loans recorded in the same period last year. This comprised a share of 69.6% of the total loans to the priority sectors amounting to P777.1 Billion.

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

LANDBANK continued to provide strong financial support to microenterprises and small and medium enterprises (MSMEs). In 2019, outstanding loans to MSMEs amounted to P70.4 Billion or 8.5% of the Bank's Loans to All Sectors. The microfinance loans were channeled through conduits such as cooperatives, rural banks, non-government organizations and microfinance institutions. On the other hand, SME loans were extended through direct lending to SME borrowers, cooperatives and financial institutions.

LANDBANK also extended financial assistance for livelihood projects and business endeavors of qualified fixed income earners as part of the NG's thrust to help improve the lives of both private and

government employees. LANDBANK's outstanding livelihood loans reached P74.2 Billion.

- **Overseas Filipino Workers Reintegration Program (OFW-RP)**

The Overseas Filipino Workers Reintegration Program (OFW-RP) is a credit program that is jointly implemented by LANDBANK, the Overseas Workers Welfare Administration (OWWA) and the Department of Labor and Employment. Its primary objective is to encourage returning OFWs to venture into sustainable entrepreneurial activities in the country. LANDBANK earmarked a P1.0-Billion fund to finance viable business proposals of qualified OFWs.

The Program benefited 1,269 OFWs whose businesses generated 5,596 new jobs. As of 2019, the Bank released P1.3 Billion in loans with outstanding balance of P588.2 Million.

- **Loans for Utilities**

The utilities sector had the biggest chunk in terms of financial assistance from LANDBANK. Loans to the utilities sector cover power generation and distribution, gas exploration, and water generation and distribution.

As of end-2019, outstanding loans for utilities reached P159.0 Billion accounting for 19.1% share to the Bank's total Loans to All Sectors.



Public Works and Highways Secretary Mark A. Villar and LANDBANK President and CEO Cecilia C. Borromeo (center) led the signing of the Memorandum of Agreement that will support the "Build, Build, Build" Program of the National Government. DPWH Assistant Secretaries Eduardo S. Ramon and Maximo L. Carvajal, LANDBANK Executive Vice President for Corporate Services Sector Julio D. Climaco, Jr., and LANDBANK Assistant Vice President for Property Valuation and Credit Information Department Buenaventura R. Del Rosario served as witnesses.

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

Also one of the priority programs of the NG is to provide decent housing to the low-income sector of society at affordable cost. To support this thrust, LANDBANK provided credit to various housing borrowers classified as socialized housing ranging from P0.4 Million and below, low-cost housing from more than P0.4 Million to P3.0 Million, and medium-cost housing from more than P3 Million to P4 Million.

In 2019, a total of P59.0 Billion or 7.1% of the Bank's Loans to All Sectors benefited the housing sector and helped ease the country's housing backlog.

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

LANDBANK helps in providing financial assistance to the transportation and communication sectors that are essential in people's everyday lives. In 2019, outstanding loans to the transportation sector amounted to P60.3 Billion or 7.2% of the Bank's Loans to All Sectors while the communications sector reached P46.3 Billion in loans representing 5.6% of the Bank's Loans to All Sectors.

- **Loans for Education**

Achieving quality education, a fundamental and critical aspect of a country's growth and development, has been one of the major priorities of the NG. In support of this, LANDBANK continuously extended loan assistance for the construction and maintenance of educational institutions and the improvement of its facilities and equipment. Total outstanding loans for the education sector stood at P10.5 Billion or 1.3% of the Bank's Loans to All Sectors in 2019.

- **Loans for Health Care**

To upgrade the country's delivery of health services to promote a healthy citizenry, LANDBANK provided loans that financed the construction of hospitals, clinics and other health-related projects. As of end-2019, outstanding loans to health care amounted to P23.9 Billion or 2.9% of the Bank's Loans to All Sectors. This is 24.5% higher than the P19.2 Billion registered in the same period last year.

- **Loans for Environment-related Projects**

Global warming has become a major concern for the NG, which strives to protect vulnerable communities from its harmful and devastating consequences. LANDBANK, as a financial institution, supports the government thrust to address the effects of global warming by providing credit assistance to projects that help promote climate change adaptation and mitigation and harness the vast potential of renewable and alternative energy resources from the environment.

In 2019, outstanding loans for environment-related projects reached P12.1 Billion or 1.5% of the Bank's Loans to All Sectors.

- **Loans for Tourism**

LANDBANK continued to contribute to the NG's thrust to boost the local tourism industry by providing loans to finance the construction of hotels and other related facilities.

As of year-end 2019, the Bank's total loans supporting the country's tourism sector stood at P24.9 Billion, 12.7% higher than the P22.1 Billion the previous year. Loans to tourism accounted for 3.0% of the Bank's Loans to All Sectors.

# Development Impact of LANDBANK Lending Programs

LANDBANK also contributed to the growth in employment and livelihood opportunities, especially in the countryside. The tangible benefits derived from the lending operations include:



**37,125**

New households connected with potable water



**35,866,560**

Additional kilowatts of power produced



**14**

New Hospitals



**33**

New school buildings

**311**

Additional Classrooms



**1,169**

Additional hospital beds



**181,360**

Additional kilometers of farm-to-market roads

## New Lending Programs in 2019



The Philippine agriculture sector remains to this day an enormous development challenge. However, from an economic standpoint, the sector remains as a potential driving force for inclusive and broad-based growth as millions of small landholders, fishers and other agricultural workers dependent on the sector for their livelihood, comprise the majority of the unbanked and unserved segments of society.

LANDBANK, as an organization, has long established its capacity to adapt and readily respond to the evolving domestic and global issues, threats and challenges in agriculture. Through the years, the Bank has successfully carried out its social mandate of countryside development alongside financial viability. In 2019, against the backdrop of a low-performing agriculture sector weighed down by natural calamities and the spread of the African swine fever in Luzon, the Bank nevertheless pursued the development and implementation of new lending programs designed to address these challenges and attend to the credit needs and requirements of the sector.





LANDBANK President and CEO Cecilia C. Borromeo and Agriculture Secretary William D. Dar (seating, center) led the MOA signing for the implementation of the Expanded SURE Aid Program for Rice Farmers. They were joined by (seated, from left) LANDBANK First Vice President for Lending Program Management Group Emellie V. Tamayo and Agricultural Credit Policy Council (ACPC) Executive Director Jocelyn Alma R. Badiola. Agrarian Reform Secretary John R. Castriciones (standing, 4th from left) with (standing, from left) Deputy Treasurer Atty. Erwin D. Sta. Ana, LANDBANK Directors Jesus V. Hinlo, Jr., Jaime L. Miralles, and Virgilio DV. Robes, Jr., Agriculture Undersecretary Atty. Francisco M. Villano, Jr., and ACPC Deputy Executive Director Ramon C. Yedra were also present during the event.

During the year, the following innovative and accessible financing programs were successfully launched and implemented with special emphasis given to small farmers and fishers and their organizations, as the Bank began to refocus on intensifying and strengthening its credit delivery platforms for the agriculture sector:

### **Expanded Survival and Recovery Assistance Program for Rice Farmers (SURE Aid Lending Program)**

In a Memorandum of Agreement signed on August 30, 2019, LANDBANK forged a partnership with the Department of Agriculture-Agricultural Credit Policy Council (DA-ACPC) for the Expanded Survival and Recovery Assistance Program for Rice Farmers or the SURE Aid Lending Program. The P2.53 Billion program aims to cushion the initial impact of the drop in the farmgate prices of palay by providing immediate one-time loan assistance to rice farmers whose income were adversely affected by the imposition of the new rice tariffication law, either through direct lending or through service conduits such as farmer's cooperatives and their associations.

Under the Program, rice farmers tilling one hectare or below can borrow P15,000 which is payable up to eight years with no interest. As of end-December 2019, the Bank has released a total of P2.07 Billion benefiting 136,648 small farmers across the country.

### **Palay aLaY sa Magsasaka ng Lalawigan (PALAY NG LALAWIGAN PROGRAM)**

The Palay aLaY sa Magsasaka ng Lalawigan or PALAY NG LALAWIGAN Program offers credit assistance to rice-producing provinces in the

country by enabling local government units (LGUs) to purchase the palay produce of their own local farmers in order to help them cope with the sudden drop in the farm gate price of palay in their respective regions, as well as procure farm machineries and post-harvest facilities.

LANDBANK has earmarked P10 Billion under the Program which will be available at a low interest rate of 2% per annum for working capital loans, and 4.5% per annum for the acquisition of farm machineries and equipment and other rice-related projects. In 2019, the Bank approved a total of P3.2 Billion in loans for three provinces, namely Isabela, Nueva Ecija and Camarines Sur.

### **Expanded Rice Credit Assistance-Rice Competitiveness Enhancement Fund (ERCA-RCEF)**

The Expanded Rice Credit Assistance-Rice Competitiveness Enhancement Fund (ERCA-RCEF) is a credit facility created pursuant to Republic Act No. 11203 or the Rice Tariffication Law which aims to help increase the productivity of rice farmers and their cooperatives by providing financial assistance for rice-related projects with minimal requirements and interest rate.

Under the ERCA-RCEF, LANDBANK and the Development Bank of the Philippines as equal co-managers shall each be allotted P500 Million annually for the next six years, equivalent to 10% of the Rice Fund created under RA No. 11203.

LANDBANK's total releases reached P358.25 Million assisting 1,584 individual small farmers as of end-December 2019.

## Sustainable Aquaculture Lending Program (SALP or Pagsasakang Pantubig)

To strengthen and expand financial support for the country's aquaculture sector, LANDBANK launched a new program - the Sustainable Aquaculture Lending Program (SALP) or Pagsasakang Pantubig. The Program finances projects involved within the value chain of fishery, mariculture and aquaculture. It caters to institutional buyers such as fish processors and canning companies that establish linkages with small fishers and MSMEs as growers or suppliers.

As of December 31, 2019, cumulative loan releases under the Program stood at P4.73 Billion with outstanding loans of P1.13 Billion involving 83 borrowers.

## Sulong Saka (High-Value Crops Financing)

The Sulong Saka Program is a P10-Billion revitalized financing program launched by the Bank to promote the production of high-value crops such as abaca, bamboo, banana, cacao, cassava, citrus fruits, coffee, mango, oil palm, onion, pineapple, rubber, tomato, and vegetables, among others. Small farmers can avail of the loan at an interest rate of 5% per annum.

Under the Program, cumulative loan releases reached P9.19 Billion with outstanding balance of P8.10 Billion benefiting 752 borrowers as of end-2019.

## Financing Program for Greenhouse Farming System

The Financing Program for Greenhouse Farming System is a P500-Million credit program in support of the financial requirements of farmers' organizations and other agri-entrepreneurs who want to shift towards modern farming systems through the adoption of greenhouse technology.

As of end-2019, the Program has released a total of P5.37 Million to two borrowers with total outstanding balance of P4.34 Million.

## Sustainable Multi-dimensional Approach using Revolutionized Technologies (SMART) in City Development Lending Program

The Sustainable Multi-dimensional Approach using Revolutionized Technologies (SMART) in City Development Lending Program is LANDBANK's new credit program in support of the NG's thrust of nation-building which complements the Bank's mission to promote sustainable development.

The program will finance projects for the development or adoption of digital infrastructures and applications aimed at improving the quality of living in cities and highly urbanized LGUs, and in attaining environmental sustainability and making the city economically competitive.

Alongside new lending programs launched during the year, LANDBANK continued to implement existing lending programs and projects (i.e., agricultural credit expansion and support and other lending programs) with more vigor by aligning its organizational structure, strengthening its manpower capabilities in support of realignment, and leveraging on IT and digital banking platforms with the end-goal of fulfilling its Vision and Mission of promoting inclusive growth especially in the unbanked and underserved areas of the country. Moreover, the Bank has remained a strategic partner of key government agencies and institutions as well as the private sector through innovative partnerships which created synergistic effects in further growing and sustaining the agriculture sector's growth leading to a food-secure Philippines.



# Enhanced Environmental and Social Safeguards Relative to Credit Delivery

(Administrative Order No. 26, series of 2018)



LANDBANK strictly pursues continuous improvement in its processes towards the promotion of environmental protection and sustainable development by incorporating environmental best practices to effectively manage its agrarian and banking services and operations.

In line with this advocacy as embodied in the Bank's Corporate Environmental Policy, the Bank issued Credit Policy Issuance (CPI) No. 2009-002 on March 3, 2018. As the enhanced version of CPI No. 2004-002, this aims to further improve and expand the Bank's environmental due diligence system which included not only an environmental risks assessment but also climate change vulnerability and social risks assessments on all LANDBANK-financed projects. The policy enhancement covers identification, assessment, mitigation, monitoring of environmental, climate change and social risks, as well as aspects, impacts, and environmental and social benefits of projects financed by the Bank.

The Program's primary objectives are:

- To identify, monitor and mitigate credit risks arising from the adverse environmental and social impacts of financed projects by the Bank;

- To determine and document environmental and social benefits of projects financed by the Bank;
- To ensure that the Bank's mission of promoting environmental and social safeguards for sustainable development is achieved, and
- To make LANDBANK an Equator Principle aligned institution.

During the year, 1,095 Bank employees successfully completed the online technical training on Administrative Order (AO) No. 026 through the LANDBANK's e-learning Access Portal (LEAP).

Since program implementation from 2004 to December 2019, a total of 4,728 account/project assessments were conducted by the Environmental Program and Management Department, of which 461 were accomplished using the enhanced Environmental Social Due Diligence tool or AO No. 026.

## Agricultural Competitiveness Enhancement Fund (ACEF) Lending Program

Through Republic Act No. 10848 or the Agricultural Competitiveness Enhancement Fund (ACEF) Extension Law, LANDBANK is mandated to manage the credit component of the ACEF. The ACEF is a special purpose fund which consists of all duties collected from the importation of agricultural products under the Minimum Access Volume (MAV) mechanism pursuant to the Agricultural Tariffication Act (R.A. No. 8178).

In coordination with the Department of Agriculture, LANDBANK shall extend credit, with minimal requirements and interest rates, to individual farmers and fishers, agri-cooperatives, associations, and micro and small enterprises to improve their productivity and income.

The ACEF allows LANDBANK to move closer to achieving its mission of financial inclusion. As of December 31, 2019, the Bank's cumulative loan releases reached P1.04 Billion with outstanding loans amounting to P969.85 Million. These loans financed various projects of 6,912 borrowers comprised of 6,801 small farmers and fishers, 74 micro and small enterprises, and 37 agri-cooperatives and associations.



## Agricultural Expansion Credit Programs

### Sikat Saka Program (SSP)

Implemented in partnership with the Department of Agriculture since 2012, the Sikat Saka Program provides direct credit to small palay and corn farmers who are not yet members of LANDBANK-assisted cooperatives.

The Program supports the government's campaign to boost the agriculture sector's capacity to provide food security for the country which aligns with the Bank's thrust to help small farmers increase their productivity and income.

The Program also delivers integrated support services to the Program beneficiaries in terms of market support from the National Food Authority, free irrigation services from the National Irrigation Administration, full crop insurance premium subsidy from the Philippine Crop Insurance Corporation, and training/seminars on credit worthiness and financial literacy which are being facilitated by the Agricultural Training Institute. These interventions helped ensure efficient credit delivery to the target beneficiaries and enhanced the Program's sustainability.

Since 2012, cumulative loan releases have reached P10.1 Billion. As of year-end 2019, the Bank has released a total of P1.9 Billion to 17,925 small rice and corn farmers with outstanding balance amounting to P1.2 Billion.

### Agrarian Production Credit Program (APCP)

Launched in October 2012, the Agrarian Production Credit Program (APCP) is a program tie-up among the DA, DAR, DENR and LANDBANK which provides credit assistance and other support services to agrarian reform beneficiaries (ARBs) and their household members, through their respective organizations, to improve their income and productivity.

The APCP aims to facilitate credit access for the ARBs and support the implementation of Republic Act No. 9700, otherwise known as the Comprehensive Agrarian Reform Program Extension with Reforms (CARPER) Law. It is designed as flexible credit facility for agrarian reform beneficiary organizations (ARBOs) that are not yet qualified to borrow under the regular lending window of the Bank, and as transitory credit window which intends to direct the ARBOs to the regular lending window of the Bank and other formal financial institutions within the prescribed period.

The DAR and DENR mobilize and capacitate the ARBOs and their members to help make them credit-eligible and creditworthy borrowers.

Since the Program started in 2012, cumulative loan releases have amounted to P8.2 Billion. As of December 31, 2019, the Bank has released P1.3 Billion in loans for various projects of 885 ARBO-borrowers involving 68,939 ARB-beneficiaries. Total outstanding loans under the Program stood at P1.8 Billion during the year.



## LGU Lending Program

The local government units (LGUs) have been one of LANDBANK's strongest partners for countryside development. The Bank has been a major credit provider of LGUs all over the country. Through the LGU Lending Program, the Bank caters to the financial requirements of LGUs for the development of local infrastructures and various socio-economic development projects consistent with the approved local development plan and public investment program.

As of 2019, a total of 669 LGUs availed of the Program with total loan cumulative releases amounting to P87.7 Billion and outstanding balance of P53.0 Billion.

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

In support of the fast-growing construction industry amid the country's high growth performance, LANDBANK launched the BUILDERS (Bringing Urbanization and Innovation thru LANDBANK's Diverse Engineering Resource Support) Program to provide the needed working capital requirements of duly-licensed contractors to ensure the completion of awarded projects and contracts and pursue expansion of their existing business. Eligible projects include, among others, housing, real estate development, mass housing for calamity-stricken regions, construction/renovation of buildings and offices, acquisition of machineries and equipment, and transport infrastructures.

The Program released a total of P110.0 Billion in loans to 455 contractor-borrowers with outstanding balance of P35.2 Billion as of year-end 2019.

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

The Health-PLUS (Progressive Lending for Upgraded Services) Program is LANDBANK's credit program for the health sector to improve public access to quality and updated medical health goods and services. In 2019, the Program assisted 182 health facilities resulting in better health care services, additional hospital beds, and state-of-the-art equipment and machineries. Total releases stood at P51.9 Billion with outstanding loans amounting to P22.3 Billion.

## RE (Renewable Energy) Lending Program

Complementing the government's thrust to develop and optimize the use of electricity from renewable sources, consistent as well with the Renewable Energy Act of 2018 promoting the development, utilization, and commercialization of renewable energy sources, LANDBANK introduced the RE (Renewable Energy) Lending Program to enhance access to financing for renewable energy projects. The Program caters to projects such as hydropower, ocean, solar, wind, biofuel, biomass, geothermal and other RE projects.

As of December 31, 2019, the Bank released a total of P12.7 Billion to 52 borrowers with outstanding loans of P9.7 Billion.



Manila Mayor Francisco "Isko Moreno" Domagoso (2nd from left), Environment and National Resources Undersecretary Juan Miguel T. Cuna (2nd from right), Interior and Local Government Undersecretary Epimaco V. Densing III (right), and LANDBANK Executive Vice President for Corporate Services Sector Julio D. Climaco, Jr. (left) hold the signed MOA of STP for Manila Bay.

## Metro Manila Wastewater Management Project (MWMP)

In response to the Supreme Court decision on the clean-up of Manila Bay, LANDBANK executed a Loan Agreement with World Bank on May 31, 2012 in the amount of US\$275 Million to finance wastewater management projects under the Metro Manila Wastewater Management Project (MWMP). The loan became effective on October 19, 2012 and the original loan closing date of June 30, 2017 was extended to June 30, 2019. The request for second loan extension to June 30, 2020 and replacement of sub-projects was approved by the NEDA on June 18, 2019 followed by the World Bank on June 28, 2019. This was to ensure loan disbursement of the remaining World Bank Fund and achievement of its project development objectives (PDOs) by the Project's closing date.

The MWMP is a re-lending program for Maynilad Water Services, Inc. (MWSI) and the Manila Water Co., Inc. (MWC) to support and increase their coverage of wastewater collection and treatment and septage management. The Project aims to contribute towards the improvement of Metro Manila's environment which will in turn help in reducing health risks of residents in the area as a result of poor water quality in Manila Bay.

The World Bank's total fund disbursement under the Project reached USD250.52 Million with total outstanding balance amounting to USD243.80 Million in 2019.

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

As the government went full speed on its PUV Modernization Program, LANDBANK swiftly empowered transport cooperatives and corporations with resources to acquire jeepneys equipped with modern amenities such as WiFi, CCTV camera, GPS monitor and automatic payment system, which together with other features, will provide better safety and convenience to the riding public.

Under the Support Package for Environment-Friendly and Efficiently-Driven PUVs (SPEED PUV) Program, LANDBANK allocated the initial loan fund of P3 Billion to assist in the procurement of modern jeepneys.

As of year-end 2019, the Bank's total loan releases reached P303 Million. This accommodated 10 borrowers with outstanding loan balance of P282 Million.

## Carbon Finance Support Facility (CFSF)

The Carbon Finance Support Facility (CFSF) is the Bank's flagship program for climate change mitigation. The CFSF is the institutionalized response to the worldwide challenge of reducing the impacts of global warming and climate change through the implementation of methane recovery initiatives and programs eligible under the Clean Development Mechanism (CDM).

Through the CFSF, LANDBANK was able to implement a voluntary coordinated action of introducing and supporting projects with CDM-eligibility potentials which could lead to GHG emission reductions, and at the same time, provide incentives through the generation of additional revenue in the form of carbon credits.

One of the CDM Programs developed and registered by LANDBANK with the United Nations Framework Convention on Climate Change (UNFCCC), with assistance from the World Bank (WB), was the CDM Program of Activity (PoA) 6707 – Landfill gas recovery and combustion with renewable energy generation from sanitary landfill sites.

The Program also involves the monitoring and verification of emission reductions (ERs) generated by the subprojects, with one unit of ER being one ton of carbon dioxide equivalent (CO<sub>2</sub>-e) of methane sequestered and converted into electricity in a given sub-project. Verification is performed following CDM protocols of the UNFCCC. The verified or certified ERs (CERs) have a potential of being monetized when traded with identified carbon buyers in CERs sales and purchase transactions with the World Bank. For crediting period up to 2020, LANDBANK has a negotiated fixed price with World Bank for landfill CERs generated under this Program.

Under CDM PoA 6707, LANDBANK, as a financial and technical intermediary, undertook a voluntary, coordinated action for the construction of landfill gas (LFG) extraction and flaring and electricity generation systems in sanitary landfill sites within the Philippines. The subprojects involved are the two of the largest sanitary landfill sites in the Philippines, namely:

- Quezon City Controlled Disposal Facility Biogas Emission Reduction Project of Pangea Green Energy Philippines, Inc. (PGEP); and
- Landfill Gas Recovery and Combustion with Renewable Energy Generation from Sanitary Landfill Sites of Montalban Methane Power Corporation (MMPC).

These landfill sites have a reported combined waste acceptance rate of up to 10,500 metric tons per day. LANDBANK provided carbon finance and

investment finance assistance for the installation of LFG collection systems that capture and combust methane gas through flaring or by generating electricity of less than 15MW. It also acted as the coordinating and managing entity in charge of validation and verification activities.

As of end of December 2019, LANDBANK has delivered a total of 106,160 CERs generated by one of the landfill subprojects under this Program. From an environmental perspective, this is equivalent to approximately 68,800 barrels of crude oil consumption avoided.

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

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

The Bank's cumulative loan releases under the Project stood at P1 Billion benefiting 15 borrowers with P795 Million in outstanding loans as of December 31, 2019.



**HARVEST PROJECT**  
**P 1.0 B**

**Cumulative Loan Releases  
as of Dec. 31, 2019**

# Support Programs For Agricultural Credit

## Agricultural Guarantee Fund Pool (AGFP)

The Agricultural Guarantee Fund Pool (AGFP) is a credit guarantee program initiated by the Department of Agriculture. The Program consists of a pool of contributions from various participating GOCCs and government financial institutions. In support of the National Government's agricultural programs, AGFP was set to encourage financial institutions and other credit conduits to lend to small farmers.

The cumulative AGFP guarantee coverage reached P8.81 Billion. Of the total amount, P1.9 Billion was allocated to LBP through which 80,673 farmers benefited and 205,234 hectares were covered for the period 2012 to 2019. In 2019, the guarantee coverage was extended to 12,562 farmers amounting to P1.50 Billion covering 33,746 hectares.

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

The Credit Assistance Program for Program Beneficiaries Development (CAP-PBD), which was first implemented in 1996, is a joint program between the Department of Agrarian Reform and LANDBANK in order to provide credit assistance to ARBs and their household members through their respective organizations for their crop production,

agri-enterprise and livelihood projects. The Program, covering a 10-year duration, has an approved program fund amounting to P355 Million. As the first DAR-LANDBANK credit assistance support program, the CAP-PBD also extends institutional, enterprise and capacity development activities for the program beneficiaries.

Since the Program's on-ground implementation from 1996-2006, the CAP-PBD was able to respond to the credit requirements of 156 ARBOs with 210 qualified projects engaged by 8,275 program availers. The total funds availed within the period amounted to P302.5 Million.

The CAP-PBD was extended for another ten-year period, from 2006 to 2016. It was subsequently renamed as CAP-PBD Window III with an approved funding requirement of P233 Million. Given the clamor from more ARBs who are in need of credit support, the CAP-PBD Window III has been renewed for another two years from March 15, 2018 until March 15, 2020 and was renamed as CAP-PBD Window III Program Extension.

As of December 2019, 112 ARBOs have availed of the program with total outstanding loans amounting to P178.08 Million.





# Other Lending Programs



## 50,543

SMEs benefited from the ASENSO Lending Program



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

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

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

As of December 31, 2019, total loan releases have reached P191.1 Million. The Program has assisted 50,543 SMEs with total outstanding loans amounting to P89.9 Million.

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

The LANDBANK CARES (Calamity Assistance and Rehabilitation Support) Program for Islamic City of Marawi and Other LGUs in Lanao del Sur is the Bank's rehabilitation assistance program that provides support to all sectors located in officially declared

natural and man-made calamities and disaster areas. It also extends financial assistance to small farmers and fishers affected by the outbreak of diseases on animals and plants. Aside from financial assistance, the Program also aims to provide impactful, tangible and measurable support in terms of improving beneficiary lives and promoting sustainable rebuilding and continuing growth in the area.

The Program was availed by 203 borrowers with outstanding balance of P1.7 Billion, while total loans released stood at P3.7 Billion in 2019.

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

The H<sub>2</sub>OPE (Water for Everyone) Program is LANDBANK's unified program for the water and sanitation sector to respond to the current needs for water systems development and distribution, expansion or rehabilitation.

The H<sub>2</sub>OPE Program aims to capture a sizeable number of qualified players in the water and sanitation industry to supply sustainable 24/7 piped, clean and safe water to at least 85% of the total population of Filipinos. The Program is also available to a wider range of eligible water and sanitation projects, starting from the conceptual water development, new or start-up system, system expansion or development, repair or rehabilitation, acquisition of facilities, machineries or equipment, building of capacity or efficiency, assistance to emergency purposes and watershed or water resources management.

Meanwhile, the Solutions in Terminating Pollution (STP) for Manila Bay is a synergistic program to help restore the cleanliness of the country's capital harbor and achieve proper sanitation of the surrounding waterways. The Program is in support of the Manila Bay Task Force which was created under Administrative Order No. 16 and mandated to enforce and take charge of the overall rehabilitation and management of Manila Bay.

A total of 32 water districts availed of the Program. Total amount released to these borrowers reached P3.7 Billion with outstanding loans of P2.5 Billion as of year-end 2019.

### HOME (Housing Opportunities Made Easy) Program

The LANDBANK HOME (Housing Opportunities Made Easy) Program is a lending program that caters to both homebuyers and home developers:

- **Easy Home Loan (EHL) Program** allows individual home buyers to purchase a residential townhouse, condominium unit, lot, house and lot or construction of residential building on a lot owned by the borrower or to refinance a current and existing home loan from other banks, financing firms or developers' in-house financing.
- **Developer's End-buyers Financing Tie-up Program** allows clients to buy a home through an accredited developer. It also enables developers to grow their business by supporting their clients' home acquisition after an accreditation process.
- **Bahay para sa Bagong Bayani (3B) Program** is a special lending program for Overseas Filipino Workers (OFW) to help them purchase a townhouse, condominium unit, lot, house and lot or construction/improvement of residential building on a lot owned by the borrower, or to refinance a current and existing home loan from other banks, financing firms or developers' in-house financing.
- **Housing Project Developers Financing** allows real estate developers to access credit for the development of a purely residential subdivision, condominium buildings and integrated housing communities. It also allows financing for the working capital requirements of the developers.

Under the Program, the Bank has released a total of P7.5 Billion to 3,795 borrowers with outstanding loans amounting to P5.9 Billion in 2019.



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

Cognizant of the need to improve and expand energy access of barangays to spur socio-economic growth and generate employment in the countryside, LANDBANK makes available financing assistance to qualified electric cooperatives and wholesale power aggregators. This complements RA No. 9316, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA Law), in terms of promoting rural electrification that would ensure quality, reliability, security and affordability of electricity nationwide.

As of year-end 2019, the Bank's total loan releases under the Program stood at P4.8 Billion. There were 35 borrowers with total outstanding loans amounting to P1.8 Billion.



**GREEN  
CLIMATE  
FUND**



## Green Climate Fund (GCF) Program

The Green Climate Fund (GCF) is an operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) and Paris Agreement dedicated to support global efforts to respond to the challenges of climate change. It aims to help developing countries limit or reduce their greenhouse gas (GHG) emissions and adapt to climate change by supporting programs and projects that promote a paradigm shift to low-emission and climate-resilient development, while taking into account the needs of developing countries that are particularly vulnerable to climate change impacts.

On October 20, 2018, LANDBANK was granted accreditation as Direct Access Entity (DAE) of the GCF at the latter's 21st Meeting of the Board (B.21). With this accreditation, LANDBANK is the country's first and only DAE to the GCF, and one of 76 DAEs worldwide.

The Bank successfully worked towards the approval of the Philippines' first GCF project last November 2019. The GCF approved the USD10 Million grant for the project focused on Multi-Hazard Impact-Based Forecasting and Early Warning System (MH-IBF-EWS). Preparations are underway for the signing of the Funded Activity Agreement (FAA) and project implementation with the setting-up/preparation of required conditionalities.

### Pipeline Projects

1. Mini-Grid for Small Islands (Rural/island electrification utilizing renewable energy source for reduced GHG emission)
2. Climate Resilient Agricultural Production systems using Integrative Landscape Approach for Managing Climatic Risks (PILAR)
3. Sustainable Transport (Adoption of low-carbon emission transportation systems, i.e., electric jeepneys, e-trikes and electric buses)
4. Energy Efficiency through Virtual Power Plant (Energy efficiency of buildings by retrofitting and use of EE design, technology and materials)
5. Climate Resilient Health Sector Project

## LANDBANK Lending Program for Former Rebels

The LANDBANK Lending Program for Former Rebels was implemented in 2018 to complement the NG's Enhanced Comprehensive Local Integration Program (E-CLIP) for former rebels (FRs) by providing credit assistance for their small businesses and agri-enterprise projects in order to reintegrate them back into the economic mainstream.

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

The credit assistance shall be complemented with financial literacy and loan orientation seminars which will ensure that FR-borrowers are equipped with the basic knowledge to manage their finances.

In 2019, there were seven FR-borrowers with total approved line amounting to P0.675 Million.

# Support to the Comprehensive Agrarian Reform Program



Republic Act No. 6657 (Comprehensive Agrarian Reform Law of 1988) mandated LANDBANK as the financial intermediary of the Comprehensive Agrarian Reform Program (CARP). This law was further amended in 2009 by Republic Act No. 9700 which strengthened the CARP and extended the acquisition and distribution of all agricultural lands acquired by the national government.

CARP is founded on the right of the landless farmers and farmworkers to own, directly or indirectly, the lands they till. The primordial objective is to promote a more equitable distribution and ownership of land to improve the quality of their lives through greater productivity.

The Department of Agrarian Reform (DAR), as the lead agency in the implementation of the agrarian reform program, has jurisdiction over the coverage or acquisition of agricultural lands under CARP and their distribution to agrarian reform beneficiaries (ARBs).

### Land Transfer Claim Processing

LANDBANK computes the valuation of compensable private agricultural lands acquired by the government upon receipt of the claim folders (CF) containing the complete documents from DAR.

In 2019, a total of 1,683 CFs was transmitted by DAR to LANDBANK for land transfer claim processing. Of these, 1,672 CFs with a total area of 12,578 hectares were valued, while nine CFs consisting of 47 hectares were returned to DAR for re-documentation. The remaining two CFs consisting of 47 hectares are pending for processing by LANDBANK.

### Landowners Compensation

As of December 31, 2019, total payment to landowners amounted to P78.3 Billion consisting of P3.3 Billion for PD 27 /EO No. 228; P55 Billion for RA 6657; and P20 Billion for RA 9700. This amount is inclusive of the P9.2 Billion statutory subsidy by the government and the P3.6 Billion increase in valuation as a result of just compensation cases.

### Agrarian Reform Bond Trading and Marketing

In 2019, AR Bonds sold amounted to P486.9 Million, generating a total income of P9.5 Million and assisting 845 bondholders with a total of 1,065 AR Bond certificates issued.

### Collection of Land and Loan Amortizations

As one of the CARP implementing agencies, LANDBANK is also tasked to collect land amortization payments from ARBs. The amount collected is remitted to the Bureau of the Treasury (BTr) as revenue of the National Government.

In 2019, collections from Agrarian Reform Receivables (ARR) amounted to P814.7 Million with a collection rate of 63%. Meanwhile, collections from Agrarian Reform Loans (ARL) amounted to P36.9 Million.

The total collection of P791 Million was remitted to the Bureau of the Treasury, while the remaining P60.58 Million was earmarked for remittance by January 2020.

# Awards and Recognitions Received by LANDBANK



LANDBANK President and CEO Cecilia C. Borromeo (2nd from left) accepts the ADFIAP Award for Outstanding Development Program from Nahlaa Al-Hammadi, Director General of the Oman Ministry of Commerce and Industry. They are joined by ADFIAP Chairman Phub Dorji (2nd from right) and Oman Development Bank CEO Dr. Abdulaziz Mohammed Al-Hinai.

## 54th Anvil Awards

(January 30, 2019; Pasay City, Philippines)

- “Gold Anvil - Specialized PR Program: Advocacy Campaign Category” for the LANDBANK Eco-brick Program
- “Gold Anvil - PR Tools: External Publication Category” for the 2018 LANDBANK Wall and Desk calendars
- Silver Anvil - PR Tools: Coffee Table Book Category” for the Harvest of Heroes Volume 2

## ADFIAP Outstanding Development Project Awards 2018

(February 20, 2019; Muscat)

- “Outstanding Development Project” in the Corporate Social Responsibility Category for the LANDBANK Volunteerific Program

## Financial Insights Innovation Awards 2019

(March 4, 2019; Singapore)

- “Asia’s Most Inclusive Bank” for the Digital Onboarding System

## 43rd PMAP Awards

(May 29, 2019; Makati City, Philippines)

- “Regional Winner - People Program of the Year: Public Sector Category” for the LANDBANK Volunteerific Program

## BSP Awards Ceremony and Appreciation Lunch for Stakeholders

(July 10, 2019; Manila, Philippines)

- “Outstanding CSF Lending Bank”
- “Digital Trailblazer in Financial Services”

## Karlsruhe Sustainable Finance Awards

(July 12, 2019; Karlsruhe, Germany)

- “Certificate of Merit - Outstanding Sustainable Project Financing Category” for Sanitary Landfill-Gas-to-Energy Project under LANDBANK’s Carbon Financial Support Facility

## 43rd People Management Association of the Philippines Awards

(July 17, 2019; Cebu, Philippines)

- “National Winner – People Program of the Year: Public Sector Category” for the LANDBANK Volunteerific Program

## 4th Investment House Association of the Philippines (IHAP) Awards

(August 19, 2019; Makati, Philippines)

- “Best Large Capitalization Fixed Income Deal of the Year” for the 21st Tranche of Retail Treasury Bonds
- “Best Large Capitalization Project Finance Deal of the Year” for the Cavite-Laguna Expressway Project

## 17th Philippine Quill Awards

(August 30, 2019; Manila, Philippines)

- “Award of Merit– Publications Category” for the 2018 LANDBANK wall and desk calendars

## Sustainable Business Awards

(October 7, 2019; Makati, Philippines)

- “Best, Sustainability in the Community” for the LANDBANK Eco-brick Program

## 10th Asia CEO Awards

(October 15, 2019; Manila, Philippines)

- “Circle of Excellence - CSR Company of the Year Category”



# Corporate Social Responsibility Initiatives

LANDBANK's Corporate Social Responsibility embodies its commitment to the institution's social mandate with programs and activities that contribute to a better, safer and more progressive society, redounding to an improved quality of life for people of the present and future generations.

Its initiatives are focused on four main thrusts summarized as LEED or Livelihood, Education, Environment and Disaster relief and mitigation. The Bank ensures that needs in these aspects are met, and impact is measured and accounted for.

## LIVELIHOOD

### Gawad Kabuhayan Program

Since its implementation in 2013, the Gawad Kabuhayan Program has evolved into a natural farming program in line with the Bank's Gawad Sibol Program and in partnership with the LANDBANK Countryside Development Foundation, Inc. (LCDFI). It focuses on farm industry promotion, complementing the Bank's social mandate of promoting the well-being of marginalized sectors of society by equipping communities with skills vital to accessing and developing opportunities for livelihood.

In 2019, the Bank completed the third and final phase of the Program with the three-pilot program availers: San Isidro Upland and Lowland Farmers' Association (SIULFA), Buot Livelihood Association (BULAI) and Talubek Unified Development Association (TUDA).



## EDUCATION

### Gawad Patnubay Scholarship Program

The Gawad Patnubay (Gawad PAG-aaral TuNgo sa MaUnlad na BAYan) Scholarship Program continues to support underprivileged but deserving students specializing in the field of agriculture and related courses. In 2019, the Program was funded through voluntary contributions of Landbankers nationwide with a 50% Bank counterpart.

The Program provides scholarship to children of small farmers and fishers with 100% subsidy covering tuition fees, monthly stipend, yearly book allowances, research grant or thesis funding, and financial awards of P30,000 to P50,000 for honor students.

In 2019, a total of 104 scholarships were extended by the Bank through the Gawad Patnubay. Among the 67 scholars who graduated in 2019, 13 graduated with honors and 45 out of 58 licensure examinees passed the exam including the 2018 Education-to-Employment Internship Program.

### Education to Employment (E2E) Internship Program under the Gawad Patnubay Scholarship Program

To provide holistic educational support to the Gawad Patnubay scholars, the Bank has established the E2E Internship Program through which the following



The 2019 Gawad Patnubay Scholars participated in a ten-week Education to Employment (E2E) Internship Program of the Bank.

benefits are extended to them after graduation:

- 100% subsidy for their review and examination for the Licensure Exam for Agriculturists, Fisheries, Forestry or Agricultural Engineers
- 10-week LANDBANK Head Office and Field Internship
- Assistance in securing employment in LANDBANK Offices, agriculture-related companies or partner institutions

In 2019, 66 graduates participated in the E2E Internship Program. They were employed in the following partner institutions after their internship:

- Bureau of Plant Industry
- Department of Agriculture
- Department of Environment and Natural Resources
- Land Bank of the Philippines
- Mindanao State University
- Philippine Center for Postharvest Development and Mechanization
- Philippine Coconut Authority
- Philippine Rice Research Institute
- University of the Philippines Los Baños

### Gawad e-Dukasyon Program

LANDBANK, in partnership with Knowledge Channel Foundation, Inc. (KCFI) and the Department of Education (DepEd), launched the third season of Gawad e-Dukasyon Program which introduces the significance of agriculture to today's youth and encourages them to pursue agriculture-related courses in college through an educational video series titled "AgriCOOLture".

For its last and final season, AgriCOOLture included a livelihood takeaway in each module. Episodes were

about crop production and harvest, hog raising, and aquaculture and fisheries to inspire the viewers to pursue business opportunities through agriculture.

The videos are aired over Knowledge Channel and the e-modules are available on the internet. The videos are also shown over all Knowledge Channel-connected public schools nationwide and serve as a supplement for the students' Agriculture subject.

## ENVIRONMENT

### Manila Bay SUNSET Partnership Program, Inc.

The Bank's flagship CSR program for the environment, the Manila Bay SUNSET (Socially Responsible and United in Nurturing and Sustaining the Environment) Partnership Program, Inc. (MBSPPPI), is a public-private collaboration of institutions which implements sustainable approaches that help clean and protect the Manila Bay area.

In 2019, the Department of Interior and Local Government (DILG) and the Laguna Lake Development Authority (LLDA) signed-up as members.

Among the activities organized and accomplished in 2019 were monthly clean-up activities of shores and estuaries or inlets connected to the Bay joined by 2,000 LANDBANK volunteers. For the waste recovery and collection activity, 86 truckloads of trash were collected, which is 19 truckloads more than the 67 truckloads of trash collected in the previous year.

## PURSUIT OF MANDATE

Apart from the monthly coastal clean-ups, a total of 321.14 kilograms of polystyrene waste materials were collected by participants from the LANDBANK Head Office, which increased by 79.5 kilograms from last year. The collected polystyrene waste materials were utilized in the information, education and communication (IEC) arm of the campaign for proper solid waste management and were upcycled into rulers with the help of the Polystyrene Packaging Council of the Philippines—an MBSPPi partner.

Other IEC efforts included campus tours to spread environmental awareness and share proper solid waste management know-how among schools. Dubbed as the “Binion School Tour,” 12 tours were facilitated in public high schools in Metro Manila, particularly the City of Manila and Las Piñas City. For 2019, an in-depth discussion on liquid waste management and discipline on water usage was included. A total of 2,176 students participated, who each received an upcycled ruler.

In 2019, the Eco-brick Program was sustained through the conduct of the Monthly Eco-brick Day, an offshoot of the 2018 undertaking for waste management. This Program aimed at instilling environmental consciousness among LANDBANK eco-brickers as they become more aware of their consumption of single-use plastics. A total of 2,175 pieces of eco-bricks (approximately 556 kilograms) were turned over to the Plastic Solution to be used as planter boxes for their identified public school in San Felipe, Zambales.

### Gawad Sibol Program Phase III

To ensure the promotion of environmental protection through reforestation, LANDBANK partnered with the Department of Environment and Natural Resources (DENR) and established the Gawad Sibol Program (GSP), formerly known as the “Adopt-A-Watershed Program.” The Program completed the turn-over of 13 adopted sites to the respective People’s Organizations (POs) which managed and cultivated the areas, affording them additional livelihood and financial opportunities for a three-year period from 2016 to 2019.

The DENR has pegged GSP’s carbon sequestration potential to approximately 359.14 metric tons per hectare in 2019. The agency has determined and computed the GSP rate of the sites based on land use and land cover.



In 2019, the 60,000 trees planted in the 60 hectares of adopted land was equivalent to a 55% reduction of Green House Gases (GHG) emissions from the 800.50 metric tons of GHG emission—both diesel and gasoline—reported by the LANDBANK Head Office.

In summary, the GSP achieved the following:

- Planted a total of 60,000 hardwood, mangroves and fruit-bearing trees
- Covered 60 hectares of land in various watersheds located in various regions in the Philippines
- Engaged around 5,000 volunteers and 5,000 volunteers from LANDBANK nationwide, with each employee-volunteer planting 10 to 12 seedlings
- Achieved 95 to 100% survival rate among trees and mangroves planted in 13 adopted sites nationwide
- Contributed to the National Greening Program of the DENR
- Helped mitigate the effects of climate change and global warming





The children of Barangay Bito Buadi Itowa Transitional Shelter in Marawi City were among the beneficiaries of the GABAY Program.

## DISASTER RELIEF

### Gawad Angat BAYan (GABAY) Program

LANDBANK, in partnership with the Balay Mindanaw Foundation, Inc. (BMFI), created the Gawad Angat BAYan (GABAY) Program as a CSR Program to contribute in healing the wounds of the 2017 Marawi Siege survivors.

The GABAY Program is managed by LANDBANK, implemented by BMFI, and fully funded by the Kreditanstalt für Wiederaufbau-Interest Differential Fund (KfW-IDF) through the Department of Finance (DOF).

Launched in January 2019, the Program supports Malacañang Administrative Order No. 3, s. 2017 which created an inter-agency task force for the recovery, reconstruction, and rehabilitation of the City of Marawi. The GABAY Program addresses the psycho-social needs of internally displaced persons (IDP) by giving psycho-social support (PSS) activities to children, youth, and adults in select communities in Marawi.

The PSS activities include processing and debriefing; post-activity support communication; and other interventions needed by the participating IDPs such as organic farming as eco-therapy. Further, the Program trains the participants to conduct PSS activities for them to cascade to their fellow IDPs. In its first year of implementation, the GABAY Program has achieved the following:

- Conducted PSS activities for 455 youth and children IDPs (303% accomplishment vs. target of 150)
- Conducted PSS activities for 1,673 adult IDPs (112% accomplishment vs. target of 1,500)
- Trained 101 adult IDPs in conducting PSS to fellow IDPs (101% accomplishment vs. target of 100)

### Gawad KATUBIGAN Program

The Gawad KATUBIGAN (KAakibat na Tulong sa Bayan para sa Inuming KailanGAN) Program is a disaster preparedness and response initiative that provides access to clean drinking water to disaster stricken and hard-to-reach communities. Apart from providing water filtration systems, the Program includes a knowledge transfer training implemented in partnership with an international non-profit organization, Waves for Water (W4W).

In 2019, the Program achieved the following:

- Provided a total of 328 water filtration systems along with knowledge transfer training; and
- Provided access to clean drinking water to a total of 32,800 individuals to 35 municipalities/cities nationwide.

The program also aims to reduce waterborne diseases. Each water filtration system can filter up to one million gallons of water which can benefit 100 individuals per day. With proper maintenance, the system can last from five to 10 years.

## VOLUNTEERIFIC

### EMPLOYEE ENGAGEMENT: Nurturing Engagement through Volunteerism

Employee volunteerism is one way through which LANDBANK espouses one of its core values – Social Responsibility. With over 8,000 employees who willingly shared their time, talents and treasures for various advocacies, the Bank sought to further nurture the culture of volunteerism among its personnel by establishing and institutionalizing its own employee volunteerism program.

Formally launched in August 2016, the LANDBANK Volunteerific Program is an open platform for employees to fully embrace social responsibility by being able to participate in the Bank’s CSR programs, initiate their own volunteerism activities and, in the process, inspire other members of the community. While public service and social responsibility are instinctively ingrained within the Bank’s culture, it is through this program that volunteerism was institutionalized as a vital component of its service culture.

On its first three years of implementation, the Volunteerific Program was successful in engaging most of the Bank’s workforce (see table below for the program highlights), cultivating organizational pride and inspiring employees through the Bank’s strong community involvement.



Corporate Services Sector EVP Julio D. Climaco, Jr. (4th from right) accepted the Award for the People Program of the Year (Public Sector) from PMAP. He is joined by Corporate Affairs Department FVP Catherine Rowena B. Villanueva (3rd from right), Human Resource Management Group VP Joselito B. Vallada (5th from right), and other representatives from PMAP.



LANDBANK Molave Branch conducted a tree planting activity in Sominot, Zamboanga del Sur last August 10, 2019.

Highlights	Year 1	Year 2	Year 3
Total Number of Employees	9,119	9,482	9,959
Total Number of Volunteers	6,376	8,158	8,440
Total Number of Volunteerific Hours Rendered	67,724.10	90,539.53	146,275.00
Engagement Rate	70%	86%	85%
<b>Average Volunteer Hours per Engaged Employee</b>	10.62	11.07	17.33



LANDBANK President and CEO Cecilia Borromeo, Director Virgilio Robes, and other senior officers led by Agricultural & Development Lending Sector EVP Liduvino Geron and Operations Sector EVP Alan Bornas joined the gift-giving activity to families from Tondo and Baseco, Manila last December 7, 2019.

As a manifestation of the Program's positive impact to its key stakeholders, the LANDBANK Volunteerific Program emerged as the winner of the People Management Association of the Philippines' (PMAP) People Program of the Year (PPY) Award for Public Sector under the Employee Engagement sub-category in 2019. PMAP's PPY Award is given to a company/organization for its relevant, unique, innovative and/or cutting-edge program, which is designed to provide meaningful contribution and enhance or improve employer-employee relations or meet a specific need of the company or industry.

The LANDBANK Volunteerific Program was recognized as the national winner due to its substantial impact to the communities in which the Bank operates. The Volunteerific Program also enables employees to develop skills and behaviors such as communication, coaching and mentoring, creativity, community awareness and customer service among others. This is consistent with HR's learning and development agenda to provide all employees in the Bank with more opportunities for experiential learning outside of the usual classroom and web-based trainings.

Presently on its fourth year of implementation, the Program aims to further strengthen employee engagement through providing a more rewarding and meaningful workplace experience. Likewise, the

program aims to expand its reach, with particular focus on the Bank's priority thrust to support the growth of agriculture and other mandated sectors especially in the unserved and underserved areas. Moving forward, the Bank further build on the gains of the program and engage more of its employees to grow further in service, and ultimately create a forward ripple of compassion and social responsibility among its clients, partners, and the communities it serves.



# Bringing Financial Services to the Unbanked and Underserved

**LIBACAO DEVELOPMENT COOPERATIVE**  
Libacao, Aklan



“We don’t have a large capital, but whenever we are in need of help in funding our expansion or financing our projects, LANDBANK has always been there to give their all-out support.”

- **Chairman Noel Retolado**  
Libacao Development Cooperative



The people of Libacao, Aklan need to travel some 31 kilometers to reach the nearest bank in the province's capital of Kalibo. Thus, more than the money for transportation, they spend a lot of time and effort to be able to conduct financial and banking transactions.

Libacao Development Cooperative has been among the organizations on which people rely. It offers lending services and has other businesses such as consumer store, catering service, travel and airline ticketing service, ATMs, as well as money remittance. In 2019, it was accredited as the pilot Agent Banking Partner of LANDBANK in the municipality of Libacao. This has benefited not only the co-op's 4,877 members but other residents of the municipality and nearby areas.

As an Agent Banking Partner of LANDBANK, Libacao Development Cooperative uses the point-of-sale



facility in extending cash-in and cash-out services. More than 2,000 beneficiaries of the National Government's Pantawid Pamilyang Pilipino Program (4Ps) are served every payout. They are able to receive their cash grants through the cash-out facility of Libacao Development Cooperative. For the co-op, this has been an advantageous arrangement as well, as being a LANDBANK Agent Banking Partner has given it some additional income.

The cooperative's service to the community has been expanding through the years. For more than three decades, it has served as an economic mover in their community. From its humble beginning as a lending and savings association founded by teachers of Libacao National Forestry Vocational High School, the co-op has expanded its membership and now also includes farmers, fishers, market vendors, motorcycle drivers, as well as municipal and barangay officials.

The Libacao Development Cooperative has multiple recognitions as an outstanding co-op under its belt. While its three branches now serve 22 municipalities in the provinces of Aklan, Antique and Capiz, the co-op traces its beginnings from 1986. In its early years, the co-op had a hard time keeping its operations afloat due to limited resources.

In 1996, its growth began accelerating after LANDBANK provided an initial loan for swine production, as well as for loan rediscounting. Over the years, LANDBANK's rediscounting line increased and the co-op has also availed of a loan under the Bank's Partner Financial Institutions – Additional Credit for Countryside Outreach and Rural Development (PFI-ACCORD) Program.

In the near future, the cooperative plans to expand its reach to more underserved areas in the province. It intends to open a branch in Culasi, Antique where the co-op will also serve the community as an Agent Banking Partner of LANDBANK. In terms of other business ventures, the co-op is exploring copra and abaca trading as these are among the primary agricultural produce in Libacao.

Partners like the Libacao Development Cooperative play a significant role in bringing underserved and unbanked Filipinos into the financial mainstream. They are vital cogs in our nation's development thrust, who empower more of our countrymen towards becoming active players in the economy of their respective communities.



**409**

LANDBANK  
branch network

## Bank's Delivery Channels

**63**

LANDBANK  
Branch-lites

True to its vision to promote inclusive growth especially in the unbanked and unserved areas, LANDBANK continuously intensifies its efforts in innovating and upgrading its products and services to become more responsive to the banking needs of each customer group. Because customer service has always been one of its major business goals, the Bank gives priority to extending its network, delivery channels and linkages to be able to reach and serve more Filipinos across the country and around the globe.

### BRANCHES AND EXTENSION OFFICES

Serving as bridges in reaching out to the countryside, LANDBANK branches and extension offices are present in all of the country's 81 provinces. As of year-end 2019, the Bank's branch network reached 409 (406 Branches and 3 Extension Offices) from 396 as of year-end 2018. The 13 new branches in 2019 were established in El Salvador (Misamis Oriental), Tupi (South Cotabato), Naga (Cebu), Jagna (Bohol), Aglayan (Bukidnon), Bantayan (Cebu), Maigo (Lanao Del Norte), Manolo Fortich (Bukidnon), Mangatarem



LANDBANK President and CEO Cecilia C. Borrromeo led the Tupa Branch inauguration on March 15, 2019. Shown in photo with her are Branch Banking Sector Executive Vice President Liduvino S. Geron, East Mindanao Branches Group First Vice President Camilo C. Leyba, and Tupa Branch Head Mary Beth C. Kalabud.

(Pangasinan), Masinloc (Zambales), Umingan (Pangasinan), Tubigon (Bohol) and Tangub (Misamis Occidental).

## LANDBANK BRANCH-LITE

As defined by the Bangko Sentral ng Pilipinas, a Branch-Lite is any permanent office or place of business of a bank, other than its head office, or a branch that performs limited banking activities and records its transactions in the books of the Head Office or the Branch to which it is annexed.

As of year-end 2019, LANDBANK has a total of 63 Branch-Lites in various municipalities across the country: 43 in Luzon, nine in Visayas and 11 in Mindanao. Equipped with ATM, Cash Deposit Machine and other electronic machines, these Branch-Lites are located in far-flung areas and provide banking services such as deposit account opening, receipt of loan applications and credit card applications, among others. The 63 Branch-Lites include 48 LANDBANK Easy Access Facilities (LEAFs), 3 Extension Offices, 6 Telling Booths and 6 Foreign Exchange Booths.

## AUTOMATED TELLER MACHINES

With the 238 newly installed ATMs in 2019, the Bank's ATM network reached 2,195 units, representing 10% of the total 21,713 ATMs in the Philippine banking industry. These ATMs are strategically located across the country with 387 (18%) in the National Capital Region, 517 (24%) in North and Central Luzon, 422 (19%) in Southern Luzon, 356 (16%) in the Visayas, and 513 (23%) in Mindanao. In 2019, there were also 12 deinstalled ATMs due for replacement, repair or relocation.

The new ATMs were installed at Local Government Units (LGUs) with 100 units, 21 in medical centers and eight in schools. The Bank also installed 38 offsite ATMs and nine units in commercial centers, terminals and locations with high foot traffic, such as in Calatagan Public Market, Cebu Port Authority Terminals 1 and 2, Camiling Public Market, Acienda Designer Outlet Mall, Tarlac City Downtime Public Market, Koronadal City Integrated Transport Terminal Complex, Lopez Jaena Commercial Center and LCC Bato. Meanwhile, the other 62 ATMs were installed onsite in various LANDBANK branches.

The Bank's aggressive ATM deployment program in support of its commitment to provide banking convenience to its cardholders totaling 13.6 million as of year-end 2019, enabled LANDBANK to maintain its ranking as the third largest bank in terms of ATM network in the country. This translates to an 11.5% growth in the Bank's ATM footprint. The Bank was also able to penetrate and install ATM units in each of the 63 unbanked municipalities out of the total 519 according to BSP data.

## CASH DEPOSIT MACHINES

To ease the clogging of customers at the branches for over-the-counter (OTC) transactions, LANDBANK provides an automated cash deposit machine (CDM). Available in all Branch-Lites and selected branches, the CDM is a self-service machine equipped with a cash deposit facility whereby customers are afforded the convenience of doing real-time cash deposit transactions without the need to queue and wait at branch lobbies.

LANDBANK takes credit in being the first government bank that provided an automated delivery channel for deposit transactions. As of 2019, a total of 160 CDMs have been installed in strategic locations throughout the country: 14 in NCR; 41 in Northern and Central Luzon; 35 in Southern Luzon; 32 in Visayas; and 38 in Mindanao.

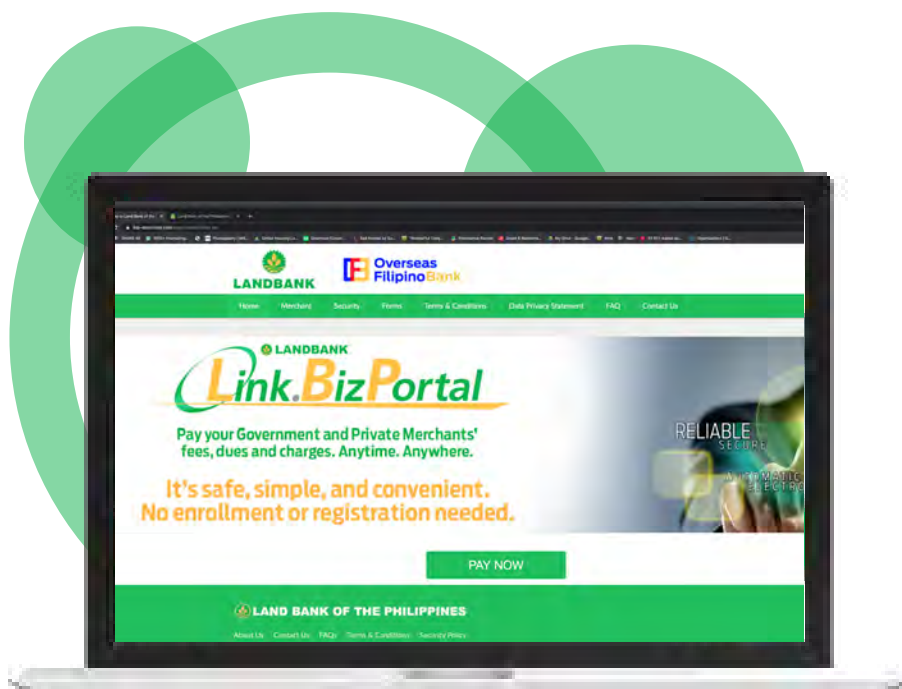
## MOBILE ATMs

In 2019, LANDBANK maintained 10 Mobile ATMs which provided convenient cash banking services for withdrawal transactions of depositors in various areas, especially for DSWD Conditional Cash Transfer (CCT) program beneficiaries, pensioners and LGU employees for their payroll or salary pay-out, government employees of agencies for their loan proceeds, and private corporations for special events or requests.

**2,195**  
LANDBANK ATMs  
across the country



## E-Banking Services and Other Facilities



LANDBANK continued to introduce value-added services to its electronic banking facilities and developed new products to further improve customer service, save on operational costs and promote inclusivity. In 2019, e-banking transactions using LANDBANK's Internet banking, mobile banking app and electronic payment facilities almost doubled as a result of increased consumer awareness and changing customer preferences that drive the shift from traditional physical banking to digital banking channels. Also, with the increasing popularity of smartphones, the volume of mobile banking transactions surged, signaling its emergence as a primary transaction channel as well.

### E-PAYMENT AND COLLECTION SERVICES

#### LANDBANK Link.BizPortal

The LANDBANK Link.BizPortal is a web-based payment system that allows customers to settle their dues and obligations to government and private institutions.

For 2019, Link.BizPortal continued its steady growth in terms of acquiring partner merchants and facilitating transactions. As of end-2019, Link.BizPortal processed a total of 1.57 Million transactions amounting to P4.6 Billion, growing by 43% in volume from 1.1 Million transactions in 2018

and by 64% in value from P2.8 Billion in 2018. Income from commissions similarly grew by 34%, from P11.4 Million in 2018 to P15.3 Million in 2019. This can be attributed to the 27.5% increase in the total number of new merchants enrolled, from 549 merchants in 2018 to 700 merchants in 2019. Among the top merchants from the government include the Philippine Overseas Employment Agency, Bureau of Internal Revenue, Philippine National Police, Professional Regulation Commission, Philippine Charity Sweepstakes, Land Transportation Office–NCR, Bureau of Customs and the Overseas Workers Welfare Administration.

#### Electronic Tax Payment System (eTPS)

LANDBANK participated in the Bureau of Internal Revenue's Electronic Filing and Payment System (eFPS) through the development and implementation of the e-Tax Payment System (eTPS), which allows clients with enrolled accounts to enjoy paperless tax filing and online payment via the Internet.

As of December 31, 2019, the transaction value grew by 10% from P88.6 Billion in 2018 to P97.7 Billion in 2019, covering transaction volume of 414,437 and 441,635, respectively.

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

The PAS5 – Electronic Payment System (PAS5-EPS) is an electronic payment channel



that can be accessed by importers to pay for their custom fees and duties.

LANDBANK's participation in the Payment Application Secure Version 5 (PAS5) of the Bureau of Customs affords customers with a convenient online payment channel available seven days a week including holidays except during scheduled maintenance.

As of December 31, 2019, PAS5-EPS has facilitated 3,325 transactions amounting to P159 Million.

## INTERNET BANKING

### LANDBANK weAccess

The LANDBANK weAccess is the Bank's Internet banking facility for institutional clients which allows private and government entities with enrolled Regular Savings, Current Accounts and High Yield Savings Accounts to manage their transactions online.

Further, it enables clients to pay bills, process ATM payroll, re-order checkbooks, sweep funds, and facilitate automatic debit and credit. It also allows them to transfer funds to their own account or to another account maintained at LANDBANK or with any PESONet and Instapay participating bank or e-money issuer. Non-financial transactions available in weAccess include Account Summary or Transaction Details, Report Viewing, Institutional Loan and ACIC File Upload.

The weAccess employs secured encryption, VeriSign digital verification, and two-factor authentication during log-in and authorization of select financial transactions to ensure transactions and data are protected from online threats.

At the end of 2019, enrolled institutions totaled to 36,764. Transaction volume, on the other hand, increased significantly by 26% from 9.95 Million in 2018 to 12.5 Million in 2019. Transaction value likewise grew by 23% from P228.4 Billion in 2018 to P280.8 Billion in 2019.

### LANDBANK iAccess

The LANDBANK iAccess is a retail Internet banking facility which allows individual clients with enrolled savings ATM accounts, regular current, and current accounts with ATM access to enjoy the convenience of secure online banking services anytime and anywhere.



**P280.8 Bn**

Value of transactions  
made via LANDBANK  
weAccess in 2019



**P915.4 Bn**

eMDS transaction  
value in 2019

iAccess offers banking services such as fund transfer to own account and nominated third-party accounts with LANDBANK or with any PESONet and Instapay participating bank or e-wallet issuer, bills payment to over 99 billers, checkbook request, account balance and transaction history, lost or stolen card reporting and check status inquiry.

The number of users enrolled to iAccess registered a growth of 11%, from 2.8 million in 2018 to 3.1 Million in 2019. Transaction value increased by 21% from P6.7 Billion in 2018 to P8.1 Billion in 2019. However, transaction volume declined by 8% from 39.2 Million in 2018 to 36.1 Million in 2019, attributed to a partial shift of customers to the LANDBANK Mobile Banking App.

### Electronic Modified Disbursement System (eMDS)

LANDBANK offers real-time banking convenience to National Government Agencies through the LANDBANK Electronic Modified Disbursement System (eMDS), which provides a secure Internet-based facility that streamlines the tedious and costly processing of MDS transactions and eliminates physical transmission of required documents and reports.

The eMDS covers transactions such as the transmission of Advice of Checks Issued and Cancelled (ACIC), payment of accounts payable to creditors, and fund allocation transfers initiated and approved by the government agency. The requests for checkbooks, on the other hand, are automatically forwarded to the concerned branch for processing.

In 2019, the total number of transactions under the eMDS grew by a hefty 36% to 1.5 Million from 1.1 Million in 2018, while the transaction value registered a 9.3% growth from P837.8 Billion in 2018 to P915.4 Billion.

## MOBILE BANKING APPLICATION

The LANDBANK Mobile Banking Application (MBA) is one of the Bank's popular e-banking channels, and provides clients with convenient access to a wide array of financial and non-financial transactions through their smartphones anytime, anywhere. By downloading the MBA from the Google Play or App Store, clients can enjoy mobile banking services such as balance and transaction history of deposits, credit card accounts, checkbook request, intra-bank and inter-bank fund transfers, bills payment to over 80 merchant billers, locking or unlocking of ATM card transactions through Mobilock, Foreign Exchange and Unit Investment Trust Fund rates inquiry, and LANDBANK ATM and Branch locator.

One of the recent enhancements to the LANDBANK MBA was the incorporation of a facility for inter-bank and intra-bank fund transfer via Quick Response (QR) Code technology. Each mobile banking transaction is secured by one-time-password (OTP), deployed via short messaging system (SMS) or through an in-app OTP generator.

As consumers shift from using browser-based Internet banking system to app-based mobile banking platform, more users utilize the LANDBANK MBA. The Bank's participation in the National Retail Payment System's Automated Clearing Houses (ACH), namely PESONet and InstaPay, also resulted in the substantial growth in the volume of fund transfers completed through the app.

Overall, monetary transactions in LANDBANK MBA grew by a whopping 139% from the 2018 figure of 1.8 Million to 4.3 Million in 2019. Correspondingly, the value of transactions grew by 136% from P12.0 Billion in 2018 to P28.3 Billion in 2019. On the other hand, non-monetary transactions increased by 11% from 34.6 Million in 2018 to 38.5 Million in 2019.

## PHONE BANKING

The LANDBANK Phone Access (LPA) is an alternative delivery channel that allows ATM and current account holders to do banking transactions using the telephone (landline or mobile phone). Among these transactions include fund transfer, check status, bills payment, check status inquiry, balance inquiry, bank statement request, and checkbook reorder. Clients may also report lost or stolen cards via this



alternative channel and talk to Phonebankers about other concerns and inquiries.

As of December 31, 2019, there are 938,071 eligible accounts registered in the LPA. During the year, a total of 916,379 financial and non-financial transactions were processed; total financial transactions amounted to P128.7 Million involving fund transfer and bills payment.

## DIGITAL ONBOARDING SYSTEM

Launched in 2018, the LANDBANK Digital Onboarding System (DOBS) is a web application primarily aimed to reduce account opening time by simplifying the account enrollment process for the convenience of its depositors. DOBS allows the immediate capturing and validation of the client's information and enables automatic computation of the Client Profile Risk Rating (CPRR). It also automatically enrolls them in the Bank's internet banking facility, the iAccess, without need to fill-out another set of forms.

Aside from these, the automation of the enrollment process enhanced LANDBANK's internal processes. DOBS was designed not only to ensure the Bank's compliance with regulatory requirements on data quality but also to ease the process of retrieving information from its digital records. The problem of redundant encoding of the same client

information was similarly addressed by DOBS as it is linked with the various systems of the Bank, including the Information Switching Technology – Card Management System (IST-CMS), Records Management (RM) and CASA System, thereby reducing the chances of errors.

DOBS was piloted in 18 branches in November 2018. By December 2019, it had been fully implemented in all 409 LANDBANK Branches across the country. Each Branch set up a Digital Corner in the branch lobby where computers installed with DOBS are made readily available for use of LANDBANK depositors who wish to open an account or transact using the LANDBANK Link.BizPortal. This significantly reduced lobby traffic and over-the-counter transactions.

In order to provide depositors with more choices for accessibility, DOBS was also made available through the LANDBANK website ([www.landbank.com](http://www.landbank.com)). Depositors, whether Individual or Corporate, can fill-out account opening forms and update records online whenever and wherever it is most convenient for them. Thus, depositors are only required to visit the Bank to claim their ATM cards, passbooks or checkbooks.

In May 2019, a survey participated by both the depositors and LANDBANK personnel was conducted and the respondents said that DOBS is convenient and user-friendly.

As of December 2019, a total of 544,430 accounts have been opened via DOBS. More importantly, with DOBS, Branches have experienced a significant reduction in account opening time from 30 minutes to an average of 10 to 15 minutes.

The implementation of DOBS made LANDBANK the first universal bank in the country that offers full digital account opening to both individual and institutional clients, including government agencies. For this innovative facility, the LANDBANK was named “Asia’s Most Inclusive Bank” by the International Data Corporation during the 2019 Financial Insights Innovation Awards held in Singapore.

With the Bank’s thrust to improve customer service and enhance operational efficiency, enhancements of the DOBS are in the pipeline. These include batch

account opening, signature verification system, customer queuing scheduler, onboarding for loan borrowers, inclusion of treasury and card products, and the Overseas Filipino Bank’s DOBS with Artificial Intelligence.

## OTHER FACILITIES

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

POS Debit/Credit is a complete payment system that allows cardholders to pay for the goods sold and/or services rendered by the merchant. In 2019, the number of POS Debit/Credit significantly increased by 41% from 514 in 2018 to 727, while the volume of POS transactions grew from 0.842 Million in 2018 to 1.54 Million. Transaction value likewise increased by 56% from P6.64 Billion in 2018 to P10.39 Billion at the end of 2019. The income earned also increased by 29% from P3.1 Million in 2018 to P4.0 Million in 2019.

### LANDBANK POS Cash Out

POS Cash Out is an extended Point-of-Sale service that facilitates peso withdrawal transactions from certified POS terminals installed in the premises of partner institutions. Cardholders of LANDBANK and BancNet participating banks can withdraw from any accredited LANDBANK POS Cash Out agents by simply dipping their peso-denominated debit cards and encoding their Personal Identification Number (PIN) at the POS device.

LANDBANK continues to expand its POS Cash Out network to further increase its touchpoints and serve the requirements of its institutional partners and priority sectors. As of year-end 2019, there are 93 terminals deployed at 82 partner institutions located in 71 unbanked municipalities across the country.

The number of partner merchants grew by 123% from 206 in 2018 to 460 in 2019. The terminals deployed likewise recorded a remarkable 123% growth rate from 308 in 2018 to 688 in 2019. Transaction volume rose by 87% from 0.89 Million in 2018 to 1.67 Million in 2019 while the transaction value also grew by 86% from P4.2 Billion in 2018 to P7.8 Billion in 2019. The substantial growth in partner merchants, transaction volume and value resulted in a remarkable growth in income by 189% from P7.2 Million in 2018 to P13.6 Million in 2019.

## CUSTOMER SERVICE

### LANDBANK Agent Banking Program

To intensify the Bank's efforts in supporting the Government's financial inclusion initiatives, the Agent Banking Program (ABP) was developed and implemented on a Pilot Production Test phase.

The ABP aims to extend the Bank's reach to the unbanked and underserved areas by partnering with eligible institutions to bring selected banking services. The ABP is operating in the Agent Banking Application which runs on a smart POS terminal that can process Agent Banking (Prepaid) Card Sale with electronic Know-Your-Client, cash out from LANDBANK Peso-denominated Prepaid Cards or participating BancNet ATM cards, cash-in/top-up, balance inquiry, fund transfer, and bills payment. The ABP and pilot partnerships with institutions, mostly located in

unbanked areas, were highlighted during the Bank's Annual Financial Inclusion Forums in 2019.

At the end of the year, a total of 20 terminals were deployed at 15 Agent Banking Partners located in 13 unbanked and six areas without LANDBANK presence. A total of 1,981 Agent Banking Cards were also issued and more than 38,000 transactions were completed.

LANDBANK aims to commercially launch the program and increase the number of Agent Banking Partners in 2020, mostly located in unbanked municipalities, in order to promote financial inclusivity, support Government's social welfare programs and bring banking services closer to its priority sectors.



Cagayan Governor Manuel N. Mamba (fourth from left) and LANDBANK President and CEO Cecilia C. Borrromeo (fifth from left) lead the launching of the LANDBANK Agent Banking Program during LANDBANK's Financial Inclusion Forum Year IV in Sto. Niño, Cagayan. Joining them are (from left) Card and e-Banking Group Head First Vice President Randolph L. Montesa, Agricultural and Development Lending Sector Head Executive Vice President Joselito P. Gutierrez, Sto. Niño Mayor Vicente G. Pagurayan, Sto. Niño Credit and Development Cooperative Manager Robert Simeon and Branch Banking Sector Head Executive Vice President Liduvino S. Geron. The cooperative is the pilot LANDBANK agent banking partner in Cagayan.

# Bank Products and Services

## DEPOSIT PRODUCTS

LANDBANK offers a wide array of deposit products to meet the banking needs and requirements of different types of customers. Available in LANDBANK branches are the traditional savings, current and time deposit products, denominated in Peso and foreign currencies, such as US Dollar and Euro.

The Bank also offers more innovative and customized products, such as the Auto-Save Account, a payroll-linked savings account whereby a minimum amount of P100 is auto-debited from an existing payroll account and auto-credited to the Auto-Save account every payday, to encourage both government and private employees to save. Another special deposit product that the Bank offers for both individual and institutional customers is High Yield US Dollar Time Deposit, which offers higher interest rate and lower minimum deposit amount for two or three-year placement.

## REMITTANCE

The year 2019 was another record year for LANDBANK's remittance business as it surpassed the US\$3-Billion mark. The Bank generated a total of US\$3.175 Billion in remittances in 2019, outpacing the previous year's volume of US\$2.135 Billion. These remittances were sourced from its foreign correspondent and depository banks and remittance partners in the Asia-Pacific, Middle East, USA, Canada and Europe.

The Bank continues to have a strong correspondent relationship with 232 foreign banks and maintains deposit accounts with 23 top-tier banks in 11 countries. Likewise, the Bank nurtures healthy partnerships with 158 foreign and local companies specializing in the remittance and overseas manpower deployment businesses.

With the LANDBANK Remittance System (LBRS), an automated 24/7 and real-time system of processing remittances that supports various modes of data



transmission and fund settlement, the Bank continues to aggressively promote its remittance services by forging partnerships with large local and global money transfer companies, as well as shipping and manning agencies.

The Bank's partnership with Western Union (WU), which started in September 2018, went full blast in 2019. Credit to bank accounts, both LANDBANK and other-bank accounts, reached a total of 195,337 transactions while cash pickup at LANDBANK branches originating from WU agents totaled 603 transactions amounting to P8.6 Million. The partnership provides both senders and recipients more options to conveniently choose where to send and claim the money sent by their loved ones. As of end-2019, the Bank has 27 partner-paying agents composed of commercial banks, rural banks and pawnshops. Including LANDBANK branches, the domestic pay-out network is composed of 5,442 outlets.

To support its remittance business and enhance awareness of overseas Filipinos on its other banking products, the Bank extends regular financial literacy seminars and campaigns in coordination with the Bangko Sentral ng Pilipinas, Department of Foreign Affairs, Department of Labor and Employment, Overseas Workers' Welfare Administration, Philippine Overseas Employment Administration and client shipping and manning agencies. The Bank was able to facilitate the opening of about 30,463 OFW ATM accounts. Through its remittance business, the Bank generated an Average Daily Balance (ADB) of P3.0 Billion in low-cost deposits from remittance partners, OFWs and their beneficiaries.

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

## CARD PRODUCTS

### Credit Card

In 2019, the Credit Card Management System was enhanced to provide better credit card features and customer experience to credit cardholders, including the upgrade of 3D secure solution, issuance of contactless card with tap and go/pay wave feature, enhanced eStatement of Account and more enabled credit card email alerts, among others.

The Three-Domain Secure (3DS) Version 2.0 for eCommerce transactions was designed to authenticate cardholder based on risk parameters and streamline user experience. This service lets the cardholder transact online securely using his/her credit card done through Mastercard Secure Code (MSC).

The issuance of "Contactless" Cards provides easier and more efficient way of card usage for point-of-sale (POS) transactions. Cardholder's identification is made fast and easy by just tapping the card on the merchant's terminal.

The shift to electronic Statement of Account provides convenience to credit cardholders since it is sent in their registered e-mail addresses, which they can easily access anytime, anywhere. This paperless billing system has also enabled the Bank to save on operational costs.



In 2020, the Bank's Mobile Banking Application will provide credit cardholders access to their credit card balances, statement of account, credit card activation and change of PIN.

### Salary Loan Products

The Bank provides financial window to augment the financial needs of the government and private sector employees through its salary loan facilities: the LANDBANK Mobile Loan Saver (LMLS) and the Electronic Salary Loan System (ESL).

At the end of 2019, the LANDBANK Salary loans (LMLS and ESL) recorded a cumulative loan release of P39.8 Billion, which is 11% higher than the 2018 data of P35.9 Billion. This benefited 233,241 borrowers from 17,811 government and private institutions. The outstanding balance stood at P25.8 Billion as of December 2019.

## Collection and Disbursement Services for the National Government

### CASH TRANSFER PROGRAM

LANDBANK remained in the forefront to support the various social protection programs of the National Government. It worked hand in hand with the Department of Social Welfare and Development (DSWD), Department of Agriculture (DA), and the Department of Transportation (DOTr) to assist in the implementation of the Conditional Cash Transfer, Unconditional Cash Transfer, Pantawid Pasada and the Rice Farmer Financial Assistance which are targeted to benefit the marginalized sectors of the country, particularly poor households, jeepney operators and small rice farmers.

#### I. Conditional Cash Transfer Program

LANDBANK has made it easier and convenient for the 4Ps beneficiaries to access their benefits. Since

2008, LANDBANK, in partnership with DSWD, has distributed the cash grants for the 4Ps beneficiaries via different modes of payment: (a) LANDBANK Cash Cards, (b) FCB PITAKArds, and (c) Conduits such as Rural Banks and Cooperatives).

On April 17, 2019, Republic Act (RA) No. 11310, otherwise known as Pantawid Pamilyang Pilipino Program (4Ps) Act, was signed into law by President Rodrigo Roa Duterte, making 4Ps the national poverty reduction strategy of the government. The Implementing Rules and Regulations (IRR) of RA 11310 was approved and signed in December 2019. LANDBANK is an authorized government depository bank which provides beneficiaries with direct and secured access to cash grants.

For 2019, the total cash grants disbursed amounted to P73.94 Billion, benefiting over 4.36 Million 4Ps active households. The disbursements cover 6 payrolls (P5 2018 up to P4 2019). This brings the total amount of cash grants distributed since 2008 to P447.45 Billion.

The breakdown of cash grants distributed per month per family is as follows:

Item No.	Grant	Amount
1	Health and Nutrition	P500.00
2	Education (Elementary)*	300.00
	Education (High School)*	500.00
3	Rice Subsidy	600.00

\*Maximum of three (3) children per Household



### Total Number of Beneficiaries and Cash Grants Disbursed from 2008-2019

Year	No. of Beneficiaries (in Millions)	Amount (in Billions)
2008-2009	0.624	P4.228
2010	1.025	7.100
2011	2.346	13.093
2012	3.122	26.928
2013	3.935	41.712
2014	4.455	36.648
2015	4.378	45.326
2016	4.388	47.112
2017	4.395	75.473
2018	4.226	75.884
<b>2019</b>	<b>4.363</b>	<b>73.944</b>

### Distribution of Cash Grants per Mode of Payment (P5 2018 to P4 2019)

Mode of Payment	Amount (in Billions)	Percentage
LANDBANK Cash Card	P62.725	84.83%
FCB PITAKArd	0.860	1.16%
CCT Conduits	10.359	14.01%
<b>Total</b>	<b>P73.944</b>	<b>100.00%</b>

## II. Unconditional Cash Transfer Program

The Unconditional Cash Transfer (UCT) Program seeks to provide assistance to households and individuals who will not directly benefit from the lowering of personal income tax but will be affected by the moderate but temporary increase in prices due to the higher oil excise, introduction of the sugar-sweetened beverage tax and the expansion of the value-added tax (VAT) base under the Tax Reform for Acceleration and Inclusion (TRAIN) Law.

In 2019, a total of P17.3 Billion was distributed to 4.8 Million covered beneficiaries which include 4Ps and Listahanan.

### Cash Grants Distributed per year

Item No.	Effectivity Period	Cash Grants (given in one tranche) per month
1	FY 2018	P200.00
2	FY 2019	300.00
3	FY 2020	300.00

# CUSTOMER SERVICE



## Program Subsidy

Particulars	FY 2018	FY 2019
Details of UCT Program Funds:		
• Cash Grants	P24 Billion	P36 Billion
• Bank Service Fees and Management Costs	P0.49 Billion	P0.49 Billion
<b>Total</b>	<b>P24.49 Billion</b>	<b>P36.49 Billion</b>

\*\* The P6B subsidy has not yet been transferred by DBM and BTr to LANDBANK as of 31 December 2019

## Beneficiaries Covered

Type of Beneficiary	Number of Beneficiaries (in millions)			Percentage (Target vs. Paid)
	Target	Paid		
		FY 2018	FY 2019	FY 2018
4Ps beneficiaries	4.4	4.2	3.8	95.45%
Social Pension beneficiaries	3.0	2.8	-	93.33%
Listahanan beneficiaries	2.6	2.1	1.0	80.77%
<b>Total</b>	<b>10.0</b>	<b>9.2</b>	<b>4.8</b>	<b>92.00%</b>

## Cash Grants Disbursed

Type of Beneficiary	FY 2018		FY 2019
	Amount Paid (in Billions)	Percentage	Amount Paid (in Billions)
4Ps beneficiaries via Cash Cards	P5.058	22.74%	P13.713
4Ps beneficiaries via OTC Conduits	5.090	22.89%	0.158
<b>Sub-total</b>	<b>P10.148</b>	<b>45.63%</b>	<b>P13.871</b>
Social Pension beneficiaries <sup>4/</sup>	P6.882	30.95%	-
Listahanan beneficiaries <sup>5/</sup>	5.208	23.42%	3.429
<b>Total</b>	<b>P22.238</b>	<b>100.00%</b>	<b>P17.300</b>

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

<sup>5/</sup> Ongoing sending of payroll files by DSWD and validation of UCT beneficiaries; and extended payouts until March 31, 2020 for FY 2018 and June 30, 2020 for FY 2019

## CCT CONDUITS FOR CY 2019

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

#### Service Providers – Regional Coverage A

Item No.	Service Providers	Payroll Period
1	Barbaza MPC	P5 2018
2	Camalig Bank	P5 – P6 2018 and P1 – P2 2019
3	First Community Cooperative (FICCO)	P5 2018
4	MASS-SPECC	P5 – P6 2018 and P1 – P2 2019
5	NATCCO	P5 – P6 2018 and P1 – P2 2019
6	Rural Bank of Rizal	P5 – P6 2018 and P1 – P2 2019

### B. For Regional Coverage – B

#### Service Providers – Regional Coverage B

Item No.	Service Providers	Payroll Period
1	ARDCIBANK	P5 – P6 2018 and P1 – P2 2019
2	Banco Alabang	P5 2018
3	Banco San Vicente	P5 – P6 2018 and P1 – P2 2019



Item No.	Service Providers	Payroll Period
4	Banco Santiago De Libon	P5 – P6 2018 and P1 – P2 2019
5	Bangko Rural ng Magarao	P5 2018
6	Barbaza MPC	P5 2018
7	Camalig Bank	P5 – P6 2018 and P1 – P2 2019
8	Community Rural Bank of Catmon	P5 2018
9	First Community Cooperative (FICCO)	P5 2018
10	First Consolidated Bank (FCB)	P5 – P6 2018 and P1 – P4 2019
11	Janiuay Rural Bank	P5 2018
12	MASS-SPECC	P5 – P6 2018 and P1 – P2 2019
13	NATCCO	P5 – P6 2018 and P1 – P2 2019
14	Rural Bank of Bansud	P5 2018
15	Rural Bank of Bugasong	P5 2018
16	Rural Bank of Capalonga	P5 2018
17	Rural Bank of Donsol	P5 – P6 2018 and P1 – P2 2019
18	Rural Bank of Guinobatan	P5 – P6 2018 and P1 – P2 2019
19	Rural Bank of Jose Panganiban	P5 – P6 2018 and P1 – P2 2019
20	Rural Bank of Mambusao	P5 2018
21	Rural Bank of Paracale	P5 – P6 2018 and P1 – P2 2019
22	Rural Bank of Pilar	P5 – P6 2018 and P1 – P2 2019
23	Rural Bank of Rizal	P5 – P6 2018 and P1 – P2 2019
24	Rural Bank of Sipocot	P5 – P6 2018 and P1 – P2 2019
25	Rural Bank of Socorro	P5 2018
26	Rural Bank of Sta. Catalina	P5 2018

Total Number of Service Providers for Regional Coverage A and B = 26

### Service Fee of CCT Conduits

Payroll Type	Mode	Low	High
Regular CCT	Offsite	P 11.28	P42.00
	Onsite	11.28	24.00
Modified CCT Indigenous People	Offsite	18.00	50.00
Modified CCT Non-Indigenous People	Offsite	27.00	41.00
	Onsite	15.00	24.00

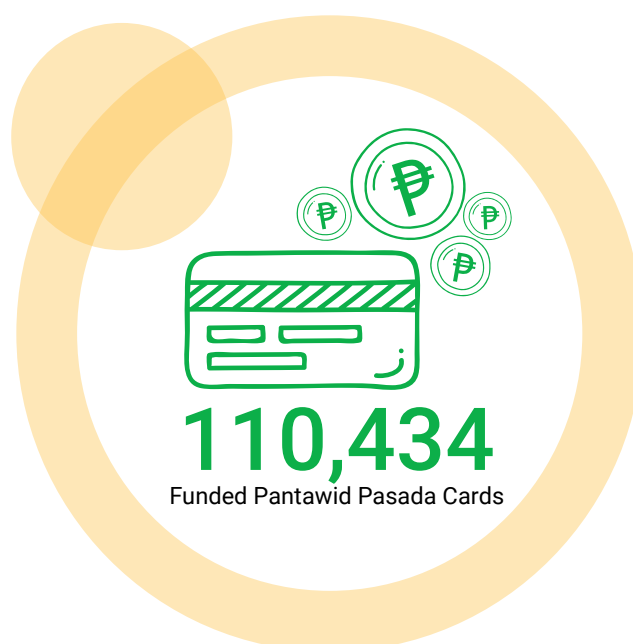
### III. Pantawid Pasada Program

Under the Pantawid Pasada Program (PPP), fuel subsidy is provided to legitimate Public Utility Jeepney (PUJ) Franchise Holders with LTRFB. Eligible beneficiaries receive the subsidy through the PPP Card issued by LANDBANK. The PPP Card is intended to be used solely for fuel purchases in participating petroleum retail outlets or gas stations.

As of December 31, 2019, a total of P2.27 Billion in fuel subsidy was disbursed to 110,434 PUJ franchise holders.

### Number of Cards Distributed and Fuel Subsidy Disbursed

No. of Cards Funded	Grants per Card	Amount Loaded (In Billions)
110,434	P20,514.76	P2.266



## IV. RICE FARMER FINANCIAL ASSISTANCE PROGRAM

The Program provides assistance to small rice farmers to compensate for the projected temporary reduction or loss of farm income arising from the liberalization of rice importation. Beneficiaries cover rice farmers tilling farms ranging from 0.5 to 2.0 hectares.

On December 16, 2019, LANDBANK entered into a Tripartite Memorandum of Agreement with the DA and Development Bank of the Philippines in servicing the distribution of cash grants to rice-farmer beneficiaries of the RFFA Program. LANDBANK issued Cash Cards to the identified beneficiaries.

Pilot distribution of cash grants through the LANDBANK Cash Card was conducted on December 23, 2019 in the provinces of Nueva Ecija and Pangasinan. A total of 977 rice farmers received their cards loaded with P5,000.00 each.

### Number of Cards Distributed and Grants Disbursed

LANDBANK Branch	Area	No. of Cash Cards for Distribution	Amount of Grants Loaded per Card (In Thousands)	Total Grants Loaded in Cards (In Million)	No. of Cards Claimed
Guimba	Nueva Ecija	500	P5.000	P 2.500	478
Lingayen	Pangasinan	500	P5.000	P 2.500	499
<b>Total</b>		<b>1,000</b>		<b>P5.000</b>	<b>977</b>

### Modified Disbursement System (MDS)

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

For the year 2019, LANDBANK processed 88% of the total Notice of Cash Allocations (NCAs) released by the DBM. The total disbursement of 38 departments of the government amounted to P2.88 Trillion with a total volume of 2.95 Million MDS transactions (ADA/checks). These disbursements which include payments and fund releases of the government for development projects, operating expenses and salaries/benefits of government personnel posted a 12% increase from P2.58 Trillion in 2018.

### Revenue Collection Services

With its network of branches spread all over the country, LANDBANK becomes a strategic conduit where individuals, corporations and government agencies can pay duties and taxes. In 2019, the taxes collected by the Bank for the National Government increased by 7% from P318.31 Billion in 2018 to P339.75 Billion in 2019. The volume of transactions also increased by 3% from 6.83 Million in 2018 to 7.04 Million in 2019. Of the P339.75 Billion total collection, P176.27 Billion involving 5.11 Million transactions were for the Bureau of Internal Revenue, P146.80 Billion involving 1.89 Million transactions were for the BTr and P 16.69 billion involving 38,931 transactions were for tariffs and duties collected for the Bureau of Customs.

### Government Collection Services

LANDBANK serves as the collection arm of various government institutions. In 2019, a total of P15.75 Billion were collected for Philippine Health Insurance Corporation, Home Development Mutual Fund, Land Transportation Office, Philippine Overseas Employment Administration, Philippine Charity Sweepstakes Office, Social Housing Finance Corporation, Professional Regulation Commission, National Home Mortgage and Finance Corporation and Philippine National Police. These government collections in 2019 posted a 23% increase from P12.77 Billion in 2018.

### Private Collection Services

LANDBANK serves as the collection support of various private institutions. In 2019, a total of P13.52 Billion were collected for Global Point-of-Sale, Meralco, Philippine Long Distance Telecommunication, Manila Water, Globe Telecom Inc., Maynilad Water, Smart, Innove, Dragonpay and LANDBANK MasterCard. There was a 40% increase in private collections in 2019 from P9.67 Billion in 2018.

## Nationwide Customer Satisfaction Survey

95.35%  
Overall customer satisfaction rating

As a policy for quality, LANDBANK measures its ability to deliver quality products and services to effectively address the needs and meet the expectations of customers. Thus, for a three-year period, from 2018 to 2020, LANDBANK commissioned the services of a third party research firm, The Nielsen Company (Philippines), Inc., to conduct a Nationwide Customer Satisfaction Survey (NCSS) for different customer segments such as, depositors and customers of the Bank's lending, e-banking, treasury, and trust banking.

By using various survey methods, i.e., face-to-face interviews and online surveys, the NCSS intends to capture customer sentiments and measure the overall customer satisfaction level regarding delivery

of the Bank's various products and services. Results of the survey serve as bases for continuous customer service and corporate improvement initiatives, as well as business growth for LANDBANK.

In 2019, NCSS surveyed 3,506 randomly selected customer-respondents. The result of the survey showed an overall customer satisfaction rating of 95.35%. The annual customer satisfaction survey results are submitted to the LANDBANK Management Committee and Board of Directors as part of the Bank's commitment to listen to the voice of the customer and in compliance with the performance agreement and client satisfaction measurement required by the Governance Commission on GOCCs and the Anti-Red Tape Authority, respectively.

## Developing World-Class Operations

### Integrated Management System (Quality and Environmental Management Systems)

LANDBANK pursues its commitment to quality and environmental sustainability through the adoption of an integrated quality (ISO 9001:2015) and environmental (ISO 14001:2015) management systems or IMS in its strategy, and to be at par with world-class organizations in its operations.



Volunteer Functional Unit QC Teams



Unit-MTP Collaboration QC Teams

The consolidation into an IMS was approved in October 2016 and was specifically aimed to integrate two or more management systems into a cohesive “single” system that will harmonize good practices from the ISO standards. The IMS Framework also intends to reduce cost by combining training and certification audits and maximize the gains from previous certification undertakings with emphasis on risk-based thinking.

In 2017, the IMS Working Team completed, among others, gap assessments, issuance of the IMS Manual as well as other documentation requirements for QMS and EMS. Trainings, awareness sessions and certification audit simulations took place in 2018. In November 2018, Certification International Philippines (CIP) was designated, via a proper procurement process, as the Bank’s certifying body.

During the first quarter of 2019, Stage 1 – Document Review of the certification audit was completed with 14 field unit sites and various head office units. One of the characteristics of world-class operation is that it must be documented. While there are opportunities for improvement cited, Stage 1 Audit of CIP reported that there is a good level of documentation in the Bank. During the last quarter of 2019, Stage 2 – Implementation Audit was completed where 29 field unit sites and various head office units were audited. Notable good points cited in the audit are well-established strategic goals and medium-term plans and commendable level of compliance to legal and regulatory requirements. With this, Mr. Renato V. Navarette, Chairman and President of CIP, confirmed the Bank’s certification to ISO 9001:2015 and ISO 14001:2015 through a formal communication on December 9, 2019.

LANDBANK recognizes the need to be a dynamic and agile organization by embedding a high-performance culture. As such, the Bank will continue to benchmark and adopt global best practices in its operations. The IMS approach helps create that standard for the Bank to attain its business goals and mission.

## Quality Circles Program

Among the Bank’s initiatives for work improvement through employee participation is the Quality Circles Program (QCP). As of end-2019, the program has produced a total of 63 quality circle projects composed of 152 individual participants with projects focused on the reduction of turn-around time or retrieval time, elimination of non-value adding days, enhancement or streamlining of processes, improvement of tools, optimization of resources, and improvement of knowledge, among others. For the year 2019, the program produced 30 projects.

During the second Bank-wide Quality Circles Competition, Southeast Luzon Branches Group’s (SELBG) “The Collaborators” bagged the first place with their entry “Auto-Opening of Deposit Accounts and Crediting of Agrarian-Related Payments”. The project reduced the processing time by 71% from 31 minutes to nine minutes.

The Human Resource Management Group’s “HRMG-Force” clinched the second place with their project “myHR App”. Accessing key policies and processes through the app resulted in increased employee awareness by 70.89% and decreased number of incoming phone calls by 17.72%.

The “Cost-Cutter Dynamism” of the Central Clearing Department, on the other hand, placed third for their project called “Electronic Balancing Summary Generation (e-BSG)”. The project enables all reports to be in PDF, instead of producing them in printed copies. This resulted in 85% decrease in supplies consumption and 83% decrease in printing cost. The project was also replicated by other Divisions of the Department.

As the QCP produces projects that further increase the Bank’s efficiency and competitiveness while constantly improving employee morale, it hopes to further develop solution-driven and quality-oriented individuals who will each contribute to the Bank’s growth and success.

# Information Technology Support and Bank Process Automation

## IT Projects and Initiatives Implemented in 2019

### 1. LANDBANK Phone Access (LPA) Phase 3 - TG Shared Encryption Application (TSEA)

Implemented on February 27, 2019, the TSEA performs cryptographic functions for LPA through interface with the Hardware Security Module (HSM) device in compliance with the Payment Card Industry – Data Security Standard (PCI-DSS).

### 2. Digitization of Bank Documents – Management Utility Software

The project was started in April 2019 in compliance with AMLC Regulatory Issuance A, B and C, No. 2 s. 2018 to digitize bank documents.

### 3. Enterprise Fraud Management System

This is a monitoring system implemented on July 31, 2019 that detects patterns or trends through analytics (by batch transactions) that would serve as reference to prevent recurrence of fraud in compliance with BSP 808, s. 2013 (Guidelines on Information Technology Risk Management for All Banks and Other BSP Supervised Institutions).

### 4. Electronic Salary Loan

The system intends to improve the existing salary loan process by providing faster services to clients through a shorter salary loan processing time using electronic channels as the front-end and the Livelihood Loan System as the back-end.

### 5. New LANDBANK Website (with Digital Onboarding System)

The existing website of the Bank was redesigned to be at par with other banks' in terms of accessibility, functionality and security.

### 6. Asset-Liability and Risk Management System

- Static ALM
- Liquidity Risk Management – LCR
- Capital Manager

This solution covers liquidity risk management, market risk management, funding and capital planning, profit planning and road projection.

### 7. OFBank as Digital Bank

This project aims to transform OFBank to a digital-only bank, particularly for the following transactions or functionalities:

- Closure of all OFBank branches and conversion of OFBank accounts to the Systematics Core Banking System
- Enhancement of the Link.BizPortal to accommodate bills payments of OFBank clients

### 8. Job Tracking and Mobile Appraisal System

This is a web-based solution for monitoring of various job orders and appraisal services on a nationwide scale which was implemented in November 2019.

### 9. Payment Card Industry – Data Security Standard (PCI-DSS): Post-Implementation (Stage 2)

The project aims to engage business consultancy services to prepare the Bank in obtaining certification and maintaining compliance with PCIDSS standards.

### 10. Trust Banking System Phase 2

This enhanced investment and fund management solution covers the following modules or functionalities:

- Floating Rate Bonds
- Zero Coupon Bonds
- Tradeable Promissory Notes
- Other Trustee Fee Structure
- Redemption Penalty
- Uploading Asset Transfer
- Loans and Receivables

### 11. Mainframe Upgrade

A new mainframe was acquired to support the Bank's capacity growth in the next few years.

## 12. Adoption of the following for the National Retail Payment System (NRPS):

- InstaPay and PESONet on weAccess
- PESONet on iAccess
- PESONet in Mobile Banking Application (MBA)
- Fund Transfer via QR Code in MBA (intrabank)
- InstaPay via QRPH Code in MBA (interbank)

In support of the BSP's NRPS to establish safe, efficient, and reliable retail payment system in the country, the Bank embarked on enabling Interbank Fund Transfer functionality in various e-Banking channels (Mobile Banking Application, iAccess, weAccess) via InstaPay and PESONet.

## 13. Symbols Enhancement

The Loan System was enhanced to comply with BSP Circular 941 (Regulations on Past Due and Non-Performing Loans), including the tagging of Agri-Agra and MSME loans.

## 14. Payment to the Government via PCHC PayGate and Link.BizPortal

This enables LANDBANK to accept online payments for the Bank's partner-merchants from clients using their bank accounts from other participating issuer-banks via the PayGate platform of the Philippine Clearing House Corporation (PCHC).

## 15. Internet Banking – iAccess Enhancement

The Bank's Internet banking facility was enhanced to add multi-factor authentication for the front and back office, e-Statement of Account and retail loan inquiry.

## 16. Electronic Payment System (EPS) Enhancement

The EPS was enhanced to cover Premyo Bonds and interface to other financial institutions.

## 17. Electronic Payment Portal (EPP) Enhancement

The enhancement of the EPP covered the inclusion of Global Payments Asia Pacific (GPAP) as payment gateway for Visa, Mastercard, and JCB transactions.

## 18. Capital Adequacy Consolidator System (CARCS) Enhancement

The enhancement of CARCS is in compliance with BSP Circular No. 979 dated October 25, 2017 (Risk-Weighting of Bank Loans to the

Extent Guaranteed by Credit Surety Fund) and BSP Memorandum No. M-2017-038 dated December 28, 2017 (Guidelines on the Electronic Submission of the BASEL III Capital Adequacy Ratio Report).

## 19. Check Warehousing System

The solution enables the branches to scan and transmit post-dated checks to the Central Clearing Department, thus, maximizing utilization of the Check Truncation System.

## 20. Land Transfer Claims Information System (LTCIS)

This is an in-house developed browser-based application that provides updated information to the landowners and other stakeholders on the status of the land transfer claims and also serves as the central repository of all land transfer claims Bank-wide.

## 21. Digital Onboarding System Enhancements (DOBS)

The enhancements to the DOBS covered Customer Record Updating, KYC Watchlist Database, Employee Activity Report, including DOBS Transactions and iAccess interface.

## 22. Upgrade of IT Infrastructure

The upgrade involves the Bank's acquisition and set-up of additional servers and disk storage systems; continuous upgrading and updating of network and security solutions.

## IT Projects and Initiatives Started in 2019

### 1. Deposit System (Systematics) Upgrade

The deposit system (Systematics) is for upgrade from version 205 to 218.

### 2. New Teller System

The solution will replace the existing Consumer Transaction (CT) Teller System.

### 3. IST Enhancement

The enhancement will enable the implementation of the full functionalities of cash cards, improvement of security features, availability of interfaces to Mastercard, and introduction of new features.

## IT Projects and Initiatives Ongoing in 2019

### 1. LANDBANK Phone Access (LPA) Phase 3

As an alternative channel for performing selected banking transactions using a touch-tone or mobile phone, the LANDBANK Phone Access through the TSEA will interface with the Bank's Hardware Security Module for the encryption and decryption of LPA's sensitive cardholder data in compliance to PCIDSS.

### 2. Digitization of Bank Documents

The project monitors the grooming, back scanning and transmission activities of the KYC documents for all branches and other sectors of the Bank.

### 3. New LANDBANK Website – Chatbot Facility

The Chatbot facility is a new feature of the website which highlights a chat widget that can be used by site visitors for real-time feedback regarding the Bank's products and services through auto responder or live agent.

### 4. Asset-Liability and Risk Management System - Enterprise Market Risk Management

The system will enable the user to perform portfolio analysis and manage enterprise market risk.

### 5. OFBank as Digital Bank

This will involve transforming of OFBank to a digital-only bank with the following transactions or functionalities:

- Digital Account Opening
- OFW Multi-Purpose Loan
- AMLA Report
- Secured Website
- Remittance Processing via Blockchain-Based Platform

### 6. Internet Banking Upgrade

The upgrade of the Bank's e-banking services covers the change in system platform of the iAccess and weAccess from Visual Basic to Java.

### 7. LOS-CMS/Symbols Interface

The solution will interface LOS and CMS to synchronize the information for uniformity and integrity of data regarding client and collateral information.

## IT Projects and Initiatives for 2020

### 1. Digital Lending System

The solution will enable borrowers to apply loans online and, similarly, the Bank to process loan applications.

### 2. Portable Agrarian Collection System Enhancement - Microloan System

This is a custom-designed application for processing loans and collecting payments of Agrarian Reform Beneficiaries.

### 3. Credit Risk Engine System Upgrade

The technical upgrade will include installation of new versions of Credit Scoring (CS) and Regulatory Risk Management (RRM) solutions and migration of CRES objects, remapping of direct extraction from source systems and upgrading of hardware requirements.

### 4. Cash and Intraday Liquidity Management System

The system shall perform comprehensive cash and liquidity management for optimal use of available cash and informed funding decisions.

### 5. Human Resource Information System Enhancement

The enhancement will provide a comprehensive and fully integrated HRIS solution that provides a single platform for all HR operations (i.e., performance management, competency assessment, employee portal, succession planning).

### 6. Agent Banking Phase 2 (Mobile Wallet)

The next phase will enable the Bank's customers to perform/secure online, real-time deposit and withdrawal to/from his/her own bank account, fund transfers and bills payment (self-service transactions) and comply with the requirements of Part 7 of the MORB on the Guidelines on Electronic Banking Services and Operations.

# CUSTOMER SERVICE

## 7. Analytics Outbound Integration (Analytical MIS)

This will be a full interface with the Bank's Analytical Systems designed to seamlessly share data available in each system and produce various reports needed for decision-making.

## 8. Data Sandbox / Lake System

The solution will enable storage and easy data retrieval to be used for various purposes.

## 9. Acquiring of Internationally Issued Scheme Cards via POS and ATM

The proposed acquisition of platform is for: i) Acquiring of internationally-issued scheme cards via Point-of-Sale (POS) and Automated Teller Machine (ATM) channel; and ii) Direct interface or connection with International Schemed Cards (e.g., Visa, Mastercard, JBC, AMEX, etc.).

## 10. Web-based Branch Queuing System

The facility will allow the Bank's clients to make online appointment and advance submission of transactions in selected timeslot.

## 11. Agri Customer Relationship Management (AGRI CRM)

This is a platform for a single and holistic view of the agri and agra players that can be assisted by LANDBANK

## 12. ATM Monitoring Solution

The solution will provide real-time monitoring of the Bank's ATM environment including the detection and management of possible adverse incidents.

## 14. SAP-Subsidiary Ledger (SL) Upgrade

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





# Customer Care Center



LANDBANK's Customer Care Center (CCC) is operational 24/7 and is in line with the Bank's continuing efforts to comply with the Financial Consumer Protection Circular of the Bangko Sentral ng Pilipinas (BSP), specifically its requirement of a Consumer Assistance Management System (CAMS).

Period	Calls Received	Email	Social Media	Total
2018	415,813	177,750	18,808	<b>612,371</b>
2019	459,026	258,650	67,365	<b>785,041</b>

In 2019, LANDBANK CCC received a total of 785,041 inquiries, requests and incident reports from clients. It is equivalent to 28.2% increase from previous year's volume of 612,371. A significant increase in the volume of clients' queries via email and social media from 2018 to 2019 was observed, with a recorded growth rate of 65.9%.

Majority or 87.5% (687,405) of the total volume that LANDBANK CCC received in 2019 were inquiries, followed by requests with 9.3%, and incidents or complaints with the remaining 3.2%.

Breakdown According to Type				
Year	Inquiries	Request	Incidents	Total
2018	485,107	104,286	22,978	<b>612,371</b>
2019	687,405	72,726	24,910	<b>785,041</b>

## The Channel: LANDBANK Phone Access

The LANDBANK Phone Access (LPA) is the primary system used by CCC in the efficient management of clients' queries that are coursed through the customer service hotline. It is also an alternative service delivery channel through which LANDBANK clients are able to do self-service banking transactions such as balance inquiry (Peso and credit card accounts), bills payment, fund transfer, checkbook reorder, request for bank statement through fax, and inquiry on check status and balances, blocking of lost or stolen ATM card, and cash card.

As of December 31, 2019, there are 938,071 eligible accounts registered in the LPA. During the year, a total of 916,379 financial and non-financial transactions were processed; total financial transactions amounted to P128.7 Million involving fund transfer and bills payment.

## The Data: Complaints Management

The Bank has two general classification of complaints – complaints for special handling (CSH) and common incidents.

**Complaints for Special Handling** are those coursed through government regulatory bodies and agencies (i.e., BSP, CSC Contact Center ng Bayan, Malacañang Presidential Complaint Center) and forwarded to CCC. These complaints are documented using the Customer Service Incident Reports (CSIR). These may also refer to other incidents received by customer-facing units (branches, lending centers, AOCs) as reported by customers and resolved at their level, which are documented via Complaint Tracking Sheet (CTS) and forwarded to CCC as central repository of complaints.

**Common Incidents** refer to concerns raised or reported by clients directly to CCC. These incidents are documented via an incident tracking tool or ticketing system for monitoring. These are usual cases which can be resolved through the existing processes of the Bank.

For the year 2019, a total of 1,623 complaints for special handling (CSH) were recorded from different channels. Majority of which or 1,002 were received through LANDBANK channels, closing the year with a 92.3% growth from 521 CSH in 2018. The continuous compliance of customer-facing units like branches, LCs, AOCs, and Treasury Hubs on the submission of Complaint Tracking Sheets (CTS) to CAD-CCC beginning October 2018 brought the remarkable increase.

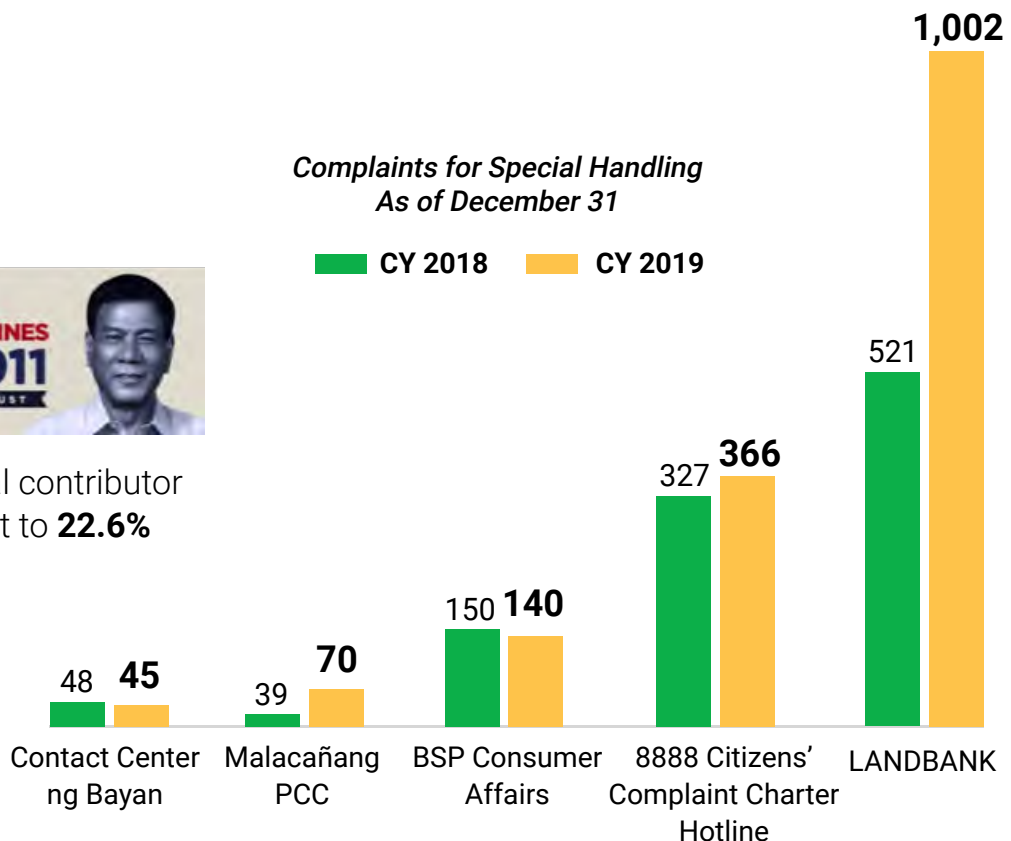
As regards the external sources of CSH, the 8888 Citizen’s Complaint Center remains as the top contributor with a 22.6% share of the total CSH.

Meanwhile, a total of 24,910 common incidents were received in 2019, posting a steady growth of 8.4% from the total volume recorded in the previous year. Of the total 2019 figure, 23,804 common incident cases or 95.6% were resolved within the standard turn-around time (TAT). The CSH cases, on the other hand, recorded a resolution rate of 87.2% within TAT.

The Contact Center ng Bayan (CCB) under the Civil Service Commission (CSC) has cited LANDBANK as the top government agency in terms of resolution rate (100%) in its 2019 Accomplishment Report.



Top external contributor equivalent to **22.6%**



## CORPORATE INFORMATION

### The LANDBANK website

An enhanced LANDBANK website, [www.landbank.com](http://www.landbank.com), was introduced on September 30, 2019 with revamped layout and contents, aimed at improving user experience. Apart from providing the public with access to information about LANDBANK, including its history, products and services, network directory, and financial and operational highlights, the website contains links that will direct users to the log in pages of the Bank's various electronic banking channels:

1. **eSL or Electronic Salary Loan** for employees of government and private institutions
2. **i-Easy Padala**, where remittance partners can process their remittances in real-time
3. **iAccess**, LANDBANK's retail Internet banking facility
4. **DOBS or Digital Onboarding System**, where account opening application form and requirements may be filled out and submitted
5. **Link.BizPortal**, an Internet payment platform for fees, dues and charges of government and other merchants
6. **weAccess** for LANDBANK's client institutions, corporations, government agencies, and other organizations

## Ease of Doing Business (EODB)

With the issuance of the implementing rules and regulations of Republic Act No. 11032, also known as the Ease of Doing Business and Efficient Government Service Delivery Act of 2018, LANDBANK created an EODB Project Working Team to ensure the Bank's compliance to the requirements, specifically in the formulation of Citizen's Charter.

The LANDBANK Citizen's Charter which was submitted to the Anti-Red Tape Authority on December 6, 2019 contains the list of the Bank's wide array of services offered, from basic banking needs to investment and agrarian services, among others. The Charter provides the following information per service: detailed process on how to avail the service, comprehensive list of requirements, fees and charges to be paid, expected turn-around time, as well as the personnel in-charge of the processing and delivery of service. The Charter will also deter graft and corrupt practices as the customers can easily validate the process in the Citizen's Charter posted in LANDBANK offices, website and other information billboard.



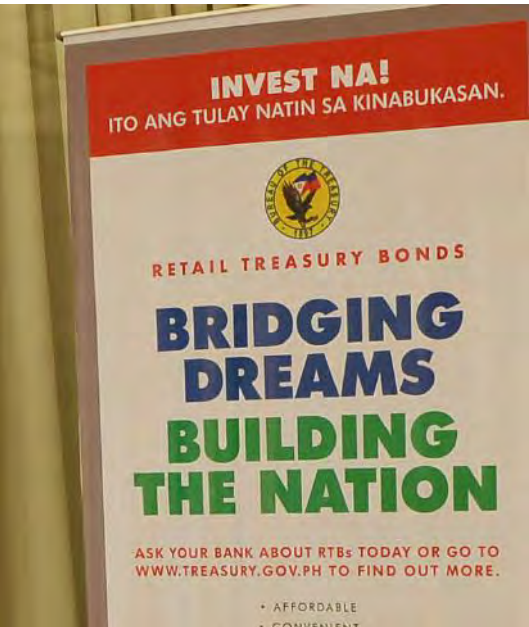
# Making Investment more Inclusive and Rewarding

## PREMYO BONDS



“We hope to promote financial inclusion by educating investors not only about the economics of smart investing, but also about our individual roles as Filipinos in contributing to nation building by participating in government securities.”

- National Treasurer Rosalia V. De Leon



The National Government has been promoting capital market development along with financial inclusion. An inclusive capital market development would mean availability and effective accessibility to a wide range of financial services to cater to various market segments, and products to match varying market needs, while expanding the physical network and technology to reach the financially excluded.

The capacity of the Philippine government to manage its finances is achieved through various fund raising programs. Through the Bureau of the Treasury (BTr), the National Government launched the Premyo Bonds, with the tagline “Invest Pa More, Panalo Pa More! Premyo Bonds Para Sa Bayan!” to promote financial inclusion and create the consciousness of savings among Filipinos by making investment opportunities available to retail and individual investors.



“Regardless of what their day jobs are, ordinary citizens help drive up the savings and investment rates by participating in financial products. The man-on-the-street is involved in market decisions that make the economy what it is,” said Finance Secretary Carlos G. Dominguez.

Premyo Bonds are government securities issued and guaranteed by the National Government. It is a

low-risk financial instrument that is made affordable to small retail investors for as low as P500. The one-year bonds carry a 3% annual rate, payable quarterly. For a minimum investment of P500, investors have the chance to win up to P1 Million and non-cash rewards such as condominium units and a house and lot. These will be awarded to the quarterly draw winners, net of all applicable taxes, fees and charges.

LANDBANK, together with the Development Bank of the Philippines, served as the Joint Lead Issue Manager for the issuance of Premyo Bonds. To widen its reach, the Premyo Bonds are offered online through the BTr’s Retail Treasury Bond Online Ordering Facility with payment access through LANDBANK’s Link.BizPortal.

The December 2019 issuance of Premyo Bonds was met with strong demand and reception from the investing public, as the National Government through BTr was able to raise P4.961 Billion, or P1.961 Billion more than its initial target of P3 Billion. Premyo Bonds also reached Filipinos abroad, such as in Canada, Japan, Middle East, Singapore, United Kingdom, and the United States.

During the Premyo Bonds offer period, more than 1,700 new bank accounts were opened. In addition, at least 44% of the online transactions were related to investments worth P5,000 and below – an indication that Premyo Bonds can contribute to financial inclusion by encouraging unbanked Filipinos to start saving and investing formally through a modern platform.

“The National Government, via issuances like Premyo Bonds, reaffirms its commitment to the Filipino people to bring innovative and high-quality investment securities to enhance the ability of Filipinos to reach their aspirations and share in the success of the country,” National Treasurer Rosalia De Leon said.

Innovative investment schemes like Premyo Bonds allow Filipinos to take part in nation-building. While promoting financial inclusion and educating savers about investing, they are tapped to contribute through government securities which proceeds fund the country’s health, educational and other development programs.

# INSTITUTIONAL VIABILITY

## LAND BANK OF THE PHILIPPINES ORGANIZATIONAL STRUCTURE

### BOARD OF DIRECTORS

**CECILIA C. BORROMEO**  
PRESIDENT AND CEO

#### AUDIT AND COMPLIANCE COMMITTEE

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

Internal Audit Group (IAG) - VP Maria Edelwina D. Carreon  
• Lending Operations Audit Department (LOAD)  
• Field Operations Audit Department (FOAD)  
• Head Office and Systems Technology Audit Department (HOSTAD)  
• Audit Services Team (AST)  
• Quality Assurance & Support (QAS)

#### AGRI-AGRA SOCIAL CONCERNS COMMITTEE

#### CORPORATE GOVERNANCE COMMITTEE (CGCom)

#### RELATED PARTY TRANSACTIONS COMMITTEE

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

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

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

#### RISK OVERSIGHT COMMITTEE (RISKCOM)

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

#### TRUST COMMITTEE (TrustCom)

Trust Banking Group (TBG) - VP Lolita M. Almazar  
• Third Party Custodianship & Registry Department (TCRD)  
• Trust Account Management Department (TRAMD)  
• Trust Business Development Department (TBDD)  
• Trust Operations Department (TrOD)  
• Trust Portfolio Management Department (TPMD)  
• Trust Oversight and Strategic Management Department (TOSD)

Legal Services Group (LSG) - VP Cesar S. Cabañes  
• Administrative Legal Department (ALD)  
• Banking Legal Services Department (BLSD)  
• CARP Legal Services Department (CLSD)  
• Litigation Department (LD)  
• Field Legal Services Department (FLSD)

Physical Security Officer (PSO) - Security Officer/AVP Romulo E. Sapidula

Strategic Initiatives Office (SIO) - SVP Leila C. Martin

Systems and Methods Department (SMD) - AVP Reynaldo Michael R.

#### Branching Banking Sector (BBS)

EVP Joselito P. Gutierrez

##### BRANCHES GROUP

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

Conditional Cash Transfer - Program Management Department (CCT-PMD)  
- AVP Domingo Conrado G. Galsim

##### CARD AND ELECTRONIC BANKING GROUP (CeBG)

- FVP Randolph L. Montesa  
• Cash Management Solutions Department (CMSD)  
• Credit Card Administration Department (CCAD)  
• Debit Cards and ATM Management Department (DCAMD)  
• Electronic Products Department (EPD)  
• eBanking Support Unit

##### OFW REMITTANCE GROUP (ORG)

- SVP Renato G. Eje  
• Domestic Remittance Marketing Department (DRMD)  
• Overseas Remittance Marketing & Support Department (ORMSD)  
• Overseas Representative Officers (OROs)

##### Branch Banking Support Department (BBSD)

- VP Elenita C. Rapanut

##### Systems Implementation Department (SID)

- AVP Aurelia M. Lavilla

#### Corporate Services Sector (CSS)

EVP Julio D. Climaco, Jr.

##### FACILITIES AND PROCUREMENT SERVICES GROUP (FPSG)

- VP Dina Melanie R. Madrid  
• Facilities Management Department (FMD)  
• Procurement Department (ProcD)  
• Project Management & Engineering Department (PMED)

##### HUMAN RESOURCE MANAGEMENT GROUP (HRMG)

- VP Joselito B. Vallada  
• Employee Relations Department (ERD)  
• Organization Development Department (ODD)  
• Personnel Administration Department (PAD)

##### Corporate Affairs Department (CAD)

- FVP Catherine Rowena B. Villanueva

##### Property Valuation & Credit Information Department (PV-CID)

- AVP Buenaventura R. Del Rosario

##### Provident Fund Department (PFD)

- DM Virginia C. Limbo

#### Operations Sector (OS)

EVP Alan V. Borna

##### BANKING OPERATIONS GROUP (BOG)

- FVP Winston Rochel L. Galang  
• Foreign and Domestic Remittance Department (FDRD)  
• International Trade Department (ITD)  
• Loans Implementation Department (LID)

##### BANKING SERVICES GROUP (BSG)

- VP Reynaldo C. Capa  
• ATM Operations Support Department (AOSD)  
• Cash Operations Support Department (COSD)  
• Central Clearing Department (CCD)  
• MDS & Collections Management Department (MCMD)

##### CONTROLLERSHIP GROUP (CG)

- SVP Annalene M. Bautista  
• Administrative Accounting Department (AAD)  
• Agrarian Accounting Department (AgAD)  
• Financial Accounting Department (FAD)  
• Treasury Operations Department (TOD)

##### TECHNOLOGY MANAGEMENT GROUP (TMG)

- FVP Alden F. Abitona  
• Data Center Management Department (DCMD)  
• E-Banking Systems Department (EBSD)  
• Enterprise Systems Department (ESD)  
• IT-Data Integration Support Unit (IT-DISU)  
• IT-Project Management Department (IT-PMD)  
• Network Operations Department (NOD)  
• Retail Banking Systems Department (RBSB)  
• IT Security Office (ITSO)  
• Production Control & Administrative Services (PCAS)

##### IT-Quality Management Office (IT-QMO)

- SITS Felix A. Osorio Jr.

#### Agricultural & Development Lending Sector (ADLS)

EVP Liduvino S. Geron

##### CORPORATE BANKING GROUP (CBG)

- SVP Ma. Celeste A. Burgos  
• Corporate Banking Department I (CBD I)  
• Corporate Banking Department II (CBD II)  
• Financial Institutions Department (FID)  
• Micro Finance Institutions Department (MFI)  
• Public Sector Department (PSD)

##### RETAIL & MID-MARKET LENDING GROUP (RMLG)

- VP Cielito H. Lunaria  
• Mortgage Banking Department I (MBD I)  
• Mortgage Banking Department II (MBD II)  
• SME - Mid-Market Lending Department I (SME-MLD I)  
• SME - Mid-Market Lending Department II (SME-MLD II)

##### Lending Support Department (LSD)

- AVP Teresita S. Aringo

##### Loan Recovery Department (LRD)

- DM Eleanor D. Quicoy

##### LENDING PROGRAM MANAGEMENT GROUP (LPMG)

- FVP Emellie V. Tamayo  
• Development Assistance Department (DAD)  
• Environmental Programs Management Department (EPM)  
• Fund Sourcing Department (FSD)  
• Programs Management Department I (PMD I)  
• Programs Management Department II (PMD II)

##### PROVINCIAL LENDING GROUPS

• Northern and Central Luzon Lending Group (NCLL)  
- SVP Filipina B. Monje  
• Southern Luzon Lending Group (SLLG)  
- SVP Lucila E. Tesorero  
• Visayas Lending Group (VLG)  
- SVP Elsie Fe B. Tagupa  
• Mindanao Lending Group (MLG)  
- FVP Charlotte I. Conde

##### Special Assets Department (SPAD)

- DM Margarita C. Laureano

#### Treasury and Investment Banking Sector (TIBS)

EVP Carel D. Halog

##### ASSET AND LIABILITY MANAGEMENT GROUP (ALMG)

- VP Adelfa R. Masacupan  
• Balance Sheet Management Department (BSMD)  
• Liquidity Reserve Management Department (LRMD)

##### FINANCIAL MARKETS GROUP (FMG)

- FVP Ma. Elizabeth L. Gener  
• Capital Markets Trading Department (CMTD)  
• FX Sales & Hedging Solutions Department (FHSDD)  
• Rates & FX Trading Department (RFTD)

##### INVESTMENT BANKING GROUP (IBG)

- FVP Gonzalo Benjamin A. Bongolan  
• Investment Banking Department 1 (IBD 1)  
• Investment Banking Department 2 (IBD 2)

##### Investment Sales & Distribution Department (ISDD)

- FVP Gonzalo Benjamin A. Bongolan

##### Treasury Support Department (TSD)

- FVP Ma. Elizabeth L. Gener



## CORPORATE GOVERNANCE

### Overall Corporate Governance Structure and Practices

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

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

### Institutional Viability

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

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

Specifically, the President and CEO supervises the Bank's five sectors, namely, (1) Agricultural and Development Lending Sector, (2) Branch Banking Sector, (3) Corporate Services Sector, (4) Operations Sector, and (5) Treasury and Investment Banking Sector. There are Bank units which report directly to the President and CEO, namely, the Strategic Planning Group, the Agrarian Services Group, the Legal Services Group, the Security Department, and the Systems and Methods Department (effective October 1, 2019).

### Selection Process for the Board

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

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

### Board's Overall Responsibility

The LANDBANK Board of Directors assumes certain responsibilities to the Bank's various stakeholders – the Bank itself, its stockholder, the National Government; its clients, its management and employees, the regulators, the deposit insurer and the public at large. These stakeholders have the right to expect that the institution is being managed in a prudent and sound manner. The Board of Directors is primarily responsible for the approval and oversight of the implementation of the Bank's strategic objectives, risk strategy, corporate governance and corporate values. The LANDBANK Board reviewed and approved the Bank's Vision and Mission and Strategy Map on February 13, 2019. The Strategy Map summarizes the specific strategic objectives and measures that will be undertaken by the Bank to attain its established targets for the year. These are consolidated in the LANDBANK Performance Scorecard and presented to the Board for approval every quarter starting in the second quarter of 2019. In compliance with the GCG guidelines per Memorandum Circular (MC) No. 2017-02 and MC-2019-02, the Bank submits every quarter its Performance Scorecard to the GCG which monitors and validates its accomplishments vis-a-vis targets for the year. It is also responsible for the monitoring and oversight of the performance of senior management as the latter manages the day-to-day affairs of LANDBANK.

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

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

- a. Remain fit and proper for the position for the duration of his term.
- b. Conduct fair business transactions with the Bank and to ensure that personal interest does not bias board decisions.
- c. Act honestly and in good faith, with loyalty and in the best interest of the institution, its stockholders, regardless of the amount of their stockholdings, and other stakeholders such as its depositors, investors, borrowers, other clients and general public.
- d. Devote time and attention necessary to properly discharge his duties and responsibilities.
- e. Act judiciously. Before deciding on any matter brought before the Board of Directors, every Director shall thoroughly evaluate the issues, ask questions and seek clarifications when necessary.
- f. Contribute significantly to the decision-making process of the Board. Directors should actively participate and exercise objective independent judgment on corporate affairs requiring the decision or approval of such board.
- g. Exercise independent judgment. A Director shall view each problem or situation objectively. When a disagreement with others occurs, he shall carefully evaluate the situation and state his position. He should not be afraid to take a position even though it might be unpopular. Corollary, he shall support plans and ideas that he thinks are beneficial to the Bank.
- h. Have a working knowledge of the statutory and regulatory requirements affecting the institution, including the content of the LANDBANK Charter and by-laws, the requirements of the BSP, and the pertinent government agencies.
- i. Observe confidentiality. A Director should observe the confidentiality of non-public information acquired by reason of his position as Director. He shall not disclose any information to any other person without the authority of the Board.



- j. Ensure the continuing soundness, effectiveness and adequacy of the Bank's control environment.
- k. A Director or Officer shall not solicit, nor accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan or anything of monetary value ("Gift") from any person where such Gift: (a) would be illegal or in violation of law; (b) is part of an attempt or agreement to do anything in return; (c) has a value beyond what is normal and customary in the Bank's business; (d) is being made to influence the member of Board's, or Officers' actions as such; or (e) could create the appearance of a conflict of interest.
- l. Attend orientation and training. A Director shall have an adequate orientation process and continuous development and education regarding the Bank's operations.

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

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

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

### 2. Vice Chairperson (Executive Director)

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

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

Among the nine members of the LANDBANK Board of Directors, the Vice Chairperson is the sole executive director in the Board of Directors.

### 3. Non-Executive Directors

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

### 4. Independent Directors

The Board of Directors appoints/nominates the independent directors from among the appointive directors, seeking thereafter the confirmation of such nomination by the Monetary Board. For 2019, the independent directors were Directors Virgilio DV. Robes, Jesus V. Hinlo, Jr., Jaime L. Miralles, and Nancy D. Irlanda.

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

Pursuant to BSP Circular No. 969, s. 2017, the independent directors are members of the following Board-level committees:

- a. Audit and Compliance Committee (with at least three members, majority shall be independent including the chairperson);
- b. Corporate Governance Committee (with at least three members, majority shall be independent including the chairperson); and
- c. Risk Oversight Committee (with at least three members, majority shall be independent including the chairperson).
- d. Trust Committee (with at least five members, including the (1) President or any senior officer of the bank; and (2) the Trust Officer. The remaining committee members, including the Chairperson, may be any of the following: (1) non-executive directors or independent directors who are both not part of the Audit Committee).

## Board Composition

The positions of Chairman of the Board, and President and CEO, are held by two different persons. The Chairman of the Board is Sec. Carlos G. Dominguez, Secretary of the Department of Finance, while the President and CEO is Cecilia C. Borromeo, who is also the Vice-Chairperson.

Board Composition	
Secretary of Finance	Chairman (Ex-Officio)
LANDBANK President and CEO	Vice-Chairperson
Secretary of Agrarian Reform	Ex-Officio Member
Secretary of Labor and Employment	Ex-Officio Member
Secretary of Agriculture	Ex-Officio Member

Two members appointed by the President of the Philippines representing the Agrarian Reform Beneficiaries

Two members appointed by the President of the Philippines representing the Private Sector

### Composition of the LANDBANK Board of Directors as of December 31, 2019

Carlos G. Dominguez	Ex-Officio Chairman	Secretary, Department of Finance	Non-executive Director Assumed on June 30, 2016 Tenure: 3 Years and 6 Months
Cecilia C. Borromeo	Vice Chairperson	President and Chief Executive Officer	Executive Director Assumed on March 1, 2019 Tenure: 9 Months
William D. Dar	Ex-Officio Director	Secretary, Department of Agriculture	Non-executive Director Assumed on August 5, 2019 Tenure: 4 Months
John R. Castriciones	Ex-Officio Director	Secretary, Department of Agrarian Reform	Non-executive Director Assumed on December 6, 2017 Tenure: 2 Years
Silvestre H. Bello III	Ex-Officio Director	Secretary, Department of Labor & Employment	Non-executive Director Assumed on June 30, 2016 Tenure: 3 Years and 6 Months
Virgilio DV. Robes	Independent Director	Member, Agrarian Reform Beneficiaries Representative	Non-executive Director Assumed on December 13, 2016 Tenure: 3 Years
Jaime L. Miralles	Independent Director	Member, Agrarian Reform Beneficiaries Representative	Non-executive Director Assumed on July 24, 2018 Tenure: 1 Year and 5 Months
Jesus V. Hinlo, Jr.	Independent Director	Member, Private Sector Representative	Non-executive Director Assumed on November 7, 2017 Tenure: 2 Years and 1 Month
Nancy D. Irlanda	Independent Director	Member, Private Sector Representative	Non-executive Director Assumed on September 25, 2018 Tenure: 1 Year and 3 Months
Alex V. Buenaventura	Vice Chairperson	Former President and Chief Executive Officer	Executive Director Assumed on November 11, 2016 Term ended on February 28, 2019 Tenure: 2 Years and 3 Months
Emmanuel F. Piñol	Ex-Officio Director	Secretary, Department of Agriculture	Non-executive Director Assumed on June 30, 2016 Term ended on August 4, 2019 Tenure: 3 Years and 2 Months

## Board Qualification

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

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

All members of the LANDBANK Board, including the President & CEO as well as the Appointive Directors in Subsidiaries and Affiliates must meet the qualification standards set in the Fit and Proper Rule issued by the Governance Commission for GOCCs (GCG), approved by the President of the Philippines, including any future amendments and revisions thereof.

## Relevant Qualifications, Educational Background and Experiences Including Directorship and Officership in Other Companies

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### Carlos G. Dominguez

Ex-Officio Chairman

Secretary, Department of Finance

**Age:** 74

**Nationality:** Filipino

**Educational Background:**

Post-Graduate : *Master of Arts, Business Management*

Ateneo De Manila, 1969

College : *Bachelor of Arts, Economics*

Ateneo De Manila, 1965

**Training in Banking and Other Related Fields:**

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

Present Position – Government	Position	Date Assumed	
Department of Finance	Secretary	2016	
Land Bank of the Philippines	Chairman	2016	
Past Position – Other Private Institutions	Position	Date Assumed	Ended Term
Lafayette (Philippines) Inc.	President	2006	2008
RCBC Capital Corp	Independent Director	2004	2010
IPVC Corp.	Director	2004	2008
Manila Electric Corporation	Director	2001	2003
Phil. Associated Smelting and Refining Corp.	President	1999	2002
Northern Mindanao Power Corp.	Director	1994	2006
RCBC Capital Corporation	Chairman	1994	2002
OGDAT	President	1993	2016
Huntly Corporation	President	1993	2016
United Paragon Mining	Director	1993	2016
Philippine Airlines	Chief Executive Officer	1993	1995
Phil. Tobacco Flue Curing Redrying Corporation	President	1992	2016
Baesa Redevelopment Corp.	President	1992	2016
Halifax Capital Resources Inc.	President	1992	2016
Retail Specialist Inc.	President	1991	2016
BPI Agriculture Development Bank	President	1984	1986
BPI	Vice President	1983	1986
Past Position – Government	Position	From	To
Department of Agriculture	Secretary	1987	1990
Ministry of Natural Resources	Minister	1986	1987

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**Cecilia C. Borromeo**

Vice Chairperson  
President and Chief Executive Officer

**Age:** 61**Nationality:** Filipino**Educational Background:**

Post Graduate : *Master of Business Administration (without Thesis)*

De la Salle Business School, 1982

*Advance Bank Management Program*

Asian Institute of Management, 1995

College : *Bachelor of Science in Agribusiness*

University of the Philippines Los Baños, 1979

**Training in Banking and Other Related Fields:**

Nature/Title	Conducted by	Year taken
Updates on Anti-Money Laundering Act	Land Bank of the Philippines (w/AMLAC Speakers)	2019
Corporate Governance Orientation Program	Institute of Corporate Directors	2019
Good Governance Forum	Development Bank of the Philippines	2019
Orientation on the Enhanced Corporate Governance Guidelines for the Board of Directors	Development Bank of the Philippines	2018
Technology for Inclusion Conference	Asian Development Bank	2018
DBP Women's Luncheon Forum	Development Bank of the Philippines	2018
Tax Reform Acceleration and Inclusion (TRAIN) Law Briefing	SGV and Co.	2018
Omnibus Rules on OHRA & RRACCS	Development Bank of the Philippines	2018
Pre-Board Retreat	Development Bank of the Philippines	2017
Corporate Governance Orientation for Board of Directors	Development Bank of the Philippines	2017
Updates on Anti-Money Laundering for Senior Officers	Development Bank of the Philippines	2017
Good Governance Forum	Development Bank of the Philippines	2017
Global Sustainable Finance Conference	European Organization for Sustainable Development	2017
Corporate Governance Orientation Program for GOCCs	Institute of Corporate Directors	2017
Updating on Anti-Money Laundering Act	Land Bank of the Philippines	2016
Global Methane Forum	The World Bank	2015
Updating on Anti-Money Laundering Act	Land Bank of the Philippines	2015
Pacific Rim Bankers Program	University of Washington	2015
Int'l Exposure Visit Program on Agri Finance	Japan Finance Corporation	2014
Updating on Anti-Money Laundering Act	Land Bank of the Philippines	2014
Public Corporate Governance	DAP	2014
Carbon Partnership Facility Annual Meeting	The World Bank	2014
Carbon Partnership Facility Seller Training	The World Bank	2014
Study Visit Program on Rural Banking and Finance	Massey University	2014
Updating on Anti-Money Laundering Act	Land Bank of the Philippines	2013
Carbon Partnership Facility Annual Meeting	The World Bank	2013
Conflict Sensitive Lending to LGUs-Basic	Land Bank of the Philippines	2012
ICAAP & Pricing & risk Measurement Model	Land Bank of the Philippines	2012

## INSTITUTIONAL VIABILITY

Updating on Anti-Money Laundering Act	Land Bank of the Philippines	2011
Risk Management Program for LBP Subsidiaries BODS	Land Bank of the Philippines	2011
Exec Workshop on Managing Credit Enhance		2011
15th Annual Financial Agents Workshop	The World Bank	2011
6th SEACEN/ABAC/ABA/PECC Public-Private Dialogue for the Asia Pacific Region	SEACEN/ABAC/ABA/PECC	2010
The Leaders as Environment Steward		2010
Culture Transformation Leadership Workshop		2010
5th Annual Investment Summit	Finance Asia	2010
4th Philippine Housing Finance Forum		2010
26th ABA General Meeting and Conference	Asian Bankers' Association	2009
13th Annual Financial Agents Workshop	The World Bank	2009
Derivatives: Mechanics, Valuation, Accounting and Risk	SGV & Co.	2009
Trust Banking Operations		2009
Corporate Governance/Dev't of Rating System	Institute of Corporate Directors	2008
Treasury Risk Management Seminar, Part II	Land Bank of the Philippines	2008
Course on Banking Laws, Cases and Issues	Land Bank of the Philippines	2008
Treasury Risk Management Seminar, Part I	Land Bank of the Philippines	2008
Entrepreneurship & Innovation in a Complex World	Asian Institute of Management	2008
Risk based Internal Audit Approach Roadshow	Land Bank of the Philippines	2008
Finex General Membership Meeting	Financial Executives Institute of the Philippines	2006
Stress Management Workshop	Land Bank of the Philippines	2005
Computer Associates World Conference		2005
Negotiation Skills Enhancement & Team Building	Land Bank of the Philippines	2005
CES Learning & Nurturing Program	Land Bank of the Philippines	2004
Fort: 4 Roles of Leadership		2004
Environmental Management System Awareness Training	Land Bank of the Philippines	2004
Fort: 7 Habits of Highly Effective People	Land Bank of the Philippines	2004
Asia Pacific Bankers Congress		2004
Sem/Dialogue on Anti-Money Laundering	Land Bank of the Philippines	2003
Corporate Governance Course		2002
Leading from Higher Ground		2002
New Beginnings Leadership Essentials	Land Bank of the Philippines	2002
Study Tour for LBP DBP LGUGC Top Executives		2002
Local Government Unit Credit Financing	Land Bank of the Philippines	2002
Modified Performance Management Program	Land Bank of the Philippines	2000
Local Government Code Review		1999
Training Visit to Tokyo Japan		1998
LBP Directors representative To CFIs Brd	Land Bank of the Philippines	1998
Accountancy Week Celebration		1998
Credit Rating Corporate Analysis	Credit Information Bureau, Inc.	1996
Effective Meeting Management Training Program	Land Bank of the Philippines	1995
Unified System Project Seminar	Land Bank of the Philippines	1995
How to Assist Small & Medium Enterprise	Economic Cooperation Development Fund, Taiwan	1995
Urban Mass Housing & Project Development	Land Bank of the Philippines	1994

Mortgage Financing Program Seminar	Land Bank of the Philippines	1994
World Bank Single Currency Loan	The World Bank	1994
How to Manage Problem Loans Training Course	Euro Money Institute	1993
New Performance Appraisal System Seminar	Land Bank of the Philippines	1992
Core Credit Program	Land Bank of the Philippines	1992
Advance Supervisory Program	Land Bank of the Philippines	1992
Leadership Development Workshop	No record	1991
Expanded Export Financing Seminar	Bangko Sentral ng Pilipinas	1991
Foreign Exchange & Money Market Course	Ateneo- BAP Institute	1990
Applied Bank Credit Management Course	Asian Institute Resources	1990
Values Formation Seminar		1989
Strategic Scanning on Agribus Opportunity		1989

Present Position – Government	Position	Date Assumed
Land Bank of the Philippines	President and CEO	2019
LBP Leasing and Finance Corporation	Chairperson	2019
Overseas Filipino Bank, Inc.	Chairperson	2019
National Food Authority (NFA) Council	Director	2019
Center for International Trade Expositions and Missions (CITEM)	Director	2019

Present Position – Other Private Institutions	Position	Date Assumed
Bancnet	Director	2019

Past Position – This Institution	Position	From	To
Agricultural and Development Lending Sector	Executive Vice President	2012	2017
Institutional Banking & Subsidiaries Sector	Executive Vice President	2009	2012
Institutional Banking & Subsidiaries Sector	Senior Vice President	2008	2008
Global Banking Department	Senior Vice President	2005	2008
Account Management Group	Senior Vice President	2005	2008
Account Management Group	First Vice President	2002	2005
Credit Policy and Supervision Group	First Vice President	2000	2002
Local Government Financial Services Department	First Vice President	1999	2000
Domestic Banking Group	Vice President	1997	1999
Commercial Credit Management Department	Vice President	1994	1998
Commercial Credit Management Department	Assistant Vice President	1992	1993
Financial Institutions Department	Account Officer	1990	1991
Program Management Department	Project Assistant	1989	1989

Past Position – Other Private Institutions	Position	From	To
LGU Guarantee Corporation	Director	2017	2019
Bancnet	Director	2017	2019
DBP-Daiwa Capital Markets Philippines, Inc.	Director (Chairperson)	2017	2019
Bankers Association of the Philippines	Director	2017	2019

## INSTITUTIONAL VIABILITY

Past Position – Government	Position	From	To
Development Bank of the Philippines	President and CEO	2017	2019
DBP Leasing Corporation	Director	2017	2018
LANDBANK Leasing and Finance Corporation	Director	1996	2016
LANDBANK Countryside Development Foundation Inc.	Director	2009	2016
Department of Trade and Industry	Trade and Industry Specialist	1988	1989
KKK National Secretariat	Unit Head	1983	1987
Human Settlements Dev't Corp.	Dev't Mgt Officer	1981	1982
Ministry of Human Settlement	Settlements Assistant	1980	1981

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### William D. Dar

Ex-Officio Member  
Secretary, Department of Agriculture

**Age:** 66

**Nationality:** Filipino

**Educational Background:**

Post-Graduate : *Doctor of Philosophy*

University of the Philippines, 1980

*Master of Science, Agronomy*

Mountain State Agricultural College, 1976

College : *Bachelor of Science, Agricultural Education*

Mountain State Agricultural College, 1973

**Training in Banking and Other Related Fields:**

Present Position – Government	Position	Date Assumed
Department of Agriculture	Secretary	2019
Agricultural Credit Policy Council	Chairman of the Board	2019
Philippine Fiber Industry Development Authority	Chairman of the Board	2019
Philippine Council for Agriculture & Fisheries	Chairman of the Board	2019
National Meat Inspection Service	Chairman of the Board	2019
Philippine Carabao Center	Chairman of the Board	2019
Philippine Center for Postharvest	Chairman of the Board	2019
Development and Mechanism	Chairman of the Board	2019
Philippine Rubber Research Institute	Chairman of the Board	2019
Fertilizer & Pesticide Authority	Chairman of the Board	2019
National Dairy Authority	Chairman of the Board	2019
National Tobacco Insurance Corp.	Chairman of the Board	2019
Philippine Rice Research Institute	Chairman of the Board	2019
Sugar Regulatory Administration	Chairman of the Board	2019

Past Position – Other Private Institutions	Position	From	To
Prasad Seeds Phils., Inc.	Country Representative	2018	2019
Prasad Seeds Phils., Inc.	Strategic Adviser	2015	2018
International Crops Research Institute for The Semi-Arid Tropics (Icrisat), India	Director General	2000	2014



Past Position – Government	Position	From	To
Department of Agriculture	Acting Secretary	1998	1999
Land Bank of the Philippines	Director	1998	1999
Philippine Council for Agriculture, Forestry & Natural Resources Research and Development	Executive Director III	1994	1998
Bureau of Agricultural Research	Director	1987	1994
Benguet State University	Professor VI	1975	1987
Baguio City High School	Secondary Class Teacher	1973	1975
Bae, Benguet	Farm Management Technology	1973	1973

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## John R. Castriciones

Ex-Officio Member  
Secretary, Department of Agrarian Reform

**Age:** 57

**Nationality:** Filipino

### Educational Background:

Passed the CY 1991 Bar Examination

Post-Graduate : *Master of Law in Comparative Government and International Laws*

University of Notre Dame, London, 1998

*Bachelor of Laws*

Arellano Law School, 1991

College : *Bachelor of Arts, Political Science*

Trinity College, 1986

*Bachelor of Science, Military Science*

Philippine Military Academy, 1981

### Training in Banking and Other Related Fields:

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

Present Position – Government	Position	Date Assumed	
Department of Agrarian Reform	Secretary	2017	
Past Position – Other Private Institutions	Position	From	To
Private Practice	Practicing Lawyer	1993	2015
Arellano University Law School	Law Professor - Bar Lecturer and MCLE Reviewer	1986	2000
Xavier School, Greenhills	Teacher	1986	1990
Past Position – Government	Position	From	To
Department of the Interior and Local Government	Undersecretary for Operations	2016	2017
Office of Senator Aquilino Pimentel	Legal Consultant	2015	2016

## INSTITUTIONAL VIABILITY

ISLES, Department of Transportation and Communications	Director	2009	2010
Land Transportation Franchising and Regulatory Board	Legal Consultant	2006	2007

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### **Silvestre H. Bello III**

Ex-Officio Member  
Secretary, Department of Labor and Employment

**Age:** 75

**Nationality:** Filipino

**Educational Background:**

Post-Graduate : *Bachelor of Laws*  
Ateneo De Manila, 1970

College : *Bachelor of Arts, Political Science*  
Manuel L. Quezon University, 1966

**Training in Banking and Other Related Fields:**

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

Present Position – Government	Position	Date Assumed	
Department of Labor and Employment	Secretary	2016	
OWWA Board	Chairperson	2016	
National Wages and Productivity Council	Chairperson	2016	
POEA Board	Chairperson	2016	
Sugar Tripartite Council	Chairperson	2016	
National Maritime Polytechnic	Chairperson	2016	
ECC/OSHC	Chairperson	2016	
TESDA Board	Chairperson	2016	
National Housing Authority	Ex-Officio Member	2016	
PEZA Board	Ex-Officio Member	2016	
Philhealth Board	Ex-Officio Member	2016	
Dangerous Drugs Board	Ex-Officio Member	2016	
Construction Industry Authority of the Philippines	Ex-Officio Member	2016	
SSS Board	Ex-Officio Member	2016	
Pag-Ibig Board	Ex-Officio Member	2016	
Land Bank of the Philippines Board	Ex-Officio Member	2016	
Civil Aviation Authority of the Philippines Board	Ex-Officio Member	2016	
Past Position – Other Private institution	Position	From	To
San Miguel Purefoods Corp.	Independent Director	2013	2016
CAP College Foundation, Inc.	Board of Director	2012	2016
CAP Realty	Board of Director	2010	2016
Red Eagle Lending Investor Corp.	Board of Director	2009	2016
Camp John Hay Development Corp.	Board of Director	2008	2016
CAP General Insurance Corp.	Board of Director	2007	2016

CAP Philippines Inc.	Board of Director	2006	2016
Comprehensive Annuity Plan & Pension Corp.	Board of Director	2006	2016
CAP Life Insurance Corp.	Board of Director	2006	2016
Philippines Airlines	Board of Advisor	1993	1998
Puerto Azul	Board of Director	1993	1998
Baguio Country Club	Board of Director	1993	1998
Philippine Plaza Hotel	Board of Director	1993	1998
Urban Bank	Board of Director	1988	1990
Ambassador Hotel	Board of Director	1988	1990
Past Position – Government	Position	From	To
House of Representatives	Representative 1BAP Partylist (16th Congress)	2013	2016
Cabinet Secretary	Secretary	2008	2010
Cabinet Officer for Regional Development (CORD) for Region II	Secretary	2008	2010
Cabinet Oversight Officer for IP and NCIP Matters	Secretary	2008	2010
Presidential Adviser for New Government Centers	Secretary	2007	2008
Philippine Reclamation Authority	General Manager and Chief Executive Officer	2006	2006
PNOC Development and Management Corporation	President and Chief Executive Officer	2004	2006
GRP Negotiating Panel for Talks with the CPP/NPA/NDF	Chairman	2001	2004
Department of Justice	Secretary	1998	1998
Office of the Solicitor General	Solicitor General	1996	1998
Department of Justice	Secretary	1990	1992
Department of Justice	Undersecretary	1986	1990

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**Virgilio DV. Robes**

Representative, Agrarian Reform Beneficiaries

**Age:** 72**Nationality:** Filipino

**Educational Background:** College Undergraduate. A representative of the ARB does not need a college degree but must be a member of ARB

**Training in Banking and Other Related Fields:**

Nature/Title	Conducted by	Year taken
Updates on Anti-Money Laundering Act	Land Bank of the Philippines (w/AMLAC Speakers)	2019
LANDBANK Planning Conference	Land Bank of the Philippines	2019
Joint Audit & Compliance Committee and Risk Oversight Committee Learning Session	Land Bank of the Philippines	2018
BSP Cir. No. 706 as Amended by BSP Cir. No. 950, AMLA Law and the AML Risk Rating System for Board of Directors and Sr. Management	Bankers Institute of the Philippines, Inc.	2018
Corporate Financial Risk Management Program	Ateneo Graduate School of Business – Center for Continuing Education	2017

# INSTITUTIONAL VIABILITY

Finance for Directors Program	Institute of Corporate Directors	2017
Corporate Governance Orientation Program	Institute of Corporate Directors	2017
Corporate Governance Orientation Program for GOCCs	Institute of Corporate Directors	2017

Present Position-Other Private Institutions	Position	Date Assumed	
Robesland, Inc.	Chairman	2005	
Igay Mega Cockpit, Inc.	Director	2000	
Guillermo C. Robes Realty Corp.	Director	1996	
Real Estate	Broker	1970	
Past Position-Other Private Institutions	Position	From	To
Robes Trading	Proprietor	1970	1980
Past Position-Government	Position	From	To
Province of Bulacan	OIC - Vice Governor	1987	1988
Province of Bulacan	Provincial Consultant	1988	1990

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## Jaime L. Miralles

Representative, Agrarian Reform Beneficiaries

**Age:** 69

**Nationality:** Filipino

### Educational Background:

Passed the CY 1980 Bar Examination and became a Lawyer on May 10, 1980

Post-Graduate : *Bachelor of Laws*

University of the East, 1979

College : *Bachelor of Arts, Political Science*

University of the East, 1974

### Training in Banking and Other Related Fields:

Nature/Title	Conducted by	Year taken
National Food Security Summit	Department of Agriculture	2019
Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Training Workshop	Anti-Money Laundering Council Secretariat	2019
Related Party Transactions	Bankers Institute of the Philippines, Inc. (BAIPHIL)	2019
Philippine Banks: Strategic Directions and Regulatory Agenda, Capital Planning and Risk Management	Land Bank of the Philippines	2019
Disaster Resiliency	Land Bank of the Philippines	2019
Treasury Products and Operations	Land Bank of the Philippines	2019
Harnessing the Full Potential of the Cooperatives	Land Bank of the Philippines	2019
Corporate Governance Orientation Program	Institute of Corporate Directors	2018
Corporate Governance Orientation Program for GOCCs	Institute of Corporate Directors	2018
Professional Directors Program	Institute of Corporate Directors	2011
Corporate Governance Orientation Program	Institute of Corporate Directors	2011

Present Position-Other Private Institutions	Position	Date Assumed	
Labor Power Movement	Lead Convenor	2014	
Association of Genuine Labor Organization	National President	2006	
Past Position-Other Private Institutions	Position	From	To
Association of Genuine Labor Organizations	Vice President-Legal Affairs Department	2002	2006
Flores – Miralles & Associates	Senior Partner	2000	2012
National Anti-Poverty Commission (NAPC)	Commissioner	1998	2001
Progressive Labor Advocate for Nationalism	Director	1996	2000
Sectoral Representative of the Workers to the Phil. Congress	Nominee	1992	1992
Kilusang Mayo Uno (KMU)	Secretary for Finance and National Executive	1980	2002
Banzuela-Flores Law Office	Senior Partner	1983	2000
Banzuela-Reneses	Senior Partner	1979	2000
Banzuela-Flores Law Office	Junior Partner	1979	1982
Past Position-Government	Position	From	To
Home Development Mutual Fund (Pag-Ibig Fund)	Board of Trustees	2010	2018
National Anti-Poverty Commission	Commissioner – representing Labor Sector	1998	1999

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**Jesus V. Hinlo, Jr.**

Representative, Private Sector

**Age:** 49**Nationality:** Filipino**Educational Background:**

Passed the CY2000 Bar Examination and became a lawyer in 2001

Post-Graduate : *Bachelor of Laws*

University of Negros Occidental Recoletos, 1999

College : *Bachelor of Arts, Political Science*

University of Santo Tomas, 1992

**Training in Banking and Other Related Fields:**

Nature/Title	Conducted by	Year taken
1st ABCOMP Seminar 2019		
Digitization of Customer Records per AMLC Resolution Nos. 141 and 191		
2018 Implementing Rules and Regulations on the Amendments to AMLA 9160	Association of Bank Compliance Officers, Inc.	2019
BSP Circular 1022 on Amendments to Part Nine of the MORB and Circular No. 980		
3rd Annual Philippine OpenGov Leadership Forum	OpenGov Asia	2019

## INSTITUTIONAL VIABILITY

Revised Corporation Code	Institute of Corporate Directors	2019
Treasury Products and Operations	Land Bank of the Philippines	2019
Harnessing the Full Potentials of the Cooperatives	Land Bank of the Philippines	2019
Disaster Resiliency	Land Bank of the Philippines	2019
Philippine Banks: Strategic Direction and Regulatory Agenda, Capital Planning and Risk Management	Land Bank of the Philippines	2019
Related Party Transactions	Bankers Institute of the Philippines, Inc. (BAIPHIL)	2019
Updates on Anti-Money Laundering Act	Land Bank of the Philippines (w/ AMLAC Speakers)	2019
Joint Audit & Compliance Committee and Risk Oversight Committee Learning Session	Land Bank of the Philippines	2018
BSP Cir. No. 706 as Amended by BSP Cir. No. 950, AMLA Law and the AML Risk Rating System for Board of Directors and Sr. Management	Bankers Institute of the Philippines, Inc.	2018
Enhanced Corporate Governance Guidelines (BSP Cir. Nos. 969, 970, 971 and 972)	Bankers Institute of the Philippines, Inc.	2018
Beyond Compliance: Managing Technology and Cyber Security Risk (Highlighting BSP Cir. No. 982: Enhanced Guidelines on Information Security Management)	Bankers Institute of the Philippines, Inc.	2018
Corporate Governance Orientation Program	Institute of Corporate Directors	2018
Comparative Analysis of Recent Jurisprudence in Commercial Law as Lectured by Atty. Sergio Ceniza during MCLE Lecture Series 52 of the Asian Center for Legal Excellence	Asian Center for Legal Excellence	2018
Corporate Governance Orientation Program for GOCCs	Institute of Corporate Directors	2018

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

Past Position-Government	Position	From	To
Department of the Interior and Local Government	Undersecretary	2016	2017
Department of the Interior and Local Government	Contract Service	2016	2016
PLEB Bacolod City	Member	2014	2016
PNB General Insurers Co., Inc. - Bacolod Office	OIC	1993	1996
PNB Credit Card Co.	Collection Officer	1992	1993

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**Nancy D. Irlanda**

Representative, Private Sector

**Age:** 50**Nationality:** Filipino**Educational Background:**College : *BS Economics*

University of the Philippines - Diliman, 1991

Dean's Medal and Best Thesis

(co-author, published in the 1991 Philippine Review of Economics and Business)

**Training in Banking and Other Related Fields:**

Nature/Title	Conducted by	Year taken
Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Training Workshop	Anti-Money Laundering Council Secretariat	2019
Overview on Reports and Processes of Internal Audit Group	Land Bank of the Philippines	2019
Philippine Banks: Strategic Direction and Regulatory Agenda, Capital Planning and Risk Management	Land Bank of the Philippines featuring Christian G. Lauron, Partner, SGV	2019
Disaster Resiliency	Land Bank of the Philippines featuring Dr. Teofredo T. Esguerra, Disaster and Crisis Specialist	2019
Overview on Reports and Processes of Compliance Management Group	Land Bank of the Philippines	2019
Treasury Products and Operations	Land Bank of the Philippines	2019
Harnessing the Full Potential of Cooperatives	Land Bank of the Philippines featuring Lecira V. Juarez, Managing Director, APRACA- CENTRAB	2019
Global Sustainable Finance Conference	Karlsruhe, Germany European Organisation for Sustainable Development (EOSD)	2019
Philippine OpenGov Leadership Forum - Building a Digital Native Philippines	OpenGov	2019
Fiduciary Essentials for Investment Stewards	Asia Pacific Association for Fiduciary Studies	2018
Corporate Governance Orientation Program	Institute of Corporate Directors	2018
Finance for Directors	Institute of Corporate Directors	2018
Corporate Governance for Government-Owned and Controlled Corporations (GOCC's)	Institute of Corporate Directors	2018
BSP Philippine Economic Briefing	Bangko Sentral ng Pilipinas	2018
Addressing the Risks in Mergers and Acquisitions	AIG/AON	2018
IMMAP Digital Congress (Moderator)	Internet and Mobile Marketing Association of the Philippines	2016
BSP Philippine Economic Briefing (Moderator)	Bangko Sentral ng Pilipinas	2007
MAP International CEO Conference (Moderator)	Management Association of the Philippines	2006
SEIPI CEO Forum (Moderator)	Semiconductor and Electronics Industries in the Philippines, Inc.	2003
BSP CEO Forum (Moderator)	Bangko Sentral ng Pilipinas	2002

## INSTITUTIONAL VIABILITY

10th APEC Summit Los Cabos, Mexico	Asia-Pacific Economic Cooperation (2002)	2002
The Professional Citibanker Development Program	CITIBANK	1993
Service Excellence I/II	CITIBANK	1993
Citiselling Workshop	CITIBANK	1993

Present Position-Other Private Institution	Position	Date Assumed	To
Land Bank of the Philippines (LANDBANK)	Member, Board of Directors/ Private Sector Representative	2018	present
Petron Corporation	Consultant	2017	present

Past Position-Other Private Institutions	Position	From	To
ABS CBN News Channel (ANC)	News Anchor	2015	2017
Solar News Channel (currently CNN Philippines)	News Anchor	2011	2014
ABS CBN Broadcasting Corporation/ANC	News Anchor/Executive Producer	1996	2010
Fisher Broadcasting Corporation KOMO TV-4 (Seattle, Washington)	TV Associate Producer for Special Projects	1995	1996
Citibank	Customer Relationship Manager	1993	1994
Irlanda Industries, Inc.	Special Assistant to the President	1991	1993

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**Alex V. Buenaventura** (Term ended on February 28, 2019)

Vice Chairperson

President and Chief Executive Officer

**Age:** 67

**Nationality:** Filipino

**Educational Background:**

Post-Graduate : *Master of Arts, Business Administration*

Catholic University of Louvain Belgium, 1977

College : *Bachelor of Arts, Economics-Honors Program*

Ateneo De Manila, 1973

**Training in Banking and Other Related Fields:**

Nature/Title	Conducted by	Year taken
Fiduciary Essentials	fi360 Pacific	2018
Strategic Planning and Strategic Execution	R.G. Manabat & Co.	2018
Leading with Trust: A Session with Stephen M.R. Covey	ABS-CBN News Channel	2018
Study Tour on Poultry and Swine Business	Chareon Pokphand Food Corp.	2018
BSP Cir. No. 706 as Amended by BSP Cir. No. 950, AMLA Law and the AML Risk Rating System for Board of Directors and Sr. Management	Bankers Institute of the Philippines, Inc.	2018



ANC Leadership Series	ABS-CBN News Channel	2018
Command Conference of Heads of Posts	DFA	2018
Corporate Governance Orientation Program for Government Owned and Controlled Corporations	Institute of Corporate Directors	2017
Mitigating Risk on Current Trends in Money Laundering	AMLC – Atty. Julia C. Bacay-Abad	2015
Anti-Money Laundering Law	Bangko Sentral ng Pilipinas	2014
Basic Trust Banking for Bank Officers and Directors	Trust Institute Foundation of the Philippines, Inc. (TIFP)	2014
Updated AML Rules and Regulations (Cir. 706, ARRS, and AMLA Amendments – R.A. 10365)	Davao Federation of Rural Bankers	2013
Foreign Currency Deposit Unit	Banker’s Institute of the Philippines	2012
Anti-Money Laundering Law	Anti-Money Laundering Project Phils. European Commission	2008
Corporate Governance & Risk Management for Bank’s Board of Directors	Development Finance Institute	2002
Linkage Banking Experience in Asia	APRACA Agri Development Bank of China	1998
Commercial Banks in Microfinance, Washington D.C.	USAID	1997
Islamic Baking, Bahrain/UAE	USAID	1997
Study Tour of Credit Agricole Operations, France	French Government	1988
Self Help Groups, Nanjing (China)	APRACA	1986

<b>Present Position – Other Private Institution</b>	<b>Position</b>	<b>Date Assumed</b>	
Buencor Farms, Inc.	Chairman/President (Stockholder)	2016	
ALN 3 Brothers, Inc.	Chairman/President (Stockholder)	2012	
Ultrabowl, Inc.	Chairman (Stockholder)	1986	
<b>Past Position-Government</b>	<b>Position</b>	<b>From</b>	<b>To</b>
Davao Del Norte State College, Panabo City	Trustee	1997	2003
Municipal Industrialization Task Force, Panabo City LGU	Chairman	1994	1996
Municipal Water District, Panabo City LGU	Director	1994	1996
<b>Past Position-Other Private Institution</b>	<b>Position</b>	<b>From</b>	<b>To</b>
One Network Bank (A Rural Bank of BDO)	President	2014	2016
Corporative System Foundation	Trustee	2007	2009
One Network Bank, Inc. (A Rural Bank)	President	2004	2014
Holy Cross of Davao College	Trustee	2000	2016
Microenterprise Access to Banking Services (MABS-USAID) Representing RBAP	MANCOM Member	1998	2005
Rural Bankers Research Development Foundation	Executive Director	1998	
DASURAICOR	Chairman	1997	2014
SMED National Council	Private Sector Representative For Mindanao	1995	1998
Ateneo De Davao University	Chairman, Board of Trustees	1995	1996
PAICOR	Chairman	1991	2014

## INSTITUTIONAL VIABILITY

Rural Bank of Panabo, Inc.	President/General Manager	1980	1993
Bristol Laboratories	Product Group Manager	1979	1980
Unilever	Middle Manager	1978	1979
Unilever	Field Service Manager	1975	1976

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### Emmanuel F. Piñol (Term ended on August 04, 2019)

Ex - Officio Member  
Secretary, Department of Agriculture

**Age:** 66

**Nationality:** Filipino

**Educational Background:**

Post-Graduate : *Master in Rural and Economic Development*

University of Southern Mindanao, 2009

College : *Bachelor of Science, Development Communication*

University of Southern Mindanao, 2006

*Bachelor of Arts, Philosophy*

Notre Dame University, 1975

**Training in Banking and Other Related Fields:**

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

Past Position – Government	Position	From	To
Provincial Government of Cotabato	Vice-Governor	2007	2010
Provincial Government of Cotabato	Governor	2001	2007
Provincial Government of Cotabato	Governor	2000	2001
Provincial Government of Cotabato	Governor	1998	2000
Local Government Unit of M'Lang Cotabato	Municipal Mayor	1998	1998
Local Government Unit of M'Lang Cotabato	Municipal Mayor	1996	1997
Local Government Unit of M'Lang Cotabato	Municipal Mayor	1996	1996
Local Government Unit of M'Lang Cotabato	Municipal Mayor	1995	1995
National Grains Authority	Public Relation Officer	1976	1977

## Board-Level Committees including Membership and Function

### Corporate Governance Committee

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

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

11. To study and recommend policies to ensure appropriate and effective management through organizational and procedural controls and independent audit mechanisms;
12. To promote transparency and operational responsibility and accountability in a manner consistent with the Bank's vision, mission, strategic intent and operating values.

Chairperson	Director Nancy D. Irlanda
Vice Chairperson	Director Jesus V. Hinlo, Jr.
Members	DOLE Secretary Silvestre H. Bello III / Usec. Claro Arellano / Asec. Joji Aragon
	Director Virgilio De Vera Robes

Based on its charter, the Corporate Governance Committee has to meet at least every quarter of every year. It held a total of eight meetings in 2019.

The CG Com issued 57 resolutions which tackled the results of the Performance Rating System, organizational changes, establishment of Lending Centers, promotions of senior officers and personnel movements.

### Audit and Compliance Committee

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

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

2. For compliance:
  - a. To oversee the implementation of the Bank's Compliance Program
  - b. To ensure that oversight on the Bank's Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) compliance and management is adequate

## Functional Supervision of the Audit and Compliance Committee

### 1. Internal Audit

- Approved the revisions in the AC Com Charter and the IAG Plans and Programs for 2019 including amendments thereof
- Approved various internal audit policies/action plans/audit tools, such as (1) Mainframe Security Audit Procedures and Risk Scoring of Non-SDLC projects, (2) Changes in the Criteria in Reporting Long Outstanding Findings to AC Com, (3) Revised Risk Scoring of Application Systems, (4) revisions in the Rules of Conflict of Interest of Internal Auditors, (5) revisions in the IAG Charter, (6) revisions in the Audit Risk Scoring System of Business Units, (7) Criteria in the Selection of Types of Audit, (8) Conduct of Special Audit, (9) Draft Warning Letter for BUs regarding their audit rating, and (10) circumstances that will warrant audit of Office of the Group Head
- Confirmed the IAG's Management-approved budget for CY 2019
- Noted IAG's Declaration of Organizational Independence and various periodic reports, such as: (1) 2018 Overall Internal Audit Opinion, (2) Accomplishment Reports, (3) results of Audit Client Satisfaction Survey, (4) long outstanding findings, (5) outstanding major findings, (6) major/common/recurring findings, (7) Independent validation of the Bank's 2019 ICAAP, (8) annual confirmation of balances for private deposit accounts, (9) 2019 Risk and Opportunity Assessment, and (10) various special/fact-finding reports
- Noted the presentation of action plans of units that failed the Risk-Based Internal Audit
- Noted the Minutes of Meetings and Accomplishment Reports of Accountability Assessment Committee

- Noted the AC Com reports, such as: (1) Accomplishment Report, and (2) Results of Performance Rating for PY 2018

### 2. Compliance Function

- Approved CMG's Compliance Testing Plan for 2019, revised guidelines on Whitelisting of Accounts and Suppression of Alerts, updated Compliance Manual and Money Laundering/Terrorist Financing Prevention Program Manual
- Noted CMG's Plans and Programs for 2019 and Accomplishment Reports
- Confirmed CMG's 2019 Management-approved budget
- Noted CMG's participation in the Accounts Review Committee and compliance oversight function on subsidiaries
- Noted various management and compliance reports, such as: (1) results of independent and periodic compliance testing, (2) Reports on Crimes and Losses, (3) Reports on Fines and Penalties, (4) regulations issued, (5) regulatory ratios, and (6) status of Covered Transaction Report submission
- Noted CMG's presentation of the BSP Report of Examination as of June 30, 2018 and the LANDBANK Actions Taken/Plan of Actions on the BSP Directives and the status of Letter of Commitment on Bank's AML/CFP Compliance
- Noted updates on the implementation of action plans on COA Annual Audit Report for 2018 (including prior years updates)
- Noted the Minutes of Meeting of the AML Committee

Aside from the annual joint learning session with the RiskCom members, the AC Com members have also undergone briefing/orientation as part of their continuing education on the following topics:

- LBP Leasing and Finance Corporations, LBRDC, and LCDFI's overall operations, financial condition and portfolios
- Rules of Procedure in Administrative Cases (RPAC) under RA 9160, as amended, and its IRR and Guidelines and other AMLC issuances, and the imposition of Administrative Sanctions
- Risk-based Internal Audit Methodology

- Collection Process Flowchart
- Bank's Know Your Client Procedures

This committee is composed of:

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

## Risk Oversight Committee

The Board-level Risk Oversight Committee (Risk Com) is primarily responsible for the LANDBANK's Risk Management (RM) framework, policies and guidelines and ensures the alignment of RM objectives with the Bank's overall business strategies and performance goals.

The Risk Com oversees the RM program of the Bank ensuring that RM systems are in place, limits and tolerances are observed, system of limits remain effective and immediate corrective actions are taken whenever there are breaches.

The Committee is chaired by Director Jaime L. Miralles with the Finance Secretary represented by the Deputy Treasurer of the Philippines Erwin D. Sta. Ana as Vice-Chair while Director Jesus V. Hinlo Jr., Director Nancy D. Irlanda, Agriculture Secretary represented by Usec. Francisco M. Villano Jr. complete the Risk Com members for 2019. The Committee held 14 meetings with an average attendance of 76% wherein 417 regular risk reports and 42 special reports comprising of plans, programs, policies and procedures and 22 ad hoc reports were deliberated to assess and mitigate various risk such as credit risk, treasury risk, (e.g., market, interest rate and liquidity), operational risk, legal risk, people risk, information security and technology risk, etc.

Chairperson	Director Jaime L. Miralles
Vice Chairperson	DOF Secretary Carlos G. Dominguez / Treasurer Rosalia V. de Leon / Deputy Treasurer Erwin D. Sta. Ana
Members	DA Secretary William D. Dar
	Director Jesus V. Hinlo, Jr.
	Director Nancy D. Irlanda

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

1. **Credit RM**
  - Proposed Post Credit Review Policy Guidelines
  - Updated Industry Benchmarks used in Manual Credit Rating System for Countryside Financial Institution, specifically Rural Banks, Cooperative Banks, Thrift Banks, Universal Banks, Commercial Banks, Offshore Banking Units and Foreign Banks with Local Branches in the Philippines
  - Proposed Amendment to Policy on Post Credit Review
  - Presentation of Measures in Improving/ Strengthening the Bank's Collection Process
  - Policy Amendments on the Bank's Livelihood and Salary Loans
  - Single Borrower's Limit and Large Exposures
  - Computation of the Mandatory Allocation for Agriculture and Agrarian Reform Credit
2. **Treasury-related (Market, Liquidity, IRRBB, Counterparty Credit) RM**
  - Guidelines on Demand Deposit Balance Monitoring – Version 2
  - Liquidity Contingency Plan – Version 6
  - Guidelines on the Preparation of Balance Sheet Duration/Duration Gap Analysis Report– Version 2
  - Economic Value of Equity (EVE)
  - Guidelines on Monitoring Off-Market rates on Treasury Related Transactions – version 5
  - Market Risk Profile Report (MRPR)
  - Review of FVOCI Limit Structure for 2019
  - Updated Pre-Settlement Risk Weights
  - Alignment of HTC Business Model
3. **Operational RM**
  - Revisions on Business Process Risk Management Framework
  - Revisions on People Risk Management Framework
  - Revisions on Business Continuity Management Framework and General Policy (AO 33 s. 2018)
  - Legal Risk Management Framework
  - Implementing Guidelines on the Assessment of Top-Level Key Performance Indicators/ Key Risk Indicators

- Internal Procedures in Risk and Control Self-Assessment Validation
- Revisions on the Implementing Guidelines on Conduct of Business Continuity Risk Assessment
- Revised Implementing Guidelines on Conduct of Business Impact Analysis
- Prioritization of Bank's Functions
- Revised IT Systems Prioritization List
- Crisis Management Plan
- Incident Action Plan and Functional Business Continuity Plan for Field Units
- Business Continuity Management Awareness Training via LANDBANK E-Learning Access Portal
- Policy Disallowing Virtual Currency Exchange to Open Deposit Account with the Bank
- Incident Action Plan for LANDBANK Plaza (Previously Personnel and Building Action Plan)
- Business Continuity Plan of Legal Services Group
- Revised Personnel and Building Safety Plan for LANDBANK Plaza
- Business Continuity Plan of Strategic Planning Group

#### 4. **Information Security & Technology RM**

- Revised Confidentiality Agreement, Non-Disclosure Agreement, and Acceptable Use Policy Compliance Commitment Certificate
- Information Security Awareness Training Materials for Service Company Workers
- Information Technology Asset Management on System Obsolescence Monitoring
- IT Key Risk Indicators

#### 5. **Other items Approved by RISKCOM**

- Revised 2019 Plans and Programs of the Risk Management Group
- Updated Risk Management Manual

Also, as part of the continuing education of the Risk Com members, an Annual Learning Session is held to re-orient and provide updates on regulatory issuances relative to risk policies, procedures, guidelines, strategies and various operational aspects of LANDBANK. The overall 2019 performance rating of the Risk Com is 98.52% or Superior based on the parameters: Function and Responsibilities, Structure, Process and Performance.

## **Trust Committee**

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

1. Ensures that policies and procedures are in place from account opening to account administration and management up to account termination, in conformity with applicable laws, rules and regulations and prudent practices;
2. Ensures that policies and procedures that translate the Board's objectives and risk tolerance into prudent operating standards are in place and continue to be relevant, comprehensive and effective;
3. Monitors the implementation of stringent controls for the prudent management of fiduciary assets and its appropriate administration; maintaining adequate books, records and files for each account;
4. Oversees the proper implementation of the risk management framework, compliance program and internal controls to ensure that accounts are managed accordingly in different cycle of the market;
5. Adopts an appropriate organizational structure and staffing complement that will enable the Trust Business Unit to efficiently carry out its function with utmost diligence and skill; and ensures proper and continuous training for its Trust officers and personnel considering growing sophistication and complexity in trust business and changes in the financial market environment.
6. Oversees and evaluates the performance of the Trust Officer and of the Trust operations as regards business objectives and strategies, compliance and risk monitoring and management, requiring periodic reports on the different areas of responsibility;
7. Requires the review of trust and other fiduciary accounts at least once every three years or as needed depending on the nature of the account, to determine the advisability of retaining or

disposing of the trust or fiduciary assets; and whether the account is being managed in accordance with the instrument creating the trust or other fiduciary relationship. For this purpose, the Trust Committee shall meet whenever necessary and keep minutes of its actions and make periodic reports thereon to the Board;

8. Reviews reports submitted by internal and external auditors and regulatory agencies, and deliberates on major exceptions or non-compliance with existing laws, rules and regulations, policies and procedures and acts on appropriate recommendations;
9. Ensures that the Trust Banking Group (TBG) is taking appropriate measures to address all regulatory requirements under applicable laws, rules and regulations and that action plans are taken to correct reported conditions and accomplishes satisfactory disposition of findings;
10. Reviews and approves the plans and program of activities of the TBG; and,
11. Regularly reports to BOD on matters arising from fiduciary activities.
12. In particular, the Trust Com oversees the performance of the Trust Officer who is vested with the function and responsibility of managing the day-to-day fiduciary activities.

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

## Agri-Agra Social Concerns Committee

The Agri-Agra Social Concerns Committee (AASCC) is a Board-Level Committee with the following duties and functions:

1. Recommends actions on complex land transfer claim issues;
2. Recommends or resolves matters relevant to agri-agra policies of LANDBANK;
3. Monitors the implementation of agri-agra programs of LANDBANK;
4. Serves as clearing house for agri-agra programs of LANDBANK that need approval of the LANDBANK Board; and
5. Attends to other functions as may be assigned by the LANDBANK Board of Directors

Chairperson	LANDBANK President and CEO Cecilia C. Borromeo
Members	DAR Secretary John R. Castriciones / Usec. Luis Meinrado C. Pañgulayan
	DA Sec. William D. Dar/ Director. Jocelyn Alma R. Badiola
	Director Virgilio De Vera Robes
	Director Jaime L. Miralles

## Related Party Transactions Committee

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

1. To evaluate on an on-going basis, existing relations between and among business and counterparties to ensure that all Related Parties (RPs) are continuously identified, Related Party Transactions (RPTs) are monitored, and subsequent changes in relationships with counterparties (i.e., from non-related to related and vice versa) are captured;
2. To evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms to such RPs than similar transactions with non-related parties under similar circumstances;
3. To ensure that appropriate disclosure is made, and/or information provided to regulating and

supervising authorities relating to the Bank's RPT exposures, and policies on conflicts of interest or potential conflicts of interest;

4. To report quarterly to the LANDBANK Board the status and aggregate exposures to each RP as well as the total amount of exposures to all RPs;
5. To ensure that RPTs, including write-off of exposures, are subject to periodic independent review or audit process; and
6. To oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.

Chairperson	Director Nancy D. Irlanda
Vice Chairperson	Director Jaime L. Miralles
Members	Director Jesus V. Hinlo, Jr.

The Committee meets at least quarterly and held a total of seven meetings in 2019.

The RPT Com vetted 10 loan accounts, one other transaction, three procurement transactions, one HOCAD transaction and one Donation.

The LANDBANK Board approved and confirmed the following:

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

## Board Meetings and Attendance

The schedule of the meetings of the Board of Directors is agreed upon at the beginning of the year. For CY 2019, this was agreed upon during the Board meeting held on January 9, 2019. In general, there are at least two meetings scheduled per month, held on every second and fourth Wednesday of each month. As much as practicable, materials for the Board meeting are sent to the members of the Board at least three business days before the Board meeting. The Corporate Secretary from January to December 2019 was Atty. Myra-Lyn S. Peñalosa, who has been a member of the Philippine Bar since 1997. For calendar year 2019, the Board of Directors was able to meet 25 times or 100% of the scheduled meetings.

Moreover, the non-executive Directors and the Heads of Internal Audit Group, Risk Management Group, Compliance Management Group and the Resident COA Representative were able to meet separately on December 6, 2019, without the presence of the President and CEO, in compliance with the BSP and GCG requirements.



## Director's Attendance to Board and Board-Level Committee Meetings (FY 2019)

Name of Directors	Board of Directors Meeting (25 Meetings)		Audit and Compliance Committee (14 Meetings)		Risk Oversight Committee (14 Meetings)		Corporate Governance Committee (8 Meetings)		Related Party Transactions Committee (7 Meetings)		Trust Committee (6 Meetings)		Agri-Agra Social Concerns Committee (8 Meetings)	
	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%
1. <b>Carlos G. Dominguez</b> Chairman of the LBP Board	20	80.00	N/A	-	8 <sup>1/1</sup>	57.14	0 out of 1 <sup>2</sup>	0.00	N/A	-	2	33.33	N/A	-
2. <b>Cecilia C. Borromeo</b> <sup>13</sup> President and CEO	20 out of 20	100.0	N/A	-	N/A	-	N/A	-	N/A	-	5 out of 5	100.0	8	100.0
3. <b>William D. Dar</b> <sup>14</sup> Secretary, Department of Agriculture	5 out of 8	62.50	N/A	-	0 out of 5	0.00	N/A	-	N/A	-	N/A	-	0 out of 4	0.00
4. <b>Silvestre H. Bello III</b> Secretary, Department of Labor and Employment	8	32.00	N/A	-	N/A	-	2	25.00	N/A	-	2	33.33	N/A	-
5. <b>John R. Castriciones</b> Secretary, Department of Agrarian Reform	18	72.00	N/A	-	N/A	-	N/A	-	N/A	-	6	100.0	7	87.50
6. <b>Virgilio D. Robes</b> Agrarian Reform Beneficiaries Representative	25	100.0	14	100.0	9 out of 9 <sup>5</sup>	100.0	3 out of 4 <sup>6</sup>	75.00	0 out of 1 <sup>7</sup>	0.00	N/A	-	7 out of 7 <sup>8</sup>	100.0
7. <b>Jaime L. Miralles</b> Agrarian Reform Beneficiaries Representative	25	100.0	14 <sup>9</sup>	100.0	14 <sup>9</sup>	100.0	1 out of 1 <sup>10</sup>	100.0	6	85.71	N/A	-	8	100.0
8. <b>Jesus V. Hinlo, Jr.</b> Private Sector Representative	25	100.0	14	100.0	14	100.0	8	100.0	7	100.0	N/A	-	N/A	-
9. <b>Nancy D. Irlanda</b> Private Sector Representative	25	100.0	2 out of 3 <sup>11</sup>	66.66	12	85.71	8	100.0	7	100.0	4 out of 4 <sup>12</sup>	100.0	N/A	-
10. <b>Alex V. Buenaventura</b> <sup>13</sup>	4 out of 5	80.0	N/A	-	N/A	-	N/A	-	N/A	-	1 out of 1	100.0	N/A	-
11. <b>Emmanuel F. Piñol</b> <sup>14</sup>	9 out of 17	52.94	N/A	-	3 out of 9	33.33	N/A	-	N/A	-	N/A	-	0 out of 4	0.00
<b>Total Number of Meetings Held During the Year</b>														
<b>82 Meetings</b>														

<sup>1/1</sup> Deputy Treasurer Erwin D. Sta. Ana (DOF Alternate Member) was not able to attend the RISKCOM meeting dated December 04, 2019 due to a serious medical condition

<sup>1/2</sup> Chairman Carlos G. Dominguez was no longer a member of the Corporate Governance Committee effective April 11, 2019 – approved on April 11, 2019 BOD Meeting

<sup>1/3</sup> President and CEO Cecilia C. Borromeo assumed her position on March 01, 2019

<sup>1/4</sup> DA Sec. William D. Dar's term as member of the LBP Board started on August 05, 2019

<sup>1/5</sup> Dir. Robes was no longer a member of the Risk Oversight Committee effective July 16, 2019 – approved on July 16, 2019 BOD Meeting

<sup>1/6</sup> Dir. Robes was no longer a member of the Corporate Governance Committee effective January 09, 2019 – approved on January 09, 2019 BOD Meeting. Dir. Robes was designated as member of the Corporate Governance Committee effective July 16, 2019 – approved on July 16, 2019 BOD Meeting

<sup>1/7</sup> Dir. Robes was no longer a member of the Related Party Committee effective January 09, 2019 – approved on January 09, 2019 BOD Meeting

<sup>1/8</sup> Dir. Robes was designated as member of the Agri-Agra Social Concerns Committee effective April 11, 2019 – approved on April 11, 2019 BOD Meeting

<sup>1/9</sup> Dir. Miralles was not able to attend the Risk Oversight and Audit and Compliance Committee meeting dated December 04, 2019 due to Typhoon "Tisoy" that cancelled the flight back to Manila from his official travel in Cotabato, he was marked as OB for the said meetings

<sup>1/10</sup> Dir. Miralles was no longer a member of the CGCOM – approved on January 09, 2019 BOD Meeting

<sup>1/11</sup> Dir. Irlanda was no longer a member of the Audit and Compliance Committee effective April 11, 2019 – approved on April 11, 2019 BOD Meeting

<sup>1/12</sup> Dir. Irlanda was designated as member of the Trust Committee effective April 11, 2019 – approved on April 11, 2019 BOD Meeting

<sup>1/13</sup> Mr. Alex V. Buenaventura's term ended as LBP President and CEO on February 28, 2019

<sup>1/14</sup> Mr. Emmanuel F. Piñol's term ended as DA Secretary on August 04, 2019

## Changes in the Board of Directors

Ms. Cecilia C. Borromeo assumed office as LANDBANK President and CEO and member of the LANDBANK Board of Directors effective March 1, 2019, vice Mr. Alex V. Buenaventura.

Sec. William D. Dar assumed office as Ex-Officio Director effective August 5, 2019, vice Mr. Emmanuel F. Piñol.

## Performance Assessment Program for the Board of Directors

Performance evaluation of the Bank's Board of Directors is central to corporate governance. Performance rating sheets initially developed by the Institute of Corporate Directors (ICD) and continuously improved by the Corporate Governance Committee are disseminated yearly to evaluate the performance of the Board and the Board-level Committees. The results of the performance assessments are evaluated and deliberated upon annually by the Corporate Governance Committee in a duly constituted meeting.

The Bank encourages the continuous education of the Directors. One of the results of the performance evaluation is the identification of the direction of the policy for the continuing education of the Directors, in order to address certain areas of concern in the performance of the Directors, if any.

The rating scale for each item is from 1 to 5 (5 being the highest) and the total points are rated from 0% to 100% (95% - 100.00% as Superior, 85% - 94.99% as Ideal and 80% - 84.99% as Acceptable). There are 69 items in the Board rating instrument and 38 items in the Individual Rating of Board Members.

### Board Rating

This rating instrument is divided into four categories with corresponding weights.

- I. Board Functions and Responsibilities (30%)
- II. Board Structure (10%)
- III. Board Process (30%)
- IV. Board Performance (30%)

### Individual Rating of Board Members

This rating instrument is divided into five categories with corresponding weights.

- I. Competence and Independence (25%)
- II. Commitment to Corporate Governance (25%)
- III. Transparency (20%)
- IV. Audit & Risk Oversight (20%)
- V. Committee Activity (10%)

### Computation of Results:

Each item in this rating instrument is computed through the following:

- Average score per item = the sum of all the rates divided by the total number of directors
- Average score per director = the sum of all the rates per category divided by the total number of items
- Average score per category = the sum of all the average scores per director divided by the total number of directors multiplied by the percentage weight for each category

The results of the Performance Rating System of the Board and Board-level committees for CY 2018 were discussed and noted by the Corporate Governance Committee in a meeting held on May 16, 2019 (CG Com Resolution No.19-014-A to G), and it was confirmed by the Board of Directors via referendum on July 3, 2019 (Board Resolution No. 19-503).

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

## Orientation Program for New Directors

The Bank conducts an Orientation Program for new Directors. The Corporate Secretary has the following responsibilities for the Orientation Program for New Directors upon their assumption:

1. Schedules a meeting with the Board of Directors and Management;
2. Conducts a two-day orientation program to give an oversight of the Bank, Allowances, Benefits and Incentives of the Directors and their roles as members of the Board-level Committees; and
3. Provides documents such as the LANDBANK Quick Guide for Ex-Officio Directors and the BSP Requirements pursuant to Section 137 of the MORB.

## Stockholder:

The LANDBANK is wholly owned by the National Government.

## Retirement Age:

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

## Term of Office of Board of Directors:

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

## Compensation of the LANDBANK Board of Directors

The current Allowances, Benefits and Incentives (ABI) are governed by the guidelines released by regulatory agencies and adopted by the Bank's Board.

The ABIs of the LANDBANK Board are guided by EO No. 24, series of 2011 "Prescribing Rules to Govern the Compensation of Members of the Board of Directors/Trustees in GOCCs including GFIs", issued by then President Benigno Aquino III, and by GOCC Circulars (1) MC2016-01-Compensation Framework for GOCC Governing Boards and (2) Reissued MC 2012-02-Revised Interim Rules on Per Diem and other entitlements of Members of the Governing Boards of GOCCs covered by RA No.10149.

The Bank's Corporate Secretary oversees the implementation of the ABIs of LANDBANK's appointive Directors. The Director's attendance and actual performance in their chosen committees are reported on a regular basis to the Bank's Board.

## LANDBANK'S OVERARCHING POLICY AND PROCEDURES FOR MANAGING RELATED PARTY TRANSACTIONS (RPTs)

Related Party Transactions (RPTs) are transactions or dealings with Related Party (RPs) of the Bank, including its trust department, regardless of whether or not a price is charged. It covers all types of transactions (on-and off-balance sheet transactions) with DOSRI and their Closed Family Members (CFMs) or juridical entity.

At LANDBANK, RPTs are allowed provided these are done on an arm's length basis to avoid abuses disadvantageous to the Bank and ensure that RPTs are handled in a prudent manner with integrity. The LANDBANK Board exercises rigorous and appropriate overall governance and controls on RPTs by issuing Board-approved policies.

## Board of Directors' Duties and Responsibilities

The Board of Directors shall have the overall responsibility in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interest of depositors, creditors and other stakeholders. Towards this end, the board of directors shall carry out the following duties and responsibilities:

1. To observe good governance and approve an overarching policy on the handling of RPTs to ensure that there is effective compliance with existing laws;
2. To approve all material RPTs, including those that cross the materiality threshold, write-off of material exposures to related parties, and renewal or material changes in the terms and conditions of RPTs;
3. Delegate to Management Committee the vetting of non-material RPTs and confirm all non-material RPTs vetted in accordance with the CASA as presented by the RPTCom. ManCom minutes shall articulate the discussions on RPT;
4. Direct Management to establish an effective system to:
  - a. Direct, identify and monitor RPs and RPTs;
  - b. Continuously review and evaluate existing relationship between and among businesses and counterparties; and
  - c. Identify, measure, monitor and control risks arising from RPTs;
5. Maintain adequate capital against risks associated with exposures to RPs;
6. Oversee the integrity, and effective implementation of the Bank's whistleblowing policy; and
7. Constitute an RPT Committee and provide adequate resources to said Committee, including the authority to procure the assistance of independent experts, if necessary, to assess the fairness of RPTs.

The LANDBANK Board of Directors assumes certain responsibilities to the Bank's various stakeholders – the Bank itself, its stockholder, the National Government; its clients, its management and employees, the regulators, the deposit insurer and the public at large.

## Material Related Party Transactions (with individual and aggregate amount of exposures) for the year 2019

Name of Counterparty	Relationship	Date Granted	Type of Transaction	Terms	Amount	Outstanding Balance as of 31 Dec. 2019
Development Bank of the Philippines	Common Stockholder of DBP and LANDBANK is the National Government	08-Jan-19	<ul style="list-style-type: none"> <li>Establishment of Php200 Million Money Market Line (MML); and</li> <li>Establishment of Php106 Million Foreign Currency Line</li> </ul>	No Preferential Terms	**	**
Power Sector Assets and Liabilities Management Corporation (PSALM)*	GOCC - (Exempted from review/approval as Related Party since the loan implementation is subject to the issuance of the Monetary Board Opinion.)	27-Feb-19	<ul style="list-style-type: none"> <li>LANDBANK's Participation of up to US\$100.0 Million in the US\$1.10 Billion Syndicated Term Loan Facility;</li> <li>To Allow a Minimum Spread of 0.70% Instead of 2.50% per annum required for accounts rated as "Satisfactory"; and</li> <li>Exemption from the Bank's Terms and Conditions for FCDU Loans and Term Loans (Credit Manual) and Standard Fees and Charges (CPI 2006-009)</li> </ul>	No Preferential Terms	Php5,124,000,000.00	Php71,826,000,000.00
Philippine Guaranty Corporation (previously (PhilEXIM)*)	GOCC - (Exempted from review/approval as Related Party since the loan implementation is subject to the issuance of the Monetary Board Opinion.)	27-Mar-19	Seventh 180-Day Extension of Availability End Date (AED) of the Approved P1,950.0 Million Short Term Loan Line and P150.0 Million Domestic Bills Purchase Line From 31 March 2019 to 30 September 2019	No Preferential Terms	Php2,100,000,000.00	Php733,055,625.00
LGU Rosario Cavite	<ul style="list-style-type: none"> <li>Other persons/s or juridical entity/ies whose interests may pose potential conflict with the interest of the Bank</li> <li>Depositor of LBP-CEZ Rosario Branch for General Funds/SEF/Trust Fund with ADB of Php 143,802,058.27 as of 23 January 2019</li> <li>Loan client of LBP Cavite Lending Center for construction of new municipal building to be constructed this year.</li> </ul>	06-Feb-19	<ul style="list-style-type: none"> <li>Approval of the Transfer of Rights between PIMSAT Colleges, Inc. (PIMSAT) to LGU Rosario, Cavite (LGU)</li> <li>Refund of the 10% deposit of PIMSAT Colleges, Inc. (net of real estate taxes and other expenses from date of previous approval of sale up to the receipt of payment of 10% offered price of LGU)</li> </ul>	No Preferential Terms	Php36,350,000.00	N/A
Light Rail Transit Authority (LRTA)*	GOCC - (Exempted from vetting as Related Party since the loan implementation is subject to the issuance of the Monetary Board Opinion.)	27-Apr-19	First 180-day extension of Availability End Date (AED) of various credit lines of LRTA in the total amount of Php5,500.00 Million (Short Term Loan Line); and Letter of Credit/Trust Receipt Line (LC/TR) from 30 April 2019 to 27 October 2019	No Preferential Terms	Php5,500,000,000.00	No outstanding balance
LANDBANK Countryside Development Foundation, Inc. (LCDFI)	Subsidiary	11-Apr-19	Donation to LCDFI in the Amount of Php26,000,000.00 which will finance the programs and projects of the Foundation for CY 2019, intended for the LBP's priority beneficiaries.	No Preferential Terms	Php26,000,000.00	N/A

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## Material Related Party Transactions (with individual and aggregate amount of exposures) for the year 2019

Name of Counterparty	Relationship	Date Granted	Type of Transaction	Terms	Amount	Outstanding Balance as of 31 Dec. 2019
Alcantara Group of Accounts	<p>Ms. Rosvida A. Dominguez is married to Mr. Paul Dominguez, brother of the LANDBANK Chairman of the Board, Sec. Carlos G. Dominguez III. Hence, they are related within the second degree of affinity. Ms. Dominguez owns:</p> <ul style="list-style-type: none"> <li>Sarangani Cattle Co., Inc. - 26.00%</li> <li>Alsons Corporation – 25.00%</li> <li>Alsons Corporation owns: <ul style="list-style-type: none"> <li>Alsons Aquaculture Corporation (AAC) – 100.00%</li> <li>Finfish Hatcheries, Inc. (FHI) - 59.99%</li> </ul> </li> </ul>	08-Jan-19	<p>SARANGANI CATTLE COMPANY, INC. (SCCI)</p> <ul style="list-style-type: none"> <li>Renewal with increase of its Short Term Loan Line from Php30 Million to Php100 Million;</li> <li>Renewal without change of its Php5 Million Domestic Bills Purchase Line; and</li> <li>Establishment of Php100 Million Term Loan (General Corporate Purpose)</li> </ul> <p>ALSONS AQUACULTURE CORPORATION (AAC)</p> <ul style="list-style-type: none"> <li>Renewal without change of its Php50 Million Short Term Loan Line;</li> <li>Cancellation of its Php100 Million Export Packing Credit Line/ Export Bills Purchase Line; and</li> <li>Renewal without change of its Php25 Million Domestic Bills Purchase Line</li> </ul> <p>FINFISH HATCHERIES, INC. (FHI)</p> <ul style="list-style-type: none"> <li>Establishment of Php75 Million Short Term Loan Line</li> <li>Establishment of Php25 Million Domestic Bills Purchase Line</li> <li>Establishment of Php300 Million Term Loan (Permanent Working Capital)</li> </ul>	<p>For AAC and FHI</p> <ul style="list-style-type: none"> <li>To allow a minimum spread of 1.00% for AAC instead of 1.50% for accounts rated as "Good", and a minimum spread of 0.50% for FHI instead of 1.00% for accounts rated as "High Grade" with a floor rate of 4.25% for both accounts; and</li> <li>To allow a term of seven (7) years for Permanent Working Capital for FHI.</li> </ul> <p>For AAC</p> <ul style="list-style-type: none"> <li>Submission of updated General Information Sheet (GIS) duly-filed with the Securities and Exchange Commission (SEC) showing the increase in paid-up capital within term (10) months from date of loan approval.</li> </ul> <p>For FHI</p> <ul style="list-style-type: none"> <li>Prior to loan release, a new mortgage equivalent to Php75 Million shall be annotated on the real estate collateral which shall secure the total obligations of the Borrower.</li> </ul>	***	***

## Material Related Party Transactions (with individual and aggregate amount of exposures) for the year 2019

Name of Counterparty	Relationship	Date Granted	Type of Transaction	Terms	Amount	Outstanding Balance as of 31 Dec. 2019
LBP Leasing and Finance Corporation (LLFC)	Subsidiary	08-May-19	First 180-day extension of AED of the previously approved credit lines from 30 April 2019 to 31 October 2019	No Preferential Terms	****	****
Small Business Corporation (SB Corp.)	GOCC - (Exempted from vetting as Related Party since the loan implementation is subject to the issuance of the Monetary Board Opinion.)	11-Sep-19	<ul style="list-style-type: none"> <li>• Renewal without change of Php500 Million Short Term Loan Line; and</li> <li>• Cancellation of Php500 Million Domestic Bills Purchase Line</li> </ul>	No Preferential Terms	Php500,000,000.00	No outstanding balance
Philippine Guaranty Corporation (previously PhilEXIM)*	GOCC - (Exempted from vetting as Related Party since the loan implementation is subject to the issuance of the Monetary Board Opinion.)	26-Sep-19	<ul style="list-style-type: none"> <li>• Eight 180-Day Extension of Availability End Date of the Approved P1,950 M Short Term Loan Line and P150.0 M Domestic Bills Purchase Line from 30 September 2019 to 31 March 2020</li> <li>• To Allow Accommodation of 0.5% Minimum Spread Instead of 3% for Accounts Rated as Watchlist per CPI 2018-008w</li> </ul>	No Preferential Terms	*****	*****
National Home Mortgage Finance Corporation (NHMFC) [Seller]/ Development Bank of the Philippines (Administrator of the Special Purpose Trust/ Issuer of the Notes)	GOCC - (Exempted from vetting as Related Party since the loan implementation is subject to the issuance of the Monetary Board Opinion.)	26-Sep-19	To underwrite up to Php175 Million Senior Notes in NHMFC's proposed issuance of up to Php270.25 Million Residential Mortgage-backed securities of low-cost and socialized housing loans (Building Adequate Livable Affordable and Inclusive Filipino Communities (BALAI) Bonds 1)	No Preferential Terms	Php253,000,000.00	N/A
Overseas Filipino Bank (OFBank)	Subsidiary of LANDBANK and the Board of Directors of OFBank includes senior officers of LANDBANK, as follows:  LANDBANK OFFICER POSITION IN OFBANK'S BOD  Pres. Cecilia C. Borrromeo, Chairman  EVP Julio D. Climaco, Jr., Member  EVP Liduvino S. Geron, Member  EVP Alan V. Bornas, Member  FVP Noel B. Marquez, Member	14-Aug-19	Reintatement of Php1,000,000,000.00 Money Market Line (MML) I	No Preferential Terms	*****	*****

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## Material Related Party Transactions (with individual and aggregate amount of exposures) for the year 2019

Name of Counterparty	Relationship	Date Granted	Type of Transaction	Terms	Amount	Outstanding Balance as of 31 Dec. 2019
LBP Resources and Development Corp.	Subsidiary	10-Sep-19	Outsourcing of Manpower Services for the Deployment of 1,000 Service Company Workers (SCWs) in Various Bank Units	No Preferential Terms	Php325,928,513.40	N/A
LBP Resources and Development Corp.	Subsidiary	26-Sep-19	Award of Contract for One Year Services of 520 Utility Workers/ Messengers at LANDBANK Field Units for the period of January 1, 2019 to December 31, 2019	No Preferential Terms	Php132,613,025.77	N/A
LBP Resources and Development Corp.	Subsidiary	26-Sep-19	Award of Contract for One Year Building Maintenance and Janitorial Services for LANDBANK Headquarters and Satellite Offices including Supply of Bank-Prescribed Sanitizing Agents and Consumables	No Preferential Terms	Php96,631,218.81	N/A
LBP Leasing and Finance Corporation	Subsidiary/DOSRI	15-Oct-19 (ILC Approval) 23-Oct-19 (RPT Com Vetting/ Approval)	<ul style="list-style-type: none"> <li>Renewal without change of its Php1,500.00 Million Short Term Loan Line</li> <li>Renewal without change of its Php200 Million Domestic Bills Purchase Line;</li> <li>Renewal without change of its Php300 Million Letter of Credit/ Trust Receipt Line (LC/TR) (usable as Standby LC); and</li> <li>Establishment of Php800 Million Term Loan (TL) IV</li> </ul>	No Preferential Terms	Php3,279,820,000.00	Php1,129,548,454.53
LBP Leasing and Finance Corporation*	Subsidiary/DOSRI	15-Oct-19 (ILC Approval) 23-Oct-19 (RPT Com Vetting/ Approval)	Second 180-day extension of Availability End Date (AED) of the previously approved credit lines from 31 October 2019 to 28 April 2020.	No Preferential Terms	****	****
Overseas Filipino Bank*	Subsidiary	21-Oct-2019 (ALCO Approval) 23-Oct-19 (RPT Com Vetting/ Approval)	2.00% interest rate for LANDBANK's Php1 Billion Deposit Placement with OFBank with a tenor of 60 days	Existing deposit placement's Terms and Conditions:  Volume of Placement: Php1 Billion Interest Rate: 4.50% Tenor: 60 days Date of Placement: 12 September 2019 Maturity: 11 November 2019	Php1,000,000,000.00	N/A
Development Bank of the Philippines	DOSRI – Government Financial Institution	12-Nov-19 (ILC Approval) 13-Nov-19 (RPT Com Vetting/ Approval)	<ul style="list-style-type: none"> <li>Renewal with increase of its Money Market Line</li> <li>Renewal of its Foreign Currency Line</li> <li>Establishment of its Peso Trust Placement Line</li> <li>Establishment of its Dollar Trust Placement Line</li> </ul>	No Preferential Terms	Php5,556,000,000.00	No outstanding balance



**Material Related Party Transactions  
(with individual and aggregate amount of exposures)  
for the year 2019**

Name of Counterparty	Relationship	Date Granted	Type of Transaction	Terms	Amount	Outstanding Balance as of 31 Dec. 2019
Overseas Filipino Bank	Subsidiary of LANDBANK and the Board of Directors of OFBank includes senior officers of LANDBANK, as follows: 1) Pres. Cecilia C. Borromeo 2) EVP Julio D. Climaco, Jr. 3) EVP Liduvino S. Geron 4) EVP Alan V. Bornas	25-Nov-19 (RPT Com Vetting/ Approval)	Renewal with increase of its Money Market Line	No Preferential Terms	Php2,000,000,000.00	Php2,000,000,000.00
Overseas Filipino Bank	Subsidiary	28-Oct-19 (ManCom Approval)  25-Nov-19 (RPT Com Vetting/ Approval)	Transfer of loan-related accounts to LANDBANK at face amount as follows:  1) Commercial, and salary (excluding current)  - Principal = Php3,461,964,299.52  - Accrued Interest Receivable = Php38,564,250.54  2) Sales Contract Receivable = Php18,757,620.66  3) ROPA = Php387,450,456.58  Php3,906,736,627.30  Valuation Reserve = (908,193,028.06)  Net Amount to be Settled = 2,998,543,599.24	No Preferential Terms	Php2,998,543,599.24	N/A
Alcantara Group of Accounts	Ms. Rosvida A. Dominguez is married to Mr. Paul Dominguez, brother of the LBP Chairman of the Board, Sec. Carlos G. Dominguez III. Hence, they are related within the second degree of affinity. Ms. Dominguez owns:  • SCCI - 26.00% • Alsons Corp. – 25.00% • Alsons Corporation owns: • Alsons Aquaculture Corporation (AAC) – 100.00% • Finfish Hatcheries, Inc. (FHI) - 60%	30-Oct-19 (CreCom Approval)  25-Nov-19 (RPT Com Vetting/ Approval)	SARANGANI CATTLE COMPANY, INC. (SCCI) • Renewal with increase of its Short Term Loan Line (STLL) from Php100 Million to Php150 Million; and • Renewal without change of its Php5 Million Domestic Bills Purchase Line (DBPL)  ALSONS AQUACULTURE CORPORATION (AAC) • Renewal without change of its Php50 Million STLL; and • Renewal without change of its Php25 Million DBPL  FINFISH HATCHERIES, INC. (FHI) • Renewal without change of its Php75 Million STLL; and • Renewal without change of its Php25 Million DBPL	No Preferential Terms	Php730,000,000.00	Php105,000,000.00
Overseas Filipino Bank (Deposit Placement)	Subsidiary	19-Nov-19 (ILC Approval)  25-Nov-19 (RPT Com Vetting/ Approval)	2.00% interest rate for LANDBANK's Php2 Billion Deposit Placement with OFBank to mature in 31 August 2020.	Existing deposit placement's Terms and Conditions:  Volume of Placement: Php1 Billion Interest Rate: 2.00%	Php1,000,000,000.00	N/A

# INSTITUTIONAL VIABILITY

## Material Related Party Transactions (with individual and aggregate amount of exposures) for the year 2019

Name of Counterparty	Relationship	Date Granted	Type of Transaction	Terms	Amount	Outstanding Balance as of 31 Dec. 2019
Philippine Health Insurance Corporation*	GOCC - (Exempted from vetting as Related Party since the loan implementation is subject to the issuance of the Monetary Board Opinion.)	25-Nov-19 (Board Approval)	<ul style="list-style-type: none"> <li>Renewal without change of its Php4.0 Billion DBPL</li> <li>Extension of the Availability End Date of the existing line for up to 180 days from 27 November 2019 to 25 May 2020; and</li> <li>To allow exemption from Credit Policy Issuance No. 2019-002: Availability End Date and Expiry Date of Short Term Loan Line for a tenor of two years instead of one year</li> </ul>	No Preferential Terms	Php4,000,000,000.00	No outstanding Balance

\* This is considered as DOSRI and subject to DOSRI Rules.

\*\*Php5,556 Million is the total exposure of the Bank with Development Bank of the Philippines

\*\*\*Php730 Million is the total exposure of the Bank with ALCANTARA GROUP OF ACCTS as of 31 December 2019

\*\*\*\*Php3,279.82 Million is the total exposure of the Bank with LBP LEASING

\*\*\*\*\*Php2,100.00 Million existing total exposure of the Bank with Philippine Guaranty Corporation (previously PhilEXIM)

\*\*\*\*\*Php2,000.00 Million is the total exposure and outstanding balance of the Bank with OFBank

## List of Material Related Party Transactions (Off-Balance Sheet Commitment) as of December 31, 2019

Parent Bank/ QB and Subsidiary/ Affiliate	Name of Counterparty	Relationship Between Parties	Transaction Date	Type of Transaction	Approved Amount	Commitment Others-Outstanding Balance
	Italpinas Development Corporation	IDC's independent Director, Mr. Rafael Dominquez, holding 10,000 shares of the Company with a par value of Php 0.50 or Php 5,000.00 is the son of DOF Secretary and LANDBANK Chairman of the Board, Mr. Carlos Dominguez and related within the first degree of consanguinity.	27-Feb-18	Request for seven year term loan facility	Php420.00 Million	Php326.10 Million

# Units Under the Board of Directors

Sound corporate governance is one of the pillars of LANDBANK operations. Apart from steering the organization towards the achievement of institutional goals, the Board of Directors, assisted by units under it, ensure that internal controls are in place, significant issues are addressed and improvements are continuous.

## Internal Audit Group

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

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

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

As provided for in the IAG Charter, with strict accountability for confidentiality and safeguarding records and information, IAG is authorized to have

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

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

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

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

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

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

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

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

The AC Com held 15 meetings in 2019 with an average attendance of 94.79%.

The Committee is composed of the following:

- Dir. Atty. Jesus V. Hinlo, Jr. (Chairman)
- Dir. Atty. Jaime L. Miralles (Vice Chairman)
- Dir. Virgilio DV. Robes (Member)
- Dir. Nancy D. Irlanda (Member until April 10, 2019)

In 2019, the IAG completed a total of 522 audit engagements or 124% of its target composed of 507 business units, application systems, and processes

including ICAAP validation, risk measurement model validation, outsourced systems, and system development advisory while the remaining 15 comprise the audit of non-System Development Life Cycle projects, Eurogiro, Business Continuity Management Plan, Information Security Program, Related Party Transactions, and IT Drills. The IAG also performed confirmation of private deposit accounts. The IAG actively participated in the closure of 25 Overseas Filipino Bank branches and the eventual transfer of assets and liabilities to LANDBANK.

Enhancements to the Audit Command Language scripts, policies, and other audit tools were also undertaken by IAG to ensure the high quality of audit and to adapt to the complex and dynamic changes in the organizational environment.

The IAG also serves as the Secretariat to the Board-level Audit and Compliance Committee and to the management-level Accountability Assessment Committee.

For 2020, IAG shall continue to conduct risk-based internal audit of various business units, IT systems and processes, risk models/ICAAP document validation. Also included in the IAG's major plans and programs for 2020 are the use of big data through data analytics, conduct of continuous auditing via Enterprise Fraud Management System, conduct of desk audit, and implementation of limited and focused scope audit. These initiatives are strategies of IAG to continue the value-adding services in response to the growing network of the Bank. IAG also hopes to acquire and implement an Audit Management System within a Governance, Risk, and Compliance System, which aims to automate the audit planning, fieldwork reporting, and monitoring of audit resources and findings, and to provide valuable inputs to the Compliance Management Group and Risk Management Group for the governance, risk, and compliance convergence.

### **Risk Management Group**

The Risk Management Group (RMG) is an independent unit that performs the oversight function for all major risk areas of the Bank: credit, market, liquidity, operational, IT risk, information security, and consumer protection, among others. RMG is administratively under the President and CEO but functionally reports to the Risk Oversight Committee.

RMG has seven Bank Units namely, (1) Business Risk Management Department, (2) Credit Risk Management Department, (3) Treasury Risk Management Department, (4) Enterprise Risk Management Office, (5) Information Security and Technology Risk Management Office, (6) Credit Policy Formulation and Review Unit, and (7) Investment and Loan Committee Secretariat and Support Unit.

Aside from the managing risks for the Bank, RMG also performs risk assessment functions for the Bank's subsidiaries and ably supports the Bank's Steering Committee for the Internal Capital Adequacy and Assessment Process (ICAAP) by providing assistance in the preparation of the annual ICAAP and Recovery Plan Document submitted to the BSP. It spearheads the development and enhancement of the ICAAP and Recovery Plan framework utilizing stress testing tools and scenario analysis.

In 2019, RMG started the initiative of establishing models related to advance internal model approaches for operational risk capital calculation.

## Trust Banking Group

In 2019, the LANDBANK Trust Banking Group (TBG) was able to maintain its Asset Under Management (AUM) level amounting to PhP319Bn, as well as its 5th spot in the Trust Banking Industry. It also achieved 124% of its 2019 net income target. In order to strengthen its compliance and risk management practices, TBG has migrated to its new Trust Banking System. The new system allows TBG to proactively monitor and manage all risks related to trust operations which would ultimately redound to the benefit of its clients.

In its effort to provide convenience to its retail clients, TBG launched the Unit Investment Trust Fund Auto-Invest facility. This allows UITF clients to automatically contribute to their existing UITF account by authorizing TBG to debit their nominated LANDBANK deposit account and purchase units on a regular basis.

Meanwhile, TBG started to adopt in 2019 a new financial reporting for financial instruments of its trust funds and other managed funds from Philippine Accounting Standards (PAS 39) to PFRS 9, in compliance with the requirements of BSP Circular No. 1023.

## Future Plans/Targets/Objective

For 2020, TBG sees a sustained growth in its income as it plans to roll-out the following plans and programs that will enhance customer service and improve operational efficiencies.

In the area of enhancing customer service and internal processes, TBG will also implement its electronic Financial Reporting to provide better customer experience, increase TBG's efficiency in reporting to clients and regulators, and support the Bank's efforts to minimize the cost of doing business. In 2020, TBG also plans to launch its Bangko Sentral Registration Document (BSRD) service, which will provide non-resident investors the facility to register their peso-denominated portfolio investments as required under BSP regulations.

## Compliance Management Group

The Compliance Management Group (CMG) oversees the implementation of the Bank's Compliance Risk Management System which is designed to identify and mitigate risks which may erode the franchise value of the Bank such as risks of regulatory sanctions, material financial loss or loss to reputation the Bank may suffer as a result of its failure to comply with laws, rules, related self-regulatory organization standards, and codes of conduct applicable to its activities.

Said risk may also arise from failure to manage conflict of interest, treat customers fairly, or effectively manage risks arising from money laundering and terrorist financial activities.

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

## Units Under the Office of the President and CEO

The LANDBANK President and CEO performs overall supervision of the Bank's five Sectors to wit: (1) Agricultural and Development Lending Sector, (2) Branch Banking Sector, (3) Corporate Services

Sector, (4) Operations Sector, and (5) Treasury and Investment Banking Sector.

Moreover, five Bank Units directly report to the President and CEO as follows: (1) Strategic Planning Group; (2) Agrarian Services Group; (3) Legal Services Group; (4) Security Department; and (5) Systems and Methods Department (effective October 1, 2019).

## Agrarian Services Group

In support of the Bank's mandate to provide critical services and other forms of assistance to help promote the country's agrarian reform program designed to uplift the economic status especially of the agrarian reform beneficiaries, the Agrarian Services Group is tasked to perform the following functions:

### Land Transfer Claim Processing

Processing, valuation/ revaluation/adjustment and approval of land transfer claims involving compensable private agricultural lands covered by the various agrarian reform laws, to wit:

Presidential Decree (PD) No. 27	Decreeing the Emancipation of Tenants from the Bondage of the Soil, Transferring to them the Ownership of the Land They Till and Providing the Instruments and Mechanisms Therefor
Executive Order (EO) No. 228	Declaring Full Land Ownership to Qualified Farmer Beneficiaries Covered by PD No. 27, Determining the Value of Remaining Unvalued Rice and Corn Lands, and Providing the Manner of Payment by the Farmer Beneficiary and Mode of Compensation to the Landowner
Republic Act (RA) No. 6657	Comprehensive Agrarian Reform Law of 1988
Republic Act (RA) No. 9700	An Act Strengthening the Comprehensive Agrarian Reform Program (CARP), Extending the Acquisition and Distribution of all Agricultural Lands, Instituting Necessary Reforms, Amending for the Purpose Certain Provisions of RA No. 6657, otherwise known as the Comprehensive Agrarian Reform Law of 1988, as Amended.

## Land Transfer Payment

Processing, preparation and approval of payment to landowners for land transfer claims in the form of cash and Agrarian Reform (AR) Bonds generated by LANDBANK.

## Bond Servicing Transactions

- Bond Maturities and Interest Payment**

Processing, approval and payment of maturities and interest due the bondholders of AR Bonds and 25-Year LANDBANK Bonds

For AR Bonds, 10% of the face value of the bond matures every year up to the 10th year. Payment of interest is based on the outstanding principal balance of the AR Bond at rates aligned with the 91-day Treasury Bill rates, every six (6) months from date of issue until the tenth year.

For 25-Year LANDBANK Bonds, full redemption/ payment at face value of the bond is made on its maturity date, including accrued interest computed at 6% per annum, tax free.

- Bond Transfer, Conversion, Exchange and Replacement**

Processing, approval and issuance of new replacement bonds upon request of the bondholder for the following bond transactions:

Assignment – transferring an inscribed or bearer bond to named assignee/s  
 Conversion – changing of an inscribed bond to a bearer bond or vice-versa  
 Exchange – issuing one bond by consolidating two or more bonds or vice-versa  
 Replacement – issuing a new bond in lieu of lost/ destroyed/mutilated bond

- Issuance of Certification of Outstanding AR Bond**

Certification that the AR Bond is still outstanding and is not among those included in the List of Bonds with adverse claims.

- Bond Sale and Marketing**

Assistance to original bondholders in the marketing of their AR Bonds by offering the same for sale to interested buyers as a risk-free investment instrument

Buyers may be banks, insurance companies, foreign corporations or private individuals who may purchase AR Bonds for any of the following reasons:

- ✓ Alternative mode of compliance by banks with Agri-Agra Law (RA 10000)
- ✓ Security deposit of foreign corporations with the Securities and Exchange Commission (SEC)
- ✓ Capital and/or reserve of insurance companies as required by the Insurance Commission (IC)
- ✓ Investment instrument/s

### Special Lending Window for Bondholders (Multi-Purpose Loan)

Facilitating the indorsement of original bondholders for credit assistance or special lending program available with different lending units of LANDBANK for various business activities using as collateral the AR Bond or sale proceeds therefrom

### Assistance to ARBs

- **Issuance of Certificate of Full Payment with Release of Real Estate Mortgage (CFP/ROREM)**

The CFP/ROREM is automatically generated by the system one day after the ARB fully pays his land amortizations to LANDBANK. It is signed by the authorized signatories in the Agrarian Operations Centers (AOCs) and duly notarized by the LANDBANK field lawyer. Subject to presentation of documents by the ARB or his/her duly authorized representative, the CFP/ROREM is available for release not later than three (3) working days from the time the document is generated from the system.

- **Moratorium in the Payment of ARR Accounts**

ARBs are obliged to pay their annual amortizations for the lands awarded to them under the agrarian reform program. However, if a farmlot suffered substantial reduction or low production due to the occurrence of natural and man-made calamities, the affected ARB may be granted relief in terms of moratorium in the payment of land amortizations.

- **Estate Development Planning**

To improve ARB productivity through estate

development planning, LANDBANK is involved in the institutional development of its mandated clients. This includes provision of technical assistance on property valuation to augment credit programs or non-loan programs involving ARBs, provision of professional advice and/or recommendation on the acquisition of post-harvest facility, enhancement of agricultural practices, preservation/ utilization/improvement of agricultural lands, and the conception, planning, management and development of agricultural/farming real estates.

- **Automated Collection of Land Amortizations from ARBs**

The Portable Agrarian Reform Collection System (PARCS) is a custom-designed solution which shifted the manual collection of land amortizations into an automated system through the use of mobile devices.

- **SMS Payment Notification to ARBs**

This is an enhancement of the PARCS wherein the ARBs receive text messages acknowledging the receipt of their land amortization payments through PARCS. It allows DAR and LANDBANK to interact with ARBs in a cost-effective and timely manner. This is a marketing tool on future collaborations for support services to ARBs.

### Agricultural and Development Lending Sector

The Agricultural and Development Lending Sector (ADLS) handles the Bank's core function on lending to the country's various economic sectors with special focus given to its mandated and other priority sectors. ADLS was headed by EVP Joselito Gutierrez until he was posted as head of the Branch Banking Sector on October 1, 2019. He was replaced by EVP Liduvino S. Geron who was the former head of the Branch Banking Sector.

In 2019, driven by the National Government directive to intensify its lending to the agriculture sector, LANDBANK relentlessly pursued the implementation of innovative lending programs for securing broad-based growth and sustainable progress of the country in recognition of agriculture, as a top priority sector, especially for the unbanked and underserved areas of the country. The Sector achieved for the Bank a 4.6% growth in its regular loan portfolio of P835.75 Billion from last year's P799.2 Billion. The

## INSTITUTIONAL VIABILITY

Bank remained focused in providing Loans to its Priority Sectors with P777.09 Billion or an increase of 5.8% from P734.3 Billion in 2018.

The Loans to the Priority Sectors largely comprised the Bank's intensified support to the agriculture sector to include the mandated sector such as small farmers and small farmers, including Agrarian Reform Beneficiaries and their associations, as well as small fishers and their associations. The Bank also extended loans to private enterprises engaged in agri-business, aqua-business, and other related industries involved in the food and agri value chain as well as agri-aqua projects and other developmental projects of LGUs and GOCCs. Other priority loans were channeled to sectors supporting the National Government Priority Programs composed of micro, small and medium enterprises and large corporations committed in agri-business, aqua-business, and other agri-related industries, housing, education, utilities, transportation and communication, health care, tourism and environment-related projects. In support of poverty alleviation, the Bank reached out to the unbanked and underserved areas of the country by providing financial assistance to the country's 20 poorest provinces.

The expansion in loans for the agriculture sector and other priority sectors of the Bank was achieved with the efficient and timely delivery of the Bank's loan products and services throughout the country. During the year, ADLS reinforced its internal organization to meet the clients' growing demands and requirements for the Bank's services. Providing lending support were 46 Lending Centers (LCs) strategically located in the key provinces of the country. There were two new LCs – Quirino Lending Center and Lanao (Iligan City) Lending Center created to augment lending operations in the said provinces. At the Head Office in Manila, there were nine Lending Units that catered to different segments such as big-ticket accounts under corporate lending, retail and mortgage lending.

For greater efficiency and control, all 46 LCs are clustered by major island groupings namely, North and Central Luzon, Southern Luzon, Visayas and Mindanao. For the Head Office-based Lending Units, these are grouped into Corporate Banking and Retail and Mid-Market Lending. The Corporate Banking Group is comprised of the Corporate Banking Department I and the Corporate Banking Department II which both handle large corporates; the Public Sector Department for government accounts; the Financial Institutions Department for financial institutions and rural banks; and the Microfinance

Institutions Department for cooperatives in the National Capital Region (NCR).

As regards the Bank's retail and mortgage banking segment, the Retail and Mid-Market Lending Group is tasked to oversee the administration, supervision, monitoring and management of housing and other mortgage loans, Sales Contract Receivables, small and medium enterprises including salary loans and OFW loans in the NCR.

The ADLS is ably supported by the Lending Program Management Group which packages and monitors the Bank's various lending programs and facilities as well as sources domestic and foreign funds to augment funding. Loan recovery and past due loan management for Head Office-based Lending Units is being handled by the Loan Recovery Department while the Special Assets Department takes charge of the management and disposal of ROPAs acquired by all Lending Units of the Bank. The Lending Support Department, on the other hand, acts as the administrative and backroom support for the whole ADLS.

On the Sector's plans and programs for 2020, ADLS is tasked primarily to achieve intensified lending to agriculture with P265 Billion in loans and P551 Billion supporting other government programs, and to assist a total of two Million farmers and fishers by end of 2020.

To achieve this, the Sector will pursue four main programs in support of institutional goals and business targets, namely: (1) increasing loans to agriculture by establishing eight additional LCs and strengthening complementation with other Bank units; pursuing value chain approach to include uncontested areas and Agrarian Reform Communities; and strengthening alliance with line agencies and local government units (LGUs); (2) pursuing operational efficiency in lending by rationalizing lending programs, processes and requirements; and using automation in the delivery of lending services to small farmers; (3) capacity building by collaborating with LCDFI for training and capacity building requirements of existing and potential clients; partnering with cooperatives' federations and agri-stakeholders in linking programs; coordinating with other agencies that provide trainings for cooperatives and farmers; and conducting annual retooling for Account Officers and Account Assistants; and (4) improving loan portfolio quality by revisiting Key Results Areas (KRAs); improving business processes to address gaps in



lending; retooling of Account Officers and LC staff in the fundamentals of credits; and fast tracking the conduct and implementation of remedial measures.

To ensure the success of the abovementioned programs, EVP Geron tapped the expertise of the ADLS Group Heads and assigned each with critical action agenda focusing on the increasing agricultural loans with strong complementation with other Bank Units, rationalization of lending programs and requirements, automation for small farmers lending services, annual retooling for account officers/assistants, revisiting KRAs, business process improvements, and fast tracking the implementation of remedial measures.

## Branch Banking Sector

The Branch Banking Sector handles branch operations, deposit-generation and deposit-related services and the various electronic banking channels of LANDBANK. EVP Liduvino S. Geron headed the Sector prior to his designation as Head of ADLS. EVP Joselito P. Gutierrez took over the reins effective October 1, 2019 until his retirement on December 31, 2019. EVP Julio D. Climaco, Jr. is its incumbent head.

The year 2019 continued to be a year of growth, expansion and innovation. The Bank's total deposits reached P1.78 Trillion by the end of 2019. This is 7.7%, or P127 Billion, higher than the P1.66 Trillion level from the previous year. Growth in the Bank's deposits was principally due to the significant increase in private deposits at P606.0 Billion and accounted for 34% of the Bank's total deposits.

During the year, LANDBANK opened 13 new provincial branches. These include El Salvador (Misamis Oriental), Tupi (South Cotabato), Naga (Cebu), Jagna (Bohol), Aglayan (Bukidnon), Bantayan (Cebu), Maigo (Lanao Del Norte), Manolo Fortich (Bukidnon), Mangatarem (Pangasinan), Masinloc (Zambales), Umingan (Pangasinan), Tubigon (Bohol) and Tanguib (Misamis Occidental).

The addition of these new branches expanded LANDBANK's touchpoints to 406 Branches and three Extension Offices, clustered into 10 groups based on geographical locations for efficient management and effective control. The Branches Groups are North NCR, South NCR, North Luzon, Central Luzon, Southwest Luzon, Southeast Luzon, East Visayas, West Visayas, East Mindanao and West Mindanao. Complementing these are 2,195 Automated

Teller Machines, 160 Cash Deposit Machines, 48 LANDBANK Easy Access Facilities (LEAFs) and 12 Foreign Exchange and Teller Booths.

Fully cognizant of the needs of its customers in the changing landscape in the industry, LANDBANK, through the Card and e-Banking Group, also continued to introduce value-added services to its electronic banking facilities and developed new products to further improve customer service, save on operational costs and promote inclusivity. In 2019, total transactions using LANDBANK's internet banking, Mobile Banking App and electronic payment facilities almost doubled.

Moreover, consistent with the National Government's financial inclusion initiatives, LANDBANK developed the Agent Banking Program (ABP) which was pilot tested during the year. The ABP aims to extend the Bank's reach to the unbanked and underserved areas by partnering with eligible institutions to bring certain banking services. Agent Banking operates in selected municipalities. The accredited partner has a smart POS terminal that can process Agent Banking (Prepaid) Card Sale with electronic Know-Your-Client, Cash-out from LANDBANK Peso-denominated Prepaid Cards or participating Bancnet ATM cards, Cash-in/Top-up, Balance Inquiry, Fund Transfer and Bills Payment.

Likewise, in support of the social protection programs of the National Government, the CCT Program Management Department, in coordination with other government agencies (DSWD, DA, DOTr) continued to lead and assist in the implementation of the Conditional Cash Transfer, Unconditional Cash Transfer, Pantawid Pasada and the Rice Farmer Financial Assistance. These Programs benefit poor households, jeepney operators and small rice farmers.

**P1.78T**  
total deposits

**13 new**  
provincial branches

LANDBANK also fully implemented the Digital On-Boarding System (DOBS) in all its branches nationwide. Launched in 2018, DOBS is an application designed to simplify the account enrollment processes for clients and ensure the Bank's compliance with regulatory requirements in terms of data quality and customer profiling. Through the DOBS, account opening by a new depositor can be completed in as fast as 10 minutes. In 2019, deposit accounts opened through DOBS totaled 545,430. Enhancements introduced during the year include system interface with iAccess, inclusion of a KYC Consolidated Watchlist Database, and implementation of the Updating of Individual Customer facility. The DOBS will be further enhanced in 2020 to facilitate corporate account opening and updating of institutional clients.

The year 2019 was also a record year for the Bank's remittance business managed by the OFW Remittance Group, as it surpassed the P3-billion mark, generating US\$3.175 Billion of inward remittances. These remittances were sourced from its foreign correspondent and depository banks and remittance partners in the Asia-Pacific, Middle East, USA, Canada and Europe.

The BBS is ably supported by various units of the Sector, notably the Branch Banking Support Department and the Systems Implementation Department in terms of providing decision making support and technical assistance, respectively.

## Treasury and Investment Banking Sector

The Treasury and Investment Banking Sector (TIBS) spearheads LANDBANK's overall treasury operations, financial resource management and investment banking. TIBS is headed by EVP Carel D. Halog. He supervises three groups namely: (1) Asset and Liability Management Group (ALMG), (2) Financial Market Group (FMG), and (3) Investment Banking Group.

The ALMG oversees (a) management of the Bank's balance sheet using gap analysis and other risk management tools, (b) management of liquidity and reserve position and (c) administration of nostro accounts while the FMG manages trading units for both the Peso and Foreign currency-denominated instruments, develop trading strategies, and monitors regularly financial markets and trends. The IBG, on the other hand, undertakes underwriting services and extends financial advisory for debt

and equity capital market transactions, specialized and structured transactions, fund arrangement, and advisory services for corporate finance transactions. Moreover, it also handles investment banking services for project finance transactions and monitors the overall performance of the various Bank's investments in equity and other financial instruments. Detailed discussions on TIBS' accomplishments and plans and programs for 2020 can be found in the section on "Financial Results of Business Segments".

## Operations Sector

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

- The Banking Services Group (BSG) is in charge of the central cash vault servicing such as cash withdrawals from the BSP, cash deliveries to the Bank's cash centers in the NCR and nearby provinces, ATM monitoring and transactions reconciliation, check monitoring, sorting and clearing, the processing of branches' collections and remittances, and the allocation and reimbursement of the National Government's Modified Disbursement Scheme (MDS).

BSG will continually improve its services for year 2020 by implementing initiatives to improve support to front-office operations through (a) Callbacking of Incoming Clearing Checks (ICCs) transaction using images from Check Truncation System (CTS); (b) Enhancement of the LANDBANK International Debit Card Reconciliation System (LIDCRS); and (c) Implementation via Electronic Desktop of processing and transmission of outward clearing of the Foreign Currency Checks to Wells Fargo

- The Banking Operations Group (BOG) oversees the international trade, non-trade and foreign currency transactions, maintains the loans subsidiary ledgers, billing and collection functions related to lending operations, and processes inward and outward remittances both for foreign and domestic transactions.

For year 2020, BOG will continue to support lending operations by implementing the Electronic Promissory Notes and monitoring

of Insurance Policies using the Collateral Management System.

- The Controllership Group (CG) supervises the performance of general accounting, inter-office floats management, preparation of the Bank's financial statements and reports for external regulatory bodies, Bank-wide budget preparation and control, management of the Bank's tax position and documentation of operations and preparation of procedural guidelines on Bank operations.

By year 2020, CG will continue to improve its efficiency by Consolidation of Accounting Centers; Centralization of Revenues and Expenses for Special Programs of the government (such as CCT, UCT/TRCT, Pantawid Pasada and Others) and Institutionalize the Awards of Excellence for Field Accounting Units.

- The Technology Management Group oversees information technology (IT) management functions, particularly the coordination on the Bank's IT plans, designing of IT architecture, oversight on the implementation of IT programs in coordination with the designated project teams, management and enhancement of IT infrastructure and applications. It also provides technical evaluation or advice for end-user selection of application software and hardware.

TMG has a number of major IT projects for year 2020, such as the Digital Lending System, Human Resource Information System Enhancement, Agent Banking Phase 2 (Mobile Wallet), Data Sandbox / Lake System, Customer Relationship Management, and the upgrade of Subsidiary Ledger (SL) and weAccess.

## Corporate Services Sector

Under the Corporate Services Sector (CSS) are the Groups that manage human resource, facilities and procurement, property valuation and credit information, corporate affairs, customer care, as well as the operations of the employees' provident fund.

The Human Resource Management Group (HRMG) delivers human resource support services, which include personnel administration, employee relations, and organization development. In 2019, the Group undertook several initiatives in line with the goal of making LANDBANK a more agile organization. Also among the biggest programs for

human resource was addressing the personnel's competency gaps. Apart from that it equipped the employees with adequate knowledge and skills that match the requirements of their jobs, the program complied with the requirements of the Governance Commission for GOCCs and Civil Service Commission (CSC). Each LANDBANK employee also availed of at least two classroom or online training programs in 2019. The Bank also updated its succession plan in compliance with the requirements of the Bangko Sentral ng Pilipinas and CSC. Details on the highlights of HRMG's 2019 operations are on page 149.

In 2020, the HRMG will work on rationalizing the organizational structure in line with fostering a high-performance culture. Unit right-sizing will also be undertaken to reduce manpower cost and increase efficiency, and to shift more personnel to service the agriculture sector.

Meanwhile, the Competency Framework Refresh, which is aimed at reviewing position competency profiles will be undertaken to determine the baseline level of competency of Bank personnel. The Mentoring Program will also be pursued. It is aimed at transferring knowledge, skills, and values to the next generation of Bank leaders.

Another Group under the Corporate Services Sector is the Facilities and Procurement Services Group (FPSG). It manages the Bank's facilities, properties, and procurement of supplies and services. In 2019, the FPSG facilitated the expansion of Bank touchpoints in rural areas through traditional and non-traditional access points. The Group managed the construction, renovation, relocation, and maintenance of 14 new branches and 25 existing offices. It also provided various support services for the LANDBANK Plaza and facilitated the procurement of supplies and services for the Bank.

In 2020, LANDBANK will also prioritize the construction and renovation of its new branches, lending centers, and agri-hubs, as well as its special projects which include the construction, renovation, or relocation of existing offices and the upgrade of the LANDBANK Plaza. The construction, renovation, and maintenance of Bank buildings will be monitored closely and better systems to track the progress of projects will be implemented to minimize delays. The Bank will also lease several additional units of service vehicles.

Meanwhile, the Corporate Affairs Department (CAD) is in-charge of managing the Bank's public

and corporate communication channels and programs. In 2019, CAD intensified the information dissemination of the Bank's agriculture and agri-assistance programs as it adopted a more aggressive approach in delivering services to small farmers and fishers. CAD used traditional and digital media to reach and engage the public. Also under CAD is the Bank's Customer Care Center (CCC) which operates 24/7. The CCC received a total of 685,041 inquiries, requests, and incident reports from clients last year. Details on the highlights of CCC's operations in 2019 are on page 55.

In 2020, CAD plans to continue supporting the Bank's goal to strengthen its presence in the agriculture sector. Campaigns on agricultural programs will be undertaken through mainstream and digital channels. CAD will also spearhead the conduct of Farmers' Forums and Agri Summits in partnership with local government units, cooperatives, and other stakeholders. New sets of communication materials that promote agri-related programs in Lending Centers and Agri-hubs will also be rolled out. For the CCC, among the plans for 2020 is the upgrade of the LANDBANK Phone Access system to enable self-service, workforce optimization, and integration with Internet banking channels.

Meanwhile, the Property Valuation and Credit Information Department (PVCID) provides appraisal services for property valuation. In 2019, the Department has produced 24,085 property appraisal reports and 74,473 credit information reports.

For 2020, the PVCID will implement a Job Tracking and Mobile Appraisal System to increase its operational efficiency in property valuation and credit information. The Bank will also submit credit data to Credit Information Corporation in compliance with the RA 9510 or the Credit Information System Act. A Centralized Registry of all Titles under the name of LANDBANK will also be established.

Also under the CSS is the Provident Fund Department, which manages and administers the Bank's provident fund for employees. The financial condition for the Bank's Provident Fund steadily grew in 2019. It introduced new products, namely the educational loan and the special motor vehicle loan. PFD also improved other products including the medical/funeral loan, self-educational advancement loan, and the small business loan.

In 2020, LANDBANK PF Members Access, a web-based facility, will be introduced. It will aid in the computation of loanable amounts, net loanable proceeds, monthly amortization, and other loan charges. The facility will also provide a view on loan information and Provident Fund or House Fund contributions. In terms of new offerings, the PFD aims to introduce products on investment and insurance loans.

Risk management is embedded in all the business processes of the Bank and it ascertains that risk-taking is commensurate with its risk appetite.

## LANDBANK RISK MANAGEMENT PHILOSOPHY AND CULTURE

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

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

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

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

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

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

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

## Risk Governance Framework

RM involves the oversight function covering risk identification, assessment, measurement, control, monitoring and reporting of risks inherent in all activities of the Bank. The RMG, as an independent unit, performs the oversight function for all major risk areas (credit, market, operational, compliance, interest rate in the banking book, counterparty credit, liquidity, reputation, strategic, subsidiaries, trust operations, Information Technology [IT], related party transactions risk, among others) of the Bank. RMG reports functionally to the Risk Com and administratively to the President and Chief Executive Officer of LANDBANK.

## Subsidiaries RM (SRM)

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

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

RM oversight to the LANDBANK Subsidiaries and Foundation is also an essential component of corporate governance of LANDBANK. It is a means of improving the Bank's business and services on a group-wide activity that involves LANDBANK as Parent Bank and its six wholly-owned Subsidiaries and Foundation including newly acquired entities/institutions in the pursuit of its business goals and objectives:

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

The RM Program for Subsidiaries (RMPS) includes relevant methodologies, processes and tools which guides the LANDBANK Subsidiaries and Foundation in implementing a robust RM on a group-wide basis.

The RMPS embodies the respective RM Framework of the LANDBANK Subsidiaries and Foundation which covers the following:

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

Implementation of the RMPS enables the LANDBANK Subsidiaries and Foundation to mirror the RM Framework and policies of LANDBANK as their Parent Bank in compliance with the regulatory requirements articulated under Bangko Sentral ng Pilipinas (BSP) Circular No. 971 dated 22 August 2017 "Guidelines on Risk Governance". The RMPS also considers the diversity of LANDBANK Subsidiaries and Foundation's mandate, nature of business operations, structure, risk appetite and other variables.

## CREDIT RISK MANAGEMENT

Credit risk arises from the failure of counterparty to meet the terms of any contract with the Bank. Credit risk is not limited to the loan portfolio but is found in all the Bank's activities where success depends on counterparty, issuer, or borrower performance. It arises any time the Bank's funds are extended, committed, invested, or otherwise exposed through actual or implied contractual agreements, whether reflected on or off the balance sheet. The Bank considers its loan portfolio as the major source of

credit risk. However, other sources of credit risk exist throughout the activities of the Bank, including the banking and trading books and On- and Off-Balance Sheet transactions.

### Maximum Credit Risk Exposure

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

On-Balance Sheet (BS) Items	2019 (In P Millions)							
	CEA	0%	20%	50%	75%	100%	150%	CRWA
Cash on Hand	37,934	37,934						
Checks & Other Cash Items (COCI)	13		13					3
Due from Bangko Sentral ng Pilipinas (BSP)	382,534	382,534						
Due from Other Banks	8,767		173	8,555		39		4,351
Financial Assets Designated at FVTPL	944					944		944
Available-for-Sale (AFS) Financial Assets	198,692	174,777		20,349		3,566		13,741
Held-to-Maturity (HTM) Financial Assets	467,694	437,643	3,108	13,434		13,509		20,848
<b>Loans &amp; Receivables</b>	<b>734,026</b>		<b>11,948</b>	<b>11,696</b>	<b>78,446</b>	<b>618,626</b>	<b>13,310</b>	<b>705,663</b>
1. Interbank Loans Receivables	41,705		11,653	6,281		23,679	92	29,288
2. Loans & Receivables – Others								
a. LGUs & Public Sector Entities	37,612					37,612		37,612
b. Government Corporation	2,141					2,141		2,141
c. Corporates	523,628					523,628		523,628
d. Microfinance/Small & Medium Enterprise	78,835		295		78,446	94		58,988
e. Loans to individuals	36,416			5,415		31,001		33,709
3. 3. Defaulted Exposures	13,689					471	13,218	20,298
<b>Other Loans and Receivables<sup>1</sup></b>	<b>38,355</b>	<b>37,184</b>				<b>1,171</b>		<b>1,171</b>
Sales Contract Receivable (SCR)	735					525	210	840
Real & Other Properties Acquired (ROPA)	6,717						6,717	10,076
<b>Total Exposures Excluding Other Assets</b>	<b>1,876,411</b>	<b>1,070,072</b>	<b>15,242</b>	<b>54,034</b>	<b>78,446</b>	<b>638,380</b>	<b>20,237</b>	<b>757,637</b>
Add: Other Assets	15,582	161				15,421		15,421
Total On-BS RWA covered by CRM								2,632
<b>Total On-BS Exposures</b>	<b>1,891,993</b>	<b>1,070,233</b>	<b>15,242</b>	<b>54,034</b>	<b>78,446</b>	<b>653,801</b>	<b>20,237</b>	<b>775,690</b>

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

Off-BS Items	2019 (In P Millions)							
	CEA	0%	20%	50%	75%	100%	150%	CRWA
<b>A. Direct credit substitutes</b>	<b>1,560</b>			<b>32</b>		<b>1,528</b>		<b>1,544</b>
<b>B. Transaction-related contingencies</b>	<b>39,316</b>					<b>39,316</b>		<b>39,316</b>
<b>C. Trade-related contingencies</b>	<b>2,857</b>			<b>1,846</b>		<b>1,011</b>		<b>1,934</b>
<b>D. Other commitments</b>								<b>-</b>
<b>Total Off-BS Exposures</b>	<b>43,733</b>	<b>-</b>	<b>-</b>	<b>1,878</b>	<b>-</b>	<b>41,855</b>	<b>-</b>	<b>42,794</b>
<b>Counterparty RWA In The Trading Book</b>	<b>CEA</b>	<b>0%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>CRWA</b>
Derivative Exposures	315		15	20		280		293
<b>Total Counterparty RWA In The Trading Book</b>	<b>315</b>	<b>-</b>	<b>15</b>	<b>20</b>	<b>-</b>	<b>280</b>	<b>-</b>	<b>293</b>
Less: General Loan Loss Provision (GLLP) (excess in threshold limit of 1% of Gross CRWA)								2,120
<b>TOTAL</b>	<b>1,936,041</b>	<b>1,070,233</b>	<b>15,257</b>	<b>55,932</b>	<b>78,446</b>	<b>695,936</b>	<b>20,237</b>	<b>816,657</b>

CEA: Credit Equivalent Amount

CRM: Credit Risk Mitigant

RWA: Risk Weighted Assets

CRWA: Credit Risk Weighted Assets

## Credit Exposures and Credit-Related Commitments

As of December 31, 2019, LANDBANK's Gross Loans and Receivables (GLR) amounted to P734,026 Million, net of credit risk mitigation which consists mainly of prime collaterals such as deposit holdout, government securities (GS) and sovereign guarantees. Net of Loans and Receivables, Corporates stood at P523,628 Million (71.34%), followed by Micro, Small and Medium Enterprises (MSMEs) at P78,835 Million (10.74%), Local Government Units (LGUs)/Public Sector Entities/ Government Corporations at P39,753 Million (5.42%) and Loans to Individuals at P36,416 Million (4.96%).

The Bank also holds substantial receivables arising from Repurchase Agreements aggregating P38,355 Million. The P42,794 Million credit risk weighted asset of net Off-balance Sheet exposures of P43,733 Million is computed based on respective Credit Conversion Factors. These accounts are composed mainly of general guarantees of indebtedness (e.g., financial standby letters of credit - domestic and foreign), performance bonds and warranties related to particular transactions, and contingencies arising from movement of goods and trust transactions. Outstanding derivative exposures are mainly over-the-counter foreign exchange option contracts. The Bank's GLR have corresponding Credit RWA of P705,663 Million following the Standardized Approach. This represents 86.41% of the Total Credit RWA of P816,657 Million. Further, total Credit RWA represents 89.17% of the Bank's Aggregate RWA of P915,797 Million.

## Management of Credit Risk

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

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

The Bank also manages the credit risk inherent in the entire portfolio as well as the risk in individual credits

or transactions and the correlation of credit risk with other risks. The effective management of credit risk is a critical component of a comprehensive approach to RM and essential to the long-term success of the Bank.

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

To effectively monitor and maintain the quality of its loan portfolio, the Bank conducts annual qualitative and impairment review to assure proper loan classification and setting-up of valuation reserves. As of December 31, 2019, the Bank's net Non-Performing Loan (NPL) stood at P12,040 Million or 1.35% of the total loan portfolio of P891,767 Million.

## Credit Risk Rating

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

The Bank uses the following internally developed statistically based credit scoring models and their corresponding rating guidelines:

- Application Scoring Model for Individual Home Buyers
- Application Scoring Model for Salary Loan Availers



- Behavioral Scoring Model for Local Government Units (LGUs)
- Behavioral Scoring Model for Small and Medium Enterprises (SMEs)
- Behavioral Scoring Model for Corporates
- Behavioral Scoring Model for Cooperatives
- Application Scoring Model for Credit Card
- Behavioral Scoring Model for Countryside Financial Institutions<sup>2</sup>

However, the Bank uses an internally developed expert-based credit rating system for Universal Banks, Commercial Banks and Offshore Banks. These credit rating models were subjected to independent model validation by the Bank's internal audit.

### **Credit Risk Monitoring**

The Bank has continuously adopted a formal reporting system for the LANDBANK Board and Senior Management to be able to monitor the credit quality of individual and loan portfolio using asset quality indicators such as past due ratio, NPL ratio, level of non-performing assets, coverage ratio, top 100 past due accounts, concentration risk. Clean large exposures, breaches in regulatory and internal limits, potential credit risk, Directors, Officers, Stockholders and Their Related Interests loans, Related Party Transactions and compliance with Real Estate Stress Test (REST) are intensively monitored by the ILC and the Risk Com. The recovery of written-off accounts is also within the radar of the LANDBANK Board, Risk Com and Senior Management.

### **Collateral and Other Credit Enhancements**

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

The primary collaterals accepted are Holdout on Deposits, Government Securities, Real Estate Mortgage and Chattel Mortgage. The Bank also accepts government guarantees, cross suretyship

from corporations and such other eligible guarantees. In the case of agricultural and agriculture-related loans that are vulnerable to the effects of climate and weather disturbances, borrowers are encouraged to avail of crop insurance guarantees and other insurance mechanisms to shield them from these risks.

### **Credit Stress Test**

LANDBANK regularly conducts stress testing of individual large exposure and its loan portfolio taking into account plausible risk events with high probability of occurrence. Utilizing such scenarios with documented assumptions, tests are done to determine the magnitude of impact on the Bank's loan portfolio, on the Credit RWA, and finally on the Common Equity Tier 1 (CET1) Ratio. The stress testing also includes prescribed regulatory tests such as uniform stress test and Real Estate Stress Test (REST). Likewise, various loan portfolio assessment and review are conducted to determine impact of a certain event and government regulation to the Bank's loan portfolio, past due ratio and CET 1. Results of the stress testing, together with the action plans, are escalated to the ILC and Risk Com.

<sup>2</sup> Credit Scoring Models Only

## MARKET RISK MANAGEMENT

### Market Risk Management Framework

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

The Bank uses a combination of risk sensitivities, Value-at-Risk (VaR), stress testing, CET 1 ratio and capital metrics to manage market risks and establish limits. The LANDBANK Board, Risk Com and ALCO, define and set the various market risk limits for each trading portfolio. The Treasury and Investment Banking Sector (TIBS), particularly the Financial Markets Group (FMG) which manages the Bank's trading units as well as the Asset and Liability Management Group (ALMG) which manages the liquidity and reserve positions, conducts risk-taking activities within limits and ensures that breaches are escalated to the Senior Management for appropriate action.

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

### Market Risk Weighted Asset

As of December 31, 2019, the LANDBANK's Total Market RWA stood at P16,693 Million, broken down as follows:

PARTICULARS	AMOUNT
Interest Rate Exposure	847
Equity Exposure	737
FX Exposure	2,099
Options	13,010
<b>Total Market RWA</b>	<b>16,693</b>

The Total Market RWA represents 1.82% of the Bank's Aggregate RWA of P915,797 Million.

### Managing Market Risk Components

Market Risk is associated to earnings arising from changes in interest rate, FX rates, equity and in their implied volatilities. Market risk arises in trading as well as non-trading portfolios.

The Bank manages the following key market risk components using its internal risk mitigation techniques:

#### 1. Interest Rate Risk in the Trading Book

Interest Rate Risk represents exposures to instruments whose values vary with the level or volatility of interest rates as a result of market making and portfolio taking. LANDBANK continues to manage interest rate risk in trading activities through factor sensitivities and the use of an effective and independently validated VaR methodology and stress testing. GS and Foreign Securities (FS) are subject to daily mark-to-market (MTM) and controlled through risk limits such as position, VaR, MATs and Stop Loss.

PARTICULAR	DAILY LIMIT		MAT	STOP LOSS
	POSITION	VAR		
GS	P20,000.00 M	P150.00 M	YTD Gain Erosion	P200.00 M
FS	\$20.00 M	\$0.20 M	Group Target	\$0.64 M

YTD: Year-to-Date

The FX Risk in FS are accounted under FX RM

## 2. Equity Price Risk Management

LANDBANK is exposed to Eq price risk resulting from changes in the levels of volatility of Eq prices, which in turn affect the value of equity securities and impacts on profit and loss of the Bank. Equities are subject to daily MTM and controlled through risk limits such as position, VaR, MATs and Stop Loss

In P Million

PARTICULAR	DAILY LIMIT		MAT	STOP LOSS
	POSITION	VAR		
Equity	1,000.00	15.00	YTD Gain Erosion Group Target	40.00

## 3. Foreign Exchange Risk Management

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in FX rates. Using the Philippine Peso as the functional currency, the Bank monitors daily the currency positions to ensure that these are within established limits.

The following limits are set for foreign-currency related transactions:

In \$ Million

PARTICULAR	DAILY LIMIT		MAT	STOP LOSS
	POSITION	VAR		
FX Trading	50.00	0.36	YTD Gain Erosion Group Target	60.00
FS	20.00	0.20		0.64
Derivatives	30.00	0.226		178.00

**2,743,042**  
Total Gross FX Assets

LANDBANK had the following significant exposures denominated in foreign currencies as of December 31, 2019:

PARTICULAR	USD	JPY	EUR	AUD	Others	Total
<b>ASSETS</b>						
FX Currency Notes & Coins on Hand (FCNCH)/Cash & Other Cash Items (COCI)	37,443	1,181	880	196	2,637	42,337
Due from Banks	167,452	613	2,759	240	1,285	172,349
Held for Trading	1,864	0	0	0	0	1,864
Available for Sale Investment	893,148	0	1	0	36,153	929,302
Investments in Bonds & Other Debt Instruments (IBODI)	640,473	0	0	0	0	640,473
Interbank Loans Receivable	354,074	0	0	0	0	354,074
Loans & Receivables	544,381	40,890	0	0	0	585,271
Other Assets	15,148	717	441	152	914	17,372
<b>Gross FX Assets</b>	<b>2,653,983</b>	<b>43,401</b>	<b>4,081</b>	<b>588</b>	<b>40,989</b>	<b>2,743,042</b>
<b>LIABILITIES</b>						
Deposit Liabilities	1,876,826	423	1,980	0	1	1,879,230
Bills Payable	243,806	0	0	0	0	243,806
Other Liabilities	206,616	269,560	36,538	152	914	513,780
<b>Gross Fx Liabilities</b>	<b>2,327,248</b>	<b>269,983</b>	<b>38,518</b>	<b>152</b>	<b>915</b>	<b>2,636,816</b>

## Market Risk Measurement and Validation Tools

### 1. Value-at-Risk Analysis

VaR is a statistical approach for measuring the potential variability of trading revenue. It is used to measure market risk in the trading book under normal conditions, estimating the potential range of loss in the market value of the trading portfolio, over a one-day period, at 99.0% confidence level, assuming a static portfolio.

The Bank uses internally developed Historical Simulation Model in computing VaR of Equities, FS, GS and FX trading portfolios as well as FX Net Open Position which is acceptable to BSP. Moreover, the Bank continuously pursues initiatives to improve its processes. The VaR disclosure is intended for external disclosure and for regulatory purposes.

The VaR both at portfolio and across portfolio level are monitored. Daily VaR calculations are compared against VaR limits which is the monetary amount of risk deemed tolerable by Management. The over-all VaR limit for the Treasury trading activities was set at P193 Million throughout 2019. The Bank also determines Diversified VaR that takes into account the diversification effect in which all losses in all securities in a portfolio are imperfectly correlated.

### 2. Stress Test

RM models have recently become the main focus of RM efforts in the banking industry where banking activities are exposed to changes in fair value of financial instruments. However, the Bank believes that the statistical models alone do not provide reliable method of monitoring and controlling risk because these models (while relatively sophisticated) have several known limitations, at the same time, do not incorporate the potential loss caused by very unusual market events. Thus, the VaR process is complemented by Stress Testing to measure this potential risk.

Stress Test is a RM tool used to determine the impact on earnings and capital of market movements considered "extreme", i.e., beyond "normal" occurrence. The Bank utilizes Stress Tests to estimate possible losses which the VaR does not capture.

The Bank's Portfolio Scenario Analysis (PSA) analyzes the impact of major risks that emerge out of the different scenarios, considering adverse and probable risk events, on activities related to Treasury's trading and investment portfolios. This seeks to establish how far the Bank can absorb certain levels of stress, to explore the events that could cause a significant impact to the Bank and to assess its vulnerabilities and capability to deal with shocks such as price risk, interest rate risk, FX risk and eventually, liquidity risk. Reverse Stress Tests are conducted to identify and simulate the events that can lead the Bank to a particular tail event.

Results of the PSA are also simulated in the CET 1 Ratio computation to be able to assess its impact said ratio set at 10.50% by BSP for LANDBANK as Domestic Systemically Important Banks (DSIB) for 2019.

### 3. Back-Test

The Bank adopts back-testing as the basic technique in verifying the quality of risk measures used by comparing actual trading results with model-generated risk measures.

Under the back-testing process, exception occurs if MTM and trading loss exceeds the result of the model-generated risk measure. The number of exceptions is noted and the model is classified into one of the three zones as follows:

ZONE CLASSIFICATION	NUMBER OF EXCEPTIONS
safe/green zone	0-4 exceptions
non-conclusive/yellow zone	5-9 exceptions
problematic/red zone	10 or more exceptions

Back-testing results are presented to the ALCO and the Risk Com which examine the actual performance of portfolios against VaR measures to assess model accuracy and to enhance the risk estimation process in general.

### 4. Model Validation

Risk models used in managing market risk are subjected to independent model validation. The Internal Audit Group (IAG) is tasked to do model validation of RM models. The Bank has also engaged the services of a third party to conduct an independent model validation.

## LIQUIDITY RISK MANAGEMENT

### Liquidity Risk Management Framework

The Bank's liquidity RM process is consistent with its general RM framework covering risk identification, measurement and analysis, monitoring and control. The policies and procedures that govern liquidity RM are reviewed and endorsed on a regular basis by ALCO and Risk Com for approval of the LANDBANK Board. The basic liquidity policy of the Bank is to maintain fund availability at all times and hence, to be in a position to meet all of its obligations, in the normal course of business.

The Bank considers liquidity risk based on market and funding liquidity risk perspectives. Trading or market liquidity risk refers to the inability to unwind positions created from market, exchanges and counterparties due to temporary or permanent factors. It is the risk that the Bank cannot easily offset or eliminate a position at the market price because of inadequate market depth or through market disruption.

Market liquidity risk is also associated with the probability that large transactions may have a significant effect on market prices in markets that lack sufficient depth. This liquidity risk perspective is captured through stress testing or scenario analysis.

Funding liquidity risk is the risk that the Bank will not be able to meet efficiently both expected and unexpected current and future cash flow and collateral needs without affecting either daily operations or the financial condition of the Bank. It occurs from the mismatch of asset, liability, exchange contract and contingent commitment maturities. Funding liquidity risk is being monitored and controlled through the classification of maturities of assets and liabilities over time bands and across functional currencies as reflected in the Liquidity Gap Report (LGR).

The LANDBANK Board exercises oversight through Risk Com and has delegated the responsibility of managing the overall liquidity of the Bank to the ALCO. The ALCO and the TIBS are responsible for the daily implementation and monitoring of relevant variables affecting the Bank's liquidity position. The ALCO reviews the assets and liabilities position on a regular basis and, in coordination with the TIBS, recommends measures to promote diversification of its liabilities according to source, instrument and currency to minimize liquidity risks resulting from concentration in funding sources.

The ALCO meets weekly or more frequently as required by prevailing situations. The RMG, through the Treasury Risk Management Department (TRMD), is responsible for the oversight monitoring of the Bank's liquidity risk positions and ensures that reports on the Bank's current risk are prepared and provided to ALCO and Risk Com in a timely manner.

The Bank performs a comprehensive liquidity risk measurement and control using the LGR, covering the bank-wide balance sheet, as a tool. Risk models used in liquidity RM are subjected to independent model validation as conducted by the IAG and by a Third party.

### Liquidity Risk Measurement Models

The Bank manages the liquidity risk using the following tools:

#### 1. Liquidity Gap Report

The Bank conducts liquidity gap analysis using the LGR. This risk measurement tool is used in identifying the current liquidity position and the Bank's ability to meet future funding needs. It categorizes balance sheet items according to estimated maturities of assets and liabilities in order to determine any future mismatch such as long-term assets growing faster than long term liabilities.

- TRMD prepares RBU (Peso and FX Regular), FCDU, Solo (LANDBANK) LGR on a monthly basis. The Bank and Subsidiary LGR is prepared on a quarterly basis. ALCO reviews the Bank's assets and liabilities position on a regular basis and recommends measures to promote diversification of its liabilities according to sources, instruments, and currencies to minimize liquidity risks resulting from concentration in funding sources.

# INSTITUTIONAL VIABILITY

The table presents the assets and liabilities based on the contractual maturity, settlement and expected recovery dates:

In P Thousand

PARTICULARS	LANDBANK					
	2019 (Audited)			2018 (Restated)		
	Due within 1 year	Due >1 year	Total	Due within 1 year	Due > 1 year	Total
<b>ASSETS</b>						
Cash & Other Cash Items	37,955,764	0	37,955,764	36,968,265	0	36,968,265
Due from BSP	380,699,212	0	380,699,212	331,197,576	0	331,197,576
Due from Other Banks	10,759,980	2,582,225	13,342,205	5,707,747	1,705	5,709,452
Interbank Loan Receivable	17,933,555	0	17,933,555	18,096,177	0	18,096,177
Security Purchased Under Agreement to Resell	38,107,761	0	38,107,761	50,019,792	0	50,019,792
Loans & Receivables	359,903,198	466,572,572	826,475,770	354,791,109	437,599,763	792,390,872
Investments	140,802,446	551,868,209	692,670,655	80,551,059	538,805,110	619,356,169
Other Assets	2,679,679	24,996,507	27,676,186	4,784,697	18,577,569	23,362,265
<b>Total Assets</b>	<b>988,841,595</b>	<b>1,046,019,513</b>	<b>2,034,861,108</b>	<b>882,116,422</b>	<b>994,984,147</b>	<b>1,877,100,569</b>
<b>LIABILITIES</b>						
Deposits						
Demand	884,597,245	0	884,597,245	798,036,466	0	798,036,466
Savings	813,555,891	0	813,555,891	770,728,834	0	770,728,834
Time	74,947,004	3,976,037	78,923,041	73,336,620	3,039,357	76,375,977
LTNCD	0	6,000,000	6,000,000	5,000,000	6,000,000	11,000,000
Bills Payable	2,242,579	25,295,928	27,538,507	5,953,285	25,303,552	31,256,837
Unsecure Subordinated Debt	0	0	0	0	0	0
Due to BTr, BSP, & MCs/PCIC	2,180,002	598,447	2,778,449	1,473,410	305,976	1,779,386
Due to Local Banks	0	0	0	0	0	0
Other Liabilities & Payable	658,003	71,892,813	72,550,816	955,910	52,608,536	53,564,446
<b>Total Liabilities</b>	<b>1,778,180,724</b>	<b>107,763,225</b>	<b>1,885,943,949</b>	<b>1,655,484,525</b>	<b>87,257,421</b>	<b>1,742,741,946</b>

The Bank also prepares on a quarterly basis the Consolidated LGR (LANDBANK and Subsidiaries). The following behavioral assumptions are used in measuring the Bank's liquidity gap:

- Non-Maturing Deposits: Regular savings (Total savings less High Yield Savings Accounts and Easy Savings Plus) and demand deposits are Non-Maturing Deposits (NMDs). A behavioral analysis is made to approximate the withdrawal pattern of NMDs. This is done by determining the rate of deposit outflow per time bucket using the historical end-of-day balances of NMD accounts. The deposit run-off rates are used as basis for slotting the NMD amount under the different tenors.
- Term Deposits: Term Deposit (TD) is a deposit product with a fixed contractual term. TDs were bucketed based on maturity with run-off assumption on the balance sheet. A behavioral analysis is conducted to approximate the early termination rate and the percentage of deposits that is likely to roll-over based on a historical deposit data. The early termination rate is used to estimate the amount of deposit that will be withdrawn before its maturity.
- Fixed Rate Loans: A behavioral analysis is conducted to estimate the percentage of loan balance that is likely to repay before the due date. The prepayment rate is computed using historical loan data.

The following table sets forth the asset-liability gap position over the detailed time period for the Bank at carrying amounts as of December 31, 2019 based on

contractual repayment arrangements which consider the effective maturities as indicated by the deposit retention history:

In P Million

PARTICULARS	Due within 3 months	Due > 3 months to 6 months	Due > 6 months to 1 year	Due > 1 year to 5 years	Due > 5 years	Total
<b>Financial Assets</b>						
Cash & Due from Banks	246,749	4,897	2,121	848	177,383	431,998
Total Loans	235,112	107,954	72,878	174,941	291,631	882,516
Total Investments	34,341	27,513	78,949	305,343	246,525	692,671
Other Assets	906	1	1,773	17	24,979	27,676
<b>Total Assets</b>	<b>517,108</b>	<b>140,365</b>	<b>155,721</b>	<b>481,149</b>	<b>740,518</b>	<b>2,034,861</b>
<b>Financial Liabilities</b>						
Deposits <sup>1/</sup>	425,888	38,644	12,829	7,428	1,298,287	1,783,076
Borrowings	2,612	664	1,147	8,282	17,612	30,317
Other Liabilities & Unsecured Subordinated Debt	0	0	658	0	71,893	72,551
<b>Total Capital</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>148,917</b>	<b>148,917</b>
<b>Total Liabilities &amp; Capital</b>	<b>428,500</b>	<b>39,308</b>	<b>14,634</b>	<b>15,710</b>	<b>1,536,709</b>	<b>2,034,861</b>
<b>Gap Position</b>	<b>88,608</b>	<b>101,057</b>	<b>141,087</b>	<b>465,439</b>	<b>(796,191)</b>	

<sup>1/</sup> Third Currencies and manual data input are not captured.

As of December 31, 2019, the bank has in its possession a comfortable level of highly liquid assets to cover for liquidity risk that may arise in the earlier tenor buckets. Most assets (particularly loans and investments) have long term maturities. Cumulative gap after contingent accounts is positive in all buckets except in the 'more than 5 years' bucket. Maximum Cumulative Outflow (MCO) limit was not breached in the entire time bucket within the one-year horizon.

The Bank has established guidelines for liquidity risk limit setting to enable it to properly and prudently manage and control liquidity risk, consistent with the nature and complexity of its business activities, overall level of risk and its risk appetite.

The MCO limit set by the LANDBANK Board is one of the tools used to manage and control the liquidity risk in the Bank's gap report. MCO limits put a cap on the total amount of negative gaps in the '1 day to 1 year' time buckets.

## 2. Financial Ratio Analysis

Financial Ratio Analysis is another liquidity risk measurement tool that calculates and compares liquidity and leverage ratios derived from information on the Bank's

financial statements against set liquidity/leverage limits.

The following table sets out Bank's liquidity ratios as of the dates indicated:

In Million except when expressed in percentage

PARTICULARS	December 31			
	2019 (Audited)	2018 (Restated)	2017 (Audited)	2016 (Audited)
Liquid Assets	₱ 1,105,321 <sup>1/</sup>	₱ 1,032,595 <sup>2/</sup>	₱ 972,283 <sup>2/</sup>	₱ 867,250 <sup>2/</sup>
<b>Financial Ratios:</b>				
Liquid Assets to Total Assets	54.32%	55.01%	59.88%	61.83%
Liquid Assets to Total Deposits	61.99%	62.35%	68.21%	70.17%

<sup>1/</sup>Note: High Quality Liquid Assets (HQLA) from LANDBANK Liquidity Coverage Ratio (LCR) Report

<sup>2/</sup>Note: Liquid Assets include the following:

Cash and other Cash Items  
Interbank Loans

Government Securities  
Tradable non-Government securities and commercial paper

### 3. Liquidity Stress Test

The Bank conducts regular stress testing and scenario analysis to further assess the Bank's vulnerability to liquidity risk. This activity supplements the risk models used by the Bank which simulates various probable to worst-case scenarios happening in the industry that would affect LANDBANK. The following are the stress testing conducted by the Bank:

- Liquidity Stress Test/Scenario Analysis
- Fund Source Stress Test
- FX Regular Stress Test
- Foreign Currency Deposit Unit (FCDU) Stress Test

The Bank has established guidelines for interest rate limit setting to standardize the process framework. To control re-pricing risk, a limit has been set on the EaR, putting a cap on the magnitude of re-pricing gap in the balance sheet. The EaR limit defines the maximum level of loss in net interest income (NII) due to changes in interest rates. Breaching this limit would require adjustments to be made in the balance sheet profile of the Bank. Based on LANDBANK historical transactions and market data, RMG-TRMD recommends interest rate limits in coordination with Asset and Liability Management Group (ALMG) and is approved by the ALCO, Risk Com and the LANDBANK Board. On the economic value-based measure, the Bank compares the Eq level under various rate scenarios to the Eq at a base (or current) level to track change from base scenario.

The LANDBANK Board defines LANDBANK's risk appetite and approves the organizational and reporting structures for the management of IRRBB. It delegates to ALCO the management and optimization of the Bank's IRRBB position. The ALCO optimizes results within the risk appetite limit set by the Bank, takes decisions and allocates resources to manage IRRBB. The TIBS ensures that ALCO's decisions pertaining to the management of structural IRRBB are implemented.

IAG is tasked to do model validation of RM models. The validation involves the review and evaluation of the effectiveness of the system and, where necessary, ensures that appropriate revisions or enhancements to internal controls are made. The Bank may also employ the services of external consultants to validate the Bank's various models.

In addition, model review is also being done by the Risk Modeling and Quantitative Analytics Unit (RMQAU) of TRMD to check for any enhancements or calibrations needed to the models. This is a regular internal control measure in preparation of external/independent validation/audit.

To date, the Bank does not engage in hedging transactions.

## INTEREST RATE RISK IN THE BANKING BOOK

### Interest Rate Risk in the Banking Book Management Framework

Interest Rate Risk in the Banking Book (IRRBB) arises from the Bank's core banking activities. The main source of this type of IRRBB is gap risk, which reflects the fact that assets and liabilities have different maturities and are priced at different interest rates. Thus, it can be said that the primary form of IRRBB at LANDBANK arises from timing differences in the maturity (for fixed rate) and re-pricing (for floating rate) of the Bank assets, liabilities and off-balance-sheet positions.

Based on LANDBANK's Balance Sheet, the deposit accounts are the major sources of funding for loans and investments. Re-pricing mismatches of these accounts can expose the Bank's income and underlying economic value to unanticipated fluctuations as interest rates vary. Any mismatch would result to gaps that would mean additional interest cost or opportunity losses to the Bank due to interest rate changes.

The Bank manages IRRBB based on approved policies and guidelines, limit setting procedures and interest rate risk limits, application of interest rate risk measurement models and reporting standards such as Re-pricing Gap/Earning-at-Risk (EaR) and Economic Value of Equity-at-Risk (EVE) Report.



## Interest Rate Risk in the Banking Book Measurement Models

The two complementary measures of the potential impact of IRRBB are as follows:

### 1. Earnings-Based Measure

The Bank uses the EaR Model to estimate changes in net interest income under a variety of rate scenarios over a 12-month horizon. EaR is a simulation method that analyzes the IRRBB in terms of earnings (accrual basis).

The following table sets the Re-pricing Gap position of the Bank as of December 31, 2019 and the increase/decline in earnings for upward and downward interest rate shocks in the banking book:

In P Million

PARTICULARS	0<=1D	1D<=1M	1<=3M	3<=6M	6<=9M	9M<=1Y
<b>Financial Assets</b>						
Liquid Assets	89,000	66,000	0	0	0	0
Total Investments	0	13,517	11,949	27,553	33,986	25,384
Total Loans	14,866	191,294	341,314	46,947	13,119	16,775
Other Assets	0	23	4	1	0	3
<b>Total Financial Assets</b>	<b>103,866</b>	<b>270,834</b>	<b>353,267</b>	<b>74,501</b>	<b>47,105</b>	<b>42,163</b>
<b>Financial Liabilities</b>						
Deposits	5,530	307,440	345,883	49,447	4,485	1,585
Bills Payable	0	19	2,541	12,882	419	98
Others	0	0	0	0	0	0
<b>Total Financial Liabilities</b>	<b>5,530</b>	<b>307,458</b>	<b>348,424</b>	<b>62,329</b>	<b>4,904</b>	<b>1,683</b>
<b>Off-Balance Sheet</b>						
Commitments	0	0	0	0	0	(1,699)
<b>Total Off-Balance Sheet</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,699)</b>
<b>Re-pricing Gap</b>	<b>98,336</b>	<b>(36,624)</b>	<b>4,843</b>	<b>12,172</b>	<b>42,201</b>	<b>38,780</b>

Change in Interest Rates - in basis points (bps)

EaR	-300	-200	-100	-50	+50	+100	+200	+300
	-2,858	-1,906	-953	-476	476	953	1,906	2,858

## 2. Economic Value-Based Measure

The Bank uses the EVE Model to assess the potential long-term effects of changes in interest rates over the remaining life of its holdings. This model also measures

the change in the Bank's EVE for specified changes in interest rates.

The table below shows the increase (decline) in economic value for upward and downward rate shocks using the EVE Model.

Change in Interest Rates - in bps

In P Million

Interest Rate Scenario	Basis	Interest Rate Scenario		EVE-at-Risk
		Peso	Dollar	
Parallel Shift - Up	Hypothetical	+300	+200	17,102.43
	BIS-IRRBB Calculation	+274	+200	15,069.65
	5-year Historical Data (Year-on-Year Change on Average Rates at 99% Level Confidence Level I)	+204	+100	11,316.90
	5-year Historical Data (Year-on-Year Change on Average Rates at 95% Level Confidence Level)	+144	+100	7,098.12
Parallel Shift - Down	Market Sentiment	-75	-75	-1,607.77
	Market Sentiment	-200	-100	-4,621.60
	5-year Historical Data (Year-on-Year Change on Average Rates at 95% Level Confidence Level)	-144	-100	-3,311.64
	5-year Historical Data (Year-on-Year Change on Average Rates at 99% Level Confidence Level)	-204	-100	-4,690.69
	BIS-IRRBB Calculation	-274	-200	-2,705.47
	Hypothetical	-300	-200	-2,632.21
Non-parallel Shift	Flattening			26,841.66
	Steepening			-21,314.01
	Short Rate Up			26,241.08
	Short Rate Down			-3,275.67

Both viewpoints are assessed to determine the full scope of the Bank's IRRBB exposure (especially if the Bank has significant long-term or complex in IRRBB positions).

Moreover, IRRBB is not managed in isolation. IRRBB measurement systems are integrated into the Bank's general risk measurement system and results from models are interpreted in coordination with other risk exposures.

The interest rate risk exposures of the Bank are measured and reported to the ALCO and Risk Com at least on a monthly basis under the Earnings Perspective through EaR Model and quarterly for the Economic Value Perspective using EVE Model.

## Key Behavioral and Modeling Assumptions

Behavioral analysis enables the Bank to analyze how an instrument's actual maturity or re-pricing behavior may vary from the instrument's contractual terms because of behavioral options. LANDBANK has established the following behavioral and modeling assumptions in the quantification of IRRBB:

### 1. Current Account and Savings Account (CASA) Repayment

Behavioral assumptions for deposits that have no specific maturity/re-pricing date such as NMDs can be a major determinant of IRRBB exposures under the economic value and earnings-based measures. To determine the actual behavior of NMDs and capture the Bank's actual IRRBB exposure, the Bank analyzed its deposit base to estimate the proportion of core and non-core deposits. The volatile part is assumed to have a short maturity, while the stable part is assigned a longer maturity.

### 2. Term Deposit subject to Early Termination

TD were bucketed based on maturity with run-off assumption on the balance sheet, such as existing banking book positions amortized and are not replaced by any new business. A behavioral analysis is conducted to approximate the early termination rate based on a historical deposit data. The early termination rate is used to estimate the amount of deposit that will be withdrawn before its maturity.

### 3. Fixed Rate Loans subject to Prepayment

A behavioral analysis is conducted to estimate the percentage of loan balance that is likely to repay before the due date. The prepayment rate is computed using historical loan data. The computed monthly prepayment rate for loan product shall be considered in the computation of cash flows for fixed rate loans.

## Stress Testing and Scenario Analysis

The Bank regularly undertakes static simulation. The cash flows arising solely from the Bank's current on- and off-balance sheet positions are assessed. For assessing the exposure of earnings, simulations estimating the cash flows and resulting earning streams over the one-year horizon are conducted based on one or more assumed interest rate scenarios.

The Bank also examines several possible situations, usually probable case and worst-case scenarios. The Bank does Interest Rate Stress Testing using EaR and EVE Models. Results of scenario analysis help the Bank focus on coming up with contingency measures to reduce impact of IRRBB.

## OPERATIONAL RISK MANAGEMENT

The Bank continues to upgrade and strengthen its Operational Risk Management (ORM) system to fully adhere with BSP Circular 900 (Guidelines on Operational Risk Management), BSP Circular 951 (Guidelines on Business Continuity Management (BCM), BSP Circular 808 (IT Risk Management), BSP Circular 982 (Information Security Risk Management) and other operational risk-related regulations.

The risk management culture of the Bank is further reinforced with the conduct of risk awareness cascading and sharing sessions on ORM, BCM, IT and Info Security. Dissemination of operational risk management programs are clearly communicated through briefings and seminars using various channels and platforms available in the Bank. Awareness sessions are conducted to all employees of the Bank and subsidiaries for them to effectively perform their duties in managing operational risks.

The ORM function is reinforced with the hiring, training, coaching, mentoring, movement and promotion of ORM personnel. Major ORM programs for the year involved enhancement of ORM manuals, frameworks, policies and tools.

The frameworks aim to establish and implement risk management strategies and best practices to effectively address and manage operational risk that are embedded in the day-to-day operations of the Bank. These ORM frameworks were found to be substantially compliant to the minimum requirements of the BSP.

The Bank has a BCM Program which is compliant with BSP Circular 951 and aligned with the ISO 22301:2012 (Business Continuity Management System). The BCM Framework is composed of the Bank's BCM Governance and Process. BCM tools are continuously enhanced to conform to industry best practices.

As part of the Bank's BCM process, the Bank conducts annual Business Impact Analysis (BIA) and Business Continuity Risk Assessment (BCRA) to prioritize risks and implement corresponding controls and identify and prioritize the Bank's most critical functions and IT systems in case of disruptions. Also, Business Continuity Plan (BCP) components are being reviewed, updated and tested annually to ensure validity and effectiveness of the Plans. In 2019, the Bank adopted Incident Management System to align with the standards of the National Disaster Risk Reduction Management Council.

The Bank ensures that business and risk management activities, including the operational risk management function, are carried out by adequate and qualified staff with the necessary experience, technical capabilities, and competence. The Bank supported the continuing education of officers and staff of Risk Management Group (RMG) through the certification programs where employees were licensed as Certified Risk Analysts (CRAs), Certified Risk Manager (CRM) and the ORMD Head passed the Bank Risk Management certification exam of Asian Institute of Chartered Banks (AICB).

Embedding of ORM across the institution is manifested with the BUs becoming aware of the specific operational risks they are confronted with. Taking a proactive stance in managing and escalating breaches as soon as they occur strengthens governance and enhances the oversight of these risks. BUs conduct self-assessment using various RM tools to quantify potential operational losses which serve as their dashboard in monitoring operational risk. RMG regularly monitors and escalate to Risk Com and ManCom results ORM processes.

### Operational Risk Exposure

LANDBANK uses the Basic Indicator Approach in calculating the capital charge for operational risk under Pillar 1. The average Gross Revenue of the Bank for the last three years is used to calculate the Operational RWA. Thus, with the Gross Revenue of the Bank consistently increase with business expansion, the Operational RWA has also been increasing annually. As of December 31, 2019, the Bank's Total Operational RWA using the Basic Indicator Approach was **P82,447 Million** or **9.0%** of the Bank's Aggregate RWA of **P915,797 Million**.

Cognizant that Gross Revenues (BSP proxy data) are but a shadow indicator of operational risks in the Basic Indicator Approach, LANDBANK conducts a simulation of the computation of the estimated losses using the Bank's actual historical losses and estimated probability of occurrence to determine the variance from the Basic Indicator Approach model. Self-risk assessment of the five sub-risks of operational risk (people, process, IT systems/ Infor Sec, event and legal risks) shows that the total estimated loss is way below the Total Operational RWA under the Basic Indicator Approach. RMG also spearheaded the Bank's Operational Risk Weighted Assets (ORWA) Optimization Project that involves commissioning the services of a third party consultant to validate the ORM function.

## INFORMATION SECURITY AND TECHNOLOGY RISK MANAGEMENT

The LANDBANK Board and Senior Management take the lead in the governance of information security and technology risk management and ensure that the Bank's strategic plans are aligned with business strategies by ensuring policies, processes and systems are implemented effectively at all decision levels.

Ensuring the confidentiality, integrity, and availability of information assets is essential to uphold the trust of its stakeholders. A holistic approach to information security and technology risk management is employed through continuous enhancement of organizational, technical, and physical controls adapting with evolving business goals, regulatory requirements, and emerging threats. Major improvements during the year include:

- Designation of the Chief Information Security Officer (CISO) responsible and accountable for the Bank-wide Information Security Program (ISP);
- Enhanced InfoSec and IT-related policies and procedures, strengthening of security controls, enhancement of asset management and inventory;
- Institutionalization of the Bank's Information Security Awareness Program through various cascading sessions, online learning, bulletins, infographics, awareness training solution, and other communication channels intended for the Bank's employees and clients and third-party service providers;
- Continuous assessment and monitoring of IT operations, IT infrastructure, and the upgrading of electronic banking channels; and
- Development of systems to comply with legal and regulatory requirements and evolving technologies.

## Internal Capital Adequacy Assessment Process Culture

LANDBANK as one of the major players in the banking industry annually conducts a thorough and comprehensive Internal Capital Adequacy Assessment Process (ICAAP) to determine the quality and adequacy of its capital, given the existing risk exposures as well as future risks arising from growth, new markets and expansion of the product portfolio.

To align with the local and global best practices, the LANDBANK Board and Senior Management performed collaborative governance and provided directions to enhance the ICAAP development and RM processes, and to strengthen the capital position of the Bank with the following enhancements:

- Enhanced and articulated the Risk Appetite Statement (RAS) and Materiality Threshold for Pillar 2 risks and Early Warning Indicators/alerts required by the Bangko Sentral ng Pilipinas (BSP)
- Updated the qualitative and quantitative Bank-wide stress testing of Pillar 1 and Pillar 2 Risks

## Internal Capital Adequacy Assessment Process Culture

The ICAAP is embedded in the Bank's operating philosophy and has been cascaded down to the BU level, forming an integral part of the Bank's RM process. This process enables the LANDBANK Board and Senior Management to assess all the risks that are inherent in the daily activities of the BUs on a continuing basis.

All BUs of the Bank are aware of the corresponding capital charge for the losses that could arise from any transaction or business they undertake. In monitoring the efficient performance of the BUs across the organization in the area of RM and capital utilization, the Bank adopts a rigorous escalation and thorough monitoring process via regular reports on actual losses versus estimated losses for each risk category established in the ICAAP.

## Strengthening Capital Planning

For 2019 LANDBANK's capital was strong and sufficient to deliver its mandated services and to cover the risks inherent in its operations. Under the most probable scenario, the Bank estimated the 2019 year-end Common Equity Tier (CET) 1 ratio at 11.40% versus the 11.00% minimum regulatory requirement for CET 1 ratio.

The actual CET 1 ratio recorded as of 31 December 2019 was 12.88% implying an objective risk assessment and capital planning for the year. The CET 1 ratio of 12.88% of the Bank was above the BSP minimum requirements of 11.00% CET 1 ratio and was compliant with Basel III requirements.

LANDBANK maintains a strong capital base at all times to boost customer confidence, enhance competitiveness, ensure stability, and sustain long-term growth and viability. As such, the Bank continues to adhere with BSP's policies, rules and more specifically, comply with regulatory requirements on capital structure and capital adequacy. The Bank vigorously continues to preserve its capital to sustain developmental pursuit and service its mandated clients while maintaining acceptable Return on Equity (ROE) of at least equal to the average ROE of the commercial banking industry.

LANDBANK's General Policy on Capital Planning was enhanced to establish capital levels that will adequately support the Bank's Vision and its strategic plans and ensure continued compliance with the evolving capital and capital ratio requirements of the BSP. Given that internal capital generation through earnings remains as the principal source of the Bank's capital accumulation, the primary thrust of LANDBANK's capital planning activities is to maximize its profitability and consequently, attain higher retained earnings.

The Bank strictly manages its income-generating assets by managing the Risk Weighted Assets (RWA) via diversification of loan portfolio, review of loans/provision of reserves in a timely manner, compliance with regulatory ratios, internal limits and risk appetite, strict monitoring of clean large exposures and Directors, Officers, Stockholders and Their Related Interest (DOSRI) loans and timely calibration of credit and market risk measurement tools.

## CONSUMER PROTECTION RISK MANAGEMENT SYSTEM (CPRMS)

In compliance with BSP Circular 1048 "BSP Regulation on Financial Consumer Protection; Guidelines and Procedures Governing the Consumer Assistance and Management System of BSP-Supervised Financial Institutions; and Amendments to the Manual of Regulations for Banks and Non-Bank Financial Institutions", LANDBANK continues to update the Customer Protection Risk Management System (CPRMS) as part of the Bank's enterprise-wide risk management system. It identifies, measures, monitors, and controls consumer protection risks inherent in the delivery of financial services to the general public. The Bank ensures to readily assist customers' needs and concerns across all channels and guarantee consumer protection practices, address and prevent or mitigate identified or associated risk of financial harm to the Bank and its clientele (depositors, borrowers and other clients).

As part of oversight function on CPRMS, RMG ensures that Board-approved CPRMS policies and procedures are in place, complaints management are strictly implemented, escalation of CPRMS-related issues is within the set timeline and training of Bank personnel are undertaken. Periodic reports are submitted to the Management Committee and the

Risk Oversight Committee. RMG also conducts risk assessment of new, modified, or expanded products, programs, services, electronic banking channels, processes and other activities, including outsourcing from third-party service providers to deliver quality service and protect LANKBANK's clients.

The CPRMS Oversight Framework is aligned with and adheres to the Financial Consumer Protection Standards of Conduct prescribed under BSP Circular 1048, to wit: (1) Disclosure and Transparency; (2) Protection of Client Information; (3) Fair Treatment; (4) Effective Recourse; and (5) Financial Education and Awareness. LANDBANK understands

that financial literacy and inclusion begins with responsive and excellent customer service. The Bank is committed to protect our customers' rights as consumers of financial products and services. To protect clients' information, RMG implements a bank-wide risk management program to manage information security risk and data privacy. The CPRMS is also subject to audit and compliance testing.

## Compliance Management

The Bank maintains a cooperative and constructive working relationship with various regulatory agencies. Open and transparent communication and frequent dialogues and consultations to clarify specific concerns on regulations have strengthened and broadened the existing relationship with the regulators.

In 2019, LANDBANK continued to effectively carry out its compliance functions through the adoption and implementation of various measures, policies, assessment tools and process improvements that helped in the identification and mitigation of risks related to regulatory sanctions which may have resulted in material financial losses or may have caused reputational repercussions on the Bank's corporate image. Through the years, the Bank's strict adherence and compliance with applicable laws, rules, and regulatory issuances, among others,

especially on anti-money laundering and anti-terrorist financing, has further strengthened the Bank's compliance management system and boosted its corporate governance level to greater heights.

To continuously achieve this, all CMG personnel attended various training programs to progressively build on their competencies and be equipped with a broad blend of skills and experiences necessary to successfully undertake the compliance functions.

## Compliance Manual

The Compliance Manual which documents the Bank's risk-based Compliance Program was updated and approved by the Board of Directors in August 2019 to incorporate new or updates to laws, rules and regulations and standards applicable and relevant to the Bank's operations. The Compliance Program sets out the planned activities such as the identification and assessment of new regulations and requirements; constructive working relationship with various regulatory agencies and business units; communication and training of Bank personnel on regulations and compliance matters; compliance monitoring and testing; and reporting to Senior Management and the LANDBANK Board.

## Identification and Assessment of Compliance Risk, Monitoring Compliance and Reporting

CMG identified and conducted risk assessment of laws, rules and regulations and other areas with exposure to compliance risk. To help update Bank personnel on new regulatory issuances, these were disseminated to the concerned Units/personnel through the issuance of Compliance Bulletins which include the identified regulatory requirements. The Bank Units were required to submit the Compliance Action Plan which were monitored and validated.

To further check compliance, different compliance testing approaches suited to the identified and assessed regulatory risks were adopted. Pre-testing involves the checking of initial actions taken or plan of action to implement the requirements of new regulatory issuances. Periodic testing refers to the regular checking of Bank's compliance with existing laws, rules and regulations while independent testing involves a more detailed/thorough review of areas/activities identified to be exposed or vulnerable to high compliance risk.

AML Compliance Testing (ACT) was also conducted which involved checking of compliance with AML laws, rules, regulations and internal policies. The ACT Program, which was further enhanced and revised, was approved by AMLCom in March 2019. Various Business Units were subjected to on-site ACT. To supplement the ACT, Branches also conducted AML Compliance Self-Testing which was enhanced to consider updates on internal processes. Also, in 2019, the Performance Measurement on Branches' AML Compliance was further enhanced

to provide tiered performance measures, among others. The results of the ACT and the noted breaches or deviations were immediately referred to the concerned Units for corrective or appropriate action.

The CCO reports monthly to the AML Committee, Management Committee and to the Board through the AC Com. Reports include among others, new regulations, compliance testing results and corrective measures taken, general status of the Bank's regulatory compliance, areas with compliance vulnerabilities and emerging regulatory risk. Further, status/updates on the Bank's compliance with the BSP directives and COA audit observations and recommendations as contained in their respective reports were also reported.

## Training and Communication

Embedding compliance culture and fostering increased level of awareness among Bank personnel, appropriate training strategies to enhance knowledge on regulations were adopted. Lectures on regulations including AML, were conducted through the LANDBANK in Perspective Program for new hires, BBS Trainers' Training for Branch personnel, various Management and Development Training Programs and classroom trainings for Internal Audit Group. To expand the training reach, AML e-learning module was also developed.

Compliance advisories/bulletins/reminders which include "Compliance Nuggets", an easy-to-read tidbits of information on Compliance and AML, were regularly issued through the Lotus Notes.

The Compliance Function Database, the repository or central record of regulations easily accessible to Bank employees, was kept updated.

To continuously build and strengthen working relationship with Bank Units, periodic meetings with the Compliance Coordinators were held. Advisory service and guidance in managing compliance issues were also provided through CMG's participation in various committees and Technical Working Groups and in the preparation of the implementing guidelines.

## Constructive Working Relationship with Regulators

The Bank maintains a cooperative and constructive working relationship with various regulatory agencies. Open and transparent communication



and frequent dialogues and consultations to clarify specific concerns on regulations have strengthened and broadened the existing relationship with the regulators. Requested documents/information and ad hoc regulatory reports were closely coordinated with various Units concerned and monitored its timely submission.

### **Anti-Money Laundering (AML)/Combating Financing of Terrorism (CFT) governance, culture and overall Money Laundering/Terrorist Financing (ML/TF) risk management framework**

LANDBANK has developed sound risk management policies and practices to ensure that risks associated with ML/TF are identified, assessed, monitored, mitigated and controlled, as well as to ensure effective implementation and that the Bank will not be used as a vehicle to legitimize proceeds of unlawful activity or to facilitate or finance terrorism.

The four (4) areas of sound risk management practices are as follows:

#### **Board and Senior Management Oversight**

It is the responsibility of the Board of Directors, through the Audit and Compliance Committee (ACCom), to provide oversight in the implementation of the AML/CFT policy and ensure that compliance issues are resolved expeditiously.

On the other hand, the Senior Management (SM) oversees the day-to-day management of ML/TF Risk and ensures the effective implementation of the Board-approved AML/CFT policies and alignment of the Bank activities with the strategic objectives. Through the AML Committee (AMLCom), the SM assists the Board in fulfilling its oversight function over the Bank's compliance with the requirements of AML/CFT laws, rules and regulations as contained in LANDBANK's Money Laundering & Terrorist Financing Prevention Program (MTPP) Manual. AMLCom also provides oversight over the AML-related policy development and ensures that the Bank has sufficient policies and controls in place to protect the Bank against ML/TF.

Compliance Management Group (CMG), which functionally reports to the Board, manages AML/CFT compliance risk. The Chief Compliance Officer who is also the designated AML Compliance Officer in concurrent capacity, serves as the overall overseer

of the Bank's AML/CFT compliance and reports regularly the significant issues to the AMLCom, Management Committee and to the Board through the ACCom.

Among the functions of CMG is to conduct on-site and off-site AML Compliance Testing (ACT). The ACT Program which was further enhanced and revised was approved by AMLCom on March 29, 2019. To supplement the ACT, Branches also conducted AML Compliance Self-Testing which was likewise enhanced to consider updates on internal processes. The breaches or deviations noted during the compliance testing were immediately referred to the concerned Business Units for corrective or appropriate action. The ACT results were reported quarterly to AMLCom and to the Board through ACCom.

Other CMG's functions include, among others, the identification of the applicable AML/CFT laws, rules, regulations and other regulatory requirements and dissemination of the same to the Board, Management and all Business Units concerned; monitoring of the corrective actions taken on the regulatory findings to comply and to prevent recurrence; development of AML/CFT training program; and reporting of AML/CFT compliance issues to the Management and Board, through ACCom.

#### **Money Laundering and Terrorist Financing Prevention Program (MTPP)**

The Bank's MTPP embodies the comprehensive and risk-based operating policies and procedures geared toward the promotion of high ethical and professional standards and the prevention of the Bank being used, intentionally or unintentionally, for ML/TF activities.

The updated MTPP, consistent with the AML laws, rules and regulations was approved by the Board on 9 October 2019.

The MTPP includes the detailed procedures on customer identification, periodic updating of customer information, transaction monitoring, alert investigation, covered and suspicious transaction reporting, record keeping and retention, and training.

The Bank has a continuous AML/CFT Training Program to ensure that the Board, Management and all employees are informed of the ML/TF risks and regularly updated of the new regulatory issuances

and be constantly reminded of their respective responsibilities. AML/CFT lectures are conducted through the LANDBANK in Perspective Program for new hires, Trainors' Training, and Management and Development Training Programs. AML e-learning module was also developed for annual refresher training. In addition, the Bank ensures that the representatives of the non-covered counterparties where the Bank outsources customer identification and verification procedures undergo training prior to the account opening.

The provisions of the MTPP are being implemented on a consolidated basis encompassing the Bank's branches, offices and subsidiaries.

To properly guide all Landbankers on the Bank's AML/CFT policies and procedures, the MTPP is posted in the Integrated Documents and Reports Archival and Retrieval System (IDRARS) which is available for viewing and downloading for easy reference.

### **Monitoring and Reporting Tools**

The Bank adopts both manual and electronic monitoring system of customers' transactions.

As part of the Bank's internal processes, the Business Units regularly monitor and review customer transactions which include checking/review of generated transaction monitoring reports, KYC documents and transaction records to determine any unusual pattern of transactions and presence of red flags that may warrant investigation; and conduct

of enhanced due diligence for possible reporting of suspicious transactions to AMLC.

The Bank's AML System has the automated functionalities to monitor covered and suspicious transactions; generate Covered Transaction Reports for submission to AMLC; and aggregate transactions of customers with multiple accounts. It also has the capability to generate transaction alerts for checking and investigation of Business Units as to legitimacy of the transactions and possible reporting of suspicious transactions to AMLC.

Enhancements are continuously being made to ensure compliance with the required functionalities and new requirements of AMLC.

### **Internal Control and Audit**

Internal Audit Group (IAG), which functionally reports to the Board of Directors through the ACCom is responsible in the conduct of periodic and independent evaluation on soundness of risk management, degree of adherence to internal control mechanisms related to KYC and due diligence policies and procedures, covered and suspicious transaction reporting, record keeping and retention, efficiency of the electronic money laundering transactions monitoring system's functionalities and effectiveness of other existing controls on AML/CFT, among others.

Audit findings and observations related to AML/CFT form part of the Audit Report on Business Units issued to the Board through ACCom and Senior Management. The same is likewise communicated by IAG to CMG for monitoring of corrective actions and reporting to AMLCom.

# HUMAN RESOURCE MANAGEMENT

LANDBANK adheres to the Equal Employment Opportunity Principle (EEOP) in all its human resource activities without regard to race, color, religion, political belief or affiliation, gender, ethnicity, age, height, weight, disability or any other form of prejudicial and arbitrary classifications.

## THE LANDBANK WORKFORCE

As of December 31, 2019

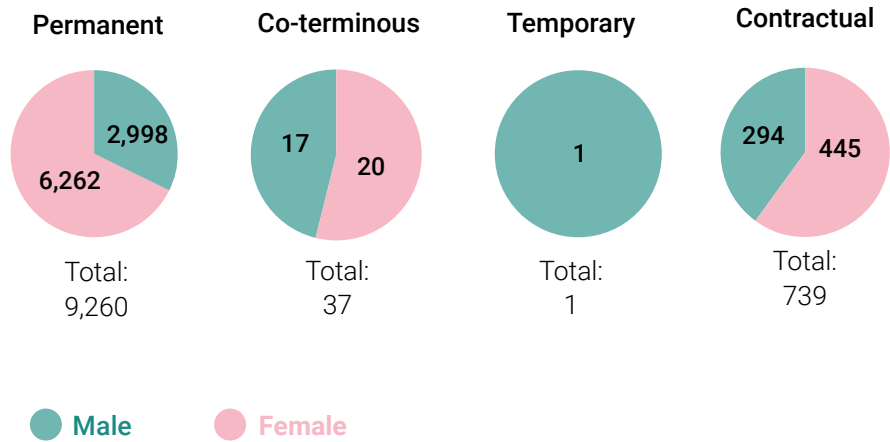
### LBP Headcount

**9,298**  
Regular employees

**739**  
Contractual employees

**10,037**  
Total employees

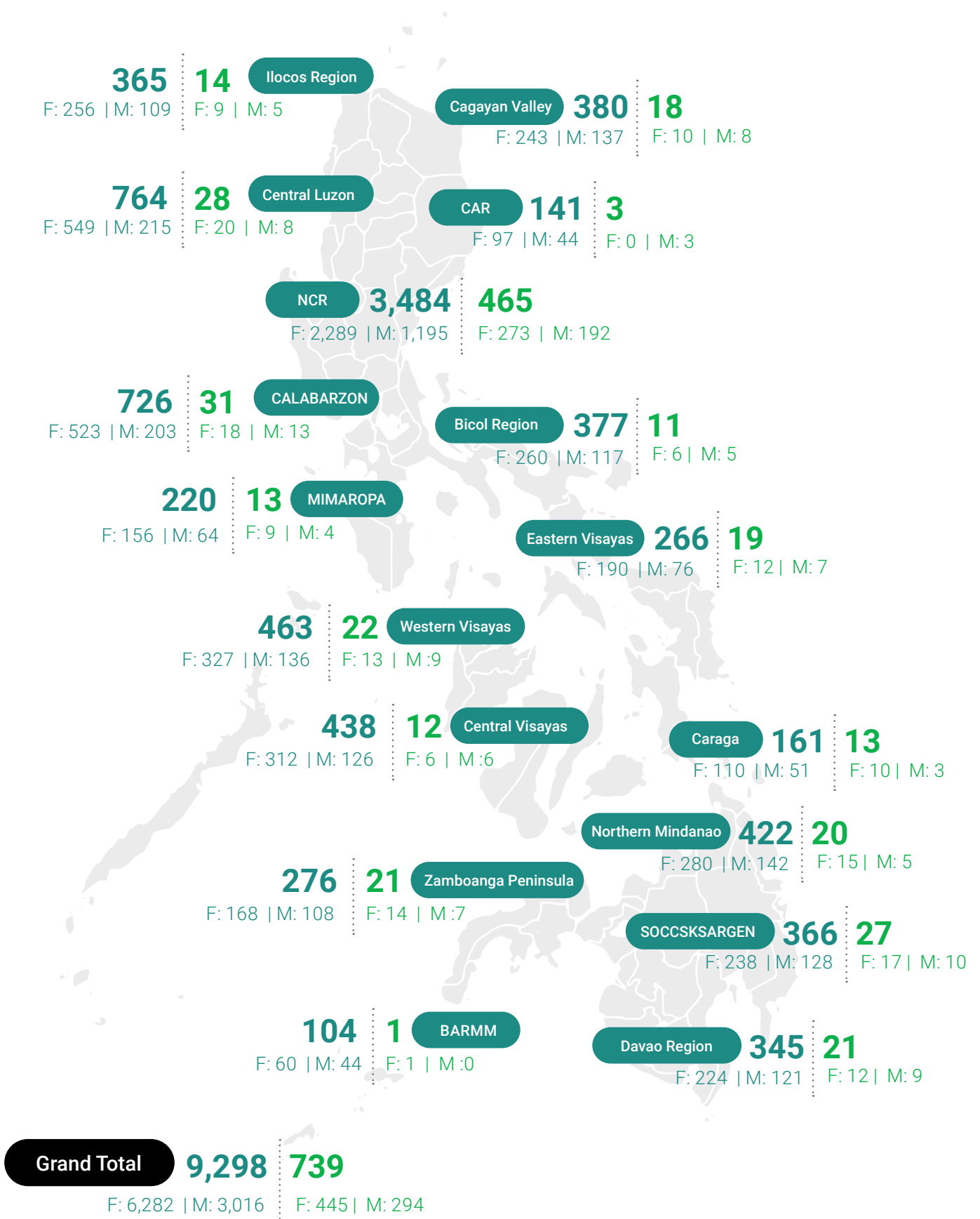
### Total number of employees by employment contract (permanent and temporary) and gender



# INSTITUTIONAL VIABILITY

## Total number of employees by employment contract (permanent and temporary) and region

● Regular      M - Male  
● Contractual      F - Female



## By Age Group

Age	Regular	Contractual
25 & below	1,563 F: 1,111   M: 452	352 F: 242   M: 110
26-35	2,793 F: 1,877   M: 916	305 F: 181   M: 124
36-45	1,890 F: 1,325   M: 565	50 F: 14   M: 36
46-49	889 F: 609   M: 280	9 F: 3   M: 6
50-55	1,599 F: 1,062   M: 537	19 F: 4   M: 15
56-59	484 F: 257   M: 227	2 F: 0   M: 2
60 & above	80 F: 41   M: 39	2 F: 1   M: 1
<b>Grand total</b>	<b>9,298</b> F: 6,282   M: 3,016	<b>739</b> F: 445   M: 294

## New Hires

Region	Female	Male	Total
NCR	227	127	354
CAR	10	6	16
Ilocos Region	31	4	35
Cagayan Valley	24	7	31
Central Luzon	48	12	60
CALABARZON	47	16	63
MIMAROPA	10	6	16
Bicol Region	21	11	32
Western Visayas	17	3	20
Central Visayas	43	9	52
Eastern Visayas	9	6	15
Zamboanga Peninsula	24	12	36
Northern Mindanao	35	25	60
Davao Region	24	18	42
SOCCSKSARGEN	18	11	29
BARMM	9	7	16
Caraga	15	7	22
<b>Grand Total</b>	<b>612</b>	<b>287</b>	<b>899</b>

AGE GROUP	Female	Male	Total
25 & below	418	174	592
26-35	179	103	282
36-45	9	3	12
46-49	4	2	6
50-55	0	1	1
56-59	1	3	4
60 & above	1	1	2
<b>Grand Total</b>	<b>612</b>	<b>287</b>	<b>899</b>

## Separated from the Service

Region	Female	Male	Total
NCR	53	38	91
CAR	3	0	3
Ilocos Region	3	0	3
Cagayan Valley	3	3	6
Central Luzon	5	2	7
CALABARZON	17	4	21
MIMAROPA	1	2	3
Bicol Region	5	2	7
Western Visayas	4	2	6
Central Visayas	9	6	15
Eastern Visayas	1	2	3
Zamboanga Peninsula	0	2	2
Northern Mindanao	7	2	9
Davao Region	5	6	11
SOCCSKSARGEN	2	1	3
BARMM	2	2	4
Caraga	1	1	2
<b>Grand Total</b>	<b>121</b>	<b>75</b>	<b>196</b>

AGE GROUP	Female	Male	Total
25 & below	23	15	38
26-35	36	24	60
36-45	23	12	35
46-49	8	1	9
50-55	15	5	20
56-59	12	4	16
60 & above	4	14	18
<b>Grand Total</b>	<b>121</b>	<b>75</b>	<b>196</b>

2019 TURNOVER RATE

**2.20%**

## TALENT ACQUISITION

### Recruitment and Selection Process

The Recruitment, Selection and Placement (RSP) process of LANDBANK for its personnel is based on merit and fitness to ensure competent and efficient performance of duties and assumption of responsibilities in the position they will be appointed to. The RSP system endeavors to provide talent requirements of the Bank through strategic headcount management, employer branding efforts, targeted sourcing activities as well as values and competency-based assessments.

The Bank maximizes the use of the following sourcing channels while continuously exploring latest recruitment trends and strategies applicable to its operations:

1. LANDBANK Website Online Careers Page
2. Various Online Job Portals (i.e., Jobstreet Free Government Page, DOLE Philjobnet, LinkedIn)
3. CSC Publication of Vacant Positions
4. DOLE Public Employment Service Office (PESO)
5. LANDBANK Official Facebook Page
6. Academe partnerships and university recruitment
7. Institutional partnerships (i.e. PRC)
8. Employee referrals

As a Government Financial Institution (GFI), LANDBANK complies with the Fit and Proper Rule of the Bangko Sentral ng Pilipinas (BSP), Governance Commission for GOCCs (GCG) and other regulatory bodies on top of the Civil Service Commission's (CSC) Omnibus Rules on Human Resource Appointments and Other HR Actions (OHRAORA).

Further, the Bank adheres to the Equal Employment Opportunity Principle (EEOP) in all its human resource activities without regard to race, color, religion, political belief or affiliation, gender, ethnicity, age, height, weight, disability or any other form of prejudicial and arbitrary classifications.

Selection for senior officer positions in LANDBANK are carried out with careful consideration of the CSC- approved Qualification Standards as well as the provisions prescribed under the Manual of Operations for Banks (MORB). Candidates for such positions are

endorsed for hiring or promotion by the LANDBANK President and CEO and/or the respective Head of the Sector where the vacancy is identified.

The position and item number they are being considered for shall be posted in the Bank's bulletin and published by the CSC for at least 10 days.

The necessary pre-employment examination (i.e. Executive Profiling exam) will be administered to identified candidates. Once the exam yields favorable results, the candidate will undergo series of interviews with the Head of Personnel Administration Department (PAD), Head/s of hiring unit, and Head of Human Resource Management Group (HRMG). If the series of interviews is favourable, the hiring unit will submit a proposal to PAD in which position validation will take place. The candidate will then be provided with the list of LBP Pre-employment requirements that must be submitted for the processing of their proposal, including a set of medical tests which the candidate must undergo as part of the Bank's process in assessing candidates in accordance to the "fit and proper rule" issued by the regulatory bodies. PAD shall also process the request for the conduct of the person's Background and Credit Investigation (BI/CI) as well as the assessment of his/her training requirements vis-à-vis the LBP Qualification Standards (QS) of the position.

Upon completion of all the necessary requirements such as the BI and CI report, training certification and medical clearance, the proposal of the candidate will then be subject for deliberation and evaluation of the Selection Board II (SB II).

Once the SB II decides to favorably endorse the candidate, the proposal will be submitted by PAD to the Corporate Governance Committee (CGCom) and the LANDBANK Board for approval. Approval from both authorities shall allow the candidate to assume duty on the first working day of the following month. In addition, for positions of Senior Vice President and up, MORB requires reporting to BSP, which PAD complies with within 20 banking days after the LANDBANK Board approved of the hiring.

## TALENT DEVELOPMENT

### Competency Framework Development Initiative

In 2019, the competency gaps of the remaining 303 employees were addressed. This completed the three-year cycle of implementing various Learning and Development (L&D) interventions for employees assessed by their supervisors in 2016 to have limited knowledge and developing skills.

Institutional programs are continuously implemented to promote the Bank's core values of Innovation, Accountability, Collaboration, Customer Focus, Excellence and Social Responsibility.

The conduct of Take the L.E.A.D., the Bank's program for Customer Focus, in the branches and lending centers was completed in 2019. Through the collaboration of the lead and accredited trainers from these units, 188 batches were implemented with almost 5,000 frontliners/participants.

In support of the Integrated Management System, one of the Bank's initiatives for the core value of Excellence, the ODD ensured the attendance of almost 50 Emergency Response Team Heads to an Emergency Preparedness Program. Still on Excellence, 21 batches of Professional Image Enhancement Program were attended by 617 new hires and 279 branch personnel.

### Employee Learning and Development

In line with its mission of "developing and nurturing talents who exemplify the highest standards of ethics and excellence, consistent with the best in the world", LANDBANK continues to provide its employees with L&D programs. It employs the 70-20-10 principle of L&D, where employees can source their learning through various modes – on-the-job (70%), informal (20%) and formal, both classroom and online (10%).

In November 2019, LANDBANK launched "GROWing NxtGen Leaders" as its Mentoring Program. Under the program, Senior Officers take on the role of mentors and contribute to the development of the Bank's future by helping their mentees grow their technical knowledge and leadership skills.

Institutional programs aimed at ensuring a readily available talent pool for succession are implemented continuously. In 2019, 138 internal and external participants graduated from the two batches of Leadership Development Program, 1st batch of

Lending Officers Development Program, 4th batch of Branch Officers Development Program and 7th batch of Management Training Program.

Four Landbankers, two of each for the Middle Managers Class and Senior Executives Classes, are participating in the Public Management Development Program, a scholarship offered by the National Government through the Development Academy of the Philippines.

To complement the in-house MBA for supervisors, a similar program was approved by Management for non-supervisors. The 1st batch commenced in July 2019 with 35 participants under the Bank's continued partnership with the College of the Holy Spirit Manila. Through these programs, the Bank aims to develop among them relevant competencies for career advancement through opportunities for higher education.

Chada in Cagayan de Oro, with 23 charter members, became the 6th LANDBANK Toastmasters Club. Toastmasters International is a worldwide organization committed to enhance leadership and communication skills of its members.

During the year, there were 67 employees who obtained Professional Certification in the various fields, while 13 are undergoing review or awaiting exam results.

The LANDBANK LEAP was optimized with the inclusion of seven modules, which registered a high access rate, making it an effective and efficient L&D tool. These modules included Data Privacy, Financial Consumer Protection, Business Continuity Management and other functional courses.

A new Employee Onboarding Program was approved by Management for implementation in November 2019. It clearly defined activities involved from assumption to duty of new hires to the end of their probationary period of employment. Its L&D component was rationalized to manage the time and resources spent.

## COMPENSATION AND BENEFITS

### Remuneration Policy

LANDBANK's basic salary rates are aligned with the National Government's Salary Standardization Law. The Bank pays salaries, allowances, benefits and incentives in accordance with the issuances from the National Government agencies such as the Office of the President of the Philippines Administrative/ Executive Orders, Memorandum Circulars issued by the Department of Budget and Management (DBM), Civil Service Commission (CSC), and Governance Commission for GOCCs (GCG).

The Bank's senior officers are entitled to monetary and non-monetary benefits, fringe benefits, incentives, recognition and rewards for met performance targets or goals. The compensation package consists of basic salaries, standard allowances, benefits and incentives like Personnel Economic and Relief Allowance, Clothing Allowance, Mid-Year Bonus, Year End Bonus and Cash Gift. Specific purpose allowances and benefits, i.e., Representation Allowance and Transportation Allowance (RATA), per diem, honoraria, etc., are also given to senior officers under specific conditions related to the actual performance of work at prescribed rates.

Awards and incentives are also granted to senior officers through the grant of the annual Performance Based Bonus (PBB), Productivity Enhancement Incentive (PEI), Collective Negotiation Agreement (CNA) Incentive, and Program on Awards and Incentives for Service Excellence (PRAISE) which are linked to organizational and individual performance.

LANDBANK's Remuneration Policy includes indirect compensation which are regulated under existing laws like the Bank's share to GSIS, PhilHealth, Pag-IBIG, Provident Fund and various leave benefits authorized by the CSC.

## PERFORMANCE MONITORING AND MANAGEMENT

### Performance Assessment Program

In accordance with LBP Administrative Order No. 072, series of 2018, or the Revised Implementing Guidelines on the LBP Strategic Performance Management System (SPMS), LANDBANK has established and implemented its own SPMS pursuant

to CSC MC No. 6, s. 2012 and CSC Resolution No. 1200481. The basic elements present in the SPMS include alignment of performance goals to the organization's performance scorecard and objectives, clear delineation of rater and ratee's roles, and information system to support performance monitoring.

The LANDBANK SPMS guidelines cover all full-time Bank officers and staff, whether permanent, temporary or co-terminus, regardless of the assignment, for the full performance management cycle.

## EMPLOYEE HEALTH AND WELL-BEING

### Annual Medical Examination

LANDBANK values its human resources and provides its employees with opportunities to maintain their health and well-being. Since 2016, LANDBANK has established the annual medical examination with the issuance of Executive Order No. 001, Guidelines on the Mandatory Annual Medical Examinations (AME) for LANDBANK Employees. This is in line with the Bank's thrusts of safeguarding employee health, safety and well-being, promoting productivity and complying with the Occupational Safety and Health Standards and the Policy on Working Conditions at the Workplace set by regulatory bodies including the CSC.

In addition to HMO-accredited facilities for the conduct of the AME nationwide, the on-site Annual Physical Examination at the LANDBANK Plaza was organized to make the service more accessible to LANDBANK personnel. This facility was availed of by 1,129 Head Office-based employees in 2019.

A total of 389 officers underwent AME in MediCard accredited clinics during the year.

### Vaccination Program

To protect the health of employees and prevent communicable diseases, LANDBANK procures vaccines and implements a nationwide annual Influenza Vaccination Program on a voluntary basis. For 2019, there were 4,906 vaccine recipients. Also, 64 employees and dependents availed of the pneumonia vaccine.



## Occupational Safety and Health Promotion

In line with its thrust of promoting health and wellness in the workplace, the Employee Relations Department together with the Corporate Affairs Department and Life-Care Fitness Management, Inc. (third-party service provider for the LANDBANK Gym and Fitness Center), produced the "Fit o'Clock Habit." The "Fit o'Clock Habit" is a series of instructional videos on exercises that may be performed by LANDBANK personnel while at their desk, and as a break during trainings/meetings, to reduce the number of cases of work-related musculoskeletal disorders among LANDBANK employees. These videos are accessible to employees via Facebook Workplace.

To ensure proper deployment of newly hired personnel, 935 personnel were evaluated and classified based on their individual health risks and the health hazards that may accompany the work assignment.

In order to prevent the spread of pulmonary tuberculosis (PTB) in the workplace, contact tracing/screening was implemented for ten primary cases of PTB, with 103 close contacts evaluated for the disease.

## Health Education

Part of the efforts to promote health involves providing employees with accurate and updated information on health with the objective of creating awareness, gaining new insights, and motivating practical application of learning to their daily life.

In 2019, a total of six quarterly Wellness Forums were conducted with a combined number of 265 participants. Wellness experts were invited to talk on various topics and promote adoption of healthy and well-balanced life. "Health Notes," a communication tool which aims to keep LANDBANK employees informed about health issues (e.g., smoking cessation, drug abuse prevention, reducing cancer risk, preventing stroke, breast health, earthquake preparedness and response measures, HIV-AIDS, rabies, autism awareness, sexually transmitted infections, privileges of person's with disability, blood donation, bird flu, avian flu, influenza, dengue, ADHD, etc.) were disseminated through various means of communication including internal email network and social media. There were 49 health advisories released in 2019.

## Healthcare Services

To provide its employees with access to medical services, LANDBANK operates a worksite Medical Clinic manned by healthcare professionals (i.e., internists, occupational health physicians, nurses) offering services such as consultation, first aid treatment, medical record-keeping, certification/fitness assessment and emergency ambulance transportation, if necessary. For 2019, medical consultation in the LBP Medical Clinic was availed of 8,371 times.

As an additional health promotion initiative for its employees, LANDBANK implements "My Access to Health Program" to assist Head Office employees in attaining compliance with physician's recommendations for proper nutrition, prescription medications and follow-through laboratory examinations. This brings to the worksite the following services:

- Phlebotomists are available twice a week at the LBP Medical Clinic to extract blood from those with medical conditions requiring regular monitoring with a total of 259 availers.
- A registered dietitian offers nutritional counselling twice a month for those in need of guidance on proper nutrition. In 2019, 52 individuals sought dietary advice.

## Random Drug Testing Program

LANDBANK is committed to safeguard the health, safety and well-being of its employees by maintaining a work environment free from the use of dangerous drugs. LANDBANK Administrative Order No. 11, series of 2019, "Guidelines on the Implementation of the LANDBANK Drug-Free Workplace Program," was issued on February 8, 2019 in compliance with various laws and policies including Republic Act No. 9165 (Comprehensive Dangerous Drugs Act of 2002); Malacañang Memorandum Circular No. 89, series of 2015; Dangerous Drugs Board (DDB) Regulation No. 2, series of 2004; CSC Memorandum Circular (MC) No. 13, series of 2010; and CSC MC No. 13, series of 2017.

## INSTITUTIONAL VIABILITY

In 2019, LANDBANK completed two-year Random Drug Tests (RDTs) in the Head Office wherein a total of 1,983 employees were successfully tested. The conduct of RDT in the branches in National Capital Region (NCR) started in 2019 wherein 196 employees were tested in five batches covering 15 NCR field units.

On April 3 to 5, 2019, an orientation/education on the implementation of the LANDBANK Drug-free Workplace Program for NCR was conducted by an accredited physician from the DDB to 43 heads/representatives of LANDBANK field units.

Starting February 2019, LANDBANK has been submitting its Accomplishment Report to the DDB relative to its compliance with the Philippine Anti-Drugs Strategy.

### **Psychological Support Program**

In compliance with Republic Act No. 11036 or the Mental Health Act, and as a tangible manifestation of its paramount concern of uplifting the general well-being of its employees, LANDBANK launched the Wellness Line on March 26, 2019 and this has been made available to all employees effective April 1, 2019. The Wellness Line is a 24/7 mental health phone support manned by professionally trained third-party helpline responders from a reputable mental healthcare provider. Moreover, psychological counseling services, which are essentially connected with the Wellness Line were also made available starting April 2019. These had been conducted via telephone, web-based and/or face-to-face sessions.

The Wellness Line is a proactive approach to help Bank employees build the necessary resilience to cope with the challenges of a changing organization and job context, highly competitive business environment, intense customer expectations, and fast-paced multi-tasking tasks vis-à-vis the demands of their personal lives.

### **Employee Wellness Program**

The holistic wellness of employees, i.e., addressing physical, mental, social, financial and spiritual dimensions of health, for employees is promoted via the Bankwide implementation of the ILiveWellness Program.

### **Sports and Recreation Program**

In the Head Office, competitive sports events (e.g., bowling, basketball, chess, darts, table tennis, billiards, volleyball, and badminton) held at the

worksite LBP Recreation Center or in nearby venues were conducted year-round with 967 participants.

LANDBANK also supported employees' participation in sports activities (e.g., golf, billiards, badminton, volleyball, basketball, bowling, and practical shooting) organized by external institutions like the Government Corporations Athletic Association and the Bankers Athletic Association, by sending 129 athlete-delegates.

Employee clubs have served as avenues for pursuing and honing a hobby or interest. In 2019, LANDBANK supported two employee clubs for five recreational/sports events with 558 participants.

Further, under the ILiveWellness program are fellowships and family-oriented activities with six events held in 2019, i.e., Officers' Nights, ballroom dancing sessions, personality development workshop for employees' dependents, and Christmas Party for children and wards of employees.

### **Financial Wellness Program**

Learning sessions primarily aimed at equipping employees with knowledge and skills on potential entrepreneurial ventures were conducted in 2019 with five sessions joined by 86 participants. They were taught how to process soya beans (tokwa, tofu and flavored taho), produce perfume and cologne, concoct herbal liniments, and bake pastry slices and bars. A talk on financial wellness was also held.

### **Spiritual Wellness in the Workplace Program**

Regular worship services and spiritual counselling are conducted at the LBP Chapel in coordination with the Catholic employee community. Spiritual learning sessions participated by other employee spiritual groups were also held.

In 2019, the Philippine Bible Month was observed with the conduct of a Bible Display and Museum from January 28 to 31, 2019 at the LANDBANK Plaza. Employees also donated a portion of the Corporate Social Responsibility (CSR) Fund to support the "May They Be One" ecumenical bible distribution advocacy program of the Philippine Bible Society.

## Health and Wellness Facilities

### *LANDBANK Gym and Fitness Center*

Employees are provided with opportunities to pursue physical fitness through the LANDBANK Gym and Fitness Center (LBP-GFC), a worksite gym that operates before and after office hours. A fitness instructor is available to design individualized programs and ensure participants' safety while using gym equipment. In 2019, the LBP-GFC was accessed by 880 employees. Group exercises offering a wide range of activities (e.g., yoga, zumba, dance aero, yogalates) were also held daily participated by a total of 313 employees.

In addition to these, six fitness-related special activities (e.g., beach body work out, duo fitness challenge, battling rope workout, body composition analysis, yoga block workout, stroops challenge, boot camp series challenge, speed agility) were held at the LBP-GFC.

### **LANDBANK Employee Well-Being Survey**

An Employee Well-Being Survey was conducted from April 8 to June 7, 2019 through the LANDBANK e-Learning Access Portal (LEAP) System. The survey was made open to all LANDBANK employees and was aimed at obtaining baseline data from the respondents regarding their current state of well-being.

The survey adopted the Workplace PERMA Profiler which was developed by psychologist Dr. Margaret L. Kern of the University of Pennsylvania. There were 4,670 respondents or 53% of LANDBANK's employee population that participated during the survey period.

### **Other Mechanisms to Support Employees' Health**

In addition to assisting employees secure healthcare coverage administered by a Health Maintenance Organization (HMO), LANDBANK provided health-related benefits to its employees who had undergone gynecologic procedures (65 requests for special leave privileges under the Magna Carta of Women), sustained injuries due to work-related accidents (7 cases reviewed for special leaves/Rehabilitation Privilege), or been diagnosed with dreaded diseases or critical/debilitating medical conditions (71 claims for financial assistance and 26 requests for sick leave extension due to dreaded illnesses, 51 cases evaluated for separation due to medical conditions) to facilitate recovery and rehabilitation, or to properly manage health for those leaving the service.

## Employee Volunteerism Activities

The LANDBANK Volunteer Program has been providing employees with opportunities for making a real and valuable difference on people, communities and society as a whole.

In 2019, 8,440 or 85% of LANDBANK's total employee population adopted/supported a total of 309 Volunteer Involving Organizations (VIOs) from the Bank's Corporate Social Responsibility (CSR) Pillars (LEED: Livelihood, Environment, Education and Disaster Relief) rendering 146,275 volunteer hours with an average of 17.33 volunteer hours per engaged employee.

LANDBANK employees gave a positive response to the call for monetary contributions to LANDBANK's CSR fund generation campaign dubbed as "Hour Time to Share." The generosity of employees resulted in 18,577 work hours donated by 6,043 contributors or 71% of the total employee population. The equivalent monetary value of these work hours amounting to ₱5,801,225.19 was channeled mostly to the Bank's GAWAD PATNUBAY scholarship program for deserving but financially disadvantaged students pursuing agriculture- and fisheries-related courses. Other portions went to donations for the LANDBANK Alumni Association, Inc., and the Philippine Bible Society.

In November 2019, the Management approved the institutionalization of a voluntary cash donations program known as the LBP Alternative Mechanism of Benevolent Assistance for the Greater - Good System or the LANDBANK AMBAG System. A total of ₱460,072.07 donated by LANDBANK employees and outsourced personnel were turned over to appropriate LANDBANK units for distribution to employees and communities affected by the series of earthquakes in Mindanao that occurred during the latter part of 2019.

Worksite bloodletting activities were conducted thrice in 2019 in partnership with the Philippine Red Cross (PRC). The campaign yielded 388.35 liters of blood from 863 donors. LANDBANK was lauded as an Outstanding Blood Services Partner by the PRC in 2019.

LANDBANK, in partnership with the Department of Health and the Manila Health Department, sponsored a Milk-letting Activity entitled, "Share your Breastmilk" on March 8, 2019 where 13 employees donated a total of 2,379 mL of breastmilk to the Milk Bank of the Neonatal Unit of the Philippine General Hospital.

## INSTITUTIONAL VIABILITY

In December 2019, LANDBANK conducted the second year of the “Share A Gift Program” in the City of Manila. A Noche Buena package consisting of rice, holiday ham, and groceries from LANDBANK, together with school bags, school supplies, toys and shirts from the employees were given to 500 children of the streets and their families in the area of Tondo, Manila.

### GENDER AND DEVELOPMENT PROGRAM

#### Strengthening of Gender and Development Focal Points

In support of the government’s thrust to mainstream gender and development (GAD) in the policies, programs and activities of government agencies, LANDBANK strengthened its GAD Focal Point System (GFPS) in 2019 through its reconstitution, including the creation of the Regional GAD Focal Point Subsystems.

Among the organization-focused GAD activities conducted during the year is the Gender Sensitivity Training for the members of the GAD Technical Working Group and RGFPS to educate them on basic and relevant GAD knowledge and principles as part of capability-building initiatives.

#### Protection against Gender-Based Sexual Harassment

LANDBANK supports the implementation of Republic Act No. 11313 or “The Safe Spaces Act”, addressing gender-based sexual harassment in workplaces and other public areas. Thorough information campaign through the utilization of the Bank’s connectivity platforms (i.e, LBP Notes and Workplace by Facebook) was used to disseminate materials about the Safe Spaces Act. Posters in support of said Act were also displayed in the Bank elevators and other public areas, as part of the Bank’s efforts to prevent incidences of sexual harassment and maintain a safe and secure workplace.

#### GAD Advocacy Activities

In support of the National Women’s Month Celebration in March, LANDBANK adopted the Philippine Commission on Women-recommended activities, such as the week-long “Serbisyo para kay Juana” where LANDBANK personnel, particularly

women, were afforded free or discounted health and wellness products and services. A total of 292 female and male personnel availed of the services. “Purple Fridays,” when personnel wore purple-colored attires, served as an advocacy activity to promote understanding of the importance of gender equality.

The 18-Day Campaign to End Violence against Women (VAW) from November 25 to December 12, 2019 was actively supported by LANDBANK through the Orange Your Icon campaign, including the dissemination of information, education and promotion materials that uphold women’s rights through various communication channels.

#### LANDBANK Day Care Center

Since 2005, a worksite day care center for employees’ children with ages 3 to 12 years old has been operating to assist employees in maintaining work life balance and help resolve GAD issues related to childcare and parenting. The LANDBANK Day Care Center (LBDCC) implements a 10-month Early Childhood Care and Development Program accredited by the Department of Social Welfare and Development with an Outstanding rating or 5-star/ Level 3 compliance. In 2019, there were 23 children who attended the regular program which benefited 26 employee-parents. In addition to this, a total of 229 walk-in attendees availed of the LBDCC service benefiting 273 employee-parents.

#### LANDBANK Lactation Station

LANDBANK is a strong advocate of exclusive breastfeeding and has been recognized by the Department of Health as a “Mother-Baby Friendly Workplace.” Notable is the continuing operations of a worksite Lactation Station where nursing employees can express and store their breast milk in a clean and sanitary environment. A total of 46 personnel accessed the facility in 2019. Moreover, the Department of Health renewed the LBP Lactation Station’s “Mother-Baby Friendly Workplace Certification” last October 2018 until October 2020.

To further motivate employees, two learning sessions on breastfeeding were held in 2019: “Empower Parents, Enable Breastfeeding” on August 20, 2019 and “Breastfeeding Promotion in the Workplace” in September 24, 2019. The importance of breastfeeding was the subject matter in one issue of the internal communication tool, “Health Notes”, released on August 28, 2019 entitled: “National Breastfeeding Awareness Month: The benefits of breastfeeding”.

## EMPLOYEE SERVICES

### Relief and Disaster Assistance (RDA) Program

In accordance with LBP Executive Order (EO) No. 028, Series of 2015, as amended by LBP EO No. 61, s. 2017, Guidelines on the Implementation of the Relief and Disaster Assistance (RDA) Program, a total of ₱1,760,000 financial assistance, ranging from ₱5,000 to ₱20,000, was granted by the Bank through its Relief and Disaster Assistance Fund (RDAF) in 2019 for 216 personnel whose residential houses were damaged by various calamities and disasters, namely “Typhoon Rosita”, “Typhoon Usman”, “Typhoon Marlin”, Mindanao earthquakes, and different fire incidents during the said year.

The RDA Program has been institutionalized since 1981 to alleviate the condition of eligible Bank personnel and other beneficiaries who are suffering from the effects of disasters/calamities. Under the said Program, qualified Bank personnel may be granted with Emergency Relief Assistance (ERA) to address the need for essential relief commodities (e.g., food packs and drinking water) and/or Financial Assistance (FA) to help beneficiaries in the repair of their residential house, which were damaged due to calamities/disasters.

## COLLECTIVE NEGOTIATION AGREEMENT

The Sixth Collective Negotiation Agreement (CNA) between the Management panel and the LBP Employees’ Association (LBPEA) panel which successfully concluded in December 2017 will be adopted until 2020. The 6th CNA which highlights the new core values of LANDBANK shall likewise continue to implement its provisions relating to the engagement of efforts of the Bank and its employees in accomplishing performance targets and attaining efficiency through cost-cutting measures and systems improvement, as well as their commitment to adopt measures that promote productivity, efficiency and economy in the Bank’s operations and achievement of performance targets, as one of the requirements for the grant of the CNA Incentive.

## ORIENTATION AND EDUCATION PROGRAM FOR DIRECTORS AND SENIOR MANAGEMENT

To strengthen their oversight functions and as part of their continuing education, the Board of Directors attended seminars on corporate governance, updates on anti-money laundering and banking operations. They also participated in study tours abroad to gain exposure and current issues affecting the financial services industry. The L&D programs they had in 2019 are listed, as follows:

NAME	PROGRAM	DATE	PROVIDER
<b>Cecilia C. Borromeo</b>	Corporate Governance Orientation Program	May 9, 2019	Institute of Corporate Directors
	Updates on Anti-Money Laundering Act	September 20, 2019	Anti-Money Laundering Council
<b>Silvestre H. Bello III</b>	None		
<b>William D. Dar</b>			
<b>John R. Castriciones</b>			
<b>Virgilio DV. Robes</b>	Updates on Anti-Money Laundering Act	September 20, 2019	Anti-Money Laundering Council
<b>Jaime L. Miralles</b>	Updates on Anti-Money Laundering Act	October 24, 2019	Anti-Money Laundering Council

## INSTITUTIONAL VIABILITY

<b>Jesus V. Hinlo, Jr.</b>	1st General Membership Meeting	February 28, 2019	Association of Bank Compliance Officers
	Revised Corporation Code	June 18, 2019	Institute of Corporate Directors
	Global Sustainable Finance Conference	July 11-12, 2019	Global Sustainable Finance Network
	Updates on Anti-Money Laundering Act	October 24, 2019	Anti-Money Laundering Council
<b>Nancy D. Irlanda</b>	Revised Corporation Code	June 18, 2019	Institute of Corporate Directors
	Global Sustainable Finance Conference	July 11-12, 2019	Global Sustainable Finance Network
	Updates on Anti-Money Laundering Act	September 20, 2019	Anti-Money Laundering Council

On the other hand, the Bank's senior officers enhanced their knowledge on the business of banking and its major functional areas and obtained updates on banking regulations through various L&D programs they attended both classroom and on-line. They also managed to strengthen strategic partnerships with other financial institutions and stakeholders, including multilateral organizations and government agencies.

On human capital development, they played a major role in the implementation of Management and Leadership Development Programs (MLDP) which are aimed to strengthen the Bank's Succession Program. Aside from being resource persons, they also served as members of the panel to whom the participants presented and defended their integrating projects. Others were designated by Management as IP advisers.

In addition, many of them will serve as mentors in the newly launched Mentoring Program of the Bank.

### SUCCESSION POLICY

LANDBANK ensures the readiness of successors for critical positions in the Bank for the continuity of its business operations through succession planning.

The HRMG, in collaboration with incumbents, conducts the Succession Planning following these processes: (a) identification of key positions in the organization; (b) determination of appropriate qualification and competency standards for these positions; (c) assessment of possible successors against the standards; (d) mapping of candidates in the succession pool; and (e) design and implementation of development programs to ensure and continuously monitor the readiness of

potential successors to assume the functions and responsibilities of the position.

Another vital program to ensure the availability of a highly trained and qualified management pool, the MLDP, the Bank's premier training program for its high potentials and high performers, is continuously being conducted.

The LANDBANK has established four MLDP tracks: (a) Management Training Program (MTP) for first line Supervisors; (b) Branch Officers Development Program (BODP) for future Branch Managers; (c) Lending Officers Development Program (LODP) to harness our Account Officers in the lending operations; and (d) Leadership Development Program (LDP) for current Heads of Units to strengthen and reinforce management skills in building high performing teams.

### RETIREMENT POLICY

LANDBANK's Retirement Program is compliant with the appropriate rules and regulations issued by various regulatory bodies. These regulations support lengthy tenures resulting in capable and experienced senior personnel who have dedicated their lives and career to LANDBANK's mandate.

To improve overall work productivity, provide flexibility and retain key personnel, the Bank implements the retirement program for government employees as mandated by the Government Service Insurance System (GSIS). The GSIS offers optional and mandatory retirement schemes covered by applicable retirement laws. This personnel movement across LANDBANK has encouraged the development and growth for its next set of leaders.

## LIST OF EXECUTIVE OFFICERS AND SENIOR MANAGERS (VP and up) AND THEIR RELEVANT QUALIFICATIONS AND EXPERIENCES

As of December 31, 2019

NAME	RELEVANT QUALIFICATIONS/EXPERIENCE
<p><b>Cecilia C. Borromeo</b> President and Chief Executive Officer 60 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• March 1, 2019 to present – Land Bank of the Philippines; in present position since March 1, 2019</li> <li>• January 4, 2017 – February 28, 2019 – President and CEO- Development Bank of the Philippines</li> <li>• April 5, 1989 – January 3, 2017 – Land Bank of the Philippines</li> <li>• March 16, 1988 – April 4, 1989 – Trade and Industry Development Specialist - Department of Trade and Industry</li> <li>• January 1, 1983 – July 31, 1987 – Chief Financial Specialist - KKK National Secretariat</li> <li>• September 1, 1981 – December 31, 1982 – Development Management Officer – Human Settlements Development Corp.</li> <li>• March 1, 1981 – August 31, 1981 – Project Officer – University of Life</li> <li>• January 2, 1980 – December 31, 1982 – Settlements Assistant, Ministry of Human Settlement</li> </ul>
<p><b>Carel D. Halog</b> Executive Vice President Treasury and Investment Banking Sector 55 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• MBA/Geodetic Engineer</li> <li>• March 16, 1988 to present – Land Bank of the Philippines; in present position since June 16, 2016</li> <li>• July 11, 1985 to March 15, 1988 – Geodetic Engineer – Bureau of Mines and Geosciences</li> </ul>
<p><b>Alan V. Bornas</b> Executive Vice President Operations Sector 53 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• April 5, 1988 to present – Land Bank of the Philippines; in present position since July 14, 2016</li> </ul>
<p><b>Joselito P. Gutierrez</b> Executive Vice President Branch Banking Sector 60 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• August 1, 1988 to present - Land Bank of the Philippines; in present position since March 1, 2018</li> <li>• February 1, 1981 to July 31, 1988 – Assistant Manager - Republic Planters Bank</li> <li>• November 1, 1979 to January 31, 1981 – Clerk - Bank of America-Finance Corporation</li> </ul>
<p><b>Julio D. Climaco, Jr.</b> Executive Vice President Corporate Services Sector 62 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• December 7, 1993 to present – Land Bank of the Philippines; in present position since July 2, 2012</li> <li>• July 1, 1991 to December 6, 1993 – Managing Consultant - Joaquin Cunanan and Company/Price Waterhouse</li> <li>• July 1, 1990 to June 30, 1991 – Supervising Consultant - Joaquin Cunanan and Company/Price Waterhouse</li> <li>• December 1, 1988 to June 30, 1990 – Senior Consultant - Joaquin Cunanan and Company/Price Waterhouse</li> </ul>

## INSTITUTIONAL VIABILITY

	<ul style="list-style-type: none"> <li>• November 16, 1987 to November 30, 1988 – Staff Officer- The Hongkong and Shanghai Banking Corporation</li> <li>• May 1, 1985 to November 15, 1987 – Market Analyst - The Hongkong and Shanghai Banking Corporation</li> <li>• October 1, 1981 to April 30, 1985 – Research Associate - Center for Research and Communication</li> <li>• January 1, 1981 – August 31, 1981 – Purchasing Officer - Castilex Industrial Corporation</li> </ul>
<p><b>Liduvino S. Geron</b> Executive Vice President Agricultural and Development Lending Sector 55 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• June 20, 1994 to present – Land Bank of the Philippines; in present position since July 18, 2016</li> <li>• May 7, 1985 to June 30, 1989 – Research Assistant – National Post-Harvest Institute for Research and Extension</li> <li>• July 1, 1989 to May 12, 1992 – Project Development Officer - National Post-Harvest Institute for Research and Extension</li> <li>• May 13, 1992 to June 19, 1994 – Division Chief - National Post-Harvest Institute for Research and Extension</li> </ul>
<p><b>Leila C. Martin</b> Senior Vice President Strategic Initiatives Office 58 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• May 5, 1982 to present – Land Bank of the Philippines; in present position since July 3, 2017</li> </ul>
<p><b>Filipina B. Monje</b> Senior Vice President Northern and Central Luzon Lending Group 58 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• November 3, 1983 to present – Land Bank of the Philippines; in present position since October 3, 2016</li> <li>• July 1, 1982 to November 30, 1983 – Clerk/Bookkeeper - Ministry of Human Settlements</li> <li>• June 1, 1983 to October 31, 1983 – Accounting Instructor - Luzon Colleges</li> </ul>
<p><b>Ramon R. Monteloyola</b> Senior Vice President South NCR Branches Group 58 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• November 21, 1983 to present – Land Bank of the Philippines; in present position since October 3, 2016</li> <li>• September 28, 1979 to October 15, 1983 – Clerk Typist - Bureau of Forest Development</li> <li>• October 16, 1983 to November 20, 1983 – BWP Assistant - Bureau of Forest Development</li> </ul>
<p><b>Annalene M. Bautista</b> Senior Vice President Controllership Group 56 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• January 6, 1986 to present – Land Bank of the Philippines; in present position since April 16, 2018</li> <li>• April 1, 1985 to September 30, 1985 – Bookkeeper - Faith Insurance Services</li> <li>• December 1, 1984 to March 31, 1985 – Instructress - Amadeo Western Cavite Institute</li> </ul>



<p><b>Ma. Celeste A. Burgos</b> Senior Vice President Corporate Banking Group 55 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• February 10, 1986 to present – Land Bank of the Philippines; in present position since October 3, 2016</li> </ul>
<p><b>Alex A. Lorayes</b> Senior Vice President Agrarian Services Group 57 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Civil Engineer</li> <li>• Geodetic Engineer</li> <li>• December 26, 1988 to present – Land Bank of the Philippines; in present position since September 1, 2015</li> <li>• June 1, 1985 to November 30, 1988 – Reviewer - Besevilla Engineering Review Center</li> <li>• June 1, 1985 to November 30, 1988 – Lecturer - Divine Word College of Legazpi</li> <li>• May 15, 1982 to December 31, 1983 – Survey Returns Verifier - Bureau of Lands</li> </ul>
<p><b>Elsie Fe B. Tagupa</b> Senior Vice President Visayas Lending Group 59 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• April 25, 1983 to present – Land Bank of the Philippines; in present position since July 3, 2017</li> </ul>
<p><b>Ma. Elizabeth L. Gener</b> First Vice President Treasury Support Department 57 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• September 1, 1983 to present – Land Bank of the Philippines; in present position since April 16, 2018</li> </ul>
<p><b>Lucila E. Tesorero</b> Senior Vice President Southern Luzon Lending Group 56 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• July 2, 1985 to present – Land Bank of the Philippines; in present position since July 3, 2017</li> </ul>
<p><b>Camilo C. Leyba</b> First Vice President East Mindanao Branches Group 57 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• November 19, 1984 to present – Land Bank of the Philippines; in present position since July 1, 2015</li> <li>• June 15, 1984 to November 18, 1984 – Junior Auditor - Golden Farms, Inc.</li> </ul>
<p><b>Ma. Cielito D. Valdivia</b> First Vice President Southwest Luzon Branches Group 55 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• September 8, 1987 to present – Land Bank of the Philippines; in present position since April 16, 2018</li> <li>• June 1, 1986 to March 31, 1987 – High School Teacher - Liceo de Paete</li> <li>• September 1, 1985 to April 30, 1986 – Research Assistant - Forest Research Institute</li> </ul>
<p><b>Sylvia C. Lim</b> First Vice President Central Luzon Branches Group 52 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• November 23, 1987 to present – Land Bank of the Philippines; in present position since April 16, 2018</li> </ul>

## INSTITUTIONAL VIABILITY

<p><b>Ma. Belma T. Turla</b> First Vice President North Luzon Branches Group 52 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• April 3, 1989 to present – Land Bank of the Philippines; in present position since April 16, 2018</li> <li>• November 1, 1987 to April 2, 1989 – Personal Assistant - Atty. Arnulfo P. Fuentebella Law Office</li> </ul>
<p><b>Emellie V. Tamayo</b> First Vice President Lending Program Management Group 52 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• August 21, 1989 to present – Land Bank of the Philippines; in present position since March 1, 2018</li> <li>• January 1, 1987 to August 20, 1989 – Junior Auditor - Sycip, Gorres, Velayo and Co.</li> </ul>
<p><b>Renato G. Eje</b> Senior Vice President OFW Remittance Group 56 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• September 19, 1989 to present – Land Bank of the Philippines; in present position since July 1, 2015</li> <li>• September 17, 1984 to September 17, 1989 – Project Accountant/ Head of Admin.-Finance - MERALCO Industrial Engineering Services Corporation</li> </ul>
<p><b>Charlotte I. Conde</b> First Vice President Mindanao Lending Group 54 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• August 15, 1988 to present – Land Bank of the Philippines; in present position since April 16, 2018</li> <li>• April 1, 1987 to October 31, 1987 – Accounting Clerk – EMCOR, Incorporated</li> </ul>
<p><b>Khurshid U. Kalabud</b> First Vice President East Visayas Branches Group 51 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• June 18, 1990 to present – Land Bank of the Philippines; in present position since July 3, 2017</li> </ul>
<p><b>Noel B. Marquez</b> First Vice President Legal Services Group 58 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Eligibility - Bar</li> <li>• December 18, 1990 to present – Land Bank of the Philippines; in present position since July 3, 2017</li> <li>• May 1, 1989 to January 31, 1990 – Associate Lawyer – Bengzon Law Office</li> </ul>
<p><b>Winston Rochel L. Galang</b> First Vice President Banking Operations Group 56 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Civil Engineer</li> <li>• November 12, 1990 to present – Land Bank of the Philippines; in present position since April 16, 2018</li> </ul>
<p><b>Althon C. Ferolino</b> First Vice President Southeast Luzon Branches Group 53 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• June 21, 1991 to present – Land Bank of the Philippines; in present position since July 3, 2017</li> <li>• January 1, 1990 to February 28, 1991 – Irrigator’s Development Officer – National Irrigation Administration</li> <li>• June 1, 1989 to October 30, 1989 – Instructor – Iligan Medical Center Colleges and Mindanao State University</li> </ul>

<p><b>Alden F. Abitona</b>  First Vice President  Technology Management Group  49 years old, Filipino</p>	<ul style="list-style-type: none"> <li>September 24, 1991 to present – Land Bank of the Philippines; in present position since March 1, 2018</li> </ul>
<p><b>Marilou L. Villafranca</b>  First Vice President  North NCR Branches Group  51 years old, Filipino</p>	<ul style="list-style-type: none"> <li>March 16, 1992 to present – Land Bank of the Philippines; in present position since July 3, 2017</li> <li>March 1, 1992 to March 15, 1992 – Acting Administrative Officer – Lumang Bayan Realty Development Corporation</li> <li>January 21, 1991 to February 29, 1992 – Executive Secretary – Lumang Bayan Realty Development Corporation</li> <li>July 17, 1989 to October 15, 1990 – Legal Secretary – Ote Law Offices</li> </ul>
<p><b>Ma. Francia O. Titar</b>  First Vice President  Financial Markets Group  49 years old, Filipino</p>	<ul style="list-style-type: none"> <li>August 10, 1992 to present – Land Bank of the Philippines; in present position since April 16, 2018</li> <li>January 9, 1992 to June 30, 1992 – Clerk Typist – Excellent Manpower Services – FEBTC</li> <li>March 1, 1989 to June 30, 1989 – Sales Clerk – Ever Grand Central</li> </ul>
<p><b>Delma O. Bandiola</b>  First Vice President  West Visayas Branches Group  49 years old, Filipino</p>	<ul style="list-style-type: none"> <li>Certified Public Accountant</li> <li>September 16, 1992 to present - Land Bank of the Philippines; in present position since April 16, 2018</li> <li>January 8, 1992 to March 31, 1992 – Bookkeeper – Surge Multi-Resources Trading Corporation</li> </ul>
<p><b>Randolph L. Montesa</b>  First Vice President  Card and Electronic Banking Group  52 years old, Filipino</p>	<ul style="list-style-type: none"> <li>August 1, 2003 to present – Land Bank of the Philippines; in present position since July 1, 2015</li> <li>April 1, 2000 to November 30, 2002 – Project Manager – IBM Philippines</li> <li>February 16, 1998 to May 31, 1999 – Technical Support Analyst – Oracle Systems (Philippines)</li> <li>August 1, 1988 to February 15, 1998 – System Manager – Philippine Airlines, Incorporated</li> </ul>

## INSTITUTIONAL VIABILITY

### **Catherine Rowena B. Villanueva**

First Vice President  
Corporate Affairs Department  
48 years old, Filipino

- January 2, 2012 to present – Land Bank of the Philippines; in present position since October 1, 2015
- August 1, 2010 to January 30, 2011 – CSR Head, Public Affairs Office – Citibank NA, Philippines
- December 1, 2008 to July 30, 2010 – Head, Marketing Communications for Retail Bank – Citibank, NA, Philippines
- July 15, 2006 to August 15, 2007 – Head, Acquisitions Marketing and e-Business – Citibank International Personal Bank, Singapore
- September 1, 2005 to July 1, 2006 – Head, Micromarketing & Strategic Alliance – Citibank NA, Philippines
- May 1, 2004 to June 30, 2005 – Head, Branding & Micromarketing for Retail Bank – Citibank NA, Philippines
- March 12, 2001 to April 30, 2004 – Events and Media Manager – Citibank NA, Philippines
- January 15, 2001 to March 1, 2001 – Marketing Head – Philamcare
- January 1, 1996 to September 1, 2000 – Manager, Special Projects & Concurrent Executive Producer – Slimmers World International
- June 1, 1994 to December 1, 1996 – TV Production Supervisor and Scriptwriter – Slimmers World International
- March 1, 1994 to May 31, 1994 – Marketing and Promotions Coordinator – Slimmers World International
- January 1, 1993 to March 1, 1994 – Advertising Assistant – Slimmers World International
- July 1, 1992 to December 31, 1993 – Public Relations Officer – Slimmers World International

### **Amelia S. Amparado**

First Vice President  
Compliance Management Group  
62 years old, Filipino

- Certified Public Accountant
- July 1, 2014 to present – Land Bank of the Philippines; in present position since July 1, 2014
- February 1, 2010 to June 30, 2014 – Chief Compliance Officer/First Vice President – Metropolitan Bank & Trust Company
- August 1, 2009 to January 15, 2010 – Chief Compliance Officer/ Vice President - East West Banking Corporation
- January 5, 2009 to July 31, 2009 – Consultant – East West Banking Corporation
- May 16, 1982 to July 31, 2000 – Internal Auditor – China Banking Corporation
- October 1, 1978 to April 30, 1982 – Auditor – Sycip, Gorres, Velayo CPAs

**Elcid C. Pangilinan**  
 First Vice President  
 Strategic Planning Group  
 51 years old, Filipino

- June 30, 2017 to present – Land Bank of the Philippines; in present position since June 30, 2017
- November 1, 2013 to June 29, 2017 – Director – USAID – FPI and Surge (Project)
- May 1, 2011 to November 30, 2013 – Director – Millennium Challenge Account – Philippines
- August 1, 2007 to December 31, 2010 – Senior Policy Adviser – Department of Education
- January 1, 2003 to July 31, 2006 – Program Support Manager – United Nations Development Program – Philippines
- February 1, 1995 to April 4, 2002 – Bank Executive Officer – Land Bank of the Philippines
- February 1, 1989 to October 31, 1993 – Presidential Staff Officer – Office of the President of the Philippines

**Gonzalo Benjamin A. Bongolan**  
 First Vice President  
 Investment Banking Group  
 54 years old, Filipino

- January 24, 2018 to present – Land Bank of the Philippines; in present position since January 24, 2018
- January 2011 to January 2018 – Vice President – Philippine Commercial Capital, Incorporated (PCCI)
- May 2001 to May 2010 – President – Home Guaranty Corporation
- September 1998 to May 2001 – Assistant Vice President - PCCI Securities Brokers Corporation
- May 1998 to September 1998 – Manager – First Metro Investment Corporation
- January 1997 to March 1998 – Manager – Belson-Prime East Asia Capital, Incorporated
- June 1996 to January 1997 – Senior Economist – Banque Nationale de Paris-PrimeEast
- July 1995 to May 1996 – Legislative Staff Officer – House of Representatives
- June 1993 to October 1994 – Teaching Fellow – UP School of Economics
- March 1990 to June 1995 – Research Fellow – Philippine Center for Policy Studies
- June 1987 to October 1988 – Teaching Fellow – UP School of Economics

## INSTITUTIONAL VIABILITY

<p><b>Merceditas N. Oliva</b> Vice President Financial Accounting Department 62 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• August 23, 1982 to present – Land Bank of the Philippines; in present position since July 3, 2017</li> <li>• April 1, 1979 to August 22, 1982 – Accounting Clerk – Oriental Media, Incorporated</li> <li>• February 1, 1978 to March 31, 1978 – Accounting Clerk – Quadratic Construction, Incorporated</li> </ul>
<p><b>Lolita M. Almazar</b> Vice President Trust Banking Group 55 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• January 7, 1986 to present – Land Bank of the Philippines; in present position since October 1, 2019</li> </ul>
<p><b>Virgilio C. Paranial</b> Vice President Buendia Branch 57 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• October 19, 1987 to February 8, 1989 – Land Bank of the Philippines; in present position since October 1, 2018</li> <li>• August 14, 1987 to October 14, 1987 – Accounting Clerk – Woodstown Condominium Corporation</li> <li>• October 16, 1984 to November 30, 1986 – Clerk – Mariano Marcos State University</li> </ul>
<p><b>Bernardo B. Bayangos</b> Vice President Isabela Lending Center 56 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• December 14, 1987 to present – Land Bank of the Philippines; in present position since March 1, 2018</li> <li>• September 9, 1986 to December 13, 1987 – Administrative Assistant – Ayala Agricultural Development Corporation</li> <li>• April 1, 1985 to August 31, 1986 – Senior Auditor – Santiago, Cruz and Company CPAs</li> </ul>
<p><b>Reynaldo C. Capa</b> Vice President Banking Services Group 56 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• March 7, 1989 to present – Land Bank of the Philippines; in present position since March 1, 2018</li> <li>• January 1, 1985 to January 1, 1986 – Proof Settling Clerk – Manila Bank</li> </ul>
<p><b>Maria Edelwina D. Carreon</b> Vice President Internal Audit Group 59 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• July 11, 1988 to present – Land Bank of the Philippines; in present position since July 3, 2017</li> <li>• February 13, 1981 to July 8, 1988 – Section Chief – Great Pacific Life</li> <li>• January 6, 1981 to February 12, 1981 – Accounting Clerk – Peace Advertising Corporation</li> </ul>

<p><b>Marietta B. Cajuguiran</b> Vice President Corporate Banking Department II 54 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• November 2, 1988 to present – Land Bank of the Philippines; in present position since March 1, 2018</li> <li>• December 1, 1986 to January 31, 1988 – Supervisor – B.I. Cottonhouse Philippines, Incorporated</li> </ul>
<p><b>Elenita C. Rapanut</b> Vice President Branch Banking Support Department 56 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• January 30, 1989 to present – Land Bank of the Philippines; in present position since November 2, 2016</li> <li>• July 1, 1988 to January 29, 1989 – Financial Analyst – Concepcion Industries, Incorporated</li> <li>• February 1, 1984 to June 30, 1988 – Clerk – Philippine Cotton Corporation</li> </ul>
<p><b>Allan R. Bisnar</b> Vice President Cebu South Lending Center 51 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• September 1, 1989 to present - Land Bank of the Philippines; in present position since March 1, 2018</li> </ul>
<p><b>Eduardo N. Reyes, Jr.</b> Vice President Nueva Ecija Lending Center 55 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• August 1, 1988 to present – Land Bank of the Philippines; in present position since July 3, 2017</li> <li>• February 16, 1987 to July 31, 1988 – Economic Researcher – Office of the Provincial Agriculturist – Nueva Ecija</li> <li>• October 1, 1986 to February 15, 1987 – Extension Services Technologist – Office of the Provincial Agriculturist – Nueva Ecija</li> <li>• October 28, 1984 to October 31, 1985 – Project Research Assistant – University of Life/Ministry of Human Settlement</li> </ul>
<p><b>Dina Melanie R. Madrid</b> Vice President Facilities and Procurement Services Group 57 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• May 23, 1989 to present – Land Bank of the Philippines; in present position since October 1, 2018</li> <li>• July 1, 1986 to May 22, 1989 – Accountant – Solidphil Security Services, Incorporated</li> <li>• July 1, 1984 to June 30, 1986 – Cost Accounting Clerk – Graphic Arts Service, Incorporated</li> <li>• January 1, 1984 to June 30, 1984 – Accounting Clerk – Vintas International, Incorporated</li> </ul>
<p><b>Emma M. Brosas</b> Vice President Corporate Banking Department I 53 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• July 17, 1989 to present – Land Bank of the Philippines; in present position since January 16, 2017</li> <li>• February 16, 1989 to April 15, 1989 – Audit Staff – SGV and Co.</li> </ul>

## INSTITUTIONAL VIABILITY

<p><b>Ivy C. Sacramento</b> Vice President Balance Sheet Management Department 54 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• March 21, 1990 to present – Land Bank of the Philippines; in present position since July 3, 2017</li> <li>• June 16, 1987 to February 28, 1990 – Cashier – San Lorenzo Freezing Point</li> <li>• January 1, 1987 to June 15, 1987 – Executive Secretary – Link Management and Services, Incorporated</li> </ul>
<p><b>Esperanza N. Martinez</b> Vice President Public Sector Department 52 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• June 1, 1990 to present - Land Bank of the Philippines; in present position since October 1, 2018</li> <li>• February 1, 1989 to April 30, 1990 – Accountant – Solid Business Machines Center, Incorporated</li> </ul>
<p><b>Emmanuel G. Dimaano</b> Vice President Capital Markets Trading Department 58 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• June 3, 1991 to present – Land Bank of the Philippines; in present position since October 1, 2018</li> <li>• November 1, 1989 to May 31, 1991 – Audit Examiner – Boston Bank of the Philippines</li> <li>• May 1, 1989 to October 31, 1989 – Internal Auditor – Drugmakers Laboratories, Incorporated</li> <li>• September 1, 1986 to August 31, 1988 – Branch Accountant – Manila Banking Corporation</li> <li>• May 16, 1983 to August 31, 1986 – Audit Examiner – Manila Banking Corporation</li> <li>• May 8, 1982 to May 15, 1983 – Accountant – Scannex Corporation</li> </ul>
<p><b>Eulalio G. Lagapa, Jr.</b> Vice President Cebu North Lending Center 49 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Agricultural Engineer</li> <li>• October 8, 1991 to present – Land Bank of the Philippines; in present position since October 1, 2018</li> </ul>
<p><b>Marjorie R. Cortez</b> Vice President Business Risk Management Department 50 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• November 18, 1991 to present – Land Bank of the Philippines; in present position since October 1, 2018</li> <li>• July 1, 1991 to November 16, 1991 – Account Management Trainee – Dasmariñas Garments Corporation</li> <li>• November 1, 1990 to June 30, 1991 – Secretary/Land Researcher – Cortez Survey Office</li> <li>• February 1, 1988 to November 30, 1989 – Compiler/Researcher – Anap Research Services Foundation, Incorporated</li> </ul>



<p><b>Enrique L. Sazon, Jr.</b>  Vice President  Network Operations Department  50 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Electronics and Communications Engineer</li> <li>• July 16, 1992 to present – Land Bank of the Philippines; in present position since October 1, 2018</li> <li>• September 1, 1996 to January 31, 1997 – Assistant Manager – Banco de Oro</li> <li>• December 1, 1994 to August 31, 1996 – Information Technology Specialist – Duty Free Philippines</li> <li>• December 3, 1993 to November 30, 1994 – Communication Specialist – Duty Free Philippines</li> </ul>
<p><b>Pacifico C. De Paz, Jr.</b>  Vice President  Electronic Products Department  58 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Civil Engineer</li> <li>• July 1, 1993 to present – Land Bank of the Philippines; in present position since November 2, 2016</li> <li>• January 16, 1993 to June 30, 1993 – Account Management Specialist – Development Bank of the Philippines</li> <li>• July 31, 1991 to January 15, 1993 – Appraiser – Development Bank of the Philippines</li> <li>• June 1, 1990 to July 30, 1991 – Office Engineer – Fisher Engineering and Maintenance Company</li> <li>• February 1, 1989 to May 31, 1990 – Project Engineer – Federal Builders</li> <li>• September 16, 1987 to December 31, 1987 – Formwork Engineer – KJS Construction</li> <li>• January 16, 1987 to September 15, 1987 – Project Engineer – Unimasters Conglomerate, Incorporated</li> <li>• September 1, 1986 to January 15, 1987 – Office Engineer Estimator - Unimasters Conglomerate, Incorporated</li> <li>• December 16, 1984 to August 15, 1986 – Assistant Project Engineer – Unimasters Conglomerate, Incorporated</li> <li>• September 1, 1984 to December 15, 1984 – Civil Engineer Aide – Provincial Government of Leyte</li> </ul>

## INSTITUTIONAL VIABILITY

<p><b>Rose Marie E. Sotelo</b> Vice President Risk Management Group 57 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• June 21, 1993 to present – Land Bank of the Philippines; in present position since October 1, 2018</li> <li>• October 1, 1989 to June 14, 1993 – Supervising TLO Officer – Technology and Livelihood Research Center (TLRC)</li> <li>• October 1, 1989 to October 1, 1989 – Project Disbursement Head – TLRC</li> <li>• July 1, 1989 to September 30, 1989 – Senior TLO Officer – TLRC</li> <li>• November 2, 1987 to June 30, 1989 – Project Evaluation Officer II – TLRC</li> <li>• March 3, 1986 to July 31, 1987 – Senior Project Specialist – KKK National Secretariat</li> <li>• October 1, 1985 to March 1, 1986 – Senior Technical Specialist – KKK National Secretariat</li> <li>• October 1, 1983 to September 30, 1985 – Investment Analyst – KKK National Secretariat</li> <li>• November 1, 1982 to September 30, 1983 – Financial Analyst – MHS Livelihood Development Group</li> </ul>
<p><b>Emmanuel G. Hio, Jr.</b> Vice President Organization Development Department 48 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• September 1, 1994 to present – Land Bank of the Philippines; in present position since March 1, 2018</li> <li>• June 1, 1992 to August 31, 1994 – Faculty Teacher – De La Salle University</li> </ul>
<p><b>Cielito H. Lunaria</b> Vice President Retail and Mid-Market Lending Group 56 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Chemical Engineer</li> <li>• May 23, 1994 to present – Land Bank of the Philippines; in present position since July 1, 2015</li> <li>• October 1, 1992 to July 31, 1993 – Junior Processing Engineer – P.T. Astra Microtronics Technology</li> <li>• August 15, 1988 to August 31, 1991 – Technical Sales Supervisor – Accord International, Incorporated</li> <li>• January 2, 1987 to January 31, 1988 – Feature Writer – Line Publications Mapua Ches.-Chem. Alumni</li> <li>• January 2, 1986 to August 14, 1988 – Sales Engineer – Cougar Resources Corporation</li> </ul>
<p><b>Arthur E. Dalampan</b> Vice President Electronic Banking Systems Department 47 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Associate Electrical Engineer</li> <li>• April 15, 1996 to present – Land Bank of the Philippines; in present position since March 1, 2018</li> <li>• September 1, 1994 to March 31, 1995 – Programmer Trainee – NETCOR</li> </ul>

<p><b>Grace Ofelia Lovely V. Dayo</b> Vice President Retail Banking Systems Department 47 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• June 25, 1998 to present – Land Bank of the Philippines; in present position since October 1, 2018</li> <li>• July 1, 1996 to March 31, 1998 – Science Research Specialist – University of the Philippines Solar Laboratory</li> <li>• January 3, 1996 to June 30, 1996 – Science Research Analyst - University of the Philippines Solar Laboratory</li> </ul>
<p><b>Adelfa R. Masacupan</b> Vice President Liquidity and Reserve Management Department 46 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• February 3, 2003 to present – Land Bank of the Philippines; in present position since November 16, 2018</li> <li>• April 1, 2001 to February 2, 2003 – Researcher/Special Assistant – Department of Environment and Natural Resources</li> <li>• April 1, 2001 to August 30, 2001 – Foreign Exchange Trader – Belkin Management Consultancy</li> <li>• July 1, 1998 to March 31, 2001 – Researcher/Special Assistant – Office of Congressman Heherson Alvarez</li> <li>• May 27, 1993 to June 30, 1998 – Legislative Staff Officer – Office of Senator Heherson Alvarez</li> </ul>
<p><b>Joselito B. Vallada</b> Vice President Human Resources Management Group 48 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Eligibility - Bar</li> <li>• April 1, 2003 to present – Land Bank of the Philippines; in present position since July 4, 2017</li> <li>• November 1, 2000 to March 30, 2003 – Associate – Peña Sanchez Lacson Mison and Figueroa Law Offices</li> <li>• October 1, 1999 to August 31, 2000 – Figueroa and Associates Law Office</li> </ul>
<p><b>Maria Aurora R. Bocato</b> Vice President Credit Risk Management Department 54 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• July 5, 2017 to present – Land Bank of the Philippines; in present position since October 1, 2018</li> <li>• January 1, 2006 to July 3, 2017 – Sr. Assistant Vice President – Philippine National Bank (PNB) – Market and ALM Division</li> <li>• August 7, 2003 to December 31, 2005 – Manager/Risk Management Officer – PNB Risk Management Group</li> <li>• December 29, 1994 to August 6, 2003 – Sr. Assistant Manager/Risk Management Officer – PNB Credit Policy and Risk Control Division</li> <li>• July 11, 1994 to December 28, 1994 – Bank Executive Officer – PNB Credit Department</li> <li>• February 16, 1992 to July 10, 1994 – Loans and Distribution Officer – PNB</li> <li>• December 18, 1990 to February 15, 1993 – Loans Analyst – PNB</li> <li>• March 1, 1990 to December 17, 1990 – Financial Analyst/Acting Accountant – PNB</li> <li>• August 1, 1988 to February 28, 1990 – Bank Teller – PNB</li> <li>• October 12, 1987 to July 31, 1988 – Accounting Clerk – PNB</li> </ul>

## INSTITUTIONAL VIABILITY

<p><b>Rossana S. Coronel</b> Relationship Officer South NCRBG Cluster A 56 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• April 4, 1989 to present – Land Bank of the Philippines; in present position since November 2, 2016</li> <li>• January 1, 1988 to April 3, 1989 – Budget Examiner – Department of Health (DOH)</li> <li>• November 5, 1985 to December 31, 1987 – Budget Aide – DOH</li> </ul>
<p><b>Francisco E. Burgos Jr.</b> Vice President North NCRBG Cluster C 59 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• June 21, 1983 – present – Land Bank of the Philippines; in present position since January 10, 2019</li> </ul>
<p><b>Ma. Elenita N. Manucom</b> Relationship Officer North NCRBG Cluster B 52 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• August 16, 1989 – present – Land Bank of the Philippines; in present position since 1/10/2019</li> <li>• February 6, 1989 – August 15, 1989 – Accounting Clerk - Stateland Investment Corporation</li> </ul>
<p><b>Ma. Elena A. Balassu</b> Relationship Officer North NCRBG Cluster A 53 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• March 7, 1990 – present – Land Bank of the Philippines; in present position since January 10, 2019</li> <li>• March 3, 1988 – February 28, 1990 – Data Validator- Infosearch International</li> <li>• June 1, 1970 – November 30, 1987 – Tabulator – Dealer Pulse</li> </ul>
<p><b>Mylene B. Macapagal</b> Relationship Officer South NCRBG Cluster B 54 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• June 29, 1989 – present – Land Bank of the Philippines; in present position since November 2, 2016</li> </ul>
<p><b>Vivian P. Bisnar</b> Vice President Plaza Independencia Branch 60 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Certified Public Accountant</li> <li>• October 1, 1991 – present – Land Bank of the Philippines; in present position since January 10, 2019</li> <li>• January 1, 1982 – September 20, 1991 – Internal Auditor- Central Philippines Marketing Corporation</li> </ul>
<p><b>Roderick P. Sacro</b> Vice President Litigation Department 47 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Eligibility - Bar</li> <li>• Certified Public Accountant</li> <li>• August 14, 1995 – present – Land Bank of the Philippines; in present position since December 18, 2019</li> <li>• May 3, 1995 – July 24, 1995 – Data Control Clerk – PCI Bank</li> <li>• November 3, 1994 – April 30, 1995 – Audit Assistant – ALC Group of Companies</li> </ul>

<p><b>Cesar S. Cabañes</b>  Vice President  Banking Legal Services Department  45 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• Eligibility - Bar</li> <li>• December 1, 2003 – present – Land Bank of the Philippines; in present position since September 2, 2019</li> <li>• September 1, 2003 – November 14, 2003 – Associate Lawyer – Cortes Rodrigo and Cinco Law Firm</li> <li>• April 1, 2002 – December 31, 2002 – Associate Lawyer – Zambrano and Gruba Law Offices</li> </ul>
<p><b>Rosanna F. Berones</b>  Vice President  Enterprise Systems Department  57 years old, Filipino</p>	<ul style="list-style-type: none"> <li>• September 6, 1988 – present – Land Bank of the Philippines; in present position since September 2, 2019</li> <li>• April 3, 2000 – August 31, 2004 – Area Info. And Communication Manager – The Church of Jesus Christ of Latter Day Saints</li> <li>• January 1, 1988 – August 31, 1988 – Programmer – Sterling Paper Products</li> <li>• June 1, 1984 – March 30, 1985 – Math Instructor – AMA Computer College</li> </ul>

# INSTITUTIONAL VIABILITY

## LIST OF TRAININGS FOR EXECUTIVE OFFICERS AND SENIOR MANAGERS

EXECUTIVE OFFICER/ SENIOR MANAGER	Name of the business event	Start date	End date	Provider
1 <b>CECILIA BORROMEIO</b> PRESIDENT & CEO	UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
	CORPORATE GOVERNANCE ORIENTATION PROGRAM	09/05/2019	09/05/2019	ICD
	ENHANCED CORP GOV GUIDELINES FOR BOD	05/12/2018	05/12/2018	DBP
	TECHNOLOGY FOR INCLUSION CONFERENCE	04/27/2018	04/27/2018	ADB
	DBP WOMEN'S LUNCHEON FORUM	04/13/2018	04/13/2018	DBP
	TRAIN LAW BRIEFING	01/29/2018	01/29/2018	DBP
	OMNIBUS RULES ON OHRA & RRACCS	12/01/2018	12/01/2018	DBP
2 <b>CAREL D. HALOG</b> EXECUTIVE VICE PRESIDENT, TREASURY AND INVESTMENT BANKING SECTOR	MART ANNUAL CONVENTION	08/11/2019	10/11/2019	MART2
	UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
	ANC LEADERSHIP SERIES	08/20/2019	08/20/2019	ANC
	ACI PHILIPPINES ANNUAL CONVENTION	04/26/2019	04/28/2019	ACI PHILS
	FMAP ANNUAL CONVENTION	08/03/2019	10/03/2019	FMAP 2010
	MART ANNUAL CONVENTION	11/09/2018	11/11/2018	MART
	STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/09/2018	R.G. MANABAT & CO.
	PHILIPPINE ECONOMIC BRIEFING	09/18/2018	09/19/2018	BSP - IRO
	AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
	ACI PHILIPPINES ANNUAL CONVENTION	04/20/2018	04/22/2018	ACI PHILS
	CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOCCs	04/18/2018	04/18/2018	ICD
	ANC LEADERSHIP SERIES	03/20/2018	03/20/2018	ANC
	FMAP ANNUAL CONVENTION	03/09/2018	03/11/2018	FMAP 2010
	IMPACT OF TRAIN LAW ON GOVERNMENT BANKS	01/25/2018	01/25/2018	SGV
3 <b>ALAN V. BORNAS</b> EXECUTIVE VICE PRESIDENT, OPERATIONS SECTOR	UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
	ANC LEADERSHIP SERIES	08/20/2019	08/20/2019	ANC
	30TH BAIPHIL NATIONAL CONVENTION	03/14/2019	03/15/2019	BAIPHIL 11
	STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/09/2018	R.G. MANABAT & CO.
	SAS LEADERS EXCHANGE CONFERENCE	06/20/2018	06/21/2018	SAS INSTI
	INAUGURAL FORUM OF AFS-IT	05/08/2018	05/09/2018	AFSIT
	AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
	CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOCCs	04/18/2018	04/18/2018	ICD
	ANC LEADERSHIP SERIES	03/20/2018	03/20/2018	ANC
	IMPACT OF TRAIN LAW ON GOVERNMENT BANKS	01/25/2018	01/25/2018	SGV

4	<b>JOSELITO P. GUTIERREZ</b> EXECUTIVE VICE PRESIDENT, BRANCH BANKING SECTOR	UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019
		CPF ANNUAL MTG AND INNOVATE FOR CLIMATE	03/06/2019	07/06/2019	WORLD BANK7
		TRAINOR'S TRNG ON ASL FARMERS PROGRAM	01/16/2019	01/16/2019	ASL
		STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		KARLSRUHE SUSTAINABLE FINANCE AWARDS & CONFERENCE	07/12/2018	07/13/2018	EOSD
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
		ANC LEADERSHIP SERIES	03/20/2018	03/20/2018	ANC
		FELDA/FELCRA DEVELOPMENT MODEL	03/12/2018	03/16/2018	JICA
5	<b>JULIO D. CLIMACO, JR.</b> EXECUTIVE VICE PRESIDENT, CORPORATE SERVICES SECTOR	UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
		ANC LEADERSHIP SERIES	08/20/2019	08/20/2019	ANC
		PMAP ANNUAL CONFERENCE	07/17/2019	07/19/2019	PMAP
		STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		PMAP ANNUAL CONFERENCE	10/10/2018	10/12/2018	PMAP
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
		CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOCCs	04/18/2018	04/18/2018	ICD
		ANC LEADERSHIP SERIES	03/20/2018	03/20/2018	ANC
6	<b>LIDUVINO S. GERON</b> EXECUTIVE VICE PRESIDENT, AGRICULTURAL AND DEVELOPMENT LENDING SECTOR	UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
		ANC LEADERSHIP SERIES	08/20/2019	08/20/2019	ANC
		STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/09/2018	R.G. M & CO.
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
		CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOCCs	04/18/2018	04/18/2018	ICD
		ANC LEADERSHIP SERIES	03/20/2018	03/20/2018	ANC
		IMPACT OF TRAIN LAW ON GOVERNMENT BANKS	01/25/2018	01/25/2018	SGV4
7	<b>LEILA C. MARTIN</b> SENIOR VICE PRESIDENT STRATEGIC INITIATIVES OFFICE OFFICE OF THE PRESIDENT AND CEO  <i>* Secondment to Overseas Filipino Bank effective Oct. 2, 2019</i>	UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
		STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/09/2018	R.G. M & CO.
		ORIENTATION ON THE REVISED LBP SPMS	08/24/2018	08/24/2018	PAD
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
		CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOCCs	04/18/2018	04/18/2018	ICD
8	<b>FILIPINA B. MONJE</b> SENIOR VICE PRESIDENT NORTHERN AND CENTRAL LUZON LENDING GROUP	UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
		INT'L CONFERENCE ON BLENDED FINANCE	01/07/2019	01/07/2019	ADFIAP LBP
		TRAINOR'S TRNG ON ASL FARMERS PROGRAM	01/16/2019	01/16/2019	ASL
		STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017

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9	<b>RAMON R. MONTELOYOLA</b> SENIOR VICE PRESIDENT SOUTH NCR BRANCHES GROUP	UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019
		CT VER 9 & DIGITAL ON-BOARDING SYSTEM	04/13/2019	04/13/2019	CT VERSION 9
		STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		ORIENTATION ON THE REVISED LBP SPMS	08/24/2018	08/24/2018	PAD
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
		CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOCCs	04/18/2018	04/18/2018	ICD
10	<b>ANNALENE M. BAUTISTA</b> SENIOR VICE PRESIDENT CONTROLLERSHIP GROUP	AGAP ANNUAL CONVENTION-SEMINAR	10/23/2019	10/26/2019	AGAP
		AML AND COMPLIANCE AWARENESS TRAINING	08/10/2019	08/10/2019	AMLA 2015
		2019 NUCESO MID-YEAR CONFERENCE	07/18/2019	07/20/2019	NUCESO
		ACCOUNTANCY WEEK	07/17/2019	07/17/2019	GACPA&PICPA
		GACPA 41ST ANNUAL NATIONAL CONVENTION	05/22/2019	05/25/2019	GACPA1
		ASIAN INNOVATORS SUMMIT	12/04/2019	12/04/2019	SAP PHILS
		30TH BAIPHIL NATIONAL CONVENTION	03/14/2019	03/15/2019	BAIPHIL 11
		IMS BRIEFING FOR CERTIFICATION AUDIT	07/03/2019	07/03/2019	IMS
		MICROSOFT EXCEL ADVANCED	12/07/2018	12/07/2018	MS EXCEL-CG
		TAX AND PFRS UPDATES	11/17/2018	11/17/2018	SGV
		STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		ACCOUNTANCY WEEK	07/19/2018	07/19/2018	GACPA&PICPA
		COSO ENTERPRISE RISK MANAGEMENT	06/29/2018	06/29/2018	COSO PICPA
		TOOLS & TIPS FOR POWERFUL COMMUNICATION	06/18/2018	06/18/2018	PICPA
		GACPA 40TH ANNUAL NATIONAL CONVENTION	05/23/2018	05/26/2018	GACPA
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
		EFFECTIVE CONVERSATION FLUENCY	04/20/2018	04/20/2018	PICPAEMM
		PFRS9 PROJECT KTS: CALCN EXERCISE PF	04/19/2018	04/19/2018	SGV
		PFRS 9 PROJECT KTS: CALCN EXER FOR UB/KB	04/19/2018	04/19/2018	SGV
		11	<b>MA. CELESTE A. BURGOS</b> SENIOR VICE-PRESIDENT CORPORATE BANKING GROUP	UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019
INT'L CONFERENCE ON BLENDED FINANCE	01/07/2019			01/07/2019	ADFIAP LBP
TRAINOR'S TRNG ON ASL FARMERS PROGRAM	01/16/2019			01/16/2019	ASL
TRAINOR'S TRAINING ON DIRECT MARKETING	10/01/2019			10/01/2019	DMPRO
STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018			11/09/2018	R.G. MANABAT & CO.
AML UPDATING LEAP	04/20/2018			04/20/2018	AMLA 2017
CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOCCs	04/18/2018			04/18/2018	ICD
GLOBAL FORUM ON INFRASTRUCTURE STRATEGIES	01/18/2018			01/18/2018	PCM ASIA



12	<b>ALEX A. LORAYES</b> SENIOR VICE PRESIDENT AGRARIAN SERVICES GROUP	LAND CONV. PROCESS & POLICY GUIDELINES	11/11/2019	11/11/2019	LAND CONV
		UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019
		FORUM ON EASE OF DOING BUSINESS AND EDGS	02/09/2019	02/09/2019	EODB-EDGS
		STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
		CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOCCs	04/18/2018	04/18/2018	ICD
13	<b>ELSIE FE B. TAGUPA</b> SENIOR VICE PRESIDENT VISAYAS LENDING GROUP	UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019
		INT'L CONFERENCE ON BLENDED FINANCE	01/07/2019	01/07/2019	ADFIAP LBP
		TRAINOR'S TRNG ON ASL FARMERS PROGRAM	01/16/2019	01/16/2019	ASL
		STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/09/2018	R.G. M & Co.
		KARLSRUHE SUSTAINABLE FINANCE AWARDS & CONFERENCE	7/12/2018	07/13/2018	EOSD
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
14	<b>MA. ELIZABETH L. GENER</b> FIRST VICE PRESIDENT TREASURY SUPPORT DEPARTMENT	UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019
		TRAINING ON TRANSFER PRICING	09/26/2019	09/26/2019	TSD 1
		ACCOUNTANCY WEEK	07/17/2019	07/17/2019	GACPA&PICPA
		IMS BRIEFING FOR CERTIFICATION AUDIT	06/03/2019	06/03/2019	IMS
		MIN. PRUDENTIAL LIQUIDITY REQUIREMENTS	01/18/2019	01/18/2019	BAIPHIL50
		STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		MANAGING RISK FROM FX & INTEREST RATE EXPOSURES	07/05/2018	07/06/2018	ATENEO
		GACPA 40TH ANNUAL NATIONAL CONVENTION	05/23/2018	05/26/2018	GACPA
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
		CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOCCs	04/18/2018	04/18/2018	ICD
		CONDUCT OF STRESS TESTING EXERCISES	03/02/2018	03/02/2018	BAIPHIL
		IMPACT OF TRAIN LAW ON GOVERNMENT BANKS	01/25/2018	01/25/2018	SGV
15	<b>LUCILA E. TESORERO</b> SENIOR VICE PRESIDENT SOUTHERN LUZON LENDING GROUP	UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
		INT'L CONFERENCE ON BLENDED FINANCE	01/07/2019	01/07/2019	ADFIAP LBP
		TRAINOR'S TRNG ON ASL FARMERS PROGRAM	01/16/2019	01/16/2019	ASL
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
16	<b>CAMILO C. LEYBA</b> FIRST VICE PRESIDENT EAST MINDANAO BRANCHES GROUP	UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019
		GENDER SENSITIVITY TRAINING	10/14/2019	10/16/2019	i-CLD
		TRAINING ON REVISED IRR OF RA 9184/ PHILGEPs	10/22/2018	10/24/2018	GPPB
		ORIENTATION ON THE REVISED LBP SPMS	08/24/2018	08/24/2018	PAD
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
17	<b>MA. CIELITO D. VALDIVIA</b> FIRST VICE PRESIDENT SOUTHWEST LUZON BRANCHES GROUP	GENDER SENSITIVITY TRAINING	10/14/2019	10/16/2019	i-CLD
		UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
		TAKE THE L.E.A.D. IN CUSTOMER SERVICE	05/18/2019	05/18/2019	CS2
		TRAINING ON REVISED IRR OF RA 9184/ PHILGEPs	10/08/2018	10/10/2018	GPPB
		ORIENTATION ON THE REVISED LBP SPMS	08/24/2018	08/24/2018	PAD
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
		CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOCCs	04/18/2018	04/18/2018	ICD

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18	<b>SYLVIA C. LIM</b> FIRST VICE PRESIDENT CENTRAL LUZON BRANCHES GROUP	UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019
		ACCREDITATION OF AMLA TRAINORS	05/24/2019	05/24/2019	AML ACCREDIT
		TRAINING ON REVISED IRR OF RA 9184/ PHILGEPS	10/08/2018	10/10/2018	GPPB
		ORIENTATION ON THE REVISED LBP SPMS	08/24/2018	08/24/2018	PAD
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
		CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOCCs	04/18/2018	04/18/2018	ICD
19	<b>MA. BELMA T. TURLA</b> FIRST VICE PRESIDENT NORTH LUZON BRANCHES GROUP	GENDER SENSITIVITY TRAINING	10/14/2019	10/16/2019	i-CLD
		UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AML2019
		READINESS COACHING WRKSHOP FOR IMS AUDIT	02/07/2019	02/07/2019	IMS 2
		TRAINING ON REVISED IRR OF RA 9184/ PHILGEPS	10/8/2018	10/10/2018	GPPB
		ORIENTATION ON THE REVISED LBP SPMS	08/24/2018	08/24/2018	PAD
		BIR-LINK.BIZPORTAL	03/17/2018	03/17/2018	EPD
20	<b>EMELLIE V. TAMAYO</b> FIRST VICE PRESIDENT LENDING PROGRAM MANAGEMENT GROUP	UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AML2019
		GCF GLOBAL PROGRAMMING CONFERENCE	08/21/2019	08/23/2019	GCF
		IMS BRIEFING FOR CERTIFICATION AUDIT	07/03/2019	07/03/2019	IMS
		TRAINOR'S TRNG ON ASL FARMERS PROGRAM	01/16/2019	01/16/2019	ASL
21	<b>RENATO G. EJE</b> SENIOR VICE PRESIDENT OFW REMITTANCE GROUP	UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019
		CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOCCs	04/18/2018	04/18/2018	ICD
22	<b>CHARLOTTE I. CONDE</b> FIRST VICE PRESIDENT MINDANAO LENDING GROUP	UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019
		INT'L CONFERENCE ON BLENDED FINANCE	01/07/2019	01/07/2019	ADFIAP LBP
		TRAINOR'S TRNG ON ASL FARMERS PROGRAM	01/16/2019	01/16/2019	ASL
		STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		STUDY TOUR ON POULTRY & SWINE BUSINESS	05/09/2018	05/13/2018	CHAROEN
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
		FELDA/FELCRA DEVELOPMENT MODEL	03/12/2018	03/16/2018	JICA
23	<b>KHURSHID U. KALABUD</b> FIRST VICE PRESIDENT EAST VISAYAS BRANCHES GROUP	UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019
		TRAINING ON REVISED IRR OF RA 9184/ PHILGEPS	10/22/2018	10/24/2018	GPPB3
		ORIENTATION ON THE REVISED LBP SPMS	08/24/2018	08/24/2018	PAD
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
24	<b>NOEL B. MARQUEZ</b> FIRST VICE PRESIDENT LEGAL SERVICES GROUP	ANC LEADERSHIP SERIES	08/20/2019	08/20/2019	ANC
		IMS BRIEFING FOR CERTIFICATION AUDIT	06/03/2019	06/03/2019	IMS
		STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOCCs	10/18/2018	10/18/2018	ICD
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
25	<b>WINSTON ROCHEL L. GALANG</b> FIRST VICE PRESIDENT BANKING OPERATIONS GROUP	UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019
		FORUM ON EASE OF DOING BUSINESS AND EDGS	02/09/2019	02/09/2019	EODB-EDGS
		38TH NATIONAL CREDIT CONGRESS	04/26/2019	04/26/2019	CM ASSOC.
		2018 GLOBAL PAYMENTS	09/21/2018	09/21/2018	WFARGO
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
		CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOCCs	04/18/2018	04/18/2018	ICD

26	<b>ALTHON C. FEROLINO</b> FIRST VICE PRESIDENT SOUTHEAST LUZON BRANCHES GROUP	UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019
		STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/09/2018	R.G. M & CO.
		TRAINING ON REVISED IRR OF RA 9184/ PHILGEPS	09/24/2018	09/26/2018	GPPB3
		ORIENTATION ON THE REVISED LBP SPMS	08/24/2018	08/24/2018	PAD
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
27	<b>ALDEN F. ABITONA</b> FIRST VICE PRESIDENT TECHNOLOGY MANAGEMENT GROUP	ITIP ANNUAL NATIONAL CONFERENCE	11/14/2019	11/15/2019	ITIP4
		UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
		ANC LEADERSHIP SERIES	08/20/2019	08/20/2019	ANC
		IMS BRIEFING FOR CERTIFICATION AUDIT	07/03/2019	07/03/2019	IMS
		STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
		CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOCCs	04/18/2018	04/18/2018	ICD
28	<b>MARILOU L. VILLAFRANCA</b> FIRST VICE PRESIDENT NORTH NCR BRANCHES GROUP	UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019
		GENDER SENSITIVITY TRAINING	10/14/2019	10/16/2019	i-CLD
		RECENT BSP/AMLC ISSUANCES	02/28/2019	02/28/2019	ABCOMP1
		ACST, AML UPDATES & COMMON AUDIT FNDGS	11/30/2018	11/30/2018	SELBG
		STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/9/2018	R.G. MANABAT & CO.
		ORIENTATION ON THE REVISED LBP SPMS	08/24/2018	08/24/2018	PAD
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
		CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOCCs	04/18/2018	04/18/2018	ICD
29	<b>MA. FRANCIA O. TITAR</b> FIRST VICE PRESIDENT FINANCIAL MARKETS GROUP	MART ANNUAL CONVENTION	08/11/2019	10/11/2019	MART2
		TREASURY ACCOUNTING SEMINAR	06/11/2019	06/11/2019	TREASURY1
		TRAINING ON TRANSFER PRICING	09/26/2019	09/26/2019	TSD 1
		UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
		IMS BRIEFING FOR CERTIFICATION AUDIT	06/03/2019	06/03/2019	IMS
		MIN. PRUDENTIAL LIQUIDITY REQUIREMENTS	01/18/2019	01/18/2019	BAIPHIL50
		MART ANNUAL CONVENTION	11/09/2018	11/11/2018	MART2
		STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		BUILDING BLOCKS OF FIXED INCOME STRATEGIES	09/28/2018	09/28/2018	MART
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
		CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOCCs	04/18/2018	04/18/2018	ICD
IMPACT OF TRAIN LAW ON GOVERNMENT BANKS	01/25/2018	01/25/2018	SGV		
30	<b>DELMA O. BANDIOLA</b> FIRST VICE PRESIDENT WEST VISAYAS BRANCHES GROUP	GENDER SENSITIVITY TRAINING	10/14/2019	10/16/2019	i-CLD
		UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
		TRAINING ON REVISED IRR OF RA 9184/ PHILGEPS	09/24/2018	09/26/2018	GPPB3
		ORIENTATION ON THE REVISED LBP SPMS	08/24/2018	08/24/2018	PAD
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017

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31	<b>RANDOLPH L. MONTESA</b> FIRST VICE PRESIDENT CARD AND ELECTRONIC BANKING GROUP	UNDERSTAND MDES AND M4M	11/13/2019	11/13/2019	MAAP
		UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
		CCAP ANNUAL PLANNING CONFERENCE	05/10/2018	05/12/2018	CCAP
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
		CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOCCs	04/18/2018	04/18/2018	ICD
32	<b>CATHERINE ROWENA B. VILLANUEVA</b> FIRST VICE PRESIDENT CORPORATE AFFAIRS DEPARTMENT	UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
		PMP ANNUAL CONFERENCE	07/17/2019	07/19/2019	PMP
		IMS BRIEFING FOR CERTIFICATION AUDIT	05/03/2019	05/03/2019	IMS
		STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		APPLIED HR FOR LINE MANAGERS	09/19/2018	09/21/2018	ATENEO-CCE
		INTEGRATING CULTURE AND CORE VALUES PROGRAM	05/25/2018	05/25/2018	TEAMBUILDING
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
		CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOCCs	04/18/2018	04/18/2018	ICD
33	<b>AMELIA S. AMPARADO</b> FIRST VICE PRESIDENT COMPLIANCE MANAGEMENT GROUP	COUNTER-TERRORISM FINANCING SUMMIT	12/11/2019	11/14/2019	AMLSC
		UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019
		UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
		10TH ABCOMP BIENNIAL WORKSHOP	01/08/2019	02/08/2019	ABCOMP2
		IMS BRIEFING FOR CERTIFICATION AUDIT	06/03/2019	06/03/2019	IMS
		RECENT BSP/AMLC ISSUANCES	02/28/2019	02/28/2019	ABCOMP1
		STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		RESPONSIBLE FINANCE	10/16/2018	10/16/2018	ABA
		ABCOMP-AMLO 3RD BIENNIAL AML CONFERENCE	08/02/2018	08/03/2018	ABCOMP
		ENHANCED AML	06/18/2018	06/18/2018	CRD
		JOINT AUDIT & COMPLIANCE	05/23/2018	05/24/2018	JAC
		CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOCCs	04/18/2018	04/18/2018	ICD
		IMPACT OF TRAIN LAW ON GOVERNMENT BANKS	01/25/2018	01/25/2018	SGV
34	<b>ELCID C. PANGILINAN</b> FIRST VICE PRESIDENT STRATEGIC PLANNING GROUP	UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
		FORUM ON EASE OF DOING BUSINESS AND EDGS	02/09/2019	02/09/2019	EODB-EDGS
		ANC LEADERSHIP SERIES	08/20/2019	08/20/2019	ANC
		INTL EXP. VISIT PROG. ON FIN. INCLUSION	07/22/2019	07/27/2019	APRACA15
		56TH PES ANNUAL MEETING AND CONFERENCE	11/08/2018	11/08/2018	PES
		STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		NATIONAL QUALITY FORUM	10/17/2018	10/18/2018	PSQ
		NATIONAL GOVERNMENT PORTAL SCOPE & RESOURCE PLANNING	07/18/2018	07/20/2018	DICT
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
		CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOCCs	04/18/2018	04/18/2018	ICD
		EXECUTIVE BRIEFING ON IMS	04/03/2018	04/03/2018	EXECUTIVE BRIEFING IMS

35	<b>GONZALO BENJAMIN A. BONGOLAN</b> FIRST VICE PRESIDENT INVESTMENT BANKING GROUP	UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
		ISLAMIC HOUSING FINANCE	02/19/2019	02/21/2019	NHMFC
		TREASURY CERTIFICATION PROGRAM: FOREX	11/12/2018	11/20/2018	ATENEO BAP
		STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		TREASURY CERTIFICATION PROGRAM: MONEY MARKET MODULE**	09/17/2018	10/02/2018	ATENEO-BAP
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
		CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOCCs	04/18/2018	04/18/2018	ICD
		IMPACT OF TRAIN LAW ON GOVERNMENT BANKS	01/25/2018	01/25/2018	SGV
36	<b>MERCEDITAS N. OLIVA</b> VICE PRESIDENT FINANCIAL ACCOUNTING DEPARTMENT	UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019
		30TH BAIPHIL NATIONAL CONVENTION	03/14/2019	03/15/2019	BAIPHIL 11
		IMS BRIEFING FOR CERTIFICATION AUDIT	07/03/2019	07/03/2019	IMS
		MICROSOFT EXCEL ADVANCED	12/07/2018	12/07/2018	MS EXCEL-CG
		TAX AND PFRS UPDATES	11/17/2018	11/17/2018	SGV
		STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		TRAINING ON BRANCH OPERATIONS ACCOUNTING	08/25/2018	08/25/2018	FAD
		GACPA 40TH ANNUAL NATIONAL CONVENTION	05/23/2018	05/26/2018	GACPA
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
		PFRS 9 PROJECT KTS: LOSS GIVEN DEFAULT	04/20/2018	04/20/2018	SGV
		UNDERSTANDING THE IMPACT OF LAW ON TRAIN	04/10/2018	04/10/2018	PICPA
		IMPACT OF TRAIN LAW ON GOVERNMENT BANKS	01/25/2018	01/25/2018	SGV
37	<b>LOLITA M. ALMAZAR</b> VICE PRESIDENT TRUST BANKING GROUP	TOAP SUMMIT	10/25/2019	10/25/2019	TOAP
		UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	LANDBANK
		ACI PHILIPPINES ANNUAL CONVENTION	04/26/2019	04/28/2019	ACI
		IMS BRIEFING FOR CERTIFICATION AUDIT	06/03/2019	06/03/2019	LANDBANK
		AML UPDATING LEAP	04/20/2018	04/20/2018	LANDBANK
		NASBI Annual General Membership Meeting and Convention	06/30/2017	06/30/2017	NASBI

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38	<b>VIRGILIO C. PARANIAL</b> VICE PRESIDENT BUENDIA BRANCH	LBP MASTERCARD PREPAID CARD SYSTEM	11/30/2019	11/30/2019	MASTERCARD4		
		UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019		
		ELECTRONIC SALARY LOAN (ESL)	08/17/2019	08/17/2019	ESL		
		DIGITIZATION OF BANK DOCUMENTS	06/22/2019	06/22/2019	ITPMD2		
		KNOW YOUR MONEY BRIEFING	03/26/2019	03/26/2019	BSP4		
		TRAINORS' TRNG FOR BRANCH SUPERVISORS	11/3/2019	12/03/2019	BBS3		
		TAKE THE L.E.A.D. IN CUSTOMER SERVICE	02/03/2019	02/03/2019	CS1		
		TRAINING ON CS FOR ASSESSORS & TRAINORS	07/02/2019	08/02/2019	CS		
		INTEGRATED MANAGEMENT SYSTEM (LEAP)	12/14/2018	12/14/2018	IMS		
		USERS' TRAINING ON ATM REPLACEMENT - PHASE 3	11/10/2018	11/10/2018	ATM 3		
		ATM REPLACEMENT PHASE 3 TRAINOR'S TRAINING	10/26/2018	10/26/2018	ATM 3		
		ENTERPRISE RISK MANAGEMENT (LEAP)	09/28/2018	09/28/2018	ERM1		
		BPS: REMITTANCE OPERATIONS	08/31/2018	08/31/2018	CEBG PROD1		
		BPS: CREDIT CARD OPERATIONS	08/31/2018	08/31/2018	CEBG PROD2		
		BPS: DEBIT CARD AND ATM OPERATIONS	08/31/2018	08/31/2018	CEBG PROD3		
		BPS: ELECTRONIC PRODUCTS & SERVICES	08/31/2018	08/31/2018	CEBG PROD4		
		39	<b>BERNARDO B. BAYANGOS</b> VICE PRESIDENT ISABELA LENDING CENTER	CHECK TRUNCATION SYSTEM (CTS) RETOOLING	06/02/2018	06/02/2018	CTS
				BUSINESS CONTINUITY MANAGEMENT AWARENESS (LEAP)	05/04/2018	05/04/2018	BRMD
TRAINORS' TRAINING ON BRANCH OPERATIONS RETOOLING	04/17/2018			04/18/2018	BBS PROGRAM		
UNDERSTANDING THE IMPACT OF LAW ON TRAIN	04/10/2018			04/10/2018	PICPA		
UPDATES ON ANTI-MONEY LAUNDERING ACT	05/12/2019			05/12/2019	AMLA 2019		
ORIENTN ON DISASTER RISK REDCTN & MGT	11/15/2019			11/15/2019	DRRM 1		
TAKE THE L.E.A.D. IN CUSTOMER SERVICE	07/09/2019			07/09/2019	CS2		
READINESS COACHING WRKSHOP FOR IMS AUDIT	07/13/2019			07/13/2019	IMS 2		
40	<b>REYNALDO C. CAPA</b> VICE PRESIDENT BANKING SERVICES GROUP	LOAN ORIGATION SYSTEM RETOOLING	01/03/2019	02/03/2019	LSD1		
		TRAINOR'S TRNG ON ASL FARMERS PROGRAM	01/16/2019	01/16/2019	ASL		
		LANDBANK's ENVIRONMENTAL POLICIES & PROGRAMS	07/30/2018	07/30/2018	EPMD		
		2018 INTRODUCTION TO QUALITY CIRCLES	04/13/2018	04/13/2018	QC		
		UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019		
		IMS BRIEFING FOR CERTIFICATION AUDIT	07/03/2019	07/03/2019	IMS		
		2018 INTRODUCTION TO QUALITY CIRCLES	04/13/2018	04/13/2018	QC		

41	<b>MARIA EDELWINA D. CARREON</b> VICE PRESIDENT INTERNAL AUDIT GROUP	AGIA ANNUAL CONVENTION/SEMINAR	08/10/2019	10/10/2019	AGIA		
		UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019		
		RISK SUMMIT	06/09/2019	06/09/2019	RISK SUMMIT		
		ACIIA CAE LEADERSHIP FORUM	05/16/2019	05/17/2019	IIAP10		
		HR WORKSHOP	02/21/2019	02/21/2019	PAD-SWP		
		AGIA ANNUAL NATIONAL CONVENTION CUM SEMINAR	10/09/2018	10/12/2018	AGIA		
		NEW INTERNATIONAL PROFESSIONAL PRACTICES FRAMEWORK	10/03/2018	10/03/2018	ISPPIA		
		ISACA ANNUAL CONFERENCE	09/13/2018	09/14/2018	ISACA		
		CERTIFIED INTERNAL CONTROL AUDITOR PROGRAM	07/07/2018	07/14/2018	CICAP		
		JOINT AUDIT & COMPLIANCE	05/23/2018	05/24/2018	JAC		
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017		
		CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOCCs	04/18/2018	04/18/2018	ICD		
		EXECUTIVE BRIEFING ON IMS	04/03/2018	04/03/2018	EXECUTIVE BRIEFING IMS		
		PRE & POST IMPLEMENTATION SYSTEM REVIEW	03/26/2018	03/27/2018	ISACA		
		42	<b>MARIETTA B. CAJUGUIRAN</b> VICE PRESIDENT CORPORATE BANKING DEPARTMENT II	FRAUD RISK MANAGEMENT	02/24/2018	02/24/2018	BAIPHIL
CHECK TRUNCATION/CICS	01/25/2018			01/25/2018	CTS		
IMPACT OF TRAIN LAW ON GOVERNMENT BANKS	01/25/2018			01/25/2018	SGV		
28th SHDA NAT'L DEVELOPERS CONVENTION	09/23/2019			09/24/2019	SHDA		
UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019			09/20/2019	AMLA2019		
2nd WORLD COCONUT CONGRESS	08/27/2019			08/29/2019	PHILCOA		
3RD APAC REIT INVESTMENT SUMMIT 2019	06/18/2019			06/18/2019	APAC REIT		
LANDBANK's ENVIRONMENTAL POLICIES & PROGRAMS	11/28/2018			11/28/2018	EPMD		
THE PHILIPPINE ECONOMY 2019: FEARLESS FORECAST	11/16/2018			11/16/2018	FUTURISTICS		
AML UPDATING LEAP	02/09/2018			02/09/2018	AMLA 2017		
GLOBAL FORUM ON INFRASTRUCTURE STRATEGIES	01/18/2018			01/18/2018	PCM ASIA		
43	<b>ELENITA C. RAPANUT</b> VICE PRESIDENT BRANCH BANKING SUPPORT DEPARTMENT			UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019
				GENDER SENSITIVITY TRAINING	10/14/2019	10/16/2019	i-CLD
				FORUM ON EASE OF DOING BUSINESS AND EDGS	02/09/2019	02/09/2019	EODB-EDGS
				IMS BRIEFING FOR CERTIFICATION AUDIT	07/03/2019	07/03/2019	IMS
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017		
		UNDERSTANDING THE IMPACT OF LAW ON TRAIN	04/10/2018	04/10/2018	PICPA		

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44	<b>ALLAN R. BISNAR</b> VICE PRESIDENT CEBU SOUTH LENDING CENTER	UPDATES ON ANTI-MONEY LAUNDERING ACT	05/12/2019	05/12/2019	AMLA 2019
		GENDER SENSITIVITY TRAINING	10/14/2019	10/16/2019	i-CLD
		READINESS COACHING WRKSHOP FOR IMS AUDIT	07/20/2019	07/20/2019	IMS 2
		TRAINOR'S TRAINING ON CUSTOMER SERVICE	06/20/2019	06/21/2019	CS
		TOASTMASTERS INT'L 2019 DISTRICT CONF.	04/26/2019	04/28/2019	TOASTMASTERS
		TRAINOR'S TRNG ON ASL FARMERS PROGRAM	01/16/2019	01/16/2019	ASL
		IMS CERT AUDIT PREP WORKSHOP	08/18/2018	08/18/2018	IMS
45	<b>EDUARDO N. REYES, JR.</b> VICE PRESIDENT NUEVA ECIJA LENDING CENTER	UPDATES ON ANTI-MONEY LAUNDERING ACT	05/12/2019	05/12/2019	AMLA 2019
		TAKE THE L.E.A.D. IN CUSTOMER SERVICE	05/10/2019	05/10/2019	CS2
		TRAINOR'S TRNG ON ASL FARMERS PROGRAM	01/16/2019	01/16/2019	ASL
		TRAINING ON REVISED IRR OF RA 9184/ PHILGEPS	10/8/2018	10/10/2018	GPPB
		LANDBANK'S ENVIRONMENTAL POLICIES & PROGRAMS	07/16/2018	07/16/2018	EPMD
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
46	<b>DINA MELANIE R. MADRID</b> VICE PRESIDENT FACILITIES AND PROCUREMENT SERVICES GROUP	UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019
		FORUM ON EASE OF DOING BUSINESS AND EDGS	02/09/2019	02/09/2019	EODB-EDGS
		STRATEGIC DISASTER RISK MGT & LEADERSHIP	05/20/2019	05/31/2019	AIM INC.
		IMS BRIEFING FOR CERTIFICATION AUDIT	05/03/2019	05/03/2019	IMS
		STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/09/2018	R.G. MANABAT & CO.
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
		COURSE IN OCCUPATIONAL HEALTH & SAFETY	04/18/2018	04/26/2018	UP-CPH
		EXECUTIVE BRIEFING ON IMS	04/03/2018	04/03/2018	EXECUTIVE BRIEFING IMS
47	<b>EMMA M. BROSAS</b> VICE PRESIDENT CORPORATE BANKING DEPARTMENT I	UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
		CUSTOMIZATION OF IMS CERTIFICATION CHECKLIST	05/29/2018	05/29/2018	IMS
		GACPA 40TH ANNUAL NATIONAL CONVENTION	05/23/2018	05/26/2018	GACPA
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
		GLOBAL FORUM ON INFRASTRUCTURE STRATEGIES	01/18/2018	01/18/2018	PCM ASIA
48	<b>IVY C. SACRAMENTO</b> VICE PRESIDENT BALANCE SHEET MANAGEMENT DEPARTMENT	UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
		FMAP ANNUAL CONVENTION	08/03/2019	10/03/2019	FMAP 2010
		IMS BRIEFING FOR CERTIFICATION AUDIT	06/03/2019	06/03/2019	IMS
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
		FMAP ANNUAL CONVENTION	03/09/2018	03/11/2018	FMAP 2010



49	<b>ESPERANZA N. MARTINEZ</b> VICE PRESIDENT PUBLIC SECTOR DEPARTMENT	UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019
		GENDER SENSITIVITY TRAINING	10/14/2019	10/16/2019	i-CLD
		2nd WORLD COCONUT CONGRESS	08/27/2019	08/29/2019	PHILCOA
		ENTERPRISE RISK MANAGEMENT (LEAP)	09/28/2018	09/28/2018	ERM
		LEAP: BASIC TRADE TRANSACTIONS	08/31/2018	08/31/2018	ITD TRADE
		GACPA 40TH ANNUAL NATIONAL CONVENTION	05/23/2018	05/26/2018	GACPA
		BUSINESS CONTINUITY MANAGEMENT AWARENESS (LEAP)	05/04/2018	05/04/2018	BRMD
		APPLIED HR FOR LINE MANAGERS	03/21/2018	03/23/2018	ATENEO-CCE
		LDP10: LEADERSHIP AND MANAGING CHANGE	02/15/2018	02/16/2018	LDP
		LDP 10: STRATEGIC THINKING	02/13/2018	02/14/2018	LDP
50	<b>EMMANUEL G. DIMAANO</b> VICE PRESIDENT CAPITAL MARKETS TRADING DEPARTMENT	UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
		ORIENTN ON DISASTER RISK REDCTN & MGT	04/22/2019	04/22/2019	DRRM 1
		FMAP ANNUAL CONVENTION	08/03/2019	10/3/2019	FMAP 2010
		IMS BRIEFING FOR CERTIFICATION AUDIT	06/03/2019	06/03/2019	IMS
		INTEGRATED MANAGEMENT SYSTEM (LEAP)	12/14/2018	12/14/2018	IMS
		TOWARDS NEW HORIZONS (PRE-RETIREMENT SEM)	10/25/2018	10/26/2018	WALKING THRU
		BUSINESS CONTINUITY MANAGEMENT AWARENESS (LEAP)	05/04/2018	05/04/2018	BRMD
		2018 INTRODUCTION TO QUALITY CIRCLES	04/13/2018	04/13/2018	QC
		FMAP ANNUAL CONVENTION	03/09/2018	03/11/2018	FMAP 2010
		AML UPDATING LEAP	02/09/2018	02/09/2018	AMLA 2017
51	<b>EULALIO G. LAGAPA, JR.</b> VICE PRESIDENT CEBU NORTH LENDING CENTER	UPDATES ON ANTI-MONEY LAUNDERING ACT	05/12/2019	05/12/2019	AMLA 2019
		TRAINOR'S TRAINING ON CUSTOMER SERVICE	06/20/2019	06/21/2019	CS
		TRAINOR'S TRNG ON ASL FARMERS PROGRAM	01/16/2019	01/16/2019	ASL
		INTEGRATED MANAGEMENT SYSTEM (LEAP)	12/14/2018	12/14/2018	IMS
		ENTERPRISE RISK MANAGEMENT (LEAP)	09/28/2018	09/28/2018	ERM1
		LEAP: BASIC TRADE TRANSACTIONS	08/31/2018	08/31/2018	ITD TRADE
		BUSINESS CONTINUITY MANAGEMENT AWARENESS (LEAP)	05/04/2018	05/04/2018	BRMD
52	<b>MARJORIE R. CORTEZ</b> VICE PRESIDENT BUSINESS RISK MANAGEMENT DEPARTMENT	BSP CIR. NO. 1048, 1003 & RA 10870	03/12/2019	03/12/2019	RBAP2
		UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
		RETAIL BANKING AND PAYMENTS	04/07/2019	04/07/2019	FIS CONNECT
		PROTECT 2019	03/27/2019	03/28/2019	Leverage2019
		MGT OF OUTSOURCING ARRANGEMENTS (w/o IT)	03/18/2019	03/18/2019	QMDOutArgmt
		IMS BRIEFING FOR CERTIFICATION AUDIT	06/03/2019	06/03/2019	IMS
		EMBEDDING RISK MANAGEMENT IN NEW PRODUCT DEVELOPMENT	11/15/2018	11/15/2018	BAIPHIL
		CRISIS MANAGEMENT	09/03/2018	09/04/2018	NEVILCLARK
		OVERVIEW OF OUTSOURCING FRAMEWORK	05/19/2018	05/19/2018	BAI PHIL
		PEOPLE RISK MANAGEMENT	05/11/2018	05/11/2018	BAIPHIL
		UNDERSTANDING THE IMPACT OF LAW ON TRAIN	04/10/2018	04/10/2018	PICPA
		EXECUTIVE BRIEFING ON IMS	04/03/2018	04/03/2018	EXECUTIVE BRIEFING IMS
		PMS ANNUAL CONVENTION 2018	03/15/2018	03/15/2018	PMS

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53	<b>ENRIQUE L. SAZON, JR.</b> VICE PRESIDENT NETWORK OPERATIONS DEPARTMENT	ITIP ANNUAL NATIONAL CONFERENCE	11/14/2019	11/15/2019	ITIP4
		UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
		IMS BRIEFING FOR CERTIFICATION AUDIT	07/03/2019	07/03/2019	IMS
		MGT OF OUTSOURCING ARRANGEMENTS (w/ IT)	04/03/2019	04/03/2019	QMDOutArgmt
		ENTERPRISE RISK MANAGEMENT (LEAP)	09/28/2018	09/28/2018	ERM
		BUSINESS CONTINUITY MANAGEMENT AWARENESS (LEAP)	05/04/2018	05/04/2018	BRMD
		PAYMENT CARD INDUSTRY DATA SECURITY STANDARD	05/02/2018	05/03/2018	SPARTAN
54	<b>PACIFICO C. DE PAZ, JR.</b> VICE PRESIDENT ELECTRONIC PRODUCTS DEPARTMENT	UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
		REGULATORY GUIDELINES ON E-BANKING	08/19/2019	08/19/2019	BAIPHIL 27
		THE HEARTWARE OF MANAGING PROJECTS	03/20/2019	03/20/2019	CSC-CSI
		BUSINESS ANALYTICS FOUNDATION	11/19/2018	11/20/2018	PHOENIX1.1
		CYBERSAFE	05/11/2018	05/11/2018	PHOENIX 1.1
		AML UPDATING LEAP	04/20/2018	04/20/2018	AMLA 2017
55	<b>ROSE MARIE E. SOTELO</b> VICE PRESIDENT RISK MANAGEMENT GROUP	UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
		ID THEFT: HOW TO EFFECTIVELY COMBAT IT	08/31/2019	08/31/2019	ID THEFT
		IMS BRIEFING FOR CERTIFICATION AUDIT	06/03/2019	06/03/2019	IMS
		BLDG BLOCKS OF FIXED INCOME STRATEGIES	12/02/2019	12/02/2019	MART12
		MIN. PRUDENTIAL LIQUIDITY REQUIREMENTS	01/18/2019	01/18/2019	BAIPHIL50
		CERTIFICATION SEMINAR FOR PHASE 1 OF THE SEC EXAM	10/25/2018	10/26/2018	SEC
		ENTERPRISE RISK MANAGEMENT (LEAP)	09/28/2018	09/28/2018	ERM
		2018 PSAI ANNUAL CONFERENCE	09/19/2018	09/21/2018	PSA
		RISK MGT IN BKG: PRINCIPLES & FRAMEWORK	07/14/2018	07/17/2018	RMB MOD
		MANAGING RISK FROM FX&INT RATE EXPOSURES	07/05/2018	07/06/2018	ATENEO
		JOINT AUDIT & COMPLIANCE	05/23/2018	05/24/2018	JAC
		BUSINESS CONTINUITY MGT AWARENESS (LEAP)	05/04/2018	05/04/2018	BRMD
		CONDUCT OF STRESS TESTING EXERCISES	03/02/2018	03/02/2018	BAIPHIL
56	<b>EMMANUEL G. HIO, JR.</b> VICE PRESIDENT ORGANIZATION DEVELOPMENT DEPARTMENT	UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019
		PSTD NATIONAL CONVENTION	08/10/2019	09/10/2019	PSTD 7
		PUBLIC SECTOR HR SYMPOSIUM	07/24/2019	07/26/2019	CSC
		TOASTMASTERS INT'L 2019 DISTRICT CONF.	04/26/2019	04/28/2019	TOASTMASTERS
		TRAINOR'S TRNG ON ASL FARMERS PROGRAM	01/16/2019	01/16/2019	ASL
		TRAINOR'S TRAINING ON DIRECT MARKETING	10/01/2019	10/01/2019	DMPRO
		INTEGRATED MANAGEMENT SYSTEM	11/26/2018	11/26/2018	IMS
		INTL EXEC DEVT PROG ON ENGAGING LEADERS	11/13/2018	11/15/2018	APRACA
		ASIA OD NETWORK LEARNING EVENT	10/24/2018	10/26/2018	ODPN
		PUBLIC SECTOR HR SYMPOSIUM	07/18/2018	07/20/2018	CSC
		PSTD NATIONAL CONVENTION	04/10/2018	04/11/2018	PSTD
		LODP: ANTI-MONEY LAUNDERING ACT	03/15/2018	03/15/2018	LODP 1.10

57	<b>CIELITO H. LUNARIA</b> VICE PRESIDENT RETAIL AND MID-MARKET LENDING GROUP	RFRSHER COURSE ON CFP & STOT PREPARATION	07/11/2019	07/11/2019	CFP & STOT
		UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AML2019
		ANC LEADERSHIP SERIES	08/20/2019	08/20/2019	ANC
		IMS BRIEFING FOR CERTIFICATION AUDIT	07/03/2019	07/03/2019	IMS
		LANDBANK's ENVIRONMENTAL POLICIES & PROGRAMS	11/28/2018	11/28/2018	EPMD
		2018 GLOBAL PAYMENTS	09/21/2018	09/21/2018	WFARGO
		AML UPDATING LEAP	04/20/2018	04/20/2018	AML2017
58	<b>ARTHUR E. DALAMPAN</b> VICE PRESIDENT ELECTRONIC BANKING SYSTEMS DEPARTMENT	UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AML2019
		IMS BRIEFING FOR CERTIFICATION AUDIT	07/03/2019	07/03/2019	IMS
		FINTECH & BLOCKCHAIN INNOVATION	03/21/2018	03/22/2018	ENDERUN
		BIG DATA FOUNDATION	03/19/2018	03/20/2018	APEX GLOBAL
		ENTERPRISE ARCHITECTURE CONFERENCE	03/08/2018	03/09/2018	AEA PHILS
59	<b>GRACE OFELIA LOVELY V. DAYO</b> VICE PRESIDENT RETAIL BANKING SYSTEMS DEPARTMENT	ITIP ANNUAL NATIONAL CONFERENCE	11/14/2019	11/15/2019	ITIP4
		UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AML2019
		DIGITAL FUTURE: IMPLICATIONS TO BUSINESS	05/29/2019	05/30/2019	ATENE0 CCE26
		30TH BAIPHIL NATIONAL CONVENTION	03/14/2019	03/15/2019	BAIPHIL 11
		IMS BRIEFING FOR CERTIFICATION AUDIT	07/03/2019	07/03/2019	IMS
		HR WORKSHOP	02/27/2019	02/27/2019	PAD-SWP
		ENTERPRISE RISK MANAGEMENT (LEAP)	09/28/2018	09/28/2018	ERM
60	<b>ADELFA R. MASACUPAN</b> VICE PRESIDENT LIQUIDITY AND RESERVE MANAGEMENT DEPARTMENT	UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AML2019
		RISK MGT TOOLS:LIQUIDITY & BALANCE SHEET	07/30/2019	07/30/2019	RISK MGT1
		REPURCHASE "REPO" TRANSACTIONS	10/06/2019	11/06/2019	MART6
		CORPORATE FINANCE	05/22/2019	05/22/2019	J. GUERRA
		ACI PHILIPPINES ANNUAL CONVENTION	04/26/2019	04/28/2019	ACI PHILS
		IMS BRIEFING FOR CERTIFICATION AUDIT	06/03/2019	06/03/2019	IMS
		MIN. PRUDENTIAL LIQUIDITY REQUIREMENTS	01/18/2019	01/18/2019	BAIPHIL50
		ENTERPRISE RISK MANAGEMENT (LEAP)	09/28/2018	09/28/2018	ERM
		BUSINESS CONTINUITY MANAGEMENT AWARENESS (LEAP)	05/04/2018	05/04/2018	BRMD
		FMAP ANNUAL CONVENTION	03/09/2018	03/11/2018	FMAP 2010

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61	<b>JOSELITO B. VALLADA</b> VICE PRESIDENT HUMAN RESOURCE MANAGEMENT GROUP	GENDER SENSITIVITY TRAINING	10/14/2019	10/16/2019	i-CLD
		UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AML2019
		INTL EXEC DEVT PROG ON ENGAGING LEADERS	09/18/2019	09/19/2019	APRACA
		FORUM ON EASE OF DOING BUSINESS AND EDGS	02/09/2019	02/09/2019	EODB-EDGS
		PMAP ANNUAL CONFERENCE	07/17/2019	07/19/2019	PMAP
		IMS BRIEFING FOR CERTIFICATION AUDIT	05/03/2019	05/03/2019	IMS
		MANDATORY CONTINUING LEGAL EDUCATION	01/02/2019	09/02/2019	MCLE SEMINAR
		STRATEGIC PLANNING & STRATEGIC EXECUTION*	10/24/2018	11/09/2018	R.G. M & CO.
		PMAP ANNUAL CONFERENCE	10/10/2018	10/12/2018	PMAP
		PUBLIC SECTOR HR SYMPOSIUM	07/18/2018	07/20/2018	CSC
		AML UPDATING LEAP	04/20/2018	04/20/2018	AML2017
		CORPORATE GOVERNANCE ORIENTATION PROGRAM FOR GOCCs	04/18/2018	04/18/2018	ICD
		IMPACT OF TRAIN LAW ON GOVERNMENT BANKS	01/25/2018	01/25/2018	SGV
62	<b>MARIA AURORA R. BOCATO</b> VICE PRESIDENT CREDIT RISK MANAGEMENT DEPARTMENT	UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AML2019
		IMS BRIEFING FOR CERTIFICATION AUDIT	06/03/2019	06/03/2019	IMS
		UPDATED GUIDELINES ON SOUND CRM	10/05/2018	10/06/2018	BAIPHIL
		JOINT AUDIT & COMPLIANCE	05/23/2018	05/24/2018	JAC
		PFRS 9 PROJECT KTS: LOSS GIVEN DEFAULT	04/20/2018	04/20/2018	SGV
		PFRS 9 PROJECT KTS: FORECASTING ASSESSMENT	04/20/2018	04/20/2018	SGV
		PFRS9 PROJECT KTS: CALCN EXERCISE PF	04/19/2018	04/19/2018	SGV
		PFRS 9 PROJECT KTS: CALCN EXER FOR UB/ KB	04/19/2018	04/19/2018	SGV
		PFRS 9 PROJECT KTS: ECL CALCULATION	04/18/2018	04/18/2018	SGV
		PFRS 9 PROJECT KTS: PD MODELING	04/18/2018	04/18/2018	SGV
		IMPACT OF TRAIN LAW ON GOVERNMENT BANKS	01/25/2018	01/25/2018	SGV
63	<b>ROSSANA S. CORONEL</b> RELATIONSHIP OFFICER SOUTH NCRBG CLUSTER A	UPDATES ON ANTI-MONEY LAUNDERING ACT	05/12/2019	05/12/2019	AML2019
		TAKE THE L.E.A.D. IN CUSTOMER SERVICE	05/18/2019	05/18/2019	CS2
		ATM REPLACEMENT PHASE 3 TRAINOR'S TRNG	10/26/2018	10/26/2018	ATM 3
		BRANCH OPERATIONS RETOOLING SEMINAR	08/09/2018	09/09/2018	BBS4
		AML UPDATING LEAP	04/20/2018	04/20/2018	AML2017

64	<b>FRANCISCO E. BURGOS JR.</b> VICE PRESIDENT NORTH NCRBG CLUSTER C	UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019
		TRAINING ON CS FOR ASSESSORS & TRAINORS	07/02/2019	08/02/2019	CS
		INTEGRATED MANAGEMENT SYSTEM (LEAP)	12/14/2018	12/14/2018	IMS
		CT VER 9 & DIGITAL ON-BOARDING SYSTEM	11/24/2018	11/24/2018	CT VERSION 9
		ENTERPRISE RISK MANAGEMENT (LEAP)	09/28/2018	09/28/2018	ERM1
		BPS: REMITTANCE OPERATIONS	08/31/2018	08/31/2018	CEBG PROD1
		BPS: CREDIT CARD OPERATIONS	08/31/2018	08/31/2018	CEBG PROD2
		BPS: DEBIT CARD AND ATM OPERATIONS	08/31/2018	08/31/2018	CEBG PROD3
		BPS: ELECTRONIC PRODUCTS & SERVICES	08/31/2018	08/31/2018	CEBG PROD4
		IMS CERT AUDIT PREP WORKSHOP	07/20/2018	07/20/2018	IMS
		IMS CERT AUDIT PREP WORKSHOP	07/20/2018	07/20/2018	IMS
		BUSINESS CONTINUITY MGT AWARENESS (LEAP)	04/05/2018	04/05/2018	BRMD
		TRAINORS' TRNG ON BRANCH OPTNS RETOOLING	03/04/2018	04/04/2018	BBS Program2
		TRAINORS' TRNG ON COUNTERFEIT DETECTION	02/04/2018	02/04/2018	BBS1
65	<b>MA. ELENITA N. MANUCOM</b> RELATIONSHIP OFFICER NORTH NCRBG CLUSTER B	UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019
		INTEGRATED MANAGEMENT SYSTEM (LEAP)	12/14/2018	12/14/2018	IMS
		ENTERPRISE RISK MANAGEMENT (LEAP)	09/28/2018	09/28/2018	ERM1
		BPS: REMITTANCE OPERATIONS	08/31/2018	08/31/2018	CEBG PROD1
		BPS: CREDIT CARD OPERATIONS	08/31/2018	08/31/2018	CEBG PROD2
		BPS: DEBIT CARD AND ATM OPERATIONS	08/31/2018	08/31/2018	CEBG PROD3
		BPS: ELECTRONIC PRODUCTS & SERVICES	08/31/2018	08/31/2018	CEBG PROD4
		BUSINESS CONTINUITY MGT AWARENESS (LEAP)	04/05/2018	04/05/2018	BRMD
		TRAINORS' TRNG ON BRANCH OPTNS RETOOLING	04/17/2018	04/18/2018	BBS Program2
		UNDERSTANDING THE IMPACT OF LAW ON TRAIN	10/4/2018	10/4/2018	PICPA11
		TRAINOR'S TRAINING ON CUSTOMER SERVICE	03/19/2018	03/20/2018	CS
66	<b>MA. ELENA A. BALASSU</b> RELATIONSHIP OFFICER NORTH NCRBG CLUSTER A	UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019
		ENTERPRISE RISK MANAGEMENT (LEAP)	09/28/2018	09/28/2018	ERM1
		BPS: REMITTANCE OPERATIONS	08/31/2018	08/31/2018	CEBG PROD1
		BPS: CREDIT CARD OPERATIONS	08/31/2018	08/31/2018	CEBG PROD2
		BPS: DEBIT CARD AND ATM OPERATIONS	08/31/2018	08/31/2018	CEBG PROD3
		BPS: ELECTRONIC PRODUCTS & SERVICES	08/31/2018	08/31/2018	CEBG PROD4
		BUSINESS CONTINUITY MGT AWARENESS (LEAP)	04/05/2018	04/05/2018	BRMD
		TRAINORS' TRNG ON BRANCH OPTNS RETOOLING	04/17/2018	04/18/2018	BBS Program2
		TRAINOR'S TRAINING ON CUSTOMER SERVICE	03/19/2018	03/20/2018	CS

## INSTITUTIONAL VIABILITY

67	<b>MYLENE B. MACAPAGAL</b> RELATIONSHIP OFFICER SOUTH NCRBG CLUSTER B	UPDATES ON ANTI-MONEY LAUNDERING ACT	10/24/2019	10/24/2019	AMLA 2019
		TRAINING ON CS FOR ASSESSORS & TRAINORS	07/02/2019	08/02/2019	CS
		INTEGRATED MANAGEMENT SYSTEM (LEAP)	12/14/2018	12/14/2018	IMS
		ENTERPRISE RISK MANAGEMENT (LEAP)	09/28/2018	09/28/2018	ERM1
		BPS: REMITTANCE OPERATIONS	08/31/2018	08/31/2018	CEBG PROD1
		BPS: CREDIT CARD OPERATIONS	08/31/2018	08/31/2018	CEBG PROD2
		BPS: DEBIT CARD AND ATM OPERATIONS	08/31/2018	08/31/2018	CEBG PROD3
		BPS: ELECTRONIC PRODUCTS & SERVICES	08/31/2018	08/31/2018	CEBG PROD4
		BRANCH OPERATIONS RETOOLING SEMINAR	06/30/2018	01/07/2018	BBS4
		BUSINESS CONTINUITY MGT AWARENESS (LEAP)	04/05/2018	04/05/2018	BRMD
68	<b>VIVIAN P. BISNAR</b> VICE PRESIDENT PLAZA INDEPENDENCIA BRANCH	UPDATES ON ANTI-MONEY LAUNDERING ACT	05/12/2019	05/12/2019	AMLA 2019
		BASIC FIRE FIGHTNG,RESCUE/EVAC&FIRST AID	04/27/2019	04/27/2019	ERT TRAINING
		TRAINOR'S TRNG ON DGTZATION OF BANK DOCS	03/23/2019	03/23/2019	DIGITIZATION
		CT VER 9 & DIGITAL ON-BOARDING SYSTEM	03/16/2019	03/16/2019	CT VERSION 9
		TAKE THE L.E.A.D. IN CUSTOMER SERVICE	02/16/2019	02/16/2019	CS2
		INTEGRATED MANAGEMENT SYSTEM (LEAP)	12/14/2018	12/14/2018	IMS
		USERS' TRNG ON ATM REPLACEMENT - PHASE 3	08/12/2018	08/12/2018	ATM 3
		BRANCH OPERATIONS RETOOLING SEMINAR	06/10/2018	07/10/2018	BBS4
		ENTERPRISE RISK MANAGEMENT (LEAP)	09/28/2018	09/28/2018	ERM1
		BPS: REMITTANCE OPERATIONS	08/31/2018	08/31/2018	CEBG PROD1
		BPS: CREDIT CARD OPERATIONS	08/31/2018	08/31/2018	CEBG PROD2
		BPS: DEBIT CARD AND ATM OPERATIONS	08/31/2018	08/31/2018	CEBG PROD3
		BPS: ELECTRONIC PRODUCTS & SERVICES	08/31/2018	08/31/2018	CEBG PROD4
		CHECK TRUNCATION SYSTEM (CTS) RETOOLING	09/06/2018	09/06/2018	CTS
		BUSINESS CONTINUITY MGT AWARENESS (LEAP)	04/05/2018	04/05/2018	BRMD
TOWARDS NEW HORIZONS(PRE-RETIREMENT SEM)	04/23/2018	04/24/2018	WALKING THRU		
69	<b>RODERICK P. SACRO</b> VICE PRESIDENT LITIGATION DEPARTMENT	UPDATES ON ANTI-MONEY LAUNDERING ACT	09/20/2019	09/20/2019	AMLA2019
		AML FOR NON-BRANCH BANK PERSONNEL	08/23/2019	08/23/2019	AMLA 2019
		IMS BRIEFING FOR CERTIFICATION AUDIT	06/03/2019	06/03/2019	IMS
		LDP11: ASSET/LIABILITY MANAGEMENT	02/13/2019	02/15/2019	LDP11
		LDP11: ANALYTICAL PROBLEM SOLVING	11/02/2019	12/02/2019	LDP11
		LDP11: STRATEGIC THINKING	07/01/2019	08/01/2019	LDP11
		INTEGRATED MANAGEMENT SYSTEM (LEAP)	12/14/2018	12/14/2018	IMS
		LDP11: CREATIVE MINDSET & INNOV. PROCESS	10/18/2018	10/19/2018	LDP11
		LDP11: BUSINESS PROCESS IMPROVEMENT	10/16/2018	10/17/2018	LDP11
		LDP 11 : IT TRENDS IN BANKING	10/15/2018	10/15/2018	LDP 11
		ENTERPRISE RISK MANAGEMENT (LEAP)	09/28/2018	09/28/2018	ERM1
		LDP11: ECONOMIC BRIEFING	09/21/2018	09/21/2018	LDP11
		LDP11: EMERGING TRENDS IN BANKING	09/21/2018	09/21/2018	LDP11
		LDP11: CORPORATE GOVERNANCE	09/20/2018	09/20/2018	LDP11
		LDP11: HANDLING ETHICAL DILEMMAS IN BUS.	09/18/2018	09/19/2018	LDP11
LDP11: BANK MARKETING MANAGEMENT	08/24/2018	08/25/2018	LDP11		

		LDP11: ENTERPRISE RISK MANAGEMENT	08/22/2018	08/23/2018	LDP11
		LDP11: WIN-WIN NEGOTIATION & STRATEGIES	07/19/2018	07/20/2018	LDP11
		LDP11: SERVICE QUALITY	07/17/2018	07/18/2018	LDP11
		CUSTOMIZATION OF IMS CERTN CHECKLIST	05/29/2018	05/29/2018	IMS
		BUSINESS CONTINUITY MGT AWARENESS (LEAP)	04/05/2018	04/05/2018	BRMD
		ICC ARBITRATION DAY IN THE PHILIPPINES	03/21/2018	03/21/2018	ICC
		AML UPDATING LEAP	09/02/2018	09/02/2018	AMLA 2017
70	<b>CESAR S. CABAÑES</b> VICE PRESIDENT BANKING LEGAL SERVICES DEPARTMENT	LAND CONV. PROCESS & POLICY GUIDELINES	11/11/2019	11/11/2019	LAND CONV
		FINANCIAL CONSUMER PROTECTION (LEAP)	10/15/2019	10/15/2019	CSPDD
		AML FOR NON-BRANCH BANK PERSONNEL	08/23/2019	08/23/2019	AMLA 2019
		LEAP: RECORDS MANAGEMENT TRAINING	05/31/2019	05/31/2019	LEAP:RECORDS
		STRATEGIC WORKFORCE PLANNING WORKSHOP	03/25/2019	03/25/2019	PAD-SWP
		INTEGRATED MANAGEMENT SYSTEM (LEAP)	12/14/2018	12/14/2018	IMS
		STRATEGIC PLANNING & STRATEGIC EXECUTION	10/24/2018	09/11/2018	R.G. M & Co.
		ENTERPRISE RISK MANAGEMENT (LEAP)	09/28/2018	09/28/2018	ERM1
		BUSINESS CONTINUITY MGT AWARENESS (LEAP)	04/05/2018	04/05/2018	BRMD
		2018 INTRODUCTION TO QUALITY CIRCLES B1	04/13/2018	04/13/2018	QC
		LDP10:LEADERSHIP AND MANAGING CHANGE	02/15/2018	02/16/2018	LDP10
		LDP 10: STRATEGIC THINKING	02/13/2018	02/14/2018	LDP10
		AML UPDATING LEAP	09/02/2018	09/02/2018	AMLA 2017
71	<b>ROSANNA F. BERONES</b> VICE PRESIDENT ENTERPRISE SYSTEMS DEPARTMENT	AML FOR NON-BRANCH BANK PERSONNEL	08/23/2019	08/23/2019	AMLA 2019
		2019 NAT'L SYMPOSIUM ON PROJ MANAGEMENT	07/30/2019	07/31/2019	PMI
		LEAP: RECORDS MANAGEMENT TRAINING	05/31/2019	05/31/2019	LEAP:RECORDS
		IMS BRIEFING FOR CERTIFICATION AUDIT	07/03/2019	07/03/2019	IMS
		MGT OF OUTSOURCING ARRANGEMENTS (w/ IT)	04/03/2019	04/03/2019	QMDOutArgmt
		INTEGRATED MANAGEMENT SYSTEM (LEAP)	12/14/2018	12/14/2018	IMS
		ENTERPRISE RISK MANAGEMENT (LEAP)	09/28/2018	09/28/2018	ERM1
		BUSINESS CONTINUITY MGT AWARENESS (LEAP)	04/05/2018	04/05/2018	BRMD
		LDP10:LEADERSHIP AND MANAGING CHANGE	02/15/2018	02/16/2018	LDP10
		LDP 10: STRATEGIC THINKING	02/13/2018	02/14/2018	LDP10

\*First run: 24-26 October 2018; second run: 9 November 2018

\*\*First run: 17-22 September 2018; second run: 2 October 2018

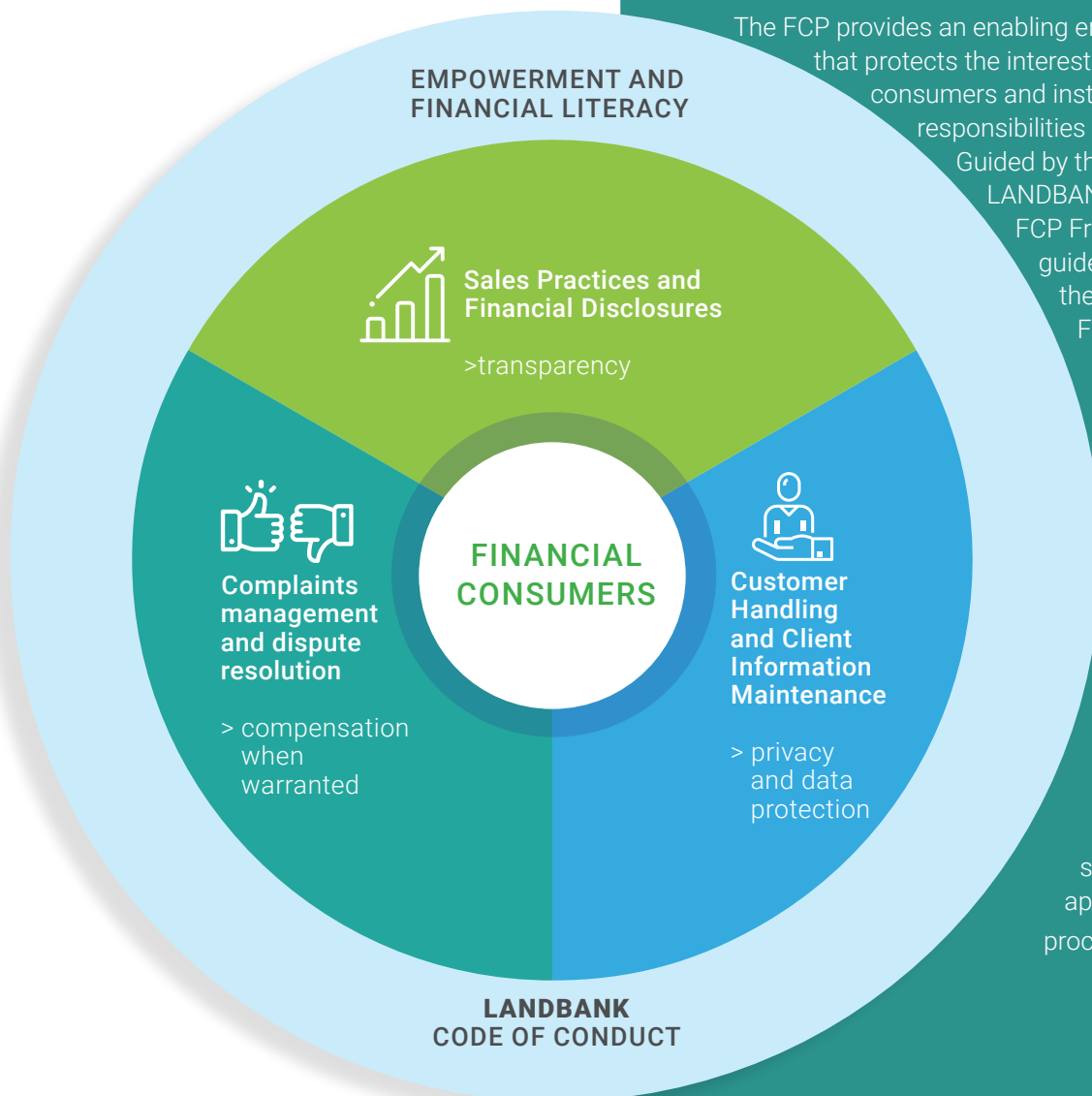
# FINANCIAL CONSUMER PROTECTION (FCP)

## LANDBANK's Financial Consumer Protection (FCP) Framework

Cognizant of the need for a dynamic financial marketplace where there is financial inclusion and stability, and wherein consumers make informed decisions, the BSP issued Circular No. 857 for all BSP-Supervised Financial Institutions (BSFIs) to come up with a Financial Consumer Protection (FCP) Framework. The FCP sets the rules and regulations that cover and underscores FCP as a part of the Bank's corporate governance and culture.

The FCP provides an enabling environment that protects the interest of financial consumers and institutionalizes the responsibilities of all stakeholders. Guided by the BSP Circular, LANDBANK came up with FCP Framework and guidelines to implement the Bank's FCP Framework.

The success of LANDBANK's FCP Program is determined by the level of support and cooperation among LANDBANK personnel, from top management to individual employees, and strengthened by the appropriate systems, processes and people.





## CONSUMER PROTECTION OVERSIGHT FUNCTION

### Role and Responsibility of the Board of Directors and Senior Management

#### LANDBANK Board of Directors (LANDBANK Board)

The LANDBANK BOD shall be primarily responsible for ensuring that consumer protection rules and regulations are incorporated in the Bank's business operations and strategies. The responsibilities of LANDBANK BOD in relation to FCP include the following:

- a. Approve LANDBANK FCP Framework and FCP policies and mechanisms which outline consumer protection best practice standards.
- b. Ensure availability of resources devoted to consumer protection to maintain compliance with the provisions of the Bank's FCP Framework.
- c. Oversee the implementation of the consumer protection programs, processes, systems and other related activities.

#### LANDBANK Senior Management

The LANDBANK Senior Management shall be responsible for the proper implementation and effective management of consumer activities and policies approved by the Board through the establishment of LANDBANK FCP Working Team (WT), ensure that consumer protection issues and areas for improvement are resolved effectively and taken at the right time, and perform other duties and responsibilities as may be assigned by the Board.

LANDBANK FCP WT shall be responsible for the formulation, updating and reporting/monitoring of pertinent policies, systems and other prerequisites that may be required under the BSP Circular 857 and other BSP issuances related to Financial Consumer Protection that embrace the FCP standards of conduct namely: (1) Disclosure and Transparency; (2) Protection of Client Information; (3) Fair Treatment; (4) Effective Recourse; (5) Financial Education and Awareness consistent with the Components of the LANDBANK FCP particularly: (1) FCP Framework; (2) Governance and Oversight; (3) Consumer Protection Risk Management System (CPRMS); and Consumer Assistance Management System (CAMS).

## CONSUMER PROTECTION RISK MANAGEMENT SYSTEM (CPRMS)

A detailed discussion of the LANDBANK Consumer Protection Risk Management System (CPRMS) can be seen in the Bank's Risk Management segment as the CPRMS is an integral part of the Bank's implementation of an enterprise-wide risk management system. Consistent with the promotion of financial consumer protection, the Bank's CPRMS aims to identify, measure, monitor, and control all consumer protection risks inherent in the Bank's operations.

## CONSUMER PROTECTION PROGRAMS

### 1. Consumer Protection Compliance Program

- a. An FCP Compliance Program is established in order to prevent or reduce regulatory violations and protect consumers from associated harm or loss.
- b. Any findings and recommendations from the Compliance Program mechanisms shall be elevated by the CMG to the BOD, through the ACC for assessment of the effectiveness and adequacy of approved policies and internal controls for FCP.

### 2. Consumer Protection Internal Audit Program

- a. An independent and periodic assessment of Bank Units' adherence to consumer protection practices, internal policies, procedures, and laws, rules and regulations shall be conducted by the IAG.
- b. Audit results from the said assessment shall be elevated by IAG to the BOD, through the ACC, to ascertain the effectiveness and adequacy of approved policies and internal controls for FCP.

### 3. Consumer Protection Training Program

- a. The Bank appropriate trainings and development programs to enhance the competencies of its human resources through the ODD.

- b. In addition to its in-house programs, the Bank allows its employees to participate in external training programs, both local and foreign, provided, a re-tooling seminar, roadshow or IT system roll-out programs shall be cascaded to concerned Bank employees.
- c. The training programs are categorized into:
  - Management and leadership;
  - Operational courses; and
  - Foundational (organizational and behavioural) courses

#### 4. CONSUMER ASSISTANCE MANAGEMENT SYSTEM

LANDBANK CAMS is centralized at the CCC under the CAD.

For CAMS to be effectively carried out, CCC shall undertake the following:

- a. Receive, handle, register, and provide feedbacks to customer inquiries and complaints received from different Bank channels, such as LANDBANK PhoneAccess, LANDBANK electronic mails, LANDBANK Website – WEBMASTER, and LANDBANK Facebook page.
- b. Consolidate and analyze recorded calls and reports on complaints, and report results thereof to MANCOM for resolution and approval of mitigating strategies.
- c. Ensure competency and quality in the delivery of CCC's services through provision of trainings and seminars on excellent customer service and other relevant development workshops, in coordination with ODD.
- d. Provide a dedicated and an organic team that ensures quality services through its Quality and Complaint Management Unit which handles process improvement, call quality assurance, complaint management, and Management Information System (MIS)/Feedback Management.

## FCP ACCOMPLISHMENTS AND HIGHLIGHTS CY 2019

FCP Plans & Programs		Remarks
1	FCP learning assessment on LANDBANK'S E-learning Access Portal (LEAP)	<ul style="list-style-type: none"> <li>• Bank-wide Implementation (Head Office-based and Field Units Employees) of FCP module to LEAP system from September 02 – October 15, 2019</li> </ul>
2	Financial Inclusion Caravans	<ul style="list-style-type: none"> <li>• Conduct of series of Financial Inclusion caravans for CY 2019</li> </ul>
3	Issuance/Updating of various LAND-BANK policies and guidelines	<ul style="list-style-type: none"> <li>• Continuing FCP programs involving various initiatives for financial consumer protection.</li> </ul>

On September 26, 2019, BSP approved the new FCP Framework of BSFIs (BSP Circular 1048 s. 2019) which seeks to fundamentally strengthen market conduct practices of BSFIs by establishing guidelines that institutionalize consumer protection as an integral component of corporate governance and culture, as well as risk management. With BSP Circular 1048, LANDBANK's FCP existing framework is proportionate to its size, structure, nature of products and services and complexity of operations. The Bank has policies and procedures in place to support the FCP Program and exhibit the core principles of the Consumer Protection Standards of Conduct.

Currently, action items are being prepared by the LANDBANK's FCP Technical Working Group to ensure consistency and compliance to FCP requirements; applicable updating and preparation of action plans shall be completed within the allowable timeline.

# FINANCIAL RESULTS OF BUSINESS SEGMENTS

Operating segments are reported according to the nature and type of services provided with a segment representing a strategic business unit.

LANDBANK's business segments are as follows:



- a. **Retail Banking** – this segment principally provides and offers wide range of financial products and services to individual customers. Products and services include individual deposit products, payment remittances, foreign exchange transactions, loans to small farmers and fishers (SFF), agrarian reform beneficiaries (ARBs), consumer loans as well as unit investment trust funds (UITFs), among others.



- b. **Corporate Banking** – this segment principally handles loans and other credit facilities and deposit accounts for corporate, small and medium enterprises and institutional customers such as Rural Financial Institutions (RFIs) and Cooperatives as conduits to SFFs and ARBs, and LGUs and GOCCs.



- c. **Treasury and Investment Banking** – this segment principally handles and manages the Bank's investment portfolio and trading desks. It also ensures that the Bank's funding requirements are always met through proper balance sheet and liquidity management. The investment banking group meanwhile handles debt and equity underwriting transactions.

- a. **Others** – consists of LANDBANK's other sectors, and various support units.

Segment revenues and expenses that are directly attributable to the business segment and the relevant portion of LANDBANK's revenues and expenses that can be allocated to that business segment are accordingly reflected as revenues and expenses of that business segment.

## Summary of Financial Performance of the Business Segment

All income-generating segments have significantly increased in 2019 from the figures of 2018. Corporate Banking increased its interest income by a very healthy 37.9% or P12.6 Billion to reach P45.8 Billion in 2019, while Treasury and Investment Banking significantly increased by 15.4% from P23.6 Billion in 2018 to P27.3 Billion in 2019. Retail Banking, likewise, recorded a 15.4% increase or P0.5 Billion from P3.0 Billion in 2018 to P3.4 Billion in 2019.

## Contribution of Business Segments and Significant Developments and Future Plans and Targets

### Corporate Banking Group

The Corporate Banking Group caters to corporate clients based in Metro Manila. It is comprised of the Corporate Department I (CBDI), the Corporate Banking Department II (BDII), with both departments handling large corporations; the Public Sector Department (PSD), in charge of government accounts; the Financial Institutions Department (FID) which handles financial institutions and rural banks, and the Microfinance Institutions Department (MFID), a department newly created in August 2017, which focuses on lending to cooperatives and MFIs within the National Capital Region.

The Corporate Banking Group ended 2019 strongly with P24.81 Billion in Gross Revenues, registering a 5.7% growth over P19.10 Billion in 2018. This translates into a 113.45% accomplishment over the Group's assigned 2019 target of P21.87 Billion. The Group's Loan Portfolio reached P440.41 Billion in 2019, recording a P5.71 Billion growth over the previous year's total loans of P435.16 Billion. The CBG remains steadfast in its support of the Bank's priority sectors, with P422.05 Billion or 95.8% of its total portfolio composition categorized as loans to the said sectors.

Armed with the Bank's commitment to support the agriculture sector and its thrust toward sustainable inclusive growth, the CBG further concentrated its strategies on "greening" its loan portfolio. The CBG, by the end of 2019, recorded a total of P68.80 Billion worth of loans to the said sector.

Consistent with the strategy, the CBG also geared its efforts in extending credit assistance to projects that support government projects, closing the year with loans amounting to P353.25 Billion to the sector or a modest 5.95% increase from the 2018 yearend total of P333.42 Billion.

The foundation for these efforts rests on expanding and advancing the CBG's lending productivity, via extensive marketing, partnerships with other government agencies, loan syndications with other banks and improved business processes.

The CBG will continue to support the Bank's strategic direction by achieving sustainable growth, continuing to effectively manage its risks and focusing on efficiently serving its customers and clients.

### Retail and Mid-Market Lending Group

RMLG handles the overall administration, monitoring, supervision and management of housing and mortgage loans, Sales Contract Receivables (SCR), Small, Medium and Middle Size Enterprises (SMMEs) accounts including OFW Reintegration program loans in the NCR and oversee the four departments specifically: 1. Small and Medium Enterprises – Mid-Market Lending Department I (SME-MLD I), 2. Small and Medium Enterprises – Mid-Market Lending Department II (SME-MLD II), 3. Mortgage Banking Department I (MBD I), and 4. Mortgage Banking Department II (MBD II).

SME-MLD I covers SMME accounts located in the Northern part of Metro Manila while SME-MLD II handles the Southern part of Metro Manila. Both

Departments handle accounts with asset size up to P1 Billion (net of land). Further, MBD I caters to the administration, monitoring and management of housing and mortgage loan accounts of clients in the North of the National Capital Region (NCR) covering the following cities and municipalities: (1) Quezon City, (2) Caloocan, (3) Valenzuela, (4) Malabon, (5) Pasig, (6) Mandaluyong, (7) Navotas, (8) Manila, and (9) San Juan. On the other hand, MBD II handles the administration, monitoring and management of housing and mortgage loan accounts of clients in the South of the NCR covering the following cities and municipalities: (1) Makati, (2) Marikina, (3) Muntinlupa, (4) Pasay, (5) Pateros, (6) Las Piñas, (7) Parañaque, and (8) Taguig.

The Bank's retail and mid-market lending activities recorded a total of P21,329.63 Million outstanding loans, of which, 81% or P17,348.86 Million were composed of Loans to Priority Sectors. Of this amount, P1,589.28 Million were loans given to SMEs. The Group was able to generate P1,678.14 Million in gross income as of end-2019.

To further boost the Bank's market share in the retail lending business, the following are the major strategies and objectives formulated by RMLG under the business segment:

**Greening of loan portfolio** – To increase exposure to SMEs and Agriculture and Fisheries by yearend 2020 to P2,846.39 Million and P4,266.25 Million, respectively. The Bank also anticipated to market additional 42 SMEs and agri-related accounts by next year. All accounts packaged by RMLG shall need to pass the LANDBANK's RAAC.

**Enhancing Asset Quality** – RMLG projected to reduce its past due amount by 86% from end-2019. The Group plans also to improve its KYC and Due Diligence especially on new accounts through the use of the SEC-i-View (i.e., to check the GIS, FS and other documents of Corporate Accounts to be marketed), and to impose that the Auditor of the Corporation/ other accounts should be at least BIR-accredited.

**Improving Account Management** – To enhance operational efficiencies, RMLG shall carry out the implementation of a group-wide excel file monitoring system to ensure uniformity of account monitoring across all RMLG Units. The Group already coordinated with TMG-ESD to create a system since excel file was prone to errors.

## Treasury and Investment Banking Group

The year 2019 has been a roller coaster ride for domestic financial markets, with the fluctuating geopolitical developments, notably the US-China trade talks, were met with strong policy support from the central banks of the Philippines and United States. While prospects for a phase one US-China trade deal dominated much of the year, the journey towards such agreement was rough. Uncertainties on the geopolitical front and the impacts on growth prompted the Bangko Sentral ng Pilipinas (BSP) and the US Federal Reserve to cut their policy rates by 75 basis points each. The BSP took its policy easing a step further by reducing its reserve requirement ratio by 4% from 18% amid falling domestic inflation and a budget delay. This capped the Philippine economic growth at 5.9% in 2019. Bond yields fell dramatically and the peso throbbed for most of 2019 before ending strong on the back of the US-China trade accord. The Philippine Stock Exchange index gained by 4.7%, the 10-year Philippine rates declined by 2.6 percentage points, while the US dollar/peso exchange rate fell by 194 centavos.

Under this market backdrop, Treasury and Investment Banking Sector managed to attain a gross income of P30.0 Billion, coming from various investments, trading activities, and fee-based services.

### **Dominant Industry Position**

For nine straight years, LANDBANK continues to be among the Top 5 Fixed Income Dealing Participants in the secondary market based on the Philippine Dealing System (PDS) Annual Awards Night.

### **Investment Banking and Capital Markets**

LANDBANK's Investment Banking Group (IBG) has maintained its strong track record in arranging and managing various types of debt finance transactions to government and private entities. This includes projects in land transportation, liability management, and those promoting financial inclusion.

In support of the government's efforts to promote financial literacy among Filipinos, LANDBANK acted as the Lead Issue Manager for the BTr's 22nd Tranche of the 5-year Retail Treasury Bonds (RTBs) issued in March 2019, which raised P113.8 Billion for the National Government. Funds will support the government's projects in line with its "Bridging Dreams, Building the Nation" campaign.

LANDBANK also acted as Lead Issue Manager for BTr's Premyo Bonds, which raised P4.961 Billion for the government. Both RTB 22 and Premyo Bond offerings were met with strong market demand, most especially from the individuals and retail investing public, as sales were made accessible online through the new RTB Online platform.

LANDBANK also bagged two awards from the Investment House Association of the Philippines, namely: the Best Large Capitalization Fixed Income Deal of the Year, for being the Lead Issue Manager for the Bureau of the Treasury's Retail Treasury Bonds Tranche 21, and the Best Large Capitalization Project Finance Deal of the Year, for being the one of the Mandated Lead Arrangers and Lenders for the Cavite-Laguna Expressway (CALAX) Public-Private Partnership Project.

The Bank also acted as the Sole Arranger and Underwriter for the National Home Mortgage Corporation's P270.25 Million BALAI (Building Adequate Livable Affordable and Inclusive Filipino Communities) Bonds 1 Issuance.

### **Strong Sales and Distribution Network**

LANDBANK served as the Lead Issue Manager and selling agent for the BTr's RTB Tranche 22. It sold P73.346 Billion, or more than a third of the total issue size.

It was also a selling agent for the major corporate issuances of San Miguel Corporation, Vista Land & Lifescapes, SMC Global Power Holdings Corporation and Phoenix Petroleum, among others.

LANDBANK was also recognized as among the Top 5 Fixed Income Brokering Participants by the Philippine Dealing and Exchange Corporation during the 2019 PDS Annual Awards.

# FINANCIAL HIGHLIGHTS (GROUP)

## RESULTS OF OPERATION

LANDBANK maintained its position as one of the top performing banks in the Philippine Banking Industry in 2019, having established new benchmarks on its financial performance. The Bank continued in effectively fulfilling its mandate while remaining financially viable with a milestone P20.0 Billion net income for the year-ended 2019, P4.5 Billion or 29.2% higher than the P15.5 Billion net income recorded in 2018. This translated to a return on equity of 13.83%, which was higher than the industry average of 10.70%.

**₱20.0 B**  
NET income

**13.8%**  
Return on Equity (ROE)  
as of Dec. 31, 2019

## Financial Summary (In P Millions)

Minimum Required Data	Group <sup>1</sup>		Parent	
	2019	2018 As Restated	2019	2018 As Restated
<b>Profitability</b>				
Total Net Interest Income	53,705.63	46,595.64	53,377.38	45,972.03
Total Non-Interest Income	8,885.69	7,037.68	8,515.24	6,651.97
Total Non-Interest Expenses	37,395.69	33,808.15	36,597.79	32,781.22
Pre-provision Profit	25,195.63	19,825.17	25,294.83	19,842.78
Provision for Credit/Impairment Losses	5,182.27	4,332.78	6,243.27	3,852.49
Net Income	20,013.36	15,492.39	19,051.56	15,990.29
<b>Selected Balance Sheet Data</b>				
Liquid Assets	1,118,968.62	991,505.00	1,117,769.10	986,896.67
Gross Loans	896,894.26	872,401.68	891,799.66	867,217.35
Total Assets	2,043,019.19	1,888,739.95	2,034,861.11	1,877,100.57
Deposits	1,784,679.63	1,663,262.24	1,783,076.18	1,656,141.28
Total Equity	152,417.21	136,958.26	148,917.16	134,358.62
<b>Selected Ratios</b>				
Return on Equity (ROE)	13.83%	12.31%	13.45%	12.97%
Return on Assets (ROA)	1.02%	0.88%	0.97%	0.91%
CET 1 capital ratio	12.88%	11.86%	12.74%	11.82%
Tier 1 capital ratio	12.88%	11.86%	12.74%	11.82%
Capital Adequacy Ratio	13.78%	12.69%	13.64%	12.65%
BASEL III Leverage Ratio	5.72%	5.55%	5.63%	5.51%
<b>Per common share data</b>				
Net Income per share:				
Basic				
Diluted				
Book value				
<b>Others</b>				
Cash dividends declared			-	-
Headcount			9,298	8,599
Officers			1,225	1,139
Staff			8,073	7,460

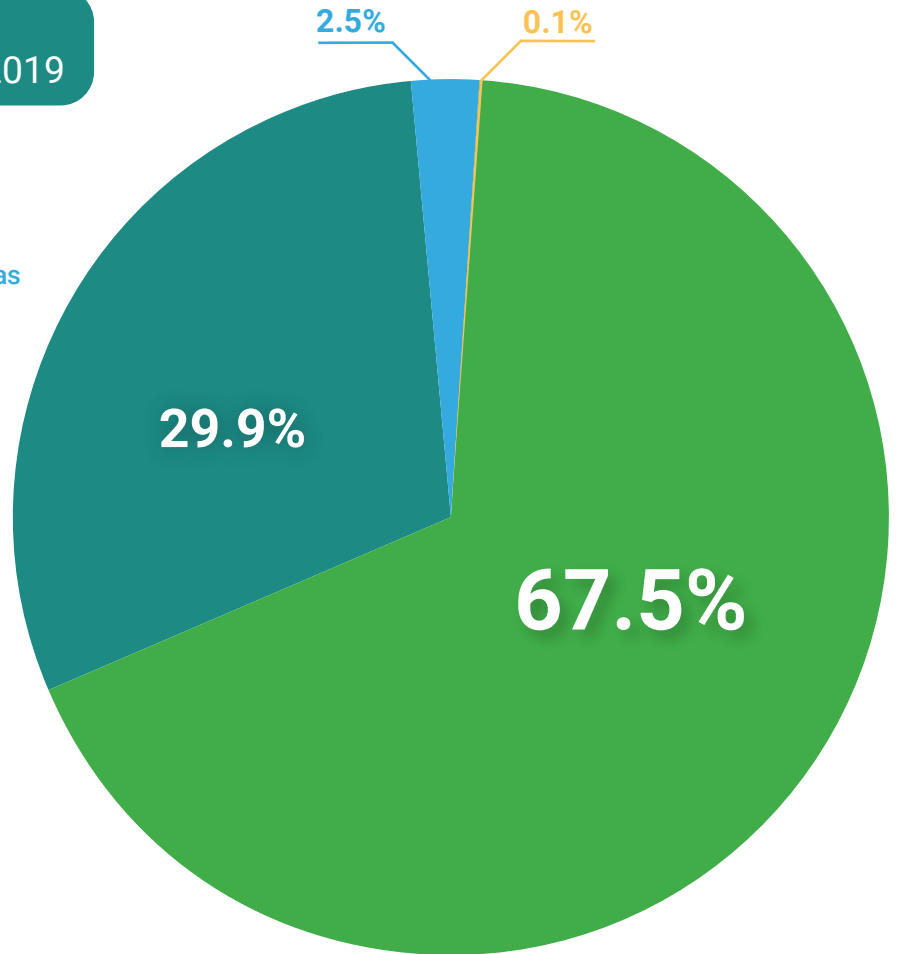
<sup>1</sup> Consolidated Amount of Parent and Subsidiaries

## Interest Income

For the year ended Dec. 31, 2019

- Loans
- Investments
- Due from Bangko Sentral ng Pilipinas
- Others

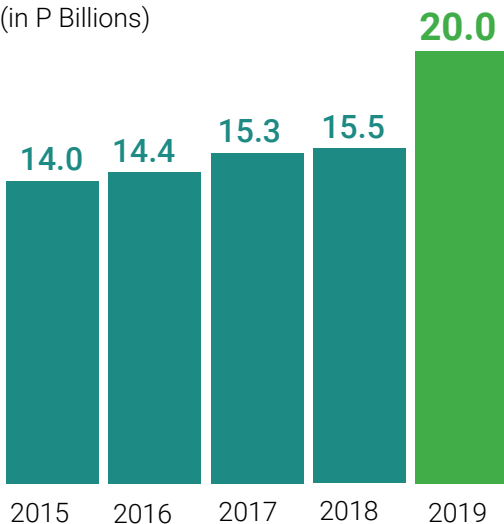
Growth in revenues was mainly due to the significant increase on interest income in 2019. Interest income reached P77.1 Billion, P16.4 Billion or 27.0% higher than P60.7 Billion generated in 2018. Interest income from loans amounted to P52.0 Billion or 67.5% share in the total interest income, while there has been a 29.9% share for interest income from investments amounting to P23.1 Billion. Other operating income amounted to P8.9 Billion, a P1.9 Billion increase from P7.0 Billion in 2018.



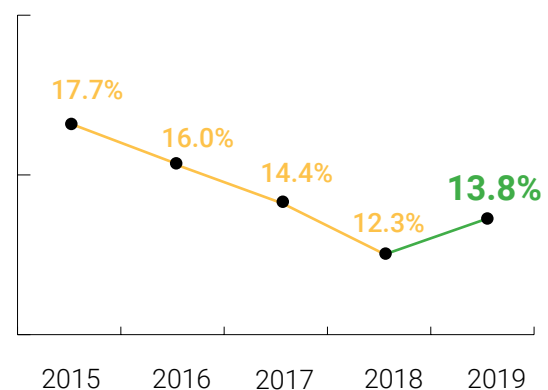
## Net Income and ROE Trends, 2015 to 2019

### NET Income

(in P Billions)



### Return on Equity



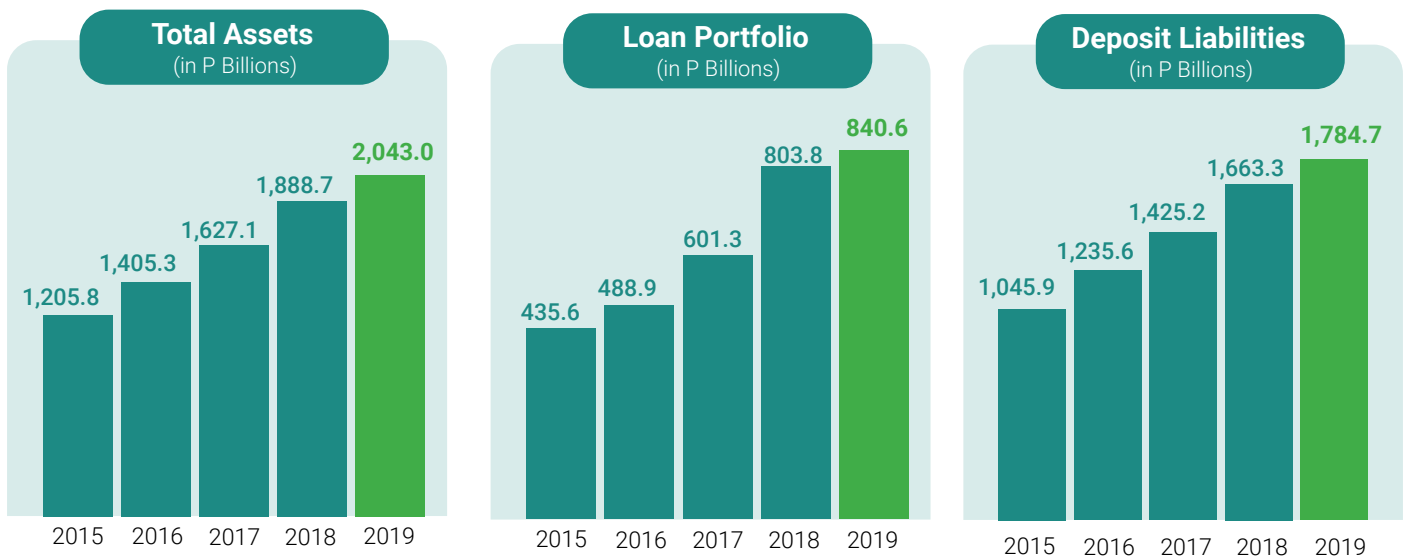
# INSTITUTIONAL VIABILITY

## FINANCIAL CONDITION

The 2-Trillion mark in total assets was breached at P2.04 Trillion by end-2019, 8.2% higher than the P1.89 Trillion in 2018. Total loans amounted to P840.6 Billion from P803.8 Billion in 2018, accounting for 41.1% of the Bank's total assets. Loans to priority sectors increased by 5.8% or P42.8 Billion to reach P777.07 Billion.

The Bank's total deposit liabilities amounted to P1,784.7 Billion by end-2019, 7.3% or P121.4 Billion

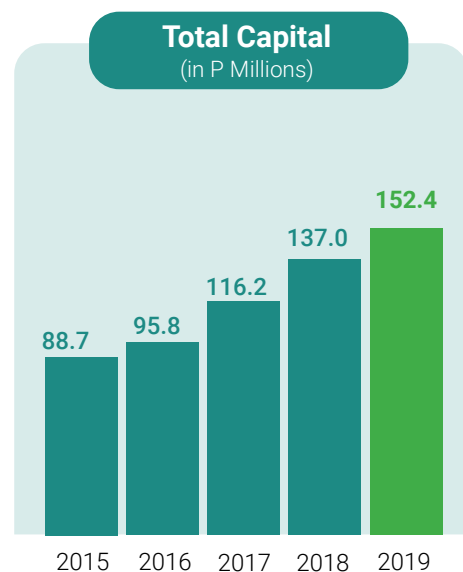
higher than the P1,663.3 Billion balance the previous year. Growth in the Bank's total deposits may be attributed to the significant P161.4 Billion or 36.2% expansion in private deposits that reached P606.8 Billion by end-2019 from P445.4 Billion in 2018. The increase in private deposits negated the P40.0 Billion decline in government deposits to P1,177.8 Billion in 2019 from P1,217.8 Billion for same period last year. This also improved the share of private deposits to 34% from 27% the previous year, aligned with the Bank's strategic initiative to increase retail and private deposit base.



## CAPITAL AND CAPITAL RATIOS

As of December 31, 2019, LANDBANK's paid-up capital remained at P26.29 Billion from P200.00 Billion total authorized capital. Total capital reached P152.4 Billion or P15.4 Billion higher than the previous year mainly due to increase in retained earnings.

1. Consistent with Basel III and BSP requirements, contained in the following table below are the details and composition of the Bank's comparative common equity tier 1 (CET1) capital, regulatory deductions and total qualifying capital for 2019 and 2018 (except for the ratios, all amounts in P Millions).





	Group <sup>1</sup>		Parent	
	2019	2018	2019	2018
<b>Tier 1 Capital</b>				
<b>Common Equity Tier 1 (CET 1) Capital</b>				
Paid-up Common Stock	26,290.78	26,861.78	26,290.78	26,290.78
Retained Earnings	88,223.12	78,108.68	88,223.12	78,043.28
Undivided Profits	18,126.65	14,918.11	18,513.08	15,478.21
Other Comprehensive Income	10,879.76	11,704.31	10,879.76	11,805.22
<b>Total</b>	<b>143,520.31</b>	<b>131,592.88</b>	<b>143,906.74</b>	<b>131,617.49</b>
<b>Regulatory Deductions from CET 1 Capital</b>				
a. Unsecured DOSRI Loans	4,307.38	826.29	4,307.38	970.20
b. Deferred Income Tax	520.85	510.09	441.26	441.26
c. Other intangible assets	1,145.53	1,166.03	1,137.47	1,155.22
d. Investments in equity of unconsolidated subsidiary banks and quasi-banks, and other financial allied undertakings (excluding subsidiary securities dealers/brokers and insurance companies), after deducting related goodwill, if any (for solo basis only and as applicable)	-	-	2,985.97	1,912.76
e. Investments in equity of unconsolidated subsidiary securities dealers/brokers and insurance companies after deducting related goodwill, if any (for both solo and consolidated bases and as applicable)	1,113.43	1,051.79	1,051.24	990.40
f. Significant minority investments (10%-50% of voting stock) in banks and quasi-banks, and other financial allied undertakings after deducting related goodwill, if any (for both solo and consolidated bases)	894.99	647.22	786.41	512.15
g. Minority investments (below 10% of voting stock) in subsidiary banks and quasi-banks, and other financial allied undertakings (excluding subsidiary securities dealers/brokers and insurance companies), after deducting related goodwill, if any (for both solo and consolidated bases)	578.60	313.30	537.55	43.15
h. Other equity investments in non-financial allied undertakings and non-allied undertakings	16,986.67	19,697.89	16,945.52	19,620.19
<b>Total</b>	<b>25,547.45</b>	<b>24,212.61</b>	<b>28,192.80</b>	<b>25,645.33</b>
<b>Net CET 1 Capital</b>	<b>117,972.86</b>	<b>107,380.27</b>	<b>115,713.94</b>	<b>105,972.16</b>
<b>Additional Tier 1 Capital</b>	-	-	-	-
<b>Total Tier 1 Capital</b>	<b>117,972.86</b>	<b>107,380.27</b>	<b>115,713.94</b>	<b>105,972.16</b>
<b>Tier 2 Capital</b>				
General Loan Loss Provision	8,187.78	7,522.09	8,121.81	7,490.00
<b>Total Tier 2 Capital</b>	<b>8,187.78</b>	<b>7,522.09</b>	<b>8,121.81</b>	<b>7,490.00</b>
<b>Total Qualifying Capital</b>	<b>126,160.64</b>	<b>114,902.36</b>	<b>123,835.75</b>	<b>113,462.16</b>

<sup>1</sup>Consolidated with Subsidiaries

The Bank's total CET 1 capital improved by 9.9% in 2019 to P117.97 Billion from P107.38 Billion the previous year mainly due to higher retained earnings and net income for the year.

The full reconciliation of all regulatory capital elements back to the balance sheet in the audited financial statements are as follows (amount in Million Pesos):

# INSTITUTIONAL VIABILITY

Account Description	GROUP <sup>1</sup>					
	2019			2018 As Restated		
	Regulatory Capital	Reconciling Items	Audited Financial Statements	Regulatory Capital	Reconciling Items	Audited Financial Statements
Paid-up common stock	26,290.78		26,290.78	26,861.78	(571.00)	26,290.78
Paid-in Surplus		101.10	101.10		101.10	101.10
Retained earnings	88,223.12	7,405.69	95,628.81	78,108.68	4,618.98	82,727.66
Revaluation Increment		61.20	61.20		61.20	61.20
Undivided profits	18,126.65	1,886.71	20,013.36	14,918.11	574.28	15,492.39
<b>Other Comprehensive Income</b>						
Net unrealized gains or losses on AFS securities	10,684.89	(549.30)	10,135.59	11,409.62	451.17	11,860.79
Remeasurement of retirement benefit obligation		(10.46)	(10.46)		(4.15)	(4.15)
Currency Translation Difference	194.87	1.96	196.83		428.49	428.49
Others				294.69	(294.69)	-
Deductions	(25,547.45)	25,547.45	-	(24,212.61)	24,212.61	-
<b>Tier 1 (CET 1) capital/Total equity</b>	<b>117,972.86</b>	<b>34,444.35</b>	<b>152,417.21</b>	<b>107,380.27</b>	<b>29,577.99</b>	<b>136,958.26</b>
<b>Tier 2 Capital</b>	<b>8,187.78</b>	<b>(8,187.78)</b>	<b>-</b>	<b>7,522.09</b>	<b>(7,522.09)</b>	<b>-</b>
<b>Total Qualifying Capital/ Total equity</b>	<b>126,160.64</b>	<b>26,256.57</b>	<b>152,417.21</b>	<b>114,902.36</b>	<b>22,055.90</b>	<b>136,958.26</b>

<sup>1</sup>Consolidated with Subsidiaries

Account Description	PARENT					
	2019			2018 As Restated		
	Regulatory Capital	Reconciling Items	Audited Financial Statements	Regulatory Capital	Reconciling Items	Audited Financial Statements
Paid-up common stock	26,290.78		26,290.78	26,290.78		26,290.78
Paid-in Surplus		101.10	101.10		101.10	101.10
Retained earnings	88,223.12	1,792.87	93,193.49	78,043.28	1,596.13	79,639.41
Undivided profits	18,513.08	1,111.75	19,051.56	15,478.21	512.08	15,990.29
<b>Other Comprehensive Income</b>						
Net unrealized gains or losses on AFS securities	10,684.89	398.02	10,083.40	11,510.53	398.02	11,908.55
Currency Translation Difference	194.87	231.75	196.83		428.49	428.49
Others		(294.69)		294.69	(294.69)	-
Deductions	(28,192.80)	28,192.80		(25,645.33)	25,645.33	-
<b>Tier 1 (CET 1) capital/Total equity</b>	<b>115,713.94</b>	<b>31,533.60</b>	<b>148,917.16</b>	<b>105,972.16</b>	<b>28,386.46</b>	<b>134,358.62</b>
<b>Tier 2 Capital</b>	<b>8,121.81</b>	<b>(8,121.81)</b>	<b>-</b>	<b>7,490.00</b>	<b>(7,490.00)</b>	<b>-</b>
<b>Total Qualifying Capital/ Total equity</b>	<b>123,835.75</b>	<b>23,411.79</b>	<b>148,917.16</b>	<b>113,462.16</b>	<b>20,896.46</b>	<b>134,358.62</b>

There was a slight increase in total risk-weighted assets (RWA) at 1.1% from P905.54 Billion to P915.80 Billion in 2019. The increase was mainly due to significant increase in market exposure

and operational risk-weighted assets from higher revenues, despite the slight decline of Credit Risk-Weighted Assets (all amounts in P Millions).

	Group <sup>1</sup>		Parent	
	2019	2018	2019	2018
<b>Risk-Weighted Assets</b>				
<b>Credit Risk-Weighted Assets</b>				
Total Risk-Weighted On-Balance Sheet Assets	775,690.12	760,337.51	769,732.11	753,133.32
Total Risk-Weighted Off-Balance Sheet Assets	42,794.34	66,363.84	42,155.95	65,330.97
Total Counterparty Risk-Weighted Assets in the Trading Books	293.30	180.82	293.30	180.82
	818,777.76	826,882.17	812,181.36	818,645.11
<b>Less:</b> Gen. Loan Loss Provision (in excess of the amount permitted in Tier 2)	2,120.82		2,160.41	
<b>Total Credit Risk-Weighted Assets</b>	<b>816,656.94</b>	<b>826,882.17</b>	<b>810,020.95</b>	<b>818,645.11</b>
<b>Market Risk-Weighted Assets</b>				
Interest Rate Exposures	846.67	858.00	846.67	842.65
Equity Exposures	737.92	-	737.92	-
Foreign Exchange Exposures	2,098.77	138.59	2,098.77	138.59
Options	13,009.60	8,305.89	13,009.60	8,305.89
<b>Total Market Risk-Weighted Assets</b>	<b>16,692.96</b>	<b>9,302.48</b>	<b>16,692.96</b>	<b>9,287.13</b>
<b>Total Operational Risk-Weighted Assets</b>	<b>82,446.69</b>	<b>69,356.38</b>	<b>81,454.13</b>	<b>68,688.10</b>
<b>Total Risk-Weighted Assets</b>	<b>915,796.59</b>	<b>905,541.03</b>	<b>908,168.04</b>	<b>896,620.34</b>

<sup>1</sup>Consolidated with Subsidiaries

CET 1 ratio increased well above the BSP requirement to 12.88% in 2019 from 11.86% the previous year due to the improvement of CET 1 capital combined with limited rise in risk-weighted assets. With no outstanding AT1 capital, Tier 1 capital ratio likewise stood at 12.88%.

LANDBANK's December 2019 Capital Adequacy Ratio (CAR) improved in parallel with the CET 1 ratio to 13.78% from 12.69% in 2018, which is comfortably above the BSP requirement of 10.0%.

	Group <sup>1</sup>		Parent	
	2019	2018	2019	2018
<b>CET 1 Capital Ratio</b>	12.88%	11.86%	12.74%	11.82%
<b>Capital Conservation Buffer</b>	6.88%	5.86%	6.74%	5.82%
<b>Tier 1 Capital Ratio</b>	12.88%	11.86%	12.74%	11.82%
<b>Risk-Based Capital Adequacy Ratio (CAR)</b>	13.78%	12.69%	13.64%	12.65%

<sup>1</sup>Consolidated with Subsidiaries

**13.78%**  
2019 Capital Adequacy Ratio

## LANDBANK Dividend

As required under RA No. 7656, LANDBANK remits cash dividends to the National Government (NG) every year. Since the law was enacted in 1993, the Bank regularly declares and remits a percentage of its annual net earnings as cash dividends. In fact, LANDBANK has remitted to the NG a total of P46.1 Billion in cash dividends from 1993 until 2018. To ensure that it can sustain its support to various government initiatives, the Bank must strengthen or at least preserve its capital and occasionally requests for a dividend relief or a lower dividend rate from the government.

Following the request for dividend relief for its 2018 net earnings in May 2019, the President of the Philippines granted the request and adjusted the Bank's dividend rate from 50% to 0% through Executive Order No. 109 s. 2020 signed on March 18, 2020.

In order to sustain continued loan expansion to its priority sectors and various government initiatives and directives, LANDBANK again requested the Department of Finance for a dividend relief for its 2019 earnings on May 15, 2020. It is hopeful that this most recent request will also be granted given the generous support the Bank has been receiving recently from the DOF and the current administration.

# LANDBANK

## Foundation and Subsidiaries



### LANDBANK COUNTRYSIDE DEVELOPMENT FOUNDATION, INC.

The LANDBANK Countryside Development Foundation, Inc. (LCDFI) was established in March 1983 as a non-stock, non-profit foundation of LANDBANK. In 2013, it was classified by the Governance Commission for GOCCs (GCG) as a government-owned and controlled corporation and thus shall comply with all applicable rules and laws governing GOCCs. LCDFI embodies LANDBANK's commitment to spur countryside development among its priority sectors, namely the small farmers and fishers, agrarian reform beneficiaries, countryside financial institutions, small and medium enterprises and the Overseas Filipino Workers, among others.

#### Financial Highlights (in ₱ Millions)

	2019 (Unaudited)	2018	Growth Rate (%)
<b>Assets</b>	94.25	101.40	(7)
<b>Liabilities</b>	2.81	2.64	6
<b>Fund Balance/ Equity</b>	91.44	98.76	(7)
<b>Revenue</b>	28.09	31.57	(11)
<b>Expenses</b>	35.29	36.05	(2)
<b>Net Surplus (Deficit)</b>	-7.194	-4.48	61

In 2019, LCDFI's total revenue was P28.09 Million, a decrease of 11% compared to last year's P31.57 Million. This was mainly due to the decrease in the donation from LANDBANK which is the primary source of LCDFI's revenue.

Total expenses declined by P0.77 Million from P36.05 Million in 2018 to P35.28 Million in 2019 or a slight decrease of 2%.

### Capacity Building Program

LCDFI conducted 111 batches of capacity building trainings in 2019 as requested by the LANDBANK Lending Program Management Group resulting in 101% accomplishment of the 110 target training batches for the year. This involved the training of 2,994 cooperative officers and personnel from 839 LANDBANK borrowing cooperatives, with 522 coops from maturity levels A and B, 189 coops from maturity levels C and D, and 128 coops from other categories. As to geographical distribution, a total of 30 trainings were conducted in Southern Luzon, 28 in Northern and Central Luzon, 27 in Mindanao and 26 in the Visayas. The trainings included Risk Self-Assessment; CIBI and Appraisal; Remedial Management; Entrepreneurial and Business Management; Strategic Planning; Internal Control; Financial Management; Account Management and Credit Administration; Policy Rules and Formulation; and Basic Bookkeeping.

### Training Monitoring and Evaluation

LCDFI conducted 13 batches of Monitoring and Evaluation of Training Programs from the target of 12 for 2019 or an accomplishment of 108%. This Program seeks to evaluate the resource speakers and the actual conduct of trainings facilitated by the Capacity Building Officers (CBOs) of LCDFI. The target covered three cooperatives each from Northern and Central Luzon, Southern Luzon and Bicol Region, Visayas and Mindanao.

In 2019, LCDFI conducted three batches of customized trainings to cooperatives on Strategic Planning and Conflict Management. For customized trainings, LCDFI charged the seminars at cost to be able to cover all training expenses, with minimal income of 10% for the Foundation.

As a follow-through on the trainings for LANDBANK borrowing cooperatives, LCDFI launched the pilot implementation of "Cooperative Operations Review and Evaluation (CORE) Instrument" for eight selected cooperatives to assess the non-financial aspects of its operations and determine if the trainings helped address their needs and contributed to improve their policies, systems and processes. It also aims to determine the cooperative's level of compliance with

the action plans of its officers and staff who attended LCDFI trainings in 2018.

## Enterprise Development Program

LCDFI expanded the area of coverage of its Enterprise Development Program (EDP) supported by donations from LANDBANK and the LCDFI Program Development Fund.

In addition to the total of 25 project sites for the period 2015-2018, two new sites were established in 2019 to comprise a cumulative total of 27 EDP sites: 10 in Luzon, 11 in the Visayas and 6 in Mindanao. The sites were developed for Project Likas Saka (PLS) and for Project Coco BinHi (PCB) which benefitted a total of 658 ARBs and small farmers.

### Project Likas Saka (PLS)

Project Likas Saka aims (1) to organize vegetable-growing farmers into clusters as pre-coop stage, (2) to assist them to eventually become borrowers of LANDBANK, and (3) to forge relationships with LGUS for a variety of service opportunities.

In 2019, LCDFI established three new sites under Project Likas Saka to comprise a total of 30 farmer-clusters in the EDP sites. The Foundation conducted natural farming training seminars that benefitted 658 farmer-members and engaged a total of 27 Local Farm Technicians (LFTs), who serve as farmer-leaders in each of the EDP site. LCDFI was also able to distribute organic farm inputs, such as multi-strain and multi-species bio-fertilizer, and vegetable seeds to all Project Likas Saka areas.

The Phase 2 of Project Likas Saka for Livestock Care, Management and Production was initially launched with 16 farmer-clusters identified as beneficiaries. A total of 70 farmers, together with their respective LFTs, attended trainings in basic animal nutrition, feed milling, goat milking, dehorning and hood trimming. A tour around the integrated farm was included in the training which showcased feed-making for hogs and milk production from buffalos. The training participants were also given workshops on poultry and hog vaccination as well as piglet castration and duck sexing.

### Project Coco BiNHi

The "Project Coco BiNHi (Bigay and Hiram)" was established in 2018 in partnership with the Philippine Coconut Authority-Zamboanga Research Center (PCA-ZRC) to help small coconut farmers increase their production and become credit-worthy. Specifically, the Project aims to provide technology transfer trainings on replanting, fertilization and intercropping; grant an initial supply of farm inputs to small coconut farmers; and make them ready for possible LANDBANK loan assistance.

Each three-day seminar on Training Immersion in Coconut Technology (TICT) consisted of about 30% classroom-type lectures by officials and scientists of PCA-ZRC and 70% field/hands-on training demonstrations that introduced coconut farmers to new farming technologies and manufacturing of high-value products from coconuts (e.g. coco sugar, VCO, handicrafts and furniture). Likewise, LCDFI partnered with Allied Botanical Corp. in the distribution of organic fertilizers and joint-fertilization activity for the coconut farmer-beneficiaries.

### Project Kabuhayan Sibol

Under the Project Kabuhayan Sibol, previously known as the Adopt-A-Watershed Program, LCDFI conducted trainings on natural/organic vegetable and livestock raising, delivered vegetable seeds, farm and livestock inputs and continued the assistance to three selected peoples' organizations and their impoverished families who help protect and nurture the watersheds adopted by LANDBANK.



## CSR Programs

LCDFI is an active partner of LANDBANK in its Corporate Social Responsibility (CSR) programs and is a member of the CSR-Technical Working Group of the Bank.

### **LANDBANK Gawad Patnubay Scholarship Program**

As a program partner under the LANDBANK Gawad Patnubay Scholarship Program, LCDFI consolidates, maintains and manages the Scholarship Fund sourced from the annual voluntary donations of LANDBANK employees which is invested and held in trust by the LANDBANK-Trust Banking Group.

Likewise, LCDFI sits in the Screening Committee, together with representatives from the LBP Employees Association (LBPEA), Middle Management and Officers Association Inc. (MMOAI) and the Bank's senior management in the selection of scholars from applicants all over the country.

### **Manila Bay SUNSET Partnership Program, Inc. (MBSPPPI)**

The Foundation continued to play an important role in the Manila Bay SUNSET Partnership Program, Inc. (MBSPPPI), the flagship CSR program of LANDBANK which aims not only to clean-up Manila Bay and nearby coastal areas but also to promote environmental awareness, protection and conservation.

LCDFI conducted capacity building trainings nationwide. During these trainings, the short film "That Thing Called Basura," an IEC program of MBSPPPI advocating proper waste disposal and management, was shown in between breaks.

## Organizational Development

### **Competency Framework**

As part of its commitment to the Governance Commission for GOCCs (GCG), LCDFI, completed its evaluation to determine the average competency baseline of the organization by

identifying the competency gaps of employees. The employees were evaluated in the LCDFI Competencies and Competency Proficiency Indicators based on (1) core competencies, (2) organizational competencies, (3) leadership competencies, and (4) technical competencies for their respective positions.

In 2019, half of the employees with competency gaps identified in 2018 have met the required competencies for their positions through interventions (e.g., training and mentoring) which increased the competency level of LCDFI to 79% from 53% in 2018.

### **ISO 9001:2015 Certification**

LCDFI was issued the certification for ISO 9001:2015 in 2018 for quality management by NQA, the third-party certifying body, with CB Cert No. 67787. The ISO Certification is a hallmark to LCDFI's professional excellence and a testament to its commitment to provide quality training services to its stakeholders. In 2019, LCDFI passed the first surveillance audit for the ISO 9001:2015 certification which only proved that its business processes continuously comply with the QMS standards.

## Plans and Programs for 2020

For 2020, LCDFI shall continue to conduct capacity building programs for LANDBANK Borrowing Cooperatives and provide assistance to small household farmers through technology transfer of natural and organic farming systems and techniques. Moreover, LCDFI plans to train farmers in the unbanked municipalities to help them become profitable and bankable.



**LBP INSURANCE  
BROKERAGE, INC.**

The LANDBANK Insurance Brokerage, Inc. (LIBI) is a wholly owned subsidiary of LANDBANK established on October 22, 1981. It is engaged primarily in providing insurance requirements for the Bank, its employees and its clients.

In 2019, LIBI realized a Net Income After Tax (NIAT) of P122.46 Million, a significant increase of P28.88 Million or 31% compared to P93.58 Million in 2018. The 2019 NIAT surpassed the target of P98.12 Million by P24.35 Million or 25%.

### Financial Highlights (in ₱ Millions)

	2019 (Unaudited)	2018	Growth Rate (%)
<b>Gross Revenues</b>	218.94	174.05	26
<b>Total Expenses</b>	61.11	56.08	9
<b>Net Income After Tax</b>	122.41	93.58	31
<b>Total Resources</b>	1,420.07	1,301.41	9
<b>Total Liabilities</b>	306.66	250.16	23
<b>Total Equity</b>	1,113.41	1,051.25	6

As of December 31 2019, total assets stood at P1.42 Billion, an increase of P120.93 Million or 9% from last year's total assets of P1.30 Billion. This was primarily due to the increase in cash in bank and short investments.

Return on Equity (ROE) stood at 11.31% while Return on Assets (ROA) was posted at 8.99%, both higher than last year's 9.17% and 7.31%, respectively. Likewise, per capita net income in 2019 at P2.27 Million is much higher than the P1.83 Million registered in 2018.

Net premium volume produced in 2019 reached P835.04 Million, an increase of P120.22 Million or 17% from P714.82 Million in 2018. This was primarily due to the significant increase in premium volume from LANDBANK branches, lending centers and lending units.

Investment portfolio increased by 5% or P53.23 Million, from P1.052 Billion in 2018 to P1.105 Billion as of year-end 2019.

LIBI remitted its cash dividend amounting to P48.243 Million for 2018 to the National Government on 8 May 2019.

### Future Plans and Programs

The LIBI's Board of Directors approved four major programs for 2020 that aim to provide more responsive insurance products and services to

the company's growing number of new and existing clients and help boost income opportunities. First is the "Insurance for Every Juan" program that will provide microinsurance to farmers and fishers to enable their families to continue farming/fishing if any untoward risk leads them to disability or death. Another insurance program that LIBI plans to offer next year is the "Commercial All Risk" for GOCCs and LGUs which will provide an all-risk cover for large, regulatory GOCCs such as the Laguna Lake Development Authority, Philippine Ports Authority and Philippine Economic Zone Authority. LIBI will also offer a high-value life insurance called "Special Credit Life Insurance for LANDBANK Borrowers" that will cover the borrower's risk of death or disability when mortgaged assets may be insufficient to cover the loan. The last major program involves the development of "Special Risks Insurance" such as Takaful Insurance, Parametric Insurance and Catastrophe Insurance for earthquakes.



### LBP LEASING AND FINANCE CORPORATION

The LBP Leasing and Finance Corporation (LLFC) complements the services of LANDBANK by making available various leasing and financial facilities that support priority sectors for their expansion, upgrading and modernization, particularly in the acquisition of equipment and other capital assets as well as provision of working capital requirements. It was registered with the Securities and Exchange Commission on March 17, 1983 as a subsidiary of LANDBANK.

### Financial Highlights (in ₱ Millions)

	2019 (Unaudited)	2018	Growth Rate (%)
<b>Gross Revenues</b>	570.5	582.9	(2)
<b>Total Expenses</b>	527.4	429.8	23
<b>Net Income After Tax</b>	31.2	110.4	(72)
<b>Total Resources</b>	5,353.8	4,814.8	11
<b>Total Liabilities</b>	3,805.6	3,255.1	17
<b>Total Equity</b>	1,548.2	1,559.9	(1)

The year 2019 has been a challenging year for LLFC as the increase in interest rates significantly affected its financial performance. Net income after tax dropped by 72% from P110.4 Million in 2018 to P31.2 Million in 2019. Nonetheless, the Corporation was able to increase its loan portfolio to P4.35 Billion in 2019 from P3.95 Billion in 2018. This increased total resources to P5.35 Billion from P4.81 Billion in the previous year. Loans to the priority sectors comprised 87.7% share to total loan portfolio. LLFC identified its priority sectors to include agriculture and food chain enterprises, government accounts, government contractors/suppliers and enterprises engaged in energy and environment related services, medical and social services and transportation services.

During the year, LLFC achieved a high rating of 97% from the results of its customer satisfaction survey. Another significant accomplishment was the ISO 9001:2015 QMS Certification that LLFC was able to secure in 2019.

## Future Plans and Programs

LLFC's major plans and programs for 2020 include: (1) Improving business linkages and portfolio quality; (2) Funding source expansion through establishment of at least P2.0 Billion new credit facilities from creditor banks; (3) Quality improvement through review and updating of policies and processes to maintain ISO 9001:2015 Certification; (4) Human capital build-up to cover recruitment and training of personnel to ensure sufficient human resources who are competent and more engaged; (5) Tapping available technologies for enhanced operational efficiencies; and (6) Implementation of enterprise risk management, compliance and internal audit programs to ensure good governance and sound risk management practices.



**ISO  
9001:2015**  
QMS Certification obtained by LLFC



## LBP RESOURCES AND DEVELOPMENT CORPORATION

The LBP Resources and Development Corporation (LBRDC) was created in May 1975 as an investment diversification vehicle for landowners whose properties have been covered by the Agrarian Reform Law. As a wholly owned subsidiary of LANDBANK, it is primarily engaged in infrastructure development and other related projects and handles the Bank's construction requirements, such as branch construction, renovation and relocation. LBRDC also assists the Bank in the disposal of non-performing or foreclosed assets in property management, maintenance services and brokering. It also provides sanitation, housekeeping, janitorial and messengerial services, among others.

### Financial Highlights (in ₱ Millions)

	2019 (Unaudited)	2018	Growth Rate (%)
<b>Gross Revenues</b>	369.53	458.78	(19)
<b>Total Expenses</b>	325.43	382.62	(15)
<b>Net Income After Tax</b>	57.57	53.99	7
<b>Total Resources</b>	696.40	675.05	3
<b>Total Liabilities</b>	82.65	93.10	(11)
<b>Total Equity</b>	613.75	581.95	5

Total construction revenue as of December 31, 2019 reached P110.55 Million, 44% lower than P1,98.91 Million in 2018 due to the decrease in gross revenue of renovation projects implemented and completed during the period. Further, there was a reduction in the number of projects implemented in 2019.

Manpower services income amounting to P229.93 Million in 2019 showed positive variance of P30.75 Million or 15% increase from P199.18 Million in 2018 due to the extra services in housekeeping, sanitation and janitorial services required in the LANDBANK Plaza Headquarters and satellite offices and the renewal of contract for one year with LANDBANK with the increase in the compensation package.



The income from property management amounting to P26.86 Million as of year-end 2019 increased by P7.83 Million or 41% as compared with P19.03 Million last year due to bigger accounts endorsed by LANDBANK for property security and upkeep. In 2019, there were 75 accounts with caretakers deployed and 17 accounts with security guards.

The commission income realized in 2019 amounted to P1.24 Million, significantly lower by 80% or P4.91 Million from P6.15 Million in 2018. This is primarily due to the decrease in the sale of LANDBANK's ROPA. Likewise, income from air conditioning unit maintenance services amounting to P0.95 Million in 2019 decreased by 24% or P0.30 Million or from P1.25 Million the previous year due to the termination of the service contract with LANDBANK effective September 30, 2019.

Overall, LBRDC's net income after tax managed to increase by 7% from P53.99 Million in 2018 to P57.57 Million in 2019 despite the decline in construction revenues resulting from the significant decrease in construction cost by 45% and operating expenses by 40%.

Total resources increased by 3% from P675.05 Million in 2018 to P696.40 Million in 2019 boosted by cash and cash equivalent of P7.9 Million, short-term investment of P35.6 Million, receivables of P18.2 Million and other current assets of P13.9 Million. On the other hand, the net decrease in total liabilities of P10.45 Million or 11% from P93.10 Million in 2018 to P82.65 Million in 2019 was due to the decrease in payables. Stockholders' equity slightly increased by 5% or P31.80 Million from P581.95 Million in 2018 to P613.75 Million in 2019 due to the cash dividend remittance of P28.06 Million paid to the National Government on May 15, 2019.

### Other Accomplishments

In 2019, LBRDC passed the Surveillance Audit 1 for ISO 9001:2015 after obtaining the ISO 9001:2015 Certification in 2018, manifesting its strong adherence and compliance with QMS standards and continual business process improvements. During the year, the Philippine Contractors' Accreditation Board approved the renewal of LBRDC license in 2019 maintaining the "A medium B" category.

Further, it obtained an additional two manpower services clients namely, the Bureau of the Treasury in Intramuros, Manila with 44 employees deployed and contract amount of P15.28 Million for a period of one year and the Lafarge Holcim Aggregates, Inc. in Angono, Rizal with 60 employees deployed and contract amount of P25.95 Million for a period of two years.

LBRDC also inaugurated its Extension Office located at the Ground Floor of Laurel Foundation Bldg., Pedro Gil Street, Malate, Manila in May 2019. The Extension Office housed the Finance Dept., Property Management and Maintenance Services Dept., Human Resource Unit, Administrative Services Unit and Internal Audit Unit.

### Future Plans and Programs

LBRDC's major plans and programs for 2020 include the following: (1) business expansion for construction and manpower services to GOCCs and NGAs; (2) computerization of its inventory, payroll, accounting and procurement systems; and (3) provision of technical and office support manpower required by LANDBANK for relievers, project-based and non-permanent positions.



### OVERSEAS FILIPINO BANK

The Overseas Filipino Bank (OFBank) is a wholly owned subsidiary of LANDBANK with a mandate to exclusively cater to the banking needs of Overseas Filipino Workers (OFWs) and their families and later expand to include all overseas Filipinos (OFs) worldwide in support of the National Government's financial inclusion agenda. By virtue of Executive Order No. 44 signed by President Duterte in September 2017, LANDBANK acquired the Philippine Postal Savings Bank, Inc. (Postbank) through the transfer of shares of the Bureau of the Treasury (23% share) and the Philippine Postal Corporation (77% share) to the Bank at zero value. The conversion of Postbank to OFBank culminated with its launching

on January 18, 2018 led by President Duterte at the Postbank Center (Liwasang Bonifacio, Manila) which did not only fulfill his campaign promise but also signaled the beginning of a new Bank dedicated to provide quality and real-time bank products and remittance services to all foreign-based Filipinos and their families.

## Financial Highlights (in ₱ Millions)

	2019 (Unaudited)	2018	Growth Rate (%)
<b>Gross Revenues</b>	253.41	468.06	(46)
<b>Total Expenses</b>	883.67	1,192.53	(26)
<b>Net Income After Tax</b>	(630.26)	(724.47)	(13)
<b>Net Income/ (Loss) After Other Comprehensive Income/(Loss) (if applicable)</b>	(632.17)	(771.26)	(18)
<b>Total Resources</b>	5,368.98	9,034.65	(41)
<b>Total Liabilities</b>	4,402.97	8,794.64	(50)
<b>Total Equity</b>	966.02	240.02	302

In 2019, OFBank's gross revenues dropped by 46% to P253.41 Million from P468.06 Million in 2018. Likewise, total expenses decreased by 26% to P883.67 Million from P1.19 Billion in 2018. However, despite the decrease in total expenses, the Bank still incurred a net loss amounting to P630.26 Million. The net loss was a result of huge expenses for loss provisions and impairment losses as required by the Bangko Sentral ng Pilipinas and the separation pay of the personnel of the former Postbank. On the other hand, lower revenues resulted from the transition, closure of the branches and the winding down of operations.

As of December 31, 2019, total assets reached P5.37 Billion, dropping by 41% from P9.03 Billion in 2018. This was caused mainly by the decrease in loan portfolio and bank premises and other assets as a result of the closure of all the provincial branches as well as the winding down of operations.

The Bank registered a total of P4.40 Billion in liabilities in 2019, bulk of which was deposits of P3.98 Billion. The 50% decrease in total liabilities

was attributed to the drop of deposits by 52% from P8.32 Billion in 2018 to P3.98 Billion in 2019 due to the closure of all the Bank's branches in line with the implementation of the Digital-Only Bank Model.

Total equity, on the other hand, was boosted by LANDBANK's capital infusion of P1.272 Billion which translated to a hefty 302% increase from P240.02 Million in 2018 to P966.02 Million in 2019.

## Contribution of Major Business Segments to Total Revenue

Of the Bank's total revenue of P253.41 Million, 45% or P114.19 Million were generated from interest income on loans and receivables. The remaining 55% or P139.22 Million came from interest income on dues from the BSP (P52.66 Million), due from other banks (P25.59 Million), loans and receivables from RA/CA/PR/SLB (P24.80 Million), investments (P12.77 Million), gains from sale/derecognition of non-financial assets (P11.09 Million), fees and commission (P6.36 Million) and other income (P34.7 Million). On the other hand, losses were incurred on financial assets and liabilities and on foreign exchange.

## Highlights of Major Activities during the Year

OFBank continued to work on the winding down of operations in 2019 by migrating its deposit accounts to the outsourced deposit system from LANDBANK. All unserviceable assets were disposed while the inventory and appraisal of serviceable assets were updated in preparation for its transfer to the Head Office and eventual disposal. The Early Retirement Incentive Plan was continuously implemented resulting in a decrease in manpower headcount to 55 by year-end 2019 from 187 at the beginning of the year. Thus, manpower expenses have significantly decreased by 75% from P371.35 Million in 2018 to P91.42 Million in 2019.

During the year, OFBank has implemented the following major strategic initiatives to enhance operational and financial performance: (1) conduct clean-up of long-outstanding Audit and Compliance issues to substantially reduce financial and market risks; (2) generate cost-saving measures and adopt cost-cutting initiatives; (3) focus on the massive collection efforts by all lending units; (4) do remedial actions to recover past due accounts; (5) conduct

house cleaning of loan accounts; and (6) accelerate business and operational integrity for the Bank with focus on the improvement of CAMELS rating, aggressive deposit generation and cross-selling activities.

## Significant Developments during the Year

With the capital infusion from LANDBANK amounting to a total of P1.272 Billion in 2019 (P500 Million in January and P772 Million in December), OFBank was able to attain the BSP required minimum capitalization and Capital Adequacy Ratio (CAR) for a thrift bank.

In March 2019, the Monetary Board approved the BSP's requests on the following: a) closure of the 30 branches/branch-lites of OFBank subject to conditions stipulated; b) grant of 30 branch licenses to LANDBANK with incentives; and c) regulatory reliefs for OFBank on non-imposition of penalty on SBL breaches and staggered booking of the P237.9 Million provision for losses for the Naga fraud.

The OFBank Board of Directors approved the Bank's conversion strategy into a Digital-Only Bank as endorsed by the LANDBANK Board of Directors in July 2019. As such, OFBank will be the first branchless Philippine bank, wherein all transactions (deposits, loans, remittance and other services) will leverage on digital platforms and Fintech technologies.

The loan portfolio of OFBank shall be transferred to LANDBANK which include all commercial and consumer loans (either current, past due or non-performing), except for current salary loans and fringe benefit loans.

## Future Plans and Programs

The OFBank shall be launched as a "Digital Bank" that will cater to the OFs and OFWs and their beneficiaries. Digital products and services that will be powered by IT systems outsourced from LANDBANK shall be offered to its target clients. As envisioned, there will be no over-the-counter transactions since as a digital bank, it will allow the clients to conveniently do all banking transactions through smartphones, laptops, computers, automated teller machines and cash deposit machines. The clients can also open a bank account, deposit money, apply for a loan and manage

their accounts at the comfort of their homes making it accessible anytime, anywhere.

For 2020, OFBank will focus on five major plans on (1) **deposits, loans and remittances** – launch various products, such as, the online ATM VISA Debit Card account opening via the OFBank Digital On-Boarding System, eMulti-Purpose OFW loan to be supported by LANDBANK's Livelihood Loan System and the Blockchain-based remittance system to expedite international money transfers; (2) **management and corporate governance** – establish Committees on Corporate Governance, Audit and Compliance, Risk Management and Related-Party Transactions as authorized by the BSP, and undertake internal audit and compliance functions in coordination with the LANDBANK Internal Audit Group and Compliance Management Group, respectively; (3) **capital build-up** – increase authorized capital to P3.5 Billion in order to maintain the BSP-prescribed CAR and in preparation for the Bank's plan to offer preferred shares to OFs and OFWs; (4) **technology advancement** - fully implement its core-banking systems outsourced from LANDBANK and promote efficiency in critical business processes in preparation for the full implementation of the Digital-Only Bank model; and (5) **organizational development** – fully implement the Early Retirement Incentive Plan for employees and adopt a new organizational structure with ten personnel at the Head Office that is focused on the attainment of the Bank's objectives.

## Targets

In October 2019, the OFBank's Board of Directors approved the Bank's business targets aligned with the 2020 Business Plan and Budget.

Total revenue is expected to reach P70.96 Million and expenses at P304.02 Million, resulting in a lower net loss of P233.06 Million. On deposits, OFBank targets to attain P1.16 Billion level, of which, P1.0 Billion will be sourced from government deposits and the remaining P162 Million from private deposits. In addition, the Bank's loan portfolio is expected to expand to P70.0 Million while investments are targeted to achieve the billion-mark at P1.10 Billion by 2020.

# 2019 LANDBANK

## Products and Services

### 1. DEPOSIT PRODUCTS

#### Regular Passbook Savings Account

An interest-bearing peso account with a minimum initial deposit and required monthly Average Daily Balance (ADB) of P10,000, which requires presentation of a passbook for deposit and withdrawal transaction.

#### US Dollar Savings Account

An interest-bearing dollar savings account with a minimum initial deposit and required monthly Average Daily Balance (ADB) of US\$100 which requires presentation of a passbook for deposit and withdrawal transactions.

#### US Dollar Time Deposit

A specific amount of funds in US Dollar which earns interest at a pre-determined competitive rate for a fixed period of time (minimum of 30 days) with "Certificate of Time Deposit" (CTD) as proof of deposit.

#### Easy US Dollar Pension

A deposit account whereby the monthly pension/benefit of pensioners/beneficiaries of various US Federal agencies residing in the Philippines is directly credited to their savings account maintained with LANDBANK. The US pensioner/beneficiary has the option to open either an individual Peso Savings Account or individual Dollar Savings Account.

#### Euro Savings Account

A Euro non-interest-bearing deposit account evidenced by a passbook. Funds can be deposited or withdrawn by presenting the passbook together with duly accomplished deposit or withdrawal slips.

#### Euro Time Deposit Account

A deposit of a definite sum in Euro currency, evidenced by a certificate payable at a specified maturity date.

#### High Yield US Dollar Time Deposit (HYUSD TD)

A special time deposit account, with a minimum initial deposit of US\$2,000, which earns higher interest than a regular savings account and with lower required minimum placement than the regular US dollar denominated time deposit.

#### Auto-Save Deposit Account

A payroll-linked savings account for payroll account holders whereby a minimum of P100 is automatically debited from the payroll account and credited to the Auto-Save account every payday.

#### Overseas Filipino (OF) Deposit Account

Account opened and processed in the Philippines or abroad by LANDBANK Overseas Remittance Officers (OROs) or opened and processed in the Philippines by officially designated/authorized personnel of Overseas Remittance Marketing and Support Department (ORMSD), Domestic Remittance Marketing Department (DRMD), and by LANDBANK Branches and Extension Offices (EOs).

#### Regular Current Account

A non-interest-bearing peso account, also known as Checking or Demand Deposit Account wherein deposits are made over-the-counter and withdrawals are made through the issuance of a check.

#### ATM Savings Account

An interest-bearing peso savings account wherein deposit, withdrawal and cashless purchase can be done through the following channels:

Transactions	Deposit	Withdrawal	Cashless Purchase
Over-the-Counter	✓	✓	
ATM (BancNet)	✓	✓	
Cash Deposit Machine (CDM)	✓		
Point-of-Sale (POS)			✓

### Current Account With ATM Access

A non-interest-bearing peso savings account wherein deposit, withdrawals and cashless purchase can be done through following channels:

Transactions	Deposit	Withdrawal	Cashless Purchase
Over-the-Counter	✓	✓	
ATM (BancNet)	✓	✓	
Cash Deposit Machine (CDM)	✓		
Point-of-Sale (POS)			✓

### Peso Earning Access & Sure Yield (EASY) Check

An interest-bearing peso checking account (IBCA), with a minimum initial deposit of P10,000 for individual clients and P20,000 for institutional clients, where deposits are made over-the-counter while withdrawals are made through issuance of a check.

### Peso Earning Access & Sure Yield (EASY) Check with ATM Access

An interest-bearing peso savings account wherein deposit, withdrawals and cashless purchase can be done through following channels:

Transactions	Deposit	Withdrawal	Cashless Purchase
Over-the-Counter	✓	✓	
ATM (BancNet)	✓	✓	
Cash Deposit Machine (CDM)	✓		
Point-of-Sale (POS)			✓

Cashless purchases may be done through any Point-of-Sale (POS) terminal of partner merchants from department stores, supermarkets and accredited establishments.

### Regular Peso Time Deposit

A specific amount of funds in peso which earns interest at a pre-determined competitive rate for a fixed period of time/term with a "Certificate of Time Deposit" (CTD) as proof of deposit. This is offered to individuals and institutions with peso denominated funds which may be locked-in for at least thirty (30) days.

### Easy Savings Plus (ESP)

A premium savings account, with a minimum initial deposit of P20,000, which offers higher interest rates than a regular savings account.

### High Yield Savings Account (HYSA)

A peso account with pre-determined competitive rates for a fixed term. Passbook also serves as a proof of deposit. HYSA account is offered to institutional clients only.

## 2. E-BANKING PRODUCTS AND SERVICES

### iAccess (Retail Internet Banking Facility)

The iAccess is an internet banking channel designed for individual customers, which provides a convenient, reliable and secure delivery of banking transactions.

### E-Tax Payment System (eTPS)

The Electronic Filing and Payment System or eFPS is an initiative of the Bureau of Internal Revenue (BIR). With eFPS, transmission of tax return information including attachments if any, and taxes due to the government are made over the internet through the BIR website. The taxpayer is provided a paperless tax filing experience including the convenience of paying taxes online through an internet banking service via debit of an enrolled bank account.

## **LANDBANK Credit Card**

The LANDBANK Credit Card provides the means for the cardholder to conveniently and safely make cashless purchases from MasterCard accredited merchants and/or facilitate cash advances.

## **Electronic Modified Disbursement System (eMDS)**

The Electronic Modified Disbursement System (eMDS) is a secured internet facility system for National Government Agencies (NGAs) including the Bureau of the Treasury (BTr) and the Department of Budget and Management (DBM) that gives banking convenience to perform MDS transactions online.

## **LANDBANK Mobile Banking Application (MBA)**

The LANDBANK Mobile Banking Application (MBA) is a free mobile application that provides clients convenient access to the Bank's wide array of services through their smartphones. All clients with iAccess accounts are eligible for access in MBA.

## **LANDBANK Link.BizPortal**

The LANDBANK Link.BizPortal is a web-based payment channel designed to accept payments of fees, dues and charges from clients of enrolled merchants from both the government and private institutions.

## **Cash Deposit Machine (CDM)**

The Cash Deposit Machine (CDM) is a self-service machine with real-time cash deposit functionality, which expedites deposit transactions for customers who no longer need to queue for over-the counter transactions.

## **weAccess (Institutional Internet Banking Facility)**

The weAccess is an internet banking facility developed for the Bank's institutional clients, both private corporations and government entities that allows clients to make selected banking transactions online anytime anywhere.

## **LANDBANK e-Card**

The LANDBANK e-Card is an ATM deposit account that doubles as company identification (ID) card for private and government institutions and can be customized to fit the clients' design and functional requirements.

## **LANDBANK Institutional Cash Card (LICC)**

The LANDBANK Cash Card is an electronic debit card that utilizes the stored value system and functions like an ATM Card.

## **LANDBANK ATM Regular Card**

The LANDBANK ATM Regular Card is an interest-bearing peso savings account wherein deposit transactions are done over-the-counter or through cash deposit machine (CDM), while withdrawal transactions are done via Automated Teller Machines (ATM) 24 hours a day, seven days a week. Deposit and withdrawal transactions may also be done over-the-counter but only during official banking hours/days. ATM withdrawals may also be done through any Point-of-Sale (POS) terminal from partner merchants across the country.

## **LANDBANK Visa Debit Card**

The LANDBANK Visa Debit Card is an enhanced version of the LANDBANK ATM Card that enables international access to over two million ATMs worldwide where the Visa logo is displayed and expands merchant network through our partnership with Visa. It allows the customer to shop online, pay bills and make mobile and over-the-counter purchases based on funds available in their bank account.

## **Easy Padala**

Easy Padala is a web-based remittance system that is able to process incoming and outgoing remittances 24 hours a day/7 days a week (24/7), ensuring fast and secure way of sending OFW's hard-earned money to reach their beneficiaries on real time basis.

## **LANDBANK Phone Access**

The LANDBANK Phone Access is a phonebanking facility that allows clients to make selected off-site bank transactions, financial, and non-financial, by using a landline or mobile telephone.

## Globe G-Cash

Globe G-Cash accepts payments to government agencies (Bureau of Internal Revenue and Department of Trade and Industry) through Globe G-Cash.

## Radio Frequency Identification (RFID) Card

The RFID Card is a chip-embedded identification card with stored personal information incorporated in any of the Bank's ATM card products.

## LANDBANK Mastercard Prepaid Card (LMPC)

The LMPC is a Mastercard-branded prepaid card that can be used in ATMs, Point-of-Sale and online purchases worldwide where Mastercard is accepted. The LMPC supports tap-to-pay purchases with its contactless feature and card-not-present transactions are protected by one-time password (OTP) via 3DSecure facility. The LMPC has four main variants: Travel Card, Gift Card, General Purpose Reloadable Card and Agent Banking Card.

## 3. AGRARIAN SERVICES

- **Land Transfer Claim Processing**

Processing, valuation/revaluation/adjustment and approval of land transfer claims involving compensable private agricultural lands covered by the various agrarian reform laws, to wit:

Presidential Decree (PD) No. 27	Decreeing the Emancipation of Tenants from the Bondage of the Soil, transferring to them the Ownership of the land they till and providing the Instruments and Mechanisms, therefor.
Executive Order (EO) No. 228	Declaring full land ownership to qualified farmer beneficiaries covered by PD 27, determining the value of remaining unvalued rice corn lands and providing the manner of payment by the farmer beneficiary and mode of compensation to the landowner.

Republic Act (RA) No. 6657	Comprehensive Agrarian Reform Law of 1988 declared the policy to pursue the Agrarian Reform Program to promote social justice and sound rural development and industrialization in consideration of the landless farmers and workers
Republic Act (RA) No. 9700	An act of strengthening the Comprehensive Agrarian Reform Program (CARP), extending the acquisition and distribution of all agricultural lands, instituting necessary reforms, amending for the purpose certain provisions of RA 6657, otherwise known as the Comprehensive Agrarian Reform Law of 1988, as amended.

- **Land Transfer Payment**

Processing, preparation and approval of payment to landowner for land transfer claims in the form of cash and Agrarian Reform (AR) Bonds generated by LANDBANK.

- **Bond Servicing Transactions**

Bond Interest and Maturities Payment  
Processing, approval and payment of maturities and interest due the bondholders of AR Bonds and 25-Year LANDBANK Bonds.

For AR Bonds, 10% of the face value of the bond matures every year up to the 10th year. Payment of interest is based on the outstanding principal balance of the AR Bond at rates aligned with the 91-day Treasury Bill rates, every six months from date of issue until the tenth year.

For 25-Year LANDBANK Bonds, full redemption/ payment at face value of the bond is made on its maturity date, including accrued interest computed at 6% per annum, tax free.

- **Bond Transfer, Conversion, Exchange and Replacement**

Processing, approval and issuance of new replacement bonds upon request of the bondholder for the following bond transactions:

**Assignment** – transferring from an inscribed or bearer bond to named assignee/s.

**Conversion** – changing of an inscribed bond to a bearer bond and vice-versa.

**Exchange** – issuing one bond by consolidating two or more bonds and vice-versa.

**Replacement** – issuance of a new AR Bond in lieu of lost, destroyed, or mutilated bond.

- **Issuance of Certification of Outstanding AR Bond**

Certification that the AR Bond is still outstanding and is not among those included in the List of Bonds with adverse Claims.

## Assistance to Landowners

- **Bond Sale and Marketing**

Assistance to original bondholders in the marketing of their AR Bonds by offering the same for sale to interested buyers (banks, insurance companies, foreign corporations or private individuals) as a risk-free instrument.

- **Special Lending Window for Bondholders (Multi-Purpose Loan)**

Credit assistance or special lending program for original bondholders available at different lending units of LANDBANK for various business activities using as collateral the AR Bond or sale proceeds therefrom.

## Assistance to Agrarian Reform Beneficiaries (ARBs)

- **Issuance of Certificate of Full Payment/ Release of Real Estate Mortgage (CFP/ROREM)**

The CFP/ROREM is automatically generated by the system one day after the ARB fully pays his land amortizations to LANDBANK. It is signed by the authorized signatories in the Agrarian Operations Centers (AOCs) and duly notarized by the LANDBANK field lawyer. Subject to presentation of documents by the ARB or his/her duly authorized representative, the CFP/ROREM is available for release not later than three working days from the time the document is generated from the system.

- **Moratorium in the Payment of ARR Accounts**

ARBs are obliged to pay their annual amortization of the land awarded to them under the agrarian reform program. However, if a farm lot suffered substantial reduction or low production due to the occurrence of natural and man-made calamities, the affected ARB may be granted relief in terms of moratorium in the payment of land amortizations.

- **Estate Development Planning**

To improve ARB productivity through estate development planning, LANDBANK is involved in the institutional development of its mandated clients. This includes provision of technical assistance on property valuation to augment credit programs of non-loan programs involving ARBs, provision of professional advice and/or recommendation on the acquisition of post-harvest facility, enhancement of agricultural practices, preservation/ utilization/improvement of agricultural lands, and the conception, planning, management and development of agricultural/farming real estates.

- **Automated Collection of Land Amortization from ARBs**

The Portable Agrarian Collection System (PARCS) is a custom-designed solution which shifted the manual collection of land amortization into an automated system through the use of mobile devices. The PARCS helps in the promotion of financial inclusivity among farmers.

- **SMS Payment Notification to ARBs**

This is an enhancement of PARCS wherein the ARBs receive text messages acknowledging the receipt of their land amortization payment through PARCS. It allows DAR and LANDBANK to interact with ARBs in a cost-effective and timely manner. This is a marketing tool on future collaborations for support services to ARBs.



## 4. LOAN PRODUCTS

### A. Agricultural Lending Programs (Legislated)

- **Agricultural Competitiveness Enhancement Fund (ACEF)**

A credit window created pursuant to Republic Act (RA) 1048 or the ACEF Extension Law which aims to help increase the productivity of farmers and fishers and their cooperatives, associations and micro and small enterprises by providing financial assistance for the acquisition and establishment of agricultural production and processing facilities, farm inputs and farm improvement with minimal documentary requirements and interest rate

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

A program implemented pursuant to the Sugarcane Industry Development Act (SIDA) of 2015 or RA 10659 to introduce better and cost-efficient sugarcane farming practices, improve sugarcane productivity and increase the incomes of sugarcane farms/planters and farm workers

- **Expanded Rice Credit Assistance under Rice Competitiveness Enhancement Fund (ERCA-RCEF)**

A credit facility created pursuant to RA 11203 or the Rice Tariffication Law that aims to help increase the productivity of rice farmers and their cooperatives by providing financial assistance to rice-related projects such as rice production, acquisition and establishment of agricultural production and processing facilities, and farm improvement

### B. Agricultural Lending Programs (in partnership with the National Government)

- **Assistance to Restore and Install Sustainable Enterprises for Agrarian Reform Beneficiaries and Small Farm Holders (ARISE-ARBs) Program**

A program tie-up between LANDBANK and Department of Agrarian Reform (DAR) which provides financing as support to disaster affected agrarian reform beneficiaries (ARBs)/ small farm holders (SFHs) and their families to restore livelihood and farming activities

- **Accessible Funds for the Delivery to ARBs (AFFORD-ARBs) Program**

An enhanced lending program in partnership with DAR, which caters to individual ARBs for their production of rice, corn and high value crops and acquisition of small farm implements

- **Agricultural Production Credit Program (APCP)**

A program tie-up among the Department of Agriculture (DA), Department of Agrarian Reform (DAR), Department of Environment and Natural Resources (DENR), Agricultural Credit Policy Council (ACPC) and LANDBANK which provides financial assistance and other support services to ARBs and their household members, through their respective organizations or through other conduits, for their agricultural production and other agri-enterprise projects

- **Credit Assistance Program – Program Beneficiaries Development (CAP-PBD)**

A joint program of LANDBANK and DAR which provides credit assistance to ARBs through their respective organizations to support their crop production, agri-enterprise and livelihood project. The program is coupled with support alongside institutional, enterprise and capacity development for the intended beneficiaries.

- **Masustansyang Inumin Para sa Likas na Kalusugan (MILK)**

A program tie-up with the National Dairy Authority (NDA) under the DA and LANDBANK to provide financial and technical support to small farmer co-ops, federations, SMEs, large agribusiness enterprises, and rural/cooperative/thrift banks to support dairy production, processing, marketing and other dairy-based economic activities.

- **PAlay Alay sa Magsasaka ng Lalawigan (PALAy ng Lalawigan)**

The Program aims to assist rice farmers by enabling the local government units to procure palay produced by local farmers to help cushion the effects of the drop in the farm gate price of palay in the regions.

- **Sikat Saka Program (SSP)**

This is a special program jointly established by LANDBANK and the DA which provides credit directly to small palay farmers in 45 major rice-producing provinces and corn farmers in 11 major corn-producing provinces. It also offers integrated support services to the farmer beneficiaries in terms of marketing, free irrigation, crop insurance and trainings which enhance the program's sustainability.

- **Survival and Recovery Assistance Lending Program (SURE Aid Program)**

The Program aims to provide immediate one-time zero-interest, no collateral loan of P15,000 (net) to eligible rice farmers whose incomes were affected by the drop in the price of palay in 2019, either through direct lending or through service conduits (farmer's cooperatives and associations).

- **Upland Southern Mindanao Credit and Institutional Building Program (USM-CIBP)**

The Program is a tie-up between the DA-ACPC and LANDBANK which provides institutional capacity building and credit services to organization/institutions serving the upland areas of Southern Mindanao, particularly in the identified USM-CIBP areas.

## C. LANDBANK In-House Agricultural Programs

- **Agri-Mechanization Financing Program**

The Program provides credit assistance to promote mechanization of production and post-production processes from planting-harvesting-processing to increase efficiency, reduce postharvest losses and lower cost of production.

- **Climate Resilient Agriculture Financing Program**

A program that promotes climate change adaptation initiatives towards climate resilient agriculture

- **Coconut Production and Processing Financing (Coco-Financing) Program**

A program that provides credit assistance to coconut industry stakeholders engaged in production and processing

- **Empowering Barangays In Remote Areas Through Credit And Enterprises (EMBRACE)**

The Program is designed to assist individual borrowers in unserved areas in line with the Government's thrust for financial inclusion and in pursuit of the Bank's mandate.

- **Farm Tourism Financing Program**

Farm Tourism is the practice of attracting visitors and tourist to farm areas for production, educational, and recreational purposes which involves any agricultural or fishery-based operation or activity and may also provide a venue for outdoor recreation and accessible family outings.

- **Financing Program for Greenhouse Farming System**

The Program extends support to the financial requirements of farmers' organizations and other agri-entrepreneurs in their shift towards modern farming system through the adoption of greenhouse technology.

- Harnessing Agribusiness opportunities through Robust and Vibrant Entrepreneurship Supportive of peaceful Transformation (HARVEST)**

An ODA program that provides support to the peace-building efforts in the BARMM and conflict-affected areas in Mindanao, through the promotion of value-chain, increase in agri-business investments and generation of jobs
- Poultry Lending Program**

The Program aims to support the poultry industry stakeholders such as Cooperatives, Individual/Small and Medium Enterprises (SMEs) and Agri-Business Enterprises and Corporations
- Sugar Financing Program**

The Program provides credit assistance to sugar industry stakeholders along the sugarcane value chain.
- Sulong Saka Program**

Program extends credit assistance to various qualified stakeholders to support their production, processing, marketing and other agribusiness projects and to contribute to the overall effort of the government in generating employment and pursuing the attainment of inclusive growth in the countryside.
- Sustainable Aquaculture Lending Program (SALP)**

The Program caters to fisheries anchored on institutional buyers or processing/canning companies linked with small fishers, micro, small and medium enterprises (MSMEs) as growers or suppliers.
- Young Entrepreneurs from School to Agriculture Program (Yes! To Agriculture Program or YESAP)**

This program promotes agri-entrepreneurship among the youth through the provision of credit and other support services. It also aims to encourage enterprising young individuals to prioritize farming and agri-business enterprise.

## D. Housing and Mortgage Programs

- Housing and Opportunities Made Easy (HOME) Loan Program**

The LANDBANK HOME Program is a lending program that caters to both homebuyers and home developers:

- a. Easy Home Loan (EHL) Program**

EHL Program allows individual home buyers to purchase residential units, house and lot or construction of residential building on a lot owned by the borrower or to refinance current and existing home loan from other banks, financing firms or developers' in-house financing

- b. Developer's End Buyers Financing Tie-up**

This program allows clients to buy their homes through an accredited developer. It also allows developers to grow their business by supporting their clients' home acquisition after an accreditation process.

- c. Bahay sa Bagong Bayani (3-B) Program**

A special lending program for Overseas Filipino Workers (OFWs) which allows them to purchase townhouse, condominium unit, lot, house and lot or construction/ improvement of residential building on a lot owned by the borrower or to refinance current and existing home loans from other banks, financing firms or developers' in-house financing

- d. Housing Project Developers Financing**

This is a financing program that allows real estate developers to access credit for the development of purely residential subdivision, condominium buildings and integrated housing communities. It also allows financing for the working capital requirements of developers.

- **Mortgage Loan**

Credit facility available for eligible clients to make use of their real estate property as loan security to a multi-purpose loan from the Bank.

## E. Mobile Loan Saver

- **LANDBANK Mobile Loan Saver (LMLS)**

A mobile-based savings-linked salary loan product of the Bank in partnership with Smart e-Money, Inc. (SMI) that provides convenience to LANDBANK clients through an electronic channel on salary loan with auto-savings component offered to employees of private companies and government offices. Program beneficiaries are composed of the National Government Agencies (NGAs), Government-Owned and Controlled Corporations (GOCCs), Local Government Units (LGUs) excluding Barangay Units and Private Entities.

- **Electronic Salary Loan (eSL) - (formerly LANDBANK Mobile Loan Saver - LMLS)**

A new electronic-based salary loan product of LANDBANK that offers eligible employees of government agencies and private institutions with a facility to apply for salary loan, inquire loan details, inquire loan payment history and conduct loan payment through LANDBANK's electronic banking channels such as the Mobile Banking Application (MBA) and receive notifications through SMS or e-mail

## F. Programs for Partner Financial Institutions

- **Partner Financial Institutions- Additional Credit for Countryside Outreach and Rural Development (PFI- ACCORD) Program**

Provides a short-term loan line to eligible partner financial institutions (PFIs), i.e., cooperatives, rural/cooperative/thrift banks and non-government organizations with legal personality to borrow) to augment the PFIs credit funds for lending activities to small farmers and fishers, micro, small and medium enterprises and agri-business enterprises

## G. Calamity Assistance Program

- **LBP Calamity Assistance and Rehabilitation Support (CARES) Program**

A rehabilitation assistance program that is made available to various Bank's existing and new customers for them to recover from the destruction brought about by calamities. Client can avail this program within two years from the date the area is declared under the state of calamity by the Office of the President or Local Government Unit (LGU)

- **LANDBANK Calamity Assistance and Rehabilitation Support (CARES) Program for Islamic City of Marawi and other LGUs in Lanao Del Sur**

A program that aims to provide timely and appropriate financial support and fast track infrastructure recover, restore economic and social activities and bring back accessibility of basic services to the conflict affected LGUs in Lanao Del Sur, especially the Islamic City of Marawi

## H. Infrastructure Development Programs

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

This is a re-lending program to support Maynilad Water Services, Inc. (MWSI) and Manila Water Co., Inc. (MWCI) to increase their coverage of wastewater collection and treatment and septage management, which will contribute towards improving the environment in Metro Manila and help improve the water quality in Manila Bay.

- **Bringing Urbanization and Innovations Thru LANDBANK's Diverse Engineering Resources Support (BUILDERS) Program**

LANDBANK's contribution to the Public-Private Partnership program of the National Government that provides contractors in the Philippines the needed working fund in ensuring completion of awarded projects and/or pursue expansion of existing businesses

- **LANDBANK Lending Program for Economic Zone Developers**  
Credit facility for developers of economic zones

- **Local Government Unit (LGUs) Lending Program**  
A loan program that aims to provide any LGU with credit facilities to finance local infrastructure and other socio-economic development projects in accordance with the approved local development plan and public investment program

- **Sustainable Multi-dimensional Approach using Revolutionized Technologies (SMART) in City Development Lending Program**  
A lending program which aims to provide financial support to cities, highly urbanized LGUs, SMEs, Corporations, Cooperatives, NGOs, GOCCs and viable enterprises for the development/adoption of digital infrastructures and applications aimed at improving the quality of life living in the city/ highly urbanized LGUs and in attaining environmental sustainability and making the city economically competitive

## I. Power/Water/Health Sector Development and Environment Protection Programs

- **Bringing Inclusive Growth in Every Household through National Electrification Support Services (BRIGHTNESS)**  
A financing assistance to qualified Electric Cooperatives and wholesale power aggregators that complements RA 9136 otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA Law) which provides for the promotion of rural electrification that would ensure quality, reliability, security and affordability of supply of electric power nationwide
- **Renewable Energy Lending Program**  
A program that provides financing to renewable energy/energy-efficient projects and support the national government's thrust

of promoting RE development, utilization and commercialization, and accelerating investments in the energy sector

- **H<sub>2</sub>OPE (Water Program for Everyone)**  
A loan program that enables the Bank to capture sizeable number of qualified players in the water and sanitation industry in bringing in sustainable 24/7 piped, clean and safe water to the Filipino People.

- **Solutions in Terminating Pollution (STP) for Manila Bay**  
A synergistic program to help restore cleanliness of the country's capital harbor and proper sanitation of the surrounding waterways in support of the thrusts of the Manila Bay Task Force created under Administrative Order No. 16 and mandated to enforce and take charge of overall rehabilitation and management of sustaining the Manila Bay

- **Climate Safe Program (Special Adaptation Facility for the Ecosystem)**  
The Program aims to provide financing to all climate change adaptation projects, including those approved in the LGU development or investment plan or Local Climate Change Action Plan. Projects or activities in the Business Continuity Plan of private sector entities are also eligible to this program.

- **Carbon Finance Support Facility (LANDBANK's Flagship Program for Climate Change Mitigation)**  
The flagship program for climate change mitigation that offers financing and assistance to piggery, sanitary landfill and mini-hydro projects in order to generate carbon credits. LANDBANK has three UNFCCC-registered Program of Activities (PoA):

- **PoA for Animal Waste (Piggery)**  
Involves the introduction of biodigester/methane recovery system in the management of wastewater of piggeries that usually use open anaerobic systems. Through the construction of biodigester/methane

recovery system, the GHG emissions of the piggery are captured, flared and/or used in power generation.

- **PoA for Landfill Gas Recovery**  
The program encourages Local Government Units and private operators to set up sanitary landfills in compliance with RA 9003 and further promote the construction of landfill gas management facilities. In this way, the PoA will reduce GHG emission from methane compared to the emission that would have occurred in the absence of the landfill gas management facilities. Hence, additional benefits in the form of revenues from carbon credits and power generation are achieved.
- **PoA for Mini-Hydropower Plants**  
The program aims to displace the use of fossil-fuel based electricity generation through power generation from implementation of small-scale hydropower plants.

## J. Business Development and Entrepreneurial Credit Programs

- **Access of Small Entrepreneurs to Sound Lending Opportunities (ASENSO)**

In support of the National SME Development Plan, the government financial institutions (GFIs) collaborated to design a uniform lending program to meet the funding needs of SMEs. Under the unified lending program, the participating GFIs shall apply simplified and standardized lending procedures and guidelines (e.g., loan purpose, fee structures, interest rates, application forms, financial ratios, and other lending parameters) for evaluating the loan applications of SMEs. To adapt to the financing needs of SMEs, short-term loans payable in one year and long-term loans payable up to five years are available under the program. The unified lending scheme is in addition to the existing financial services of the participating GFIs.

- **Franchising Lending Program**

The program extends credit assistance to qualified players in the franchising industry, particularly the franchisees and franchisors.

- **Health-Plus Program**

A loan program which aims to provide credit assistance to government units, medical colleges/universities and private medical and health goods/services providers mandated to and engaged in the delivery of healthcare goods and services

- **Innovation & Technology Lending Program (I-TECH)**

The program is LANDBANK's support to Filipino innovation and technology sector, in partnership with the Technology Application and Promotion Institute (TAPI), by way of a credit guarantee program that funds the commercial production of patented Filipino inventions. The program is jointly funded by the LANDBANK and by the TAPI invention and Guarantee fund to finance and guarantee credit extensions to patented Filipino inventions.

- **LANDBANK Go Green Inclusive Financing for SMEs and LGUs Program**

A program in support of the National Government's National Energy Efficiency and Conservation program that enables access to financing for energy solutions/packages of private businesses and government offices

- **LANDBANK-PNOC RC Go Green Program for LGUs**

A program in partnership with PNOC RC that will provide accessible financing packages for energy efficient solutions for LGUs

- **LANDBANK Lending Program for Former Rebels**

A program in support of the National Government's Enhanced Comprehensive Local Integration Program (E-CLIP) that provides credit assistance to former rebels

for their small businesses and agri-enterprise projects

- **Overseas Filipino Workers (OFW) Reintegration Program**

A program in partnership with the Overseas Workers Welfare Administration (OWWA) that is designed to provide credit and capacity-building support services to OFWs to encourage them to engage in sustainable business activities as alternative to overseas employment

- **Public Transport Financing Program**

Rationalization of existing lending programs that would cater to the credit requirements of the public transportation

**Special Package for Environment-Friendly and Efficiently-Driven Public Utility Vehicle or SPEED PUV Program**

A program launched by LANDBANK under the banner of the Public Transport Financing Program to support the government's Public Utility Vehicle Modernization Program that aims to finance the acquisition of modern jeepneys for an adequate, effective and efficient transportation system for the convenience and safe mobility of the riding public

## K. Credit Programs for Educational Support

- **Lending Program for State Universities and Colleges**

Makes credit available to qualified State Universities and Colleges (SUCs) with classification levels II, III, and IV to enable them to support infrastructure expansion and other income-generating and agri-related programs and projects

- **K-12 Bridge Financing Program of LANDBANK**

LANDBANK's bridge financing facility in support of schools participating in the Department of Education's (DepEd's) Senior High School Voucher Program (SHS-VP) for the implementation of the K to 12 Program.

## 5. FCDU PRODUCTS AND SERVICES

### A. Deposit Transactions

- **Clearing of FX Check Deposited in an FCDU Account via Cash Letter Service**

FX Checks drawn against a US-based bank are cleared with the US Federal reserve through the bank's designated collecting banks.

- **Clearing of FX Check Drawn Against a Local Bank via Collection Letter Service**

FX Checks drawn against local bank are cleared directly with the drawee bank.

- **Deposit via FX Check**

Authorized LANDBANK branches accept the following foreign instrument for deposit to an FCDU account:

**Bank Drafts**

Negotiable instruments issued by a foreign or local bank and drawn against said bank's demand deposit account with a foreign correspondent bank

**Money Orders**

Negotiable instruments issued by a bank in the form of a money order drawn against its depository bank or themselves

**Personal Checks**

Negotiable instruments issued by an individual drawn against his/her demand account with a foreign bank

- **Deposit via FX Currencies**

Authorized LANDBANK branches accept bills/ notes and coins of eligible LANDBANK FCDU deposit to an FCDU account maintained with the Bank.

- **Incoming Local Remittance PDDTS via GSRT MODE/EOD Netting**

Incoming local remittance pertains to an incoming fund transfer from a participating local bank of the Philippine Domestic Dollar

Transfer System (PDDTS) - Gross Settlement Real Time (GSRT/End-of-Day (EOD) Netting mode for credit to a LANDBANK FCDU account

- **Deposit from Incoming Foreign Remittance**

LANDBANK credits the proceeds of an incoming remittance from any foreign bank coursed through LANDBANK's foreign depository banks.

## B. Withdrawal Transactions

- **Withdrawal Transaction from an FCDU Account via Foreign Currency Demand Draft**

Foreign currency denominated bank draft drawn against LANDBANK's foreign depository bank

- **Withdrawal via FX Currencies**

Authorized LANDBANK branches services withdrawals in foreign bills/notes drawn against an FCDU deposit account

- **Via Outgoing PDDTS-Gross Settlement Real Time (GSRT) Mode**

Transfer of US dollar funds from LANDBANK to any beneficiary maintaining an FCDU account with a participating local bank

- **Via Outgoing Foreign Electronic Fund Transfer**

Transfer of FCDU deposits from LANDBANK to any beneficiary living outside of the Philippines

- **Withdrawals via Philippine Peso**

Authorized LANDBANK branches services withdrawals from an FCDU deposit account where proceeds shall be converted into Philippine Peso

## C. FX Currency Purchase

- **Outright Purchase of FX Currencies**

Refers to buying of foreign currency denominated bills/notes and coins

- **Outright Purchase of FX Instruments**

- **Via Bank Draft**

Negotiable instruments purchased by clients and issued by the bank that are drawn against the bank's demand deposit account with a foreign correspondent bank

- **Company Check**

Negotiable instruments issued by a company/firm to their client and drawn against their demand deposit account with foreign bank

- **Via Postal Money Order**

Negotiable instruments issued by a post office to a client and drawn against the demand deposit account with a foreign bank

- **Via USTW Checks**

Negotiable instruments issued by the US Treasury Department to a client

- **Via on "US" Checks**

Negotiable instruments issued by an FX bank and drawn against LANDBANK's USD maintained either in LANDBANK's USD account, FX bank's USD account with LANDBANK or FX bank's peso account with LANDBANK

- **Personal Checks**

A negotiable instrument issued by an individual drawn against his/her demand deposit account with a foreign bank

- **Sale of FX Currency Notes**

Sale of foreign currency notes to both institutional and individual clients

- **Sale of FX through Telegraphic Transfer**

Sale of USD or any third currency to a client funded by one of our LANDBANK's FX depository banks, for transmittal to the client's beneficiary; For non-trade purposes, clients are serviced by branches while for trade purposes clients are serviced by Lending Units.



- **Sale of FX through Demand Draft**  
Negotiable instruments purchased by a client drawn against LANDBANK's demand deposit account with a foreign correspondent/depository bank

#### D. Inward Remittances

- **Incoming Foreign Remittance from any Foreign Bank**  
LANDBANK receives incoming remittances from any foreign bank that are coursed through LANDBANK's foreign correspondent and/or depository banks
- **Incoming Local Remittance through PDDTS/GSRT/End-Of-Day (EOD) Netting/RTGS**  
Incoming fund transfers from a participating Philippine Domestic Dollar Transfer System (PDDTS) - Gross Settlement Real Time (GSRT)/EOD Netting, Real Time Gross Settlement (RTGS) Mode local bank for credit to account maintained in a LANDBANK Branch
- **Inward Remittances**  
Inward Remittances received from remittance agency partners (RAPs) via tested/original copy of payment orders/SWIFT for credit to LANDBANK account payable to a certain beneficiary

## 6. INTERNATIONAL TRADE SERVICES

### A. Export

- **Advice of Export Letter of Credit (LC)/Amendment**  
Foreign LC opened in favor of an exporter received by LANDBANK through, SWIFT, mail confirmation or through other local commercial banks; Export LC can be used as collateral for pre-export financing. Export Packing Credit Line (EPLC) enables the exporter to have additional working capital to manufacture export goods.

- **Export Collections/Outward Bills for Collection (OBC)**

These are exporter's draft/documents which are not outrightly purchased awaiting receipt of a foreign bank credit advices or clearing of dollar drafts such as:

- Documents with discrepancies (if under LC)
- Documents which are sent directly to the buyer by the exporter and awaiting payment from the foreign bank through T/T
- Dollar draft/check presented by the exporter representing export-related transactions
- Documents to be sent on collection basis as instructed by the exporter

- **Export Bills Purchase (EBP)**

Credit accommodation extended to an exporter wherein the exporter's draft/shipping documents under LC, DP or DA and other modes of payment are purchased directly/outright by the Bank prior to receipt of a foreign bank's credit advice.

- **Collection of Documentary Stamp Fees**

LANDBANK acts as the collecting/remitting bank of the documentary stamp fees (DSF) imposed by the Bureau of Customs on goods exported by the clients. Client exporter shall be enrolled in the Bureau of Customs Payment Application System (PASS 5) by submitting the required documents to a LANDBANK branch where he maintains his deposit account. Settlement of BOC documentary stamp and service fees are made by debiting the Exporter's LANDBANK account upon receipt of data from PCHC through PASS 5.

- **Inward Remittances**

These are incoming telegraphic transfers representing export proceeds remitted by the exporter's buyer and credited to LANDBANK's account with the foreign bank. LANDBANK acts only as receiver or channel of payment.

## B. Import

- **Opening or Issuance of Foreign Commercial Letter of Credit**

Bank issuance of Letter of Credit (LC) charged to the importer's account or paid in cash for the full amount of LC in favor of the exporter; The LC authorizes the exporter to claim payments provided all LC terms and conditions are complied with. The LC ensures payment to the exporter for the goods delivered or services performed. On the part of the importer, LC ensures that the terms and conditions agreed upon are complied with before payment is made.

- **Issuance of Guarantee (Against Foreign Back Counter-Guarantee)**

A guarantee issued by the Bank in favor of a local beneficiary against a foreign correspondent bank counter-guarantee which the latter issued on behalf of their customer

- **Collection of Import Duties**

The Bank acts as a collecting or remitting bank for the advance and final duties imposed by the Bureau of Custom (BOC) on the goods imported by client. Client Importer shall be enrolled in the Bureau of Customs Payment Application System (PASS 5) by submitting the required documents to LANDBANK branch where he maintains his deposit account. Settlement of Advance or Final duties and services fees are made by debiting the Importer's LANDBANK account upon receipt of data from PCHC through PASS 5.

- **Processing of Open Account (O/A)**

A mode of payment for a non-LC transaction wherein the shipping documents are sent and released by the seller or exporter directly to the buyer or importer without coursing the documents through the Bank upon the importer's promise to pay at some future date after shipment

- **Processing of Documents Against Acceptance (D/A)**

A mode of payment for a non-LC transaction whereby the original shipping documents are received from the seller or exporter's bank with the instruction to release these documents to the buyer or importer only upon their acceptance to pay collection proceeds at a specific future date

- **Documents Against Payment (D/P)**

A mode of payment for a non-LC transaction whereby the original shipping documents are received from the seller or exporter's bank with the instruction to release these documents to the buyer or importer only upon the outright payment of collection proceeds

- **Processing of Trust Receipts (TR)**

A credit accommodation granted to importers which allows them to pay Domestic/Import Bills at some future date as agreed upon. LANDBANK is vested with the title/legal ownership of the goods although the importer has physical possession of the same

- **Opening or Issuance of Domestic Commercial Letter of Credit**

Bank issuance charged to the client/local buyer account in favor of the local seller that authorizes the local seller to claim payments provided all LCs terms and conditions are complied with. LC ensures payment to the local seller for the goods delivered or services performed; On the part of the local buyer, the LC ensures that the terms and conditions of the credit are complied with before payment is made.

- **Processing of Commercial LC Amendment (Foreign & Domestic)**

Amendments to LC terms and condition requested by the client such as: decrease in LC amount requires beneficiary's confirmation; and change in beneficiary's name

- Issuance of Shipping Guarantee/Advance Release**  
 Shipping guarantee issued by the Bank to the shipping line requesting release of goods to the importer pending receipt of the original Bill of Lading and/or Airway Bill; Shipping guarantee issued should be cancelled upon importer's receipt of original Bill of Lading/Airway Bill.
- Processing of Import Bills (IB)**  
 Examination of shipping documents received from the foreign banks to ascertain if all terms and conditions of the foreign commercial LC are complied with; Shipping documents booked under Import Bills already paid and/or converted to Trust Receipt (TR) will be forwarded to the importer to enable them to release goods from the shipping line and/or cancel shipping guarantee. Simultaneously a payment authority is sent to the foreign bank if documents were communicated on a collection basis.
- Processing of Domestic Bills (DB)**  
 Examination of documents presented to the Bank by a local seller to ascertain if all the terms and conditions of the domestic commercial LC are complied with before payments or acceptance are made; Documents booked under domestic bills may be paid outright or converted to Trust Receipt (TR) upon request of the buyers/client.
- Processing of Direct Remittance-Imports (DRI)**  
 A mode of payment for a non-LC transaction wherein the shipping documents are sent and released by the seller/exporter directly to the buyer/importer without coursing the documents through the Bank upon the importer's promise to pay at some future date after shipment; Payment should be made within 29 calendar days from the date of the Bill of Lading (BL)/Airway Bill (AWB)
- Processing of Advance Import Payments (AIP)**  
 A mode of payment for a non-LC transaction wherein the payment is sent by the buyer or importer in advance to the seller or exporter

through the banks prior to the shipment of the goods and receipt of the shipping documents

- Opening or Issuance of Stand-by LC (Foreign and Domestic)**  
 An undertaking issued by the Bank on behalf of its client that payment will be made to the beneficiary in the event that the client does not make good its obligation

## 7. INVESTMENTS

### Trust Product and Services

#### A. Trust Arrangements

A type of fiduciary relationship whereby legal title to funds and/or properties of the Trustor is transferred to LANDBANK-Trust Banking Group (LANDBANK TBG), subject to an equitable obligation to administer, hold and manage such funds and/or properties for the use, benefit or advantage of the trustor or other designated beneficiaries

- Unit Investment Trust Fund (UITF)**  
 UITFs are open-ended pooled trust funds that are invested collectively in a diversified portfolio approved by the Bangko Sentral ng Pilipinas (BSP). UITFs offer a simple, more convenient, and less time-consuming method of investing in a diversified portfolio. It is an affordable and the best investment vehicle to participate in the financial markets.
- LANDBANK Money Market Fund**  
 A conservative fund suitable for financial objectives with an investment horizon of one year or less; The fund aims to provide high liquidity, decent returns, and minimal risk on the invested capital from placements in short-term investments.
- LANDBANK Money Market Plus Fund**  
 A moderate fund intended for clients with an investment horizon of one to three years; The fund offers investors a relatively liquid investment while providing potential higher income from a portfolio of short-term bonds and fixed income securities.

- **LANDBANK Bond Fund**  
A moderate fund suitable for financial objectives with an investment horizon of three to five years; The fund aims to generate a steady stream of income through a diversified portfolio of tradable peso-denominated fixed-income investments such as government securities, corporate bonds and bank deposits.
  - **LANDBANK Growth Fund**  
An aggressive fund intended for financial objectives with an investment horizon of five to seven years; The fund aims to generate capital growth while maintaining a steady stream of income through a combination of investments in peso-denominated listed stocks and tradable fixed income securities.
  - **LANDBANK Equity Fund**  
An aggressive fund intended for clients whose investment horizon is greater than five years; The fund aims for long-term capital growth through investments in a diversified portfolio of peso-denominated listed equities.
  - **LANDBANK Global \$ Fund**  
A moderate US-dollar denominated fund suitable for clients with an investment horizon of three to five years; The fund aims to generate relatively higher income through investments in dollar-denominated fixed-income securities issued by the National Government and by local companies.
  - **Personal Equity & Retirement Account – Unit Investment Trust Funds (PERA-UITFs)**  
PERA-UITFs are open-ended pooled fund that are invested collectively in a diversified portfolio of PERA investment products associated with the Contributor's investment and risk profile, and/or age of near retirement.
  - **LANDBANK PERA Money Market Fund**  
A conservative fund designed for PERA Contributors who aim to retire and withdraw their investment within 1-3 years from placement in the fund. The fund aims to provide decent returns and minimal risk on the invested capital from placements in short-term investments.
  - **LANDBANK PERA Bond Fund**  
A moderate fund designed for PERA Contributors who aim to retire in the next 3 years or more. The fund aims to achieve capital appreciation through investments in a portfolio of long-term fixed-income securities.
  - **LANDBANK PERA Global \$ Fund**  
A dollar-denominated fund intended for contributors with a moderate risk profile and are more than 3 years away from retirement. The fund aims to generate relatively moderate returns from their capital through investments in dollar-denominated fixed-income securities issued by the National Government and by local companies.
- B. Institutional Trust Accounts**  
Institutional Trust Accounts refer to trust arrangements where the trustor is a juridical entity (i.e. but not limited to corporations, institutions, organizations) or incorporated funds (i.e. retirement funds, pension funds, etc.)
- **Employee Benefit**  
This refers to trust arrangements established to hold the assets of an employee benefit plan wherein the beneficiaries are the employees of the corporation or institution.
  - **Defined Benefit Retirement Plan (Gratuity Plan)**  
This is based on a specific and defined amount of benefit provided by the company expressed in number of months per year of service. An actuarial

valuation is necessary to provide an estimate on how much funds the company should contribute or set aside to fulfill its obligation/liability to its qualified employees in case of retirement. The company is the sole contributor and the employees have no option to contribute to the fund.

- **Defined Contribution Retirement Plan (Provident Plan)**

A contributory retirement fund wherein both the employer and employee contribute to the retirement plan; The retirement benefit of the employee is dependent on the defined contribution. Contributions are based on either a specific amount or percentage of salary of the employee that the employer is willing to contribute. This type of plan does not require an actuarial valuation. However, if the contributed amount of the employer is not sufficient to cover for the minimum benefit required by law (R.A. 7641), the employer will have to top up on the retirement benefit of the employee.

- **Hybrid Retirement Plan**

A combination of a Defined Benefit Plan (Gratuity Plan), based on actuarial valuation and Defined Contribution Plan (Provident Plan), wherein the employees have the option to contribute to the retirement fund; Hybrid Plans are also registered with the BIR for tax exemption approval and certification.

- **Pre-Need Accounts**

This refers to trust arrangements established by pre-need companies in compliance with the regulatory requirement to maintain trust accounts for such activities.

### C. Individual Trust Accounts

This refers to trust arrangements established by an individual or a natural person, usually

consisting of disposition of assets to designated beneficiaries and settlement of the estate of the deceased.

- **Personal Management Trust (PMT)**

A type of arrangement that is ideal for those who wish to preserve or earn from their assets to answer for the current needs or the future use of the trustor or his beneficiaries; In the PMT, a trust agreement between LANDBANK-TBG and the trustor is established during the lifetime of the trustor, with the purpose of providing for the financial needs of the trustor and/or his/her designated beneficiaries.

- **Personal Retirement Trust Account (PRTA)**

A trust arrangement established with LANDBANK-TBG by a client, referred to as the trustor, during his lifetime, to cater to his needs during retirement

- **Life Insurance Trust**

An arrangement where LANDBANK-TBG collects the proceeds of the life insurance policy of the client upon the death of the insured to distribute the same to assigned beneficiaries stated in the agreement

### D. Other Institutional Services

These types of arrangements require LANDBANK-Trust Banking Group to act as the depository of the assets and properties that shall manage the same in accordance with the provisions of the agreement.

- **Legislated and Quasi-Judicial Trust Services**

This refers to trust arrangements mandated by law, executive order, a court or other government regulatory agency, such as in cases of, but not limited to receivership, receiving/custodianship arrangements for IPOs, rights or offerings.

- **Corporate Fiduciary Account**

- **Mortgage Trust Indenture (MTI)**

LANDBANK-Trust Banking Group (TBG) holds a pool of properties, real estate and/or chattel mortgage in behalf of creditors. Mortgage Participation Certificates are issued to represent the proportionate share of creditors on the collateral pool. TBG acts as intermediary between the borrower and the creditors and among the creditors themselves in the administration of the loan agreement and the mortgaged properties.

- **Facility and Loan/Paying Agency**

The LANDBANK-TBG acts as intermediary between the Borrower/Issuer and a syndicate of Lenders/Noteholders in accordance to the Loan/Notes facility. The Facility Agent is appointed as such to centralize the monitoring and the administration of the Notes Facility, ensuring that payments due under the Notes are settled promptly, reports are submitted as stipulated in the Agreement and to a certain extent, ensures that terms and conditions of the Agreement are faithfully complied by all parties.

The LANDBANK-TBG may also be engaged as Paying Agent to ensure disbursement of periodic interest to creditors/lenders.

- **Escrow Agency**

LANDBANK-TBG, as an Escrow Agent, acts as third and impartial party to intervene or to hold in escrow contracts involving money, securities, property titles or documents to secure faithful compliance by either or both parties with the terms of the contract.

- **POEA Escrow**

The POEA Escrow is based on Part II, Rule II of the 2002 POEA rules and regulations governing the recruitment and employment of land-based Overseas Filipino Workers (OFW) and on Part II, Rule II, 2003 POEA rules and regulations governing the recruitment and employment of seafarers. This is a standard escrow arrangement required by

the POEA in the application and renewal for license of overseas employment agencies. All overseas employment agencies are required to set up an Escrow account with an accredited reputable bank and deliver to the Escrow agent the amount of at least P1.0 Million or \$20,000.00. This is to ensure that there are funds set aside by the manning/recruitment agency for any eventuality of garnishment due to disputes between the manning/recruitment agency and the OFW.

- **Capital Gains (BIR) Escrow**

This type of escrow arrangement is based on BIR Revenue Regulation No. 13-99, as amended by BIR Regulation No. 14-00, governing the exemption of certain individuals from the capital gains tax on the sale, exchange, or disposition of his Principal Residence. This is also a standard Escrow Arrangement wherein a Filipino citizen who has sold his Principal Residence (house and lot), may set up an Escrow with BIR and deliver to the Escrow Agent/Authorized Agent Bank (AAB) the amount equivalent to the capital gains tax derived from the sale, exchange, disposition of his Principal Residence. The seller is given by BIR a maximum of 18 months from the date of the sale or disposition to acquire or construct a new Principal residence using the proceeds from the sale, exchange, or disposition of his old Principal Residence. The Escrow Agent/AAB shall release to the Seller/Transferor within 18 calendar months after showing proof of acquisition/construction and clearance from BIR.

- **Buy and Sell (Procurement)/Loan Releases Escrow**

This is usually resorted to in a Deed of Conditional Sale, Contract to Sell, or Long-term purchase agreements. The buyer or seller delivers certain assets, documents, source codes to the Escrow agent as specified in the contract or upon fulfillment of the contract or service. Release of funds, securities, legal documents, TCTs/CCTs, or source codes will only be triggered upon

fulfillment of the conditions of the contract or service by either or both parties to the agreement.

- **Escrow Services for Funds/Assets under Dispute of Ownership**

This arrangement is resorted to for assets where ownership is under dispute by two or more parties. This arrangement could be triggered by a court order or mutual consent of all parties. The funds or assets are set aside and held and received by an Escrow Agent until a final decision on the rightful owner of the assets by a competent body or final instruction by all parties depending on what is stipulated in the contract (e.g. government BOT/PPP projects and procurement, disputes in inheritance, tax refunds, etc.)

- **Third-Party Securities Custody and Registry Services**

The Bank as Custodian, through its Third-Party Custodianship and Registry Department (TCRD), holds securities under a written agreement with clients and facilities receiving and delivering of securities upon instruction. As Registrar, TCRD shall establish and maintain the official record of all registered holders of a corporate/bank issuance as designated or appointed by the issuer.

**Personal Equity & Retirement Account-Cash Custodianship**

The Bank, through its Third-Party Custodianship and Registry Department (TCRD), act as PERA Cash Custodian to the Contributor's PERA pursuant to Republic Act No. 9505 of 2008 (PERA Law). TCRD shall oversee the receipt, acknowledgment, and release of all funds in connection with PERA.

- **Safekeeping Services**

LANDBANK-TBG provides a complete range of custody and safekeeping solutions to meet the client's objectives. LANDBANK-TBG receives, safe keeps, delivers, records, and preserves the properties consisting of non-marketable securities, titles, and other

documents placed under safekeeping and deliver the same, upon instruction by the client.

- **Life Insurance Trust**

This refers to agency agreements where LANDBANK-TBG shall collect the proceeds of the life insurance policy of the client upon the death of the insured to distribute the same to assigned beneficiaries stated in the agreement.

**D. Investment Management Services/Portfolio Management (Peso or US Dollar Denominated)**

This type of arrangement involves the prudent management of funds or assets on behalf of the client based on his investment objectives, risk profile, and liquidity requirements.

LANDBANK-TBG acts as an investment/portfolio manager with the primary intention of capital preservation, risk optimization, and assurance of liquidity. The types of investments such as bank deposits, government securities, corporate bonds, equities, Unit Investment Trust Funds, and mutual funds, other alternative investments are prudently assessed and evaluated to suit the client's requirement and risk appetite. The arrangement could be directional – wherein prior consent from the client is required before any decision is made, or discretionary – wherein the Bank is given full authority to invest the fund in pre-agreed investment guidelines.

**E. Special Purpose Trust**

LANDBANK-TBG acts as an independent party to a special purpose vehicle of undivided ownership interest in a segregated or identifiable pool of assets or receivables. These pools of assets or receivables are then sold or transferred to LANDBANK-TBG for management. The LANDBANK-TBG will sell securities to the investors backed by the assets. The cash flows generated by the underlying assets are then transferred to investors.

## TREASURY PRODUCTS

### A. Government Securities (GS)

Government Securities are debt instruments issued by the Republic of the Philippines or any of its instrumentalities to finance public expenditures. GS are scripless securities and are registered under the Registry of Scripless Securities (RoSS) system of the Bureau of Treasury.

### B. Corporate Securities

Corporate securities are debt instruments issued by public or private corporations to finance their operations. They are not deposit products and are, hence, not covered by PDIC. They offer fixed coupon rate and enjoy better yields than Government Securities (GS).

### C. LANDBANK Issues

- **PESO Long-Term Negotiable Certificates of Deposits (LTNCD)**  
LTNCD is a long-term negotiable certificate of time deposit indicating an amount of bank indebtedness with a designed maturity. LTNCDs are high-yielding, negotiable deposit instruments covered by the Philippine Deposit Insurance Corporation (PDIC) up to P500,000.00. The tenor is typically five years.

## INVESTMENT BANKING

### A. Debt and Equity Underwriting

Underwriting is the service of guaranteeing the sale of bonds, stocks or other forms of securities. The underwriter assures the issuer that the funds will be raised through a firm underwriting commitment. Under a firm commitment, the underwriter is required to take-up the unsubscribed or unsold portion of the securities. Thus, a good underwriter must have strong marketing capabilities for sale of securities and strong financial resources to deliver on its underwriting commitment in the event of under subscription.

### B. Financial Advisory

Financial advisory is the service of providing sound advice to clients who want to explore various options for raising funds. Normally, borrowers or issuers hire financial advisors to assist in structuring or packaging the terms of financing required, i.e. amount, tenor, rates, and the like.

### C. Loan Arrangement

Loan arrangement is the service of assisting borrowers raise funds via traditional bank debt financing. Loans may be tapped solely from LANDBANK or from a syndicate of lenders led by LANDBANK (i.e., syndicated loan).

### D. Privatization

Privatization covers financial advisory, arrangement and underwriting services for various Government agencies which intend to raise funds via disposition of assets or share. The role of the advisor is to render advice on the appropriate mode of disposition to be applied, such as (a) straight sale or auction of assets, (b) sale to strategic or financial investors and (c) initial public offering (IPO). LANDBANK, as the lead underwriter, may guarantee the distribution of shares for privatizations, among others.

### E. Project Finance

Project Finance is a loan arrangement involving a specific project, separate and distinct entity from the project sponsor. Under this type of deal, the collateral is limited to the project assets and lenders have limited recourse to project sponsors. The sponsors are almost isolated from the obligations of the project. Its cashflows are mainly from revenues of the project.

### F. Mergers and Acquisitions

Mergers and Acquisition is the purchase by a company of another company with the eventual consolidation of the two companies into one entity. The role of investment bankers is normally in the valuation of the target companies arranging and financing of the acquisition.



## 8. ANCILLARY PRODUCTS

- **Deposit Pick-up Services**

Deposit pick-up services allow the mobilization/transmittal of voluminous cash/check deposits of clients via pick-up at the client's premises through the use of the Bank's armoured car facilities and other authorized bank vehicles. A minimum Average Daily Balance of P1 Million for NCR clients and P0.500 Million for provincial clients is required to avail this service.
- **Payroll Services**

Payroll is effected by debiting the total payroll amount from the client firm's account and crediting each of the individual ATM accounts of employees on payroll date. Clients such as Government Agencies and Private Corporation must maintain a significant level of deposits with the Bank.
- **Revenue Collection Arrangement**

The government agency/client opens and maintains one-way depository account/s (ODAs) at the Bank's branches where their field offices/branches/customers may deposit their sales collections/payments for eventual transfer on a periodic basis to a main account.
- **Safety Deposit Box**

Boxes with different sizes are rented to selected clients of the Bank for the purpose of keeping their asset valuables and important documents
- **Demand Draft**

Demand Drafts are negotiable instruments sold by a bank to a client and drawn against said bank's demand deposit account with other depository banks.
- **Manager's Check**

Manager's Checks are negotiable instruments which are being sold by LANDBANK to clients. Manager's Check maybe presented for encashment to the issuing LANDBANK branch or deposited to any bank subject to one day clearing.
- **LANDBANK Gift Check**

The LANDBANK Gift Check is a peso-denominated check which works just like a Manager's Check. It shall be offered to clients as an alternative form of gift which is as good as cash. The check maybe deposited or encashed at any LANDBANK branch and may also be deposited in other banks subject to existing check clearing policies and procedures.

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# Board of Directors

as of December 31, 2019



**Carlos G. Dominguez**  
Chairman  
Secretary - Department of Finance



**Cecilia C. Borromeo**  
Vice Chairperson  
President and CEO



**William D. Dar**  
Secretary  
Department of Agriculture



**Atty. Silvestre H. Bello III**  
Secretary  
Department of Labor and Employment



**Atty. John R. Castriciones**  
Secretary  
Department of Agrarian Reform



**Nancy D. Irlanda**  
Representative  
Private Sector



**Atty. Jesus V. Hinlo Jr.**  
Representative  
Private Sector



**Atty. Jaime Llaneta Miralles**  
Representative  
Agrarian Reform Beneficiaries Sector



**Virgilio De Vera Robes**  
Representative  
Agrarian Reform Beneficiaries Sector

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# Alternate Members of the Board

as of December 31, 2019



**Rosalia V. De Leon**  
Treasurer  
Bureau of the Treasury



**Atty. Erwin D. Sta. Ana**  
Deputy Treasurer  
Bureau of the Treasury



**Atty. Luis Meinrado C. Pañgulayan**  
Undersecretary  
Department of Agrarian Reform



**Atty. Claro A. Arellano**  
Undersecretary  
Department of Labor and Employment



**Joji V. Aragon**  
Assistant Secretary  
Department of Labor and Employment

# Management Team

as of December 31, 2019



**Liduvino S. Geron**  
Executive Vice President  
Agricultural and Development Lending Sector



**Cecilia C. Borromeo**  
President and CEO



**Joselito P. Gutierrez**  
Executive Vice President  
Branch Banking Sector



**Julio D. Climaco, Jr.**  
Executive Vice President  
Corporate Services Sector



**Alan V. Bornas**  
Executive Vice President  
Operations Sector



**Carel D. Halog**  
Executive Vice President  
Treasury and Investment Banking Sector

# Agricultural and Development Lending Sector

as of December 31, 2019



**Ma. Celeste A. Burgos**  
Senior Vice President  
Corporate Banking Group



**Filipina B. Monje**  
Senior Vice President  
Northern & Central Luzon  
Lending Group



**Lucila E. Tesorero**  
Senior Vice President  
Southern Luzon Lending  
Group



**Elsie Fe B. Tagupa**  
Senior Vice President  
Visayas Lending Group



**Emellie V. Tamayo**  
First Vice President  
Lending Program  
Management Group



**Charlotte I. Conde**  
First Vice President  
Mindanao Lending Group



**Emma M. Brosas**  
Vice President  
Corporate Banking  
Department I



**Marietta B. Cajuguiran**  
Vice President  
Corporate Banking  
Department II



**Esperanza N. Martinez**  
Vice President  
Public Sector Department



**Cielito H. Lunaria**  
Vice President  
Retail and Mid-Market  
Lending Group



**Bernardo B. Bayangos**  
Vice President  
Isabela Lending Center



**Eduardo N. Reyes, Jr.**  
Vice President  
Nueva Ecija Lending Center



**Eulalio G. Lagapa, Jr.**  
Vice President  
Cebu North Lending Center



**Allan R. Bisnar**  
Vice President  
Cebu South Lending Center

## Branch Banking Sector

as of December 31, 2019



**Renato G. Eje**  
Senior Vice President  
OFW Remittance Group



**Ramon R. Monteloyola**  
Senior Vice President  
South NCR Branches Group



**Randolph L. Montesa**  
First Vice President  
Card and Electronic Banking  
Group



**Camilo C. Leyba**  
First Vice President  
East Mindanao Branches  
Group



**Khurshid U. Kalabud**  
First Vice President  
East Visayas Branches  
Group



**Althon C. Ferolino**  
First Vice President  
Southeast Luzon Branches  
Group



**Sylvia C. Lim**  
First Vice President  
Central Luzon Branches  
Group



**Ma. Belma T. Turla**  
First Vice President  
North Luzon Branches  
Group



**Marilou L. Villafranca**  
First Vice President  
North NCR Branches Group



**Ma. Cielito D. Valdivia**  
First Vice President  
Southwest Luzon Branches  
Group



**Delma O. Bandiola**  
First Vice President  
West Visayas Branches  
Group



**Elenita C. Rapanut**  
Vice President  
Branch Banking Support  
Department



**Pacifico C. De Paz, Jr.**  
Vice President  
Electronic Products  
Department



**Francisco E. Burgos, Jr.**  
Vice President  
North NCRBG Cluster C



**Virgilio C. Paranal**  
Vice President  
Buendia Branch



**Vivian P. Bisnar**  
Vice President  
Plaza Independencia Branch



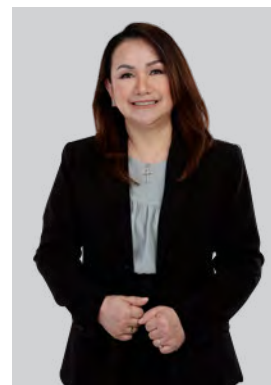
**Ma. Elena A. Balassu**  
Relationship Officer  
North NCRBG Cluster A



**Ma. Elenita N. Manucom**  
Relationship Officer  
North NCRBG Cluster B



**Rossana S. Coronel**  
Relationship Officer  
South NCRBG Cluster A



**Mylene B. Macapagal**  
Relationship Officer  
South NCRBG Cluster B



## Corporate Services Sector

as of December 31, 2019



**Catherine Rowena B. Villanueva**  
First Vice President  
Corporate Affairs Department



**Dina Melanie R. Madrid**  
Vice President  
Facilities & Procurement  
Services Group



**Joselito B. Vallada**  
Vice President  
Human Resource  
Management Group



**Emmanuel G. Hio, Jr.**  
Vice President  
Organization Development  
Department

## Operations Sector

as of December 31, 2019



**Annalene M. Bautista**  
Senior Vice President  
Controllership Group



**Winston Rochel L. Galang**  
First Vice President  
Banking Operations Group



**Alden F. Abitona**  
First Vice President  
Technology Management  
Group



**Reynaldo C. Capa**  
Vice President  
Banking Services Group



**Merceditas N. Oliva**  
Vice President  
Financial Accounting  
Department



**Arthur E. Dalampan**  
Vice President  
Electronic Banking Systems  
Department



**Enrique L. Sazon, Jr.**  
Vice President  
Network Operations  
Department



**Grace Ofelia Lovely V. Dayo**  
Vice President  
Retail Banking Systems  
Department



**Rosanna F. Berones**  
Vice President  
Enterprise Systems  
Department

# Units Under the Board and Office of the President

as of December 31, 2019



**Alex A. Lorayes**  
Senior Vice President  
Agrarian Services Group



**Amelia S. Amparado**  
First Vice President  
Compliance Management  
Group



**Noel B. Marquez**  
First Vice President  
Legal Services Group



**Elcid C. Pangilinan**  
First Vice President  
Strategic Planning Group



**Maria Edelwina D. Carreon**  
Vice President  
Internal Audit Group



**Marjorie R. Cortez**  
Vice President  
Business Risk Management  
Department



**Maria Aurora R. Bocato**  
Vice President  
Credit Risk Management  
Department



**Rose Marie E. Sotelo**  
Vice President  
Risk Management Group



**Cesar S. Cabañes**  
Vice President  
Banking Legal Services  
Department



**Lolita M. Almazar**  
Vice President  
Trust Banking Group



**Roderick P. Sacro**  
Vice President  
Litigation Department

# Treasury and Investment Banking Sector

as of December 31, 2019



**Ma. Francia O. Titar**  
First Vice President  
Financial Markets Group



**Gonzalo Benjamin A. Bongolan**  
First Vice President  
Investment Banking Group



**Ma. Elizabeth L. Gener**  
First Vice President  
Treasury Support  
Department



**Ivy C. Sacramento**  
Vice President  
Balance Sheet Management  
Department



**Emmanuel G. Dimaano**  
Vice President  
Capital Markets Trading  
Department



**Adelfa R. Masacupan**  
Vice President  
Liquidity and Reserve  
Management Department

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# LANDBANK Foundation and Subsidiaries

as of December 31, 2019



**Roy C. Oscillada**  
Executive Director  
LANDBANK Countryside Development  
Foundation, Inc.



**Francisco J. Leonor, Sr.**  
President and Chief Executive Officer  
LBP Leasing and Finance Corporation



**Tomas T. De Leon, Jr.**  
President and Chief Executive Officer  
LBP Insurance Brokerage Inc.



**Blesilda R. Macalalad**  
Officer-in-Charge/Corporate Services Manager  
Masaganang Sakahan, Inc.



**Virgil G. Nery**  
President and Chief Executive Officer  
LBP Resources and Development Corporation



**Leila C. Martin**  
President and Chief Executive Officer  
Overseas Filipino Bank

# LAND BANK OF THE PHILIPPINES

## INDEPENDENT AUDITOR'S REPORT



Republic of the Philippines  
**COMMISSION ON AUDIT**  
Commonwealth Ave., Quezon City  
**CORPORATE GOVERNMENT SECTOR**  
CLUSTER 1 - BANKING AND CREDIT

### **The Board of Directors**

Land Bank of the Philippines Manila

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of **Land Bank of the Philippines and its Subsidiaries (the Group)** and of **Land Bank of the Philippines (the Parent)** which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and the Parent as at December 31, 2019 and 2018, and their financial performance and their cash flows for the years then ended, in accordance with Philippine Financial Reporting Standards (PFRSs).

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and the Parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippine Public Sector, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Parent or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and Parent's financial reporting process.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### ***Report on Other Regulatory Requirements***

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2020 in Note 26 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue, and is not a required part of the basic financial statements. Such information is the responsibility of management of the Parent and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

#### **COMMISSION ON AUDIT**



**ROCHIE J. FELICES**  
Supervising Auditor

AUGUST 28, 2020

LAND BANK OF THE PHILIPPINES  
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

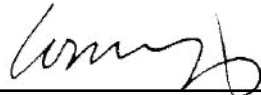
The management of the **Land Bank of the Philippines and Subsidiaries (the Group)** and the **Land Bank of the Philippines (the Parent)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, and for the years ended December 31, 2019 and 2018 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's and Parent's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's and the Parent's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the regulators, creditors and other users.

The Commission on Audit has audited the financial statements of the Group and of the Parent in accordance with the International Standards of Supreme Audit Institutions, and its report to the Board of Directors has expressed its opinion on the fairness of presentation upon completion of such audit.



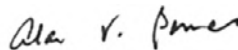
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**CARLOS G. DOMINGUEZ**  
Chairman of the Board



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**CECILIA C. BORROMEO**  
President and Chief Executive Officer



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**ALAN V. BORNAS**  
Executive Vice President/Head, Operations Sector

Signed this 28th day of August 2020

LAND BANK OF THE PHILIPPINES

**STATEMENT OF FINANCIAL POSITION**

For the years ended December 31, 2019 and 2018

(In Philippine Peso)

	NOTE	GROUP		PARENT	
		2019	2018 As Restated	2019	2018 As Restated
<b>ASSETS</b>					
Cash and other cash items	5	37,957,368,722	37,071,877,586	37,955,763,738	36,968,265,489
Due from Bangko Sentral ng Pilipinas	6	382,533,984,798	334,804,227,060	380,699,211,607	331,197,576,413
Due from other banks	7	11,511,080,083	4,889,218,510	13,342,205,237	5,709,452,042
Interbank loans receivable	8	17,933,554,905	18,096,177,165	17,933,554,905	18,096,177,165
Securities purchased under agreements to resell	9	38,355,392,822	50,549,159,021	38,107,761,092	50,019,791,667
Fair value thru profit or loss	10	11,864,090,140	10,645,595,328	11,864,090,140	10,600,661,385
Fair value thru other comprehensive income	11	211,661,429,097	111,268,777,036	211,613,341,976	110,786,754,095
Hold to collect - net	12	468,890,003,524	497,719,823,912	467,745,040,153	496,519,359,289
Loans and receivables - net	13 & 21	832,713,088,133	798,741,336,988	826,475,770,620	792,390,872,379
Investments in subsidiaries	14	0	0	661,769,484	867,767,006
Investment in associates	15	786,412,611	581,627,180	786,412,611	581,627,180
Investment property - net	16	6,981,980,275	5,779,512,960	6,863,727,993	5,396,784,095
Property and equipment - net	17	10,829,868,305	8,183,766,208	10,418,071,840	7,960,167,665
Non-current assets held for sale		1,128,583,807	739,646,329	465,261,840	334,903,288
Other intangible assets - net	19	1,152,232,670	1,172,778,116	1,137,471,379	1,155,221,449
Other assets - net	20	4,485,793,058	5,012,833,637	4,617,682,759	5,096,215,338
Deferred income tax	25	4,234,326,627	3,483,592,688	4,173,970,307	3,418,973,804
<b>TOTAL ASSETS</b>		<b>2,043,019,189,577</b>	<b>1,888,739,949,724</b>	<b>2,034,861,107,681</b>	<b>1,877,100,569,749</b>
<b>LIABILITIES AND EQUITY</b>					
Liabilities					
Deposit liabilities	22	1,784,679,634,198	1,663,262,240,424	1,783,076,176,342	1,656,141,277,372
Bills payable	23	29,702,506,879	32,430,837,033	27,538,506,878	31,256,837,033
Derivative liabilities		30,493,573	3,326,450	30,493,573	3,326,450
Treasurer's, Manager's and Cashier's checks		2,177,837,412	1,489,153,882	2,174,433,642	1,471,531,657
Payment order payable		58,080,009	66,497,438	58,080,009	66,497,438
Marginal deposits		6,041,469,237	12,264,093,339	6,041,469,237	12,264,093,339
Cash letters of credit		9,512,139,628	6,298,812,120	9,512,139,628	6,298,812,120
Other liabilities	18 & 24	58,399,822,485	35,966,729,592	57,512,649,380	35,239,570,700
<b>Total Liabilities</b>		<b>1,890,601,983,421</b>	<b>1,751,781,690,278</b>	<b>1,885,943,948,689</b>	<b>1,742,741,946,109</b>
Equity					
Common stocks	33 & 34	26,290,777,708	26,290,777,708	26,290,777,708	26,290,777,708
Paid-in surplus		101,098,220	101,098,220	101,098,220	101,098,220
Retained earnings free		22,312,513,162	28,029,977,203	21,248,048,551	26,226,881,161
Retained earnings reserve		73,316,294,322	54,697,680,262	71,945,444,322	53,412,530,262
Undivided profits		20,013,357,312	15,492,386,059	19,051,561,342	15,990,292,652
Revaluation Increment		61,200,000	61,200,000	0	0
Other Comprehensive Income					
Net unrealized gains on securities available for sale		10,135,596,242	11,860,791,134	10,083,395,824	11,908,549,439
Remeasurement of retirement benefit obligation		(10,463,835)	(4,145,338)	0	0
Translation adjustment and others		196,833,025	428,494,198	196,833,025	428,494,198
<b>TOTAL EQUITY</b>		<b>152,417,206,156</b>	<b>136,958,259,446</b>	<b>148,917,158,992</b>	<b>134,358,623,640</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,043,019,189,577</b>	<b>1,888,739,949,724</b>	<b>2,034,861,107,681</b>	<b>1,877,100,569,749</b>

The Notes on pages 238 to 300 form part of these financial statements.



LAND BANK OF THE PHILIPPINES

**STATEMENT OF COMPREHENSIVE INCOME**

For the years ended December 31, 2019 and 2018

(In Philippine Peso)

	NOTE	GROUP		PARENT	
		2019	2018 As Restated	2019	2018 As Restated
<b>INTEREST INCOME</b>					
Loans		52,018,129,233	38,800,083,464	51,620,601,565	38,179,954,592
Investments	36	23,076,706,959	21,144,730,881	23,024,355,780	21,090,787,288
Due from Bangko Sentral ng Pilipinas		1,891,298,804	661,583,354	1,838,640,479	576,871,409
Deposit in banks		106,259,899	75,050,773	116,156,267	68,054,864
Others		2,358,315	3,201,203	1,153,675	1,021,816
		77,094,753,210	60,684,649,675	76,600,907,766	59,916,689,969
<b>INTEREST EXPENSE</b>					
Deposit liabilities		22,043,899,801	13,072,218,375	21,965,091,743	12,969,084,208
Borrowed funds		1,178,461,305	1,016,714,902	1,089,048,692	974,989,745
Others		166,761,571	76,719	169,384,596	581,382
		23,389,122,677	14,089,009,996	23,223,525,031	13,944,655,335
<b>NET INTEREST INCOME</b>					
		53,705,630,533	46,595,639,679	53,377,382,735	45,972,034,634
<b>PROVISION FOR CREDIT AND IMPAIRMENT LOSSES</b>	21	5,182,268,475	4,332,785,333	6,243,266,880	3,852,491,480
<b>NET INTEREST INCOME AFTER PROVISION FOR CREDIT AND IMPAIRMENT LOSSES</b>					
		48,523,362,058	42,262,854,346	47,134,115,855	42,119,543,154
<b>OTHER OPERATING INCOME</b>					
Dividends		1,554,764,612	1,436,544,181	1,554,764,612	1,436,544,181
Fees and commission		2,271,466,973	1,873,386,176	2,086,975,469	1,724,510,897
Gain from dealings in foreign currency		422,466,836	404,965,662	422,466,836	404,965,662
Gain from sale/redemption/reclass of non-trading of FA and Liab	36	865,426	48,165,355	865,426	48,165,355
Gain on financial assets at fair value thru profit or loss	36	2,639,484,090	649,454,034	2,668,148,794	652,256,811
Gain on financial assets & liabilities designated at FV thru P/L		90,515,144	42,818,431	90,515,144	42,818,431
Foreign exchange gains from revaluation		355,816,577	392,423,551	355,909,508	392,285,472
Miscellaneous Income	35	1,550,307,540	2,189,924,747	1,335,596,610	1,950,426,142
		8,885,687,198	7,037,682,137	8,515,242,399	6,651,972,951
<b>OTHER OPERATING EXPENSES</b>					
Compensation and fringe benefits		13,171,021,889	13,853,217,876	12,952,800,224	13,367,317,082
Taxes and licenses		4,960,040,382	3,842,625,455	4,915,739,187	3,789,219,650
Depreciation and amortization		1,889,945,683	1,417,440,147	1,836,254,059	1,362,803,272
Rent		764,770,035	1,255,848,910	747,739,793	1,558,356,596
Miscellaneous expenses	37	14,879,229,897	13,183,031,166	14,500,065,600	12,542,052,094
		35,665,007,886	33,552,163,554	34,952,598,863	32,619,748,694
<b>INCOME BEFORE INCOME TAX</b>					
		21,744,041,370	15,748,372,929	20,696,759,391	16,151,767,411
<b>PROVISION FOR INCOME TAX</b>	25	1,730,684,058	255,986,870	1,645,198,049	161,474,759
<b>NET INCOME</b>					
		20,013,357,312	15,492,386,059	19,051,561,342	15,990,292,652
<b>OTHER COMPREHENSIVE INCOME</b>					
Net unrealized gains (losses) on securities available for sale	33	(1,725,194,892)	6,448,849,756	(1,825,153,615)	6,496,608,061
Remeasurement of retirement benefit obligation		(6,318,497)	1,142,828	0	0
Translation adjustment and others		(231,661,173)	231,756,287	(231,661,173)	231,756,287
<b>TOTAL COMPREHENSIVE INCOME</b>					
		<b>18,050,182,750</b>	<b>22,174,134,930</b>	<b>16,994,746,554</b>	<b>22,718,657,000</b>

The Notes on pages 238 to 300 form part of these financial statements.

# LAND BANK OF THE PHILIPPINES

## STATEMENT OF CHANGES IN EQUITY - GROUP

For the years ended December 31, 2019 and 2018  
(In Philippine Peso)

	Common Stock (Note 32) SHARES	AMOUNT	Paid-in Surplus	Retained Earnings Free	Retained Earnings Reserve (Note 33)	Undivided Profits	Revaluation Increment	Other Comprehensive Income (Loss) (Note 33)	Total
<b>Balance, December 31, 2017</b>	209,810,000	20,981,000,000	101,098,220	23,965,498,707 (196,737,911)	42,311,448,508	15,271,398,927	61,200,000	11,961,843,427	114,653,487,789
Effect of PFRS 9 adoption				395,320				196,737,911	395,320
Prior period adjustment									
<b>Balance, December 31, 2017, as restated</b>	209,810,000	20,981,000,000	101,098,220	23,769,156,116	42,311,448,508	15,271,398,927	61,200,000	12,158,581,338	114,653,883,109
Capital infusion from the National Government	53,097,777	5,309,777,708							5,309,777,708
Net income during the year, as restated						15,492,386,059			15,492,386,059
Net unrealized gain on securities								188,345,583	188,345,583
Re-measurement of retirement benefit obligation								1,142,828	1,142,828
Transfer to retained earnings free				15,271,398,927		(15,271,398,927)			-
Transfer to retained earnings reserve				(12,245,150,000)	12,245,150,000				-
Payment of cash dividends				(137,791,589)					(137,791,589)
Prior period adjustment				627,595,559					627,595,559
Disposal of equity securities classified as Fair Value through other comprehensive income				294,686,042				(294,686,042)	-
Appropriation of ECL general provision				(141,081,754)					-
Closure of excess book value over cost of investment in subsidiaries				592,766,857					592,766,857
Currency transition difference and others				(1,602,955)					-
<b>Balance, December 31, 2018, as restated</b>	262,907,777	26,290,777,708	101,098,220	28,029,977,203	54,697,680,262	15,492,386,059	61,200,000	12,285,139,994	136,958,259,446
Net income during the year						20,013,357,312			20,013,357,312
Net unrealized gain on securities								(1,725,194,892)	(1,725,194,892)
Re-measurement of retirement benefit obligation								(6,318,497)	(6,318,497)
Increase to retained earnings-free				15,492,386,059		(15,492,386,059)			-
Transfer to retained earnings-reserve				(19,723,913,509)	19,723,913,509				-
Payment of Dividends				(2,083,413,852)					(2,083,413,852)
Adoption of PFRS 16 Right of Use Assets				(134,494,579)					(134,494,579)
Derecognition of FVOCI				(288,086,807)					(288,086,807)
Fixed Assets higher capitalization Threshold				(50,860,931)					(50,860,931)
Appropriation of ECL general provision				1,105,299,449	(1,105,299,449)				-
Prior period adjustment				(31,610,996)					(31,610,996)
Closure of excess book value over cost of investment in subsidiaries				10					10
Currency translation difference and others				(2,768,885)				(231,661,173)	(234,430,058)
<b>Balance, December 31, 2019</b>	262,907,777	26,290,777,708	101,098,220	22,312,513,162	73,316,294,322	20,013,357,312	61,200,000	10,321,965,432	152,417,206,156

The Notes on pages 238 to 300 form part of these financial statements.

**LAND BANK OF THE PHILIPPINES**  
**STATEMENT OF CHANGES IN EQUITY - PARENT**  
For the years ended December 31, 2019 and 2018  
(In Philippine Peso)

	Common Stock (Note 33) SHARES	AMOUNT	Paid-in Surplus	Retained Earnings Free	Retained Earnings Reserve	Undivided Profits	Other Comprehensive Income (Loss) (Note 33)	Total
<b>Balance, December 31, 2017</b>	<b>209,810,000</b>	<b>20,981,000,000</b>	<b>101,098,220</b>	<b>22,628,658,675</b>	<b>41,271,448,508</b>	<b>15,175,224,563</b>	<b>11,967,131,593</b>	<b>112,124,561,559</b>
Effect of PFRS 9 adoption		(196,737,911)					196,737,911	
<b>Balance, December 31, 2017, as restated</b>	<b>209,810,000</b>	<b>20,981,000,000</b>	<b>101,098,220</b>	<b>22,431,920,764</b>	<b>41,271,448,508</b>	<b>15,175,224,563</b>	<b>12,163,869,504</b>	<b>112,124,561,559</b>
Capital infusion from the National Government	53,097,777	5,309,777,708						5,309,777,708
Net income during the year, as restated						15,990,292,652		15,990,292,652
Net unrealized gain on securities							236,103,888	236,103,888
Transfer to retained earnings - free				15,175,224,563		(15,175,224,563)		-
Increase in retained earnings - reserve				(12,000,000,000)	12,000,000,000			-
Prior period adjustment				467,734,501				467,734,501
Disposal of equity securities classified as Fair Value thru other comprehensive income				294,686,042			(294,686,042)	-
Appropriation of ECL general provision				(141,081,754)	141,081,754			-
Currency translation difference and others				(1,602,955)			231,756,287	230,153,332
<b>Balance, December 31, 2018, as restated</b>	<b>262,907,777</b>	<b>26,290,777,708</b>	<b>101,098,220</b>	<b>26,226,881,161</b>	<b>53,412,530,262</b>	<b>15,990,292,652</b>	<b>12,337,043,637</b>	<b>134,358,623,640</b>
Capital infusion from the National Government								-
Net income during the year						19,051,561,342		19,051,561,342
Net unrealized gain on securities							(1,825,153,615)	(1,825,153,615)
Transfer to retained earnings - free				15,990,292,652		(15,990,292,652)		-
Increase in retained earnings - reserve				(19,638,213,509)	19,638,213,509			-
Payment of Dividends				(1,960,000,000)				(1,960,000,000)
Adoption of PFRS 16 Right of Use Assets				(134,494,579)				(134,494,579)
Derecognition of FVOCI				(288,086,807)				(288,086,807)
Fixed Assets higher capitalization Threshold				(50,860,931)				(50,860,931)
Appropriation of ECL general provision				1,105,299,449	(1,105,299,449)			-
Currency translation difference and others				(2,768,885)			(231,661,173)	(234,430,058)
<b>Balance, December 31, 2019</b>	<b>262,907,777</b>	<b>26,290,777,708</b>	<b>101,098,220</b>	<b>21,248,048,551</b>	<b>71,945,444,322</b>	<b>19,051,561,342</b>	<b>10,280,228,849</b>	<b>148,917,158,992</b>

The Notes on pages 238 to 300 form part of these financial statements.

LAND BANK OF THE PHILIPPINES  
**STATEMENT OF CASH FLOWS**  
For the years ended December 31, 2019 and 2018  
(In Philippine Peso)

	GROUP		PARENT	
	2019	2018 As Restated	2019	2018 As Restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest received	76,586,654,216	57,801,989,222	76,083,795,005	57,084,133,197
Interest paid	(23,135,905,626)	(13,087,087,359)	(22,966,167,153)	(12,959,893,491)
Fees and commission received	2,271,466,973	1,873,386,176	2,086,975,469	1,724,510,897
Gain on financial assets and liabilities-fair value thru P/L	2,639,484,090	649,454,034	2,668,148,794	652,256,811
Gain on financial assets and liabilities Designated at fair value thru P/L	90,515,144	42,818,431	90,515,144	42,818,431
Gain from dealings in foreign currency	422,466,836	404,965,662	422,466,836	404,965,662
Miscellaneous income	1,550,307,540	2,189,924,747	1,335,596,610	1,950,426,142
General and administrative expenses	(31,613,677,540)	(32,755,353,377)	(30,989,113,254)	(32,432,146,071)
Operating income before changes in operating assets and liabilities	<b>28,811,311,633</b>	<b>17,120,097,536</b>	<b>28,732,217,451</b>	<b>16,467,071,578</b>
Changes in operating assets and liabilities				
(Increase)/Decrease in operating assets				
Interbank loans receivable	162,223,650	2,883,080,000	162,223,650	2,883,080,000
Fair value thru profit or loss	(1,217,387,823)	2,730,313,373	(1,262,048,689)	2,774,974,239
Loans and receivable	(39,070,466,388)	(185,785,542,957)	(38,797,107,651)	(180,828,866,859)
Other intangible assets	(244,069,332)	(189,296,172)	(242,686,597)	(172,929,708)
Other assets	490,483,067	1,875,860,487	(999,472,943)	1,749,044,547
Deferred income tax	(750,733,939)	(604,806,767)	(754,996,503)	(610,165,808)
Increase/(Decrease) in operating liabilities				
Deposit liabilities	121,417,393,774	238,042,733,318	126,934,898,970	230,667,921,375
Derivative liabilities	27,167,123	(15,566,224)	27,167,123	(15,566,224)
Payment order payable	(8,417,429)	12,865,446	(8,417,429)	12,865,446
Marginal deposits	(6,222,624,102)	(2,720,130,485)	(6,222,624,102)	(2,720,130,485)
Cash letters of credit	3,213,327,508	(2,489,670,220)	3,213,327,508	(2,489,670,220)
Treasurer's, Manager's and Cashier's Checks	688,683,530	251,711,001	702,901,985	234,088,776
Other liabilities	17,587,393,155	101,922,461	17,471,990,202	127,540,795
Net cash generated from operations	<b>124,884,284,427</b>	<b>71,213,570,797</b>	<b>128,957,372,975</b>	<b>68,079,257,452</b>
Income taxes paid	(65,159,017)	(76,782,880)	0	0
Net cash generated from operating activities	<b>124,819,125,410</b>	<b>71,136,787,917</b>	<b>128,957,372,975</b>	<b>68,079,257,452</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to property and equipment	(4,076,835,789)	(1,495,974,287)	(3,860,415,547)	(1,717,608,937)
Disposals of/(additions to) investment property	(1,403,935,015)	(256,064,325)	(1,647,120,405)	47,677,440
Additions to non-current assets held for sale	(388,937,478)	(451,390,057)	(130,358,552)	(12,922,438)
Dividends received	1,554,764,612	1,436,544,181	1,554,764,612	1,436,544,181
Gain from investment securities	865,426	48,165,355	865,426	48,165,355
Decrease/(increase) in:				
Fair value thru other comprehensive income	(101,182,436,136)	132,361,941,988	(101,711,195,262)	132,891,723,234
Hold to collect	28,361,674,953	(175,405,219,744)	28,303,722,746	(175,321,294,328)
Investment in subsidiaries	0	0	205,997,522	(428,991,999)
Investment in associates	(204,785,431)	(581,627,180)	(204,785,431)	(581,627,180)
Net cash used in investing activities	<b>(77,339,624,858)</b>	<b>(44,343,624,069)</b>	<b>(77,488,524,891)</b>	<b>(43,638,334,672)</b>

	GROUP		PARENT	
	2019	2018 As Restated	2019	2018 As Restated
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Cash dividends paid	(2,083,413,852)	(137,791,589)	(1,960,000,000)	0
Capital infusion from National Government	0	5,309,777,708	0	5,309,777,708
Other charges to capital	(751,529,876)	(6,385,178,205)	(707,872,375)	(7,131,841,033)
Increase/(decrease) in:				
Bills payable	(1,957,029,153)	7,189,132,152	(2,947,029,154)	6,810,132,152
Net cash provided by (used in) financing activities	<b>(4,791,972,881)</b>	<b>5,975,940,066</b>	<b>(5,614,901,529)</b>	<b>4,988,068,827</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	355,816,577	392,423,551	355,909,508	392,285,472
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>43,043,344,248</b>	<b>33,161,527,465</b>	<b>46,209,856,063</b>	<b>29,821,277,079</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>				
Cash and other cash items	37,071,877,586	31,385,326,196	36,968,265,489	31,384,484,693
Due from Bangko Sentral ng Pilipinas	334,804,227,060	305,349,912,019	331,197,576,413	305,349,912,019
Due from other banks	4,889,218,510	5,184,791,386	5,709,452,042	5,106,486,709
Securities purchased under agreements to resell	50,549,159,021	52,232,925,111	50,019,791,667	52,232,925,111
	<b>427,314,482,177</b>	<b>394,152,954,712</b>	<b>423,895,085,611</b>	<b>394,073,808,532</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>				
Cash and other cash items	37,957,368,722	37,071,877,586	37,955,763,738	36,968,265,489
Due from Banko Sentral ng Pilipinas	382,533,984,798	334,804,227,060	380,699,211,607	331,197,576,413
Due from other banks	11,511,080,083	4,889,218,510	13,342,205,237	5,709,452,042
Securities purchased under agreements to resell	38,355,392,822	50,549,159,021	38,107,761,092	50,019,791,667
	<b>470,357,826,425</b>	<b>427,314,482,177</b>	<b>470,104,941,674</b>	<b>423,895,085,611</b>

The Notes on pages 238 to 300 form part of these financial statements.

LAND BANK OF THE PHILIPPINES  
**NOTES TO FINANCIAL STATEMENTS**  
(All amounts in Philippine Peso unless otherwise stated)

## 1. Corporate Information

The Land Bank of the Philippines (“LBP” or “Parent”) is a financial institution wholly-owned by the National Government. The Parent was established in 1963 as the financial intermediary of the Land Reform Program of the government. Later, it became the first universal bank by charter with expanded commercial banking powers to sustain its social mission of spurring countryside development.

The Parent is a depository bank of the government and its various instrumentalities. The Parent services the requirements of the national government, local government units and government-owned and controlled corporations. As of December 31, 2019, 66 percent of the deposit portfolio came from the government while the rest came from private depositors.

The Parent and its subsidiaries (Group) are engaged in the business of banking, financing, leasing, real estate, insurance brokering and other related services to personal, commercial, corporate and institutional clients. The Group’s products and services include deposit-taking, lending and related services, treasury and capital market operations, trade services, payments and cash management, and trust services.

The Parent’s principal office of business is located at the LANDBANK Plaza, 1598 M.H. Del Pilar corner Dr. J. Quintos Streets, Malate, Manila.

The accompanying comparative financial statements of the Parent were authorized for issue by the Parent’s Board of Directors on August 28, 2020 while those of the subsidiaries were approved for issue by their respective Board of Directors on various dates.

## 2. Summary of Significant Accounting Policies

### 2.1 Statement of Compliance

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

### 2.2 Basis of Financial Statements Preparation

The accompanying financial statements have been prepared on a historical cost basis unless stated otherwise.

The financial statements of the Parent include the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The financial statements individually prepared for these units are combined after eliminating inter-unit accounts.

The functional currency of RBU and FCDU is Philippine Peso and United States Dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated assets and liabilities in the RBU are translated in Philippine Peso based on the Bankers Association of the Philippines (BAP) closing rate prevailing at end of the year and at the BAP Weighted Average Rate for the year for income and expenses.

The consolidated financial statements are presented in Philippine peso and all values are rounded to the nearest peso except when otherwise indicated.

## 2.3 Basis of Consolidation

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

Name	Country of Incorporation	Principal Activity	Functional Currency
LBP Leasing and Finance Corporation	Philippines	Leasing	Philippine peso
LBP Insurance Brokerage, Inc.	Philippines	Insurance brokerage	Philippine peso
LBP Resources and Development Corporation	Philippines	Real estate	Philippine peso
Masaganang Sakahan, Inc.	Philippines	Trading	Philippine peso
Overseas Filipino Bank, Inc	Philippines	Banking	Philippine peso

The consolidated financial statements were prepared using consistent accounting policies for like transactions and other events in similar circumstances. All significant inter-company balances and transactions have been eliminated in consolidation.

## 2.4 Adoption of New and Amended PFRS

The Group and the Parent adopted for the first time the following new PFRS, amendments to PAS or PFRS, interpretation and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2019.

### **PFRS 15 – Revenue from Contracts with Customers**

PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. The Group determines to adopt PFRS 15 effective January 1, 2019 retroactive January 1, 2018.

### **PFRS 16 – Leases**

PFRS 16 supersedes PAS 17, *Leases*. This standard sets out the concepts for the measurement, recognition, presentation and disclosure of leases and requires the lessees to account for most leases under a single on-balance sheet model. Under PFRS 16, lessor accounting is substantially unchanged from PAS 17. Thus, PFRS 16 has no material impact for leases where the Group is the lessor, except for additional disclosure requirements for lessors under PFRS 16.

The Group adopted PFRS 16 using the modified retrospective approach with the date of initial application at January 1, 2019. In this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The Group also adopted to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option, and lease contracts for which the underlying asset is of low value.

The following are the relevant information arising from the PFRS 16 adoption:

- The Group have recognized liabilities in relation to leases measured at the present value of lease payments discounted using incremental borrowing rate. The incremental borrowing rate used by the Group and the Parent ranges from 6.1696 per cent to 7.3282 per cent.
- The following are the effects of adopting PFRS 16 on the statement of financial position (increase/(decrease)) as at January 1, 2019:

	Parent
Right-Of-Use Asset	1,542,254,925
Lease Liability	1,782,795,551
Accrued Rent Payable	(106,046,047)
Retained Earnings	(134,494,579)

- c. The lease liability as at January 1, 2019 can be reconciled to the operating lease commitments as of December 31, 2018, as follows:

	Parent
Operating lease commitments, December 31, 2018	2,277,830,941
Add: Lease payments on periods not included in operating lease commitments as of December 31, 2018	836,782,863
Less: Leases of low-value assets and of with remaining term of less than 12 months	(750,064,983)
Total lease payments, January 1, 2019	2,364,548,821
Discount using Incremental Borrowing Rate	(581,753,270)
Lease Liability as of January 1, 2019	1,782,795,551

- d. As of December 31, 2019, the Parent had not committed to any lease which had not yet commenced.
- e. The Group have applied the practical expedient to not recognize right-of-use assets for operating leases with remaining lease term of less than twelve months and for leases of low-value assets.
- f. The following practical expedient has also been adopted by the Group and the Parent:
- Reliance on its assessment of whether leases are onerous applying PAS 37 before the date of initial application;
  - Use of hindsight in determining the lease term if the contract contains options to extend or terminate the lease; and
  - Exclusion of initial direct costs from the measurement of the right-of use asset at the date of initial application.
- g. The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities as of December 31, 2019 for the Group and the Parent are as follows:

	Within 1 Year	After 1 Year but not more than 5 Years	More than 5 Years	Total
Finance Charge	107,752,874	266,812,724	98,859,336	473,424,934
Lease Liability	380,674,499	993,990,553	374,841,037	1,749,506,089
Lease Payment	488,427,373	1,260,803,277	473,700,373	2,222,931,023

Total expenses relating to short-term leases and low-value assets amounted to P750,064,983.

### **Amendments to PFRS 9, Prepayment Features with Negative Compensation**

Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for the classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The application of these amendments had no significant impact on the Group and the Parent's financial statements.

### **Amendments to PAS 19, Employees Benefits, Plan Amendment, Curtailment or Settlement**

The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- a. Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.



b. Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

c. The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment, or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The application of these amendments had no significant impact on the Group and the Parent's financial statements.

### **IFRIC 23, Uncertainty over Income Tax Treatments**

This addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- a. Whether an entity considers uncertain tax treatments separately;
- b. The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- c. How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- d. How an entity considers changes in facts and circumstances.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

## 2.5 Significant Accounting Policies

### **PFRS 9, Financial Instruments**

Effective January 1, 2018, PFRS 9 replaces Philippine Accounting Standard (PAS) 39, Financial Instruments: Recognition and Measurement. PFRS 9 also supersedes all earlier versions of the standard, thereby bringing together all three aspects of the accounting for financial instruments: classification, measurement and impairment.

PFRS 9 is required to be applied on a retrospective basis, with certain exceptions. As permitted, the Group did not restate prior period comparative financial statements when the Group adopted the requirements of the new standard.

Restatements and differences in the carrying amounts of financial instruments arising from the adoption of PFRS 9 have been recognized in the 2018 opening balances of retained earnings and Other Comprehensive Income (OCI) as if the Group had always applied PFRS 9.

The Group adopted the classification and measurement, impairment and hedge accounting requirements of the standard as follows:

#### Classification and Measurement

##### ***Debt Financial Assets***

Financial assets are measured at Fair Value through Profit or Loss (FVTPL) unless these are measured at Fair Value through Other Comprehensive Income (FVOCI) or at amortized cost. The classification and measurement provisions of PFRS 9 require that all debt financial assets that do not meet the "solely payment of principal and interest" (SPPI) test, including those that contain embedded derivatives, be classified at initial recognition as financial assets at FVTPL. The intent of the SPPI test is to ensure that debt instruments that contain non-basic lending features, such as conversion options and equity linked pay-outs, are measured as financial assets at FVTPL. Subsequent measurement of instruments classified as financial assets at FVTPL under PFRS 9 operates in a similar manner to financial instruments held for trading under PAS 39.

For debt financial assets that meet the SPPI test, classification at initial recognition will be determined based on the business model under which these instruments are managed. Debt instruments that are managed on a "hold

to collect and for sale” basis will be classified as financial assets measured at FVOCI. Debt instruments that are managed on a “hold to collect” basis will be classified as investment securities at amortized cost. Subsequent measurement of instruments classified as financial assets at FVOCI and at amortized cost classifications under PFRS 9 operate in a similar manner to AFS financial assets for debt financial assets and loans and receivables, respectively, under existing PAS 39, except for the impairment provisions which are discussed below.

For those debt financial assets that would otherwise be classified as financial assets at FVOCI or at amortized cost, an irrevocable designation can be made at initial recognition to instead measure the debt instrument as financial asset measured at FVTPL under the fair value option (FVO) if doing so eliminates or significantly reduces an accounting mismatch.

#### *Equity Financial Assets*

All equity financial assets are required to be measured at initial recognition at FVTPL unless an irrevocable designation is made to classify the instrument as financial asset measured at FVOCI. Unlike AFS for equity securities under PAS 39, the FVOCI for equity category results in all realized and unrealized gains and losses being recognized in OCI with no recycling to profit and loss. Only dividends will continue to be recognized in profit and loss. Under PFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms.

#### *Financial liabilities*

The classification and measurement of financial liabilities remain essentially unchanged from the current PAS 39 requirements, except that changes in fair value of FVO liabilities attributable to changes in own credit risk are to be presented in OCI, rather than profit and loss.

#### *Derivatives*

Derivatives continue to be classified as financial assets/liabilities measured at FVTPL under PFRS 9.

#### Expected Credit Loss (ECL) Assessment

ECL Assessment shall be applied to the following exposures:

- a. Loans and receivables measured at amortized cost;
- b. Investments in debt instruments that are measured at amortized cost;
- c. Investments in debt instruments that are measured at fair value through other comprehensive income (FVOCI);
- d. Due from Bangko Sentral ng Pilipinas and Due from Other Banks;
- e. Credit commitments and financial guarantee contracts that are not measured at fair value through profit or loss; and
- f. Other Financial Assets measured at amortized cost (Accounts Receivables, etc.)

The Parent’s exposures shall be classified into the following stages:

<b>STAGE</b>	<b>CHARACTERISTICS</b>	<b>ECL ASSESSMENT</b>
Stage 1	credit exposures that are considered “performing” and with no significant increase in credit risk since initial recognition or with low credit risk	12 MONTH
Stage 2	credit exposures that are considered “under-performing” or not yet non-performing but with significant increase in credit risk since initial recognition	LIFETIME
Stage 3	credit exposures with objective evidence of impairment, these are considered as “non-performing”	LIFETIME

#### Foreign currency translation

##### *Transactions and balances*

The books of accounts of the RBU are maintained in Philippine Peso, while those of the FCDU are maintained in USD. For financial reporting purposes, the foreign currency-denominated monetary assets and liabilities in the RBU are translated in Philippine Peso based on the BAP closing rate prevailing at the statement of financial position date and foreign-currency denominated income and expenses at the prevailing exchange rate on date of transaction. Foreign exchange differences arising from revaluation and translation of RBU denominated assets and liabilities are credited to or charged against operations in the year in which the rates change.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

FCDU assets and liabilities of the Parent are translated in the Philippine Peso at BAP closing rate prevailing at the statements of financial position date, and its income and expenses are translated at BAP weighted average rate for the year. Exchange difference arising on translation to the presentation currency are recorded to "Translation Adjustment and Others" in the Equity. Upon disposal of the FCDU or actual remittance of FCDU profits to RBU, the cumulative amount of translation adjustments in the equity is recognized in the statement of comprehensive income.

## Financial Instruments

### *Date of recognition*

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date - the date that an asset is delivered to or by the Group. Securities transactions are also recognized on settlement date basis. Derivatives are recognized on trade date basis. Deposits, amounts due to banks and customers and loans are recognized when cash is received by the Group or advanced to the borrowers.

### *Initial recognition of financial instruments*

Financial assets are measured at FVTPL unless these are measured at FVOCI or at amortized cost. Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortized cost.

The classification of financial assets depends on the contractual terms and the business model for managing the financial assets. Subsequent to initial recognition, the Group may reclassify its financial assets only when there is a change in its business model for managing these financial assets. Reclassification of financial liabilities is not allowed.

The Group first assesses the contractual terms of financial assets to identify whether they pass the contractual cash flow test (SPPI test). For the purpose of the SPPI test, principal is defined as the fair value of the financial assets at initial recognition and may change over the life of the financial asset. The most significant elements of interest within a lending arrangements are typically the consideration for the time value of money and credit risk. In contrast, contractual terms that introduce a more than insignificant exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are SPPI. In such cases, the financial asset is required to be measured at FVTPL. Only financial assets that pass the SPPI test are eligible to be measured at FVOCI or at amortized cost.

#### *a. Financial Assets at FVTPL*

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at Financial assets at FVTPL, irrespective of the business model. Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of income.

#### *b. Financial Assets at FVOCI*

Financial assets at FVOCI reclassified from Available for Sale Securities include debt and equity securities. After initial measurement, financial assets at FVOCI are subsequently measured at fair value. The unrealized gains and losses arising from the fair valuation of investment securities at FVOCI are excluded, net of tax, as applicable, from the reported earnings and are recognized in the statement of comprehensive income as "Change in net unrealized loss on financial assets at FVOCI".

Debt securities at FVOCI are those that meet both of the following conditions:

- (i) The asset is held within a business model whose objective is to hold the financial assets in order to both collect contractual cash flows and sell financial assets; and

- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the outstanding principal amount.

The effective yield component (including premium, discounts and directly attributable transaction costs) and foreign exchange restatement of debt securities are reported in the statement of income.

Equity securities designated at FVOCI are those that the Group made an irrevocable election at initial recognition to present in OCI the subsequent changes in fair value. Dividends earned on holding equity securities at FVOCI are recognized in the statement of income as "Dividends" when the right to receive payment has been established. Equity securities at FVOCI are not subject to impairment assessment.

c. *Financial Assets at Amortized Cost*

Financial assets at amortized cost are debt financial assets that meet both of the following conditions:

- (i) These are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows; and
- (ii) The contractual terms give rise on a specified dates to cash flows that are SPPI on the outstanding principal amount.

After initial measurement, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for credit losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included in 'Interest Income' in the statement of income. Losses arising from credit losses are recognized in 'Provision for impairment, credit and other losses' in the statement of income.

d. *Loans and receivables, amounts due from BSP and other banks, interbank loans receivable and securities purchased under resale agreements*

These are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as other financial assets held for trading, designated as FVOCI investments. These are measured at amortized cost.

*Determination of fair value*

The fair value for financial instruments traded in active markets at the statement of financial position date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. In the absence of an available current bid and asking prices, the price of the most recent transaction is used because it provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

*Derivative Instruments*

The Parent enters into derivative contracts such as currency forwards and currency swaps to manage its foreign exchange exposure. These derivative financial instruments are initially recorded at fair value on the date at which the derivative contract is entered into and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the statement of comprehensive income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative instruments are booked at its notional amount under contingent account on trade date and subsequently measured using the mark to forward methods. Any gains/(losses) arising from the market valuation are booked under asset account "Derivatives with positive fair value" if the market valuation is positive and under the liability account "Derivatives with negative fair value" if the market valuation is negative contra foreign exchange gain/(loss) account.

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

## Derecognition of Financial Assets and Liabilities

*Financial Assets.* A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

*Financial Liabilities.* Derecognition of a financial liability of the Group happens when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

## Offsetting of financial instruments

Offsetting of financial assets and financial liabilities are only made and the net amount are reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and the liability simultaneously.

## Fiduciary Activities

Assets and income arising from fiduciary activities together with related undertakings to return such assets to customers are excluded from the financial statements where the Group acts in a fiduciary capacity such as nominee, trustee or agent.

## Subsequent Events

Any post-year-end event that provides additional information about the Group’s position at the statement of financial position date (adjusting event) is reflected in the financial statements. Post-year-end events that are non-adjusting events, if any, are disclosed in the Notes to the Financial Statements, when material.

## Impairment of Property and Equipment, Investment Property and Other Resources

At each reporting date, the Group assesses if there is any indication that the property and equipment and investment properties may be impaired.

Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

## Investments in Subsidiaries

The Parent’s investments in subsidiaries in which the Parent has control are accounted for under the cost method of accounting in the separate financial statements. These are carried in the statement of financial position at cost less any impairment in value.

## Investment in Associate

The Parent’s investment in associate pertains to the entity over which the Parent has investment holdings of 20 per cent or more and has significant influence. Significant influence is the power to participate in the financial

and operating policy decisions of the investee, but is not control or joint control over those policies. Investment in associate is accounted for under the equity method of accounting.

### Property and Equipment

Property and equipment of the Parent are carried at cost less accumulated depreciation and amortization and any impairment in value. When the assets are sold or retired, their cost and accumulated depreciation and amortization are eliminated from the accounts and any gain or loss resulting from their disposal is recognized in the profit or loss.

The initial cost of property and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance costs, are normally charged to profit and loss in the period in which the costs are incurred.

Depreciation and amortization is calculated on a straight-line basis over the estimated useful life (EUL) of the property and equipment as follows:

	Number of Years
Buildings	10 – 30
Furniture, fixtures and equipment	5 – 10
Leasehold rights	10 – 30*
Transportation equipment	7 – 10

\*EUL shall depend on the length of the lease. It shall be the period of the lease or the EUL of the assets, as given, whichever is shorter.

The useful life and depreciation and amortization methods are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

### Investment Properties

Property acquired by the Group in settlement of loans through foreclosure or dation in payment, and that is not significantly occupied by the Group, is classified as investment property. Investment property comprises land and building.

The Parent applies the cost model in accounting for investment properties. Investment properties are measured initially at cost including transaction costs incurred upon acquisition. An investment property is recognized upon:

- entry of judgment in case of judicial foreclosure;
- execution of the Sheriff's Certificate of Sale in case of extra-judicial foreclosure; or
- notarization of the Deed of Dacion in case of payment in kind (dacion en pago).

The initial cost of the investment property acquired is determined based on the following order:

- 1st - Fair value of the asset received;
- 2nd - Fair value of the asset given up;
- 3rd - Carrying amount of the asset given up, if the fair values of the assets received and asset given up cannot be determined.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment loss. Investment properties are derecognized when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on derecognition of an investment property are recognized in the profit and loss in the year of derecognition.

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

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

## Non-Current Assets Held for Sale

Non-current assets held for sale include other properties (chattels, auto and real estate) acquired through repossession or foreclosure that the Group intends to sell within one year from the date of classification as held for sale.

The Group classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The Group is committed to a plan to sell these foreclosed assets and the assets are actively marketed for sale at a price that is reasonable in relation to their current fair values. In the event that the sale of the asset is extended beyond one year, the extension of the period required to complete the sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to sell the asset.

Assets classified as held for sale are measured at the lower of their carrying amounts immediately prior to their classification as assets held for sale and their fair value less costs to sell. The cost of assets foreclosed includes the carrying amount of the related loan less allowance for impairment at the time of foreclosure. The Group recognizes an impairment loss for any initial and subsequent write-down of the asset to fair value less cost to sell. Gain for any subsequent increase in fair value less cost to sell of an asset is recognized to the extent of the cumulative impairment loss previously recognized. Assets classified as held for sale are not subject to depreciation or amortization.

## Intangible Assets

### *Computer software*

The acquired computer software licenses of the Parent are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful lives (three to five years) using the straight line method.

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

## Income Taxes

### *Current taxes of the Parent*

The current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxing authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the statement of financial position date.

### *Deferred taxes of the Parent*

The deferred tax is provided on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- a. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- b. In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and unused NOLCO can be utilized except:

- a. Where the deferred tax asset relating to the deductible temporary difference arises from the initial

recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

b. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Current tax and deferred tax relating to items recognized directly in equity are recognized in other comprehensive income and not in the statement of income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes relate to the same taxable entity and the same taxation authority.

#### Employee Benefits

A defined contribution plan is maintained under which the entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employees service in the current and prior period. The standard requires an entity to recognize contributions to a defined contribution plan when an employee has rendered service in exchange for those contributions.

The fund comes from the Parent's annual contribution based on the total number of employees as of December 31 of each year, which for 2019 amounts to P7.56 million. The fund is being administered by the Provident Fund Office and it is kept separate and distinct from its other funds.

The Group maintains a defined contribution plan which provides for estimated pension benefits on its contributory retirement plan covering all regular employees.

#### Leases on or after January 1, 2019

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of total lease payments of the entire lease term. The Group uses the incremental borrowing rate at the lease commencement date in calculating for the present value of lease payments because the interest rate implicit in the lease is not determinable. After the commencement date, the amount of lease liabilities is increased to reflect the interest accretion and reduced for the lease payments made. The carrying amount of lease liabilities is accordingly re-measured if there is a modification, a change in the lease term or a change in the lease payments.

#### *Group is the lessee*

The Group applies a single measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### *Group is the lessor*

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.



## Leases before January 01, 2019

### *Group is the lessee*

(i) Operating lease - leases in which substantially all risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to expense in the statement of comprehensive income on a straight-line basis over the period of the lease.

(ii) Finance lease - leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and the finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in deferred credits and other liabilities. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

### *Group is the lessor*

(i) Operating lease - properties leased out under operating leases are included in investment property in the statement of financial position. Rental income under operating leases is recognized in the statement of comprehensive income on a straight-line basis over the period of lease.

(ii) Finance lease - when assets are leased out under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned income.

Lease income under finance lease is recognized over the term of the lease using the net investment method before tax, which reflects a constant periodic rate of return.

## Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received.

PFRS 15 provides a five-step model framework for revenue arising from contracts with customers.

This five-step model is as follows:

1. Identify the contract(s) with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. PFRS 15 requires the Group to exercise judgement, taking into account all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The following specific recognition criteria must also be met before revenue is recognized:

### Revenues within the scope of PFRS 15

#### *Service charges and penalties*

Service charges and penalties of the Parent are recognized only upon collection or accrued when there is reasonable degree of certainty as to its collectability.

#### *Fees and commissions*

The Group earns fee and commission income from a diverse range of services it provides to its customers, which are divided into the following two categories:

a. Fee income earned from services that are provided over time

Fees earned for the provision of services over a period of time are accrued over that period. Commitment fees received to originate a loan are deferred and recognized as an adjustment to the effective interest rate. If the loan commitment expires, the fee is recognized as revenue on expiry.

b. Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as underwriting fees, corporate finance fees, and brokerage fees for the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria.

#### *Other income*

Income from the sale of services of the Group is recognized upon completion of service. Income from sale of properties is recognized upon completion of earnings process and the collectability of the sales price is reasonably assured under 'Profit from assets sold/exchanged' in the statement of income.

Prior to January 1, 2019, the Group adopted PAS 18 in accounting for the above fees and commissions. The Group assessed that recognition criteria that must be met before revenue is recognized did not materially change from PAS 18.

#### *Rewards Program*

The Parent's Credit Card Rewards Program is a point-based loyalty program automatically computed by the system and credited to Cardholder's account based on card usage or purchases made by a Cardholder. As approved by the Management, one (1) point is earned for every P30 pesos purchase charged on the credit card. The points will accumulate and have no expiry however, in accordance with PFRS 15, the peso equivalent of all outstanding Rewards points, net of points allocated to cancelled cards, is booked as Miscellaneous Liability on a monthly basis. The accrued amount for Rewards Program is adjusted when rewards points are redeemed. Currently, redemption is done in the form of rebate to be applied as credit/payment to Cardholder's account based on computed peso equivalent.

The peso value of total Rewards points credited to Cardholders for the month is recognized as Miscellaneous Expense in the Statement of Income while the outstanding balance of contra account is reflected in the Statement of Condition under Miscellaneous Liability.

Fees received in connection with the issuance of credit cards are deferred and amortized on a straight-line basis over the period the cardholder is entitled to use the card. Fees are booked when they are charged to cardholders.

#### Revenues outside the scope of PFRS 15:

##### *Interest income*

The Parent's Interest on interest-bearing financial assets at FVTPL and Held-for-Trading (HFT) investments are recognized based on the contractual rate. Interest on financial instruments measured at amortized cost and fair value through other comprehensive income are recognized based on the effective interest method of accounting.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and allocating the interest income or interest expense over the relevant period.

Interest is recognized on impaired loans and other financial assets based on the rate used to discount future cash flows to their net present value.

##### *Recovery on charged-off assets*

The Parent's income arising from collections on accounts or recoveries from impairment of items previously written off is recognized in the year of recovery.

##### *Dividend income*

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

## *Rental income*

The Parent's rental income arising on leased premises is accounted for on a straight-line basis over the lease terms on ongoing leases.

## Borrowing Costs

The Parent's borrowing costs are expensed when incurred.

## **Standards issued but not yet effective**

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group and the Parent does not expect that the future adoption of the said pronouncements to have a significant impact on its consolidated financial statements. The Group and the Parent intends to adopt the following pronouncements when they become effective.

### **Effective beginning on or after January 1, 2020**

#### ***Revised Conceptual Framework for Financial Reporting (effective from January 1, 2020)***

The revised Conceptual Framework for Financial Reporting is a comprehensive set of concepts for financial reporting. It sets out the objective of financial reporting and the qualitative characteristics of useful financial information. The revisions include several new concepts, provide clarifications on some key concepts and update the definitions and the criteria for recognizing assets and liabilities. New concepts introduced in the revised Conceptual Framework include description of the reporting entity, measurement, presentation and disclosure and derecognition. Other than the new concepts, several sections or chapters were also revised that include definitions and recognitions of assets and liabilities. The revisions gives importance to the qualitative side of capturing or recognizing assets, liabilities, income and expenses and emphasizes that recognition of these elements should only be done if they will result in relevant information and faithful representation.

#### ***PAS 1 (Amendments), Presentation of Financial Statements and PAS 8 (Amendments), Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material (effective from January 1, 2020)***

The amendments were issued to provide clarification and to align the definition of material. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020 with earlier application permitted.

#### ***PFRS 3 (Amendments), Business Combinations – Definition of a Business (effective January 1, 2020)***

The amendments to PFRS 3 were issued to help entities determine whether an acquired set of activities and assets is a business or not. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process. They also narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs. The amendments also provide guidance and illustrative examples to help entities assess whether a substantive process has been acquired and remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. These amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted.

#### ***PFRS 10 (Amendments), Consolidated Financial Statements, and PAS 28 (Amendments), Investments in Associates and Joint Ventures – Sale or Contribution of Asset Between an Investor and its Associates or Joint Venture (effective date deferred indefinitely)***

The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses from the sale or contribution of assets that constitute a business as defined in PFRS 3 between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale or contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed

constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction. On January 13, 2016, the FRSC postponed the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

### **PFRS 17, Insurance Contracts (effective January 1, 2023)**

PFRS 17 is a comprehensive and consistent new accounting standard that establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. Upon effectivity, PFRS 17 will replace PFRS 4 Insurance Contracts (PFRS 4) that was issued in 2005. PFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. In contrast to the requirements in PFRS 4, which are largely based on various local methods and practices across jurisdictions, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach); and
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted provided the entity also applies PFRS 9 and PFRS 15 on or before the date it first applies PFRS 17.

### **3. Significant Accounting Judgments and Estimates**

The preparation of the financial statements in compliance with PFRS requires the Group to make estimates and assumptions that affect the reported amounts of resources, liabilities, income and expenses and disclosure of contingent resources and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **Judgments**

In the process of applying the Group's accounting policies, Management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

##### Leases

###### *Group as Lessor*

The Group has entered into commercial property leases on its investment property portfolio and over various owned fixed assets. The Group has determined, based on an evaluation of the terms and conditions of the arrangements (i.e., the lease does not transfer ownership of the asset to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable and the lease term is not for the major part of the asset's economic life), that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

###### *Group as Lessee*

The Group has entered into lease on premises it uses for its operations. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

### *Extension and termination options*

The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors such as leasehold improvements and location that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

### *Estimating the Incremental Borrowing Rate for lease liabilities*

The Group uses the incremental borrowing rate (IBR) at the lease commencement date in calculating for the present value of lease payments because the interest rate implicit in the lease is not determinable. The IBR for lease liabilities is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment.

The carrying values of the Bank's right-of-use assets and lease liability are disclosed in Notes 17 and 18, respectively.

### Impairment of Financial Assets

The Parent adopted Expected Credit Loss (ECL) model in measuring credit impairment of financial assets in accordance with the provisions of PFRS 9. These financial assets are booked as amortized cost/fair value through other comprehensive income (FVOCI) such as:

1. Loans and receivables that are measured at amortized costs;
2. Investments in debt instruments that are measured at amortized cost;
3. Investments in debt instruments that are measured at fair value through other comprehensive income (FVOCI);
4. Credit commitments and financial guarantee contracts that are not measured at fair value through profit and loss (FVPL);
5. Due from BSP and Due from Other Banks; and
6. Other financial assets measured at amortized costs.

To measure the Expected Credit Loss, for financial assets initial assessment is first done on a per security basis to assess its level of credit risk. The estimated ECL per instrument is based on credit losses that result from possible default events within the next 12 months if there is no significant increase of credit risk (SICR) since initial recognition or with low credit risk. Otherwise, credit losses that result from all possible default events over the expected life of a financial instrument is considered in the ECL calculation.

### Assessment of ECL

The Parent segmented its credit exposures for purposes of ECL calculation according to groups that share similar credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. The segmentation are by instrument type, product terms and conditions, and industry/market segment. Treasury exposures are segmented into Due from BSP and Securities Purchased under Resell Agreements (SPURA), Due from Other Banks (DFOB), FVOCI Debt Investments, and Financial Assets at Amortized Cost. Assessment is then conducted on a per security basis to determine its level of credit risk.

Moreover, the Parent conducts an assessment to determine whether a financial instrument is subject to 12-Month or Lifetime ECL. Financial instruments under treasury is deemed to have a significant increase on credit risk if 1) Rating downgraded from investment grade to speculative/non-investment grade or 2) Rating downgraded by at least two rating grades.

Treasury Exposures are considered in default upon occurrence of the following:

1. If a credit obligation is considered non-performing;
2. If a borrower has been placed in bankruptcy, has been found insolvent, or has ceased operations;
3. If the bank sells a credit obligation at a material credit-related loss; or
4. If a credit obligation of a borrower/obligor is considered to be in default, all credit obligations of the borrower/obligor with the same bank shall also be considered to be in default.

Qualitative review is a regular exercise to determine the quality of the exposures which are then then classified into the following stages which will determine corresponding ECL assessment:

STAGE	CHARACTERISTICS	ECL ASSESSMENT
Stage 1	credit exposures that are considered "performing" and with no significant increase in credit risk since initial recognition or with low credit risk	12 MONTH
Stage 2	credit exposures that are considered "under- performing" or not yet non-performing but with significant increase in credit risk since initial recognition as follows: 1. exposures with external credit rating downgraded from investment grade to speculative/non-investment grade; or 2. exposures with risk ratings downgraded by at least two (2) rating grades	LIFETIME
Stage 3	credit exposures with objective evidence of impairment, this considered as "non- performing"	LIFETIME

The ECL rate is determined by the following parameters:

1. Probability of Default (PD) is the likelihood that the counterparty will default over a certain time horizon from cut-off date. PD does not depend on the facility or transaction but rather, on the counterparty's characteristics. The Parent follows the following hierarchy to estimate the PD:
  - a. Internal Credit Risk Rating - PD is estimated based on issuer/borrower rating grade produced by internal rating models adopted from the methodology for Loans.
  - b. External Credit Risk Rating - PD is based on issue/issuer rating grade provided by external ratings agencies such as Moody's, S&P, and Fitch. Moody's rating scale for external ratings is primarily used. For issuers with no rating from Moody's, ratings from other external credit rating agencies (e.g. S&P, Fitch) are extracted and these ratings are then mapped to Moody's rating scale. PD is then assigned corresponding to the external credit rating of the issue/issuer as provided by Moody's average cumulative default rates and recovery rates study. For exposures with maturity of less than 1 year, the PD is adjusted to reflect the actual term of exposures. PD Estimation already incorporates any Forward-Looking Overlays.
  - c. External Credit Rating for Benchmark/Comparable Companies - PD is based on issuer rating grade of benchmark or comparable companies. The methodology used in determining the ratings of benchmark companies is either of the following:
    1. Based on Bloomberg peers where LBP uses the equivalent ratings of the comparable companies sourced from the Relative Valuation function in Bloomberg; and
    2. Based on Industry average where the LBP uses the industry average credit rating where the issuer belongs.

The external ratings of the comparable companies are mapped to Moody's rating scale. PDs are assigned corresponding to the external credit ratings of the issuer as provided by Moody's average cumulative default rates cumulative default rates and recovery rates study. The average PD of the comparable companies is used as the forward-looking PD rate for the issuer company.
  - d. Credit Default Swaps Spread Curves
2. Loss Given Default (LGD) is the assigned loss estimate when a counterparty has defaulted, after all recoveries are taken into account. LGD depends on the characteristics of facility or transaction, not the counterparty. It is computed as one (1) less recovery rate. LBP developed an LGD model per facility and collateral type based on the Bank's recovery experience and expectations for relevant credit segments;
3. Exposure at Default (EAD) is defined as the total credit exposure to a borrower or counterparty at the time of default. LBP used outstanding balances of credit exposures as of cut-off date plus accrued interest receivables including off-balance sheet exposures at credit conversion factor (CCF), if any; and

4. Overlay is an estimation of forward-looking overlay which considers the following:
  - a. Lending policies and procedures;
  - b. Economic business conditions and developments;
  - c. Trend volume of types of loans;
  - d. Experienced credit judgment of management and staff;
  - e. Changes in market trends;
  - f. Loan review system of the Bank; and
  - g. Credit risk profile of the Bank's exposure.

The Parent has also incorporated forward-looking overlay adjustment to the PD while experienced credit judgement is subject to the following:

1. Established policies and procedures;
2. Approved and documented framework assessments;
3. Reasonable and verifiable assumptions; and
4. Supported by adequate documentations.

Investments in peso-denominated debt securities issued by the Philippine Government or Bangko Sentral ng Pilipinas (BSP) are considered to have low credit risk and carries zero Expected Credit Loss.

#### *Restructured loans*

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate. The difference between the recorded value of the original loan and the present value of the restructured cash flows, discounted at the original effective interest rate, is recognized in 'Provision for credit losses' in the statement of comprehensive income.

#### *FVOCI Investments*

If an FVOCI investment is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss on that security previously recognized in profit or loss – is removed from equity and recognized in the statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as FVOCI investment increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the statement of comprehensive income. The carrying values of FVOCI investments for the Group and Parent as of December 31, 2019 are P211,661,429,097 and P211,613,341,976 respectively.

#### Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### *a. Fair value of financial instruments (including derivatives) of the Parent*

The fair value of financial instruments that are not quoted in active markets are determined by using generally accepted valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by the Risk Management Group. All models are reviewed before they are used to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, models use only observable data, however, areas such as credit risk (both own and counterparty), volatilities and correlations require Management to make estimates. Changes in assumptions about these factors could affect reported fair values of financial instruments.

b. *Useful lives of property and equipment*

The Group's Management determines the estimated useful lives and related depreciation charges for its property and equipment. The Parent will increase the depreciation charge where useful lives are less than previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. The carrying values of property and equipment of the Group and the Parent are P10,829,868,305 and P10,418,071,840 as of December 31, 2019 and P8,183,766,208 and P7,960,167,665 as of December 31, 2018.

#### 4. Fair Value Hierarchy

These levels are based on the inputs that are used to determine the fair value and can be summarized in:

Level 1: quoted prices in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: inputs that are not based on observable market data or unobservable inputs

As of December 31, 2019 and 2018, the fair value hierarchy of the Parent's assets and liabilities are presented below:

As of December 31, 2019					
	Book Value	Level 1 a/	Level 2 b/	Level 3 c/	Total Fair Value
<b>FINANCIAL ASSETS</b>					
<b>FVTPL</b>	<b>11,853,339,179</b>	<b>6,238,009,651</b>	<b>4,662,987,679</b>	<b>952,341,849</b>	<b>11,853,339,179</b>
Debt Securities	5,869,047,593	5,869,047,593	0	0	5,869,047,593
Domestic	5,869,047,593	5,869,047,593	0	0	5,869,047,593
FX-Reg	0	0	0	0	0
FCDU	0	0	0	0	0
Equity Securities	1,321,303,907	368,962,058	0	952,341,849	1,321,303,907
Domestic	415,448,840	368,962,058	0	46,486,782	415,448,840
FX-Reg	905,855,067	0	0	905,855,067	905,855,067
FCDU	0	0	0	0	0
Derivative w/ positive FV	4,662,987,679	0	4,662,987,679	0	4,662,987,679
PLFD	4,427,525,372	0	4,427,525,372	0	4,427,525,372
FX-Reg	141,102,111	0	141,102,111	0	141,102,111
FCDU	94,360,196	0	94,360,196	0	94,360,196
<b>FVOCI</b>	<b>199,801,072,390</b>	<b>205,526,674,345</b>	<b>0</b>	<b>4,357,424,157</b>	<b>209,884,098,502</b>
Debt Securities	189,146,179,135	190,769,696,906	0	58,989,856	190,828,686,762
Domestic	151,188,558,834	151,733,124,607	0	58,989,856	151,792,114,463
FX-Reg	2,181,767,134	2,274,010,282	0	0	2,274,010,282
FCDU	35,775,853,167	36,762,562,017	0	0	36,762,562,017
Equity Securities	10,654,893,255	14,756,977,439	0	4,298,434,301	19,055,411,740
Domestic	4,310,297,013	13,844,407,730	0	732,169,603	14,576,577,333
FX-Reg	6,344,596,242	912,569,709	0	3,566,264,698	4,478,834,407
FCDU	0	0	0	0	0
<b>HTC</b>	<b>464,862,193,350</b>	<b>461,393,660,302</b>	<b>4,505,254,432</b>	<b>8,431,136,866</b>	<b>474,330,051,600</b>
Debt Securities	464,862,193,350	461,393,660,302	4,505,254,432	8,431,136,866	474,330,051,600
Domestic	433,461,319,679	435,018,160,683	4,505,254,432	302,599,738	439,826,014,853
FX-Reg	7,162,138,440	1,519,101,323	0	5,846,200,884	7,365,302,207
FCDU	24,238,735,231	24,856,398,296	0	2,282,336,244	27,138,734,540
<b>Total</b>	<b>676,516,604,919</b>	<b>673,158,344,298</b>	<b>9,168,242,111</b>	<b>13,740,902,872</b>	<b>696,067,489,281</b>



## FINANCIAL LIABILITIES

<b>Bills Payable</b>	<b>27,538,506,877</b>	<b>0</b>	<b>27,319,464,913</b>	<b>219,041,964</b>	<b>27,538,506,877</b>
BSP Rehabilitation Program	36,722,229	0	0	36,722,229	36,722,229
Domestic Borrowings (ODA thru BTr)	182,319,735	0	0	182,319,735	182,319,735
Foreign Borrowings (ODA)	27,319,464,913	0	27,319,464,913	0	27,319,464,913
Interbank Loans-Foreign Regular	0	0	0	0	0
<b>Total</b>	<b>27,538,506,877</b>	<b>0</b>	<b>27,319,464,913</b>	<b>219,041,964</b>	<b>27,538,506,877</b>

### As of December 31, 2018

	Book Value	Level 1 a/	Level 2 b/	Level 3 c/	Total Fair Value
<b>FINANCIAL ASSETS</b>					
<b>FVTPL</b>	<b>10,591,290,490</b>	<b>6,156,447,966</b>	<b>3,496,912,079</b>	<b>937,930,445</b>	<b>10,591,290,490</b>
Debt Securities	6,247,351,926	6,156,447,966	0	90,903,960	6,247,351,926
Domestic	5,920,707,906	5,829,803,946	0	90,903,960	5,920,707,906
FX-Reg	0	0	0	0	0
FCDU	326,644,020	326,644,020	0	0	326,644,020
Equity Securities	847,026,485	0	0	847,026,485	847,026,485
Domestic	0	0	0	0	0
FX-Reg	847,026,485	0	0	847,026,485	847,026,485
FCDU	0	0	0	0	0
Derivative w/ positive FV	3,496,912,079	0	3,496,912,079	0	3,496,912,079
PLFD	3,289,615,516	0	3,289,615,516	0	3,289,615,516
FX-Reg	109,311,788	0	109,311,788	0	109,311,788
FCDU	97,984,775	0	97,984,775	0	97,984,775
<b>FVOCI</b>	<b>99,053,725,226</b>	<b>105,300,922,570</b>	<b>0</b>	<b>4,697,131,966</b>	<b>109,998,054,536</b>
Debt Securities	88,835,479,371	87,553,488,670	0	58,989,856	87,612,478,526
Domestic	47,472,096,826	46,274,200,044	0	58,989,856	46,333,189,900
FX-Reg	3,191,978,853	3,238,333,992	0	0	3,238,333,992
FCDU	38,171,403,692	38,040,954,634	0	0	38,040,954,634
Equity Securities	10,218,245,855	17,747,433,900	0	4,638,142,110	22,385,576,010
Domestic	5,530,888,955	17,747,433,900	0	560,650,392	18,308,084,292
FX-Reg	4,687,356,900	0	0	4,077,491,718	4,077,491,718
FCDU	0	0	0	0	0
<b>HTC</b>	<b>492,170,710,901</b>	<b>423,821,161,731</b>	<b>6,995,176,652</b>	<b>9,677,817,211</b>	<b>440,494,155,594</b>
Debt Securities	492,170,710,901	423,821,161,731	6,995,176,652	9,677,817,211	440,494,155,594
Domestic	458,807,377,690	399,909,493,987	5,947,689,682	140,100,776	405,997,284,445
FX-Reg	8,254,006,342	1,421,726,122	0	6,867,201,747	8,288,927,869
FCDU	25,109,326,869	22,489,941,622	1,047,486,970	2,670,514,688	26,207,943,280
<b>Total</b>	<b>601,815,726,617</b>	<b>535,278,532,267</b>	<b>10,492,088,731</b>	<b>15,312,879,622</b>	<b>561,083,500,620</b>

## FINANCIAL LIABILITIES

<b>Bills Payable</b>	<b>31,256,837,033</b>	<b>0</b>	<b>30,999,525,399</b>	<b>257,311,634</b>	<b>31,256,837,033</b>
BSP Rehabilitation Program	62,154,642	0	0	62,154,642	62,154,642
Domestic Borrowings (ODA thru BTr)	195,156,992	0	0	195,156,992	195,156,992
Foreign Borrowings (ODA)	26,793,125,399	0	26,793,125,399	0	26,793,125,399
Interbank Loans-Foreign Regular	4,206,400,000	0	4,206,400,000	0	4,206,400,000
<b>Total</b>	<b>31,256,837,033</b>	<b>0</b>	<b>30,999,525,399</b>	<b>257,311,634</b>	<b>31,256,837,033</b>

## 5. Cash and Other Cash Items

This account consists of:

	Group		Parent	
	2019	2018	2019	2018
Cash on hand	37,876,765,321	36,907,669,455	37,875,409,063	36,805,705,609
Checks and other cash items	12,820,070	51,101,841	12,820,070	51,003,136
Returned checks and other cash items	57,620,095	98,890,550	57,598,498	98,599,507
Miscellaneous checks and other cash items	0	0	0	0
Petty cash fund	9,676,227	9,944,000	9,591,227	8,892,000
Revolving fund	377,636	442,011	235,507	235,508
Payroll fund	109,373	3,829,729	109,373	3,829,729
	<b>37,957,368,722</b>	<b>37,071,877,586</b>	<b>37,955,763,738</b>	<b>36,968,265,489</b>

## 6. Due from Bangko Sentral ng Pilipinas

This account represents the Parent's demand and special deposits in local currency maintained with BSP to meet reserve requirements and to serve as clearing account for interbank claims consistent with BSP guidelines.

## 7. Due from Other Banks

This account consists of:

	Group		Parent	
	2019	2018 As Restated	2019	2018
Deposit with local banks	414,521,239	539,066,615	2,241,932,972	1,357,696,336
Deposit with foreign banks	11,098,545,279	4,352,750,210	11,098,545,279	4,352,750,210
Allowance for Credit Losses	(2,049,973)	(2,600,060)	(2,049,973)	(2,600,060)
Accrued Interest Receivable	64,357	1,745	3,777,778	1,605,556
Allowance for Credit Losses	(819)	0	(819)	0
	<b>11,511,080,083</b>	<b>4,889,218,510</b>	<b>13,342,205,237</b>	<b>5,709,452,042</b>

The Group maintains nostro accounts on global basis with 22 foreign depository banks totaling 25 and 27 bank accounts in 2019 and 2018, respectively, the most significant of which are as follows:

2019	2018
1. Standard Chartered Bank, N.Y.	1. Standard Chartered Bank, N.Y.
2. Wells Fargo Bank, N.A.	2. Wells Fargo Bank, N.A.
3. JP Morgan Chase Bank	3. The Bank of New York
4. Citibank N.Y.	4. JP Morgan Chase Bank
5. The Bank of New York	5. Citibank N.Y.

## 8. Interbank Loans Receivables

This account consists of the Parent's loans receivable from foreign banks. Interbank loans receivable carry interest rates at December 31, 2019 as follows:

	2019	2018
Foreign	1.53% to 2.05%	0.95% to 2.60%

## 9. Securities Purchased under Agreements to Resell

This account consists of:

	Group		Parent	
	2019	2018	2019	2018
Domestic				
Government Securities Purchased under Reverse Repurchase Agreement				
BSP	37,168,092,153	50,529,000,000	36,920,542,939	50,000,000,000
Private Corporation	1,170,995,380	0	1,170,995,380	0
Accrued Interest Receivable	16,305,289	20,159,021	16,222,773	19,791,667
	<b>38,355,392,822</b>	<b>50,549,159,021</b>	<b>38,107,761,092</b>	<b>50,019,791,667</b>

Securities Purchased under Agreements to Resell with BSP carry interest rate at 4.00 per cent and 4.75 per cent as at December 31, 2019 and 2018, respectively. While Repo with Private Corporation carry interest rate at 5.375 per cent as at December 31, 2019.

## 10. Fair Value Thru Profit or Loss (FVTPL)

This consists of:

	Group		Parent	
	2019	2018	2019	2018
Government Securities – Domestic	5,869,047,594	5,874,464,812	5,869,047,594	5,829,803,946
Government Securities – Foreign	0	326,644,020	0	326,644,020
Private Securities – Domestic	415,448,839	937,930,444	415,448,839	937,930,444
Private Securities – Foreign	905,855,067	0	905,855,067	0
Derivative with positive fair value	4,662,987,679	3,496,912,080	4,662,987,679	3,496,912,080
Accrued Interest Receivable	10,750,961	9,643,972	10,750,961	9,370,895
	<b>11,864,090,140</b>	<b>10,645,595,328</b>	<b>11,864,090,140</b>	<b>10,600,661,385</b>

The FVTPL financial assets of the Group carry interest rates at December 31 as follows:

	2019		2018	
	Domestic	3.375% to	5.50%	3.875% to
Foreign	0% to	0%	3.0% to	10.65%

FVTPL includes the foreign exchange (FX) risk cover of the Parent's borrowings from multilateral agencies amounting to P4,427,525,372 and P3,289,615,516 in 2019 and 2018, respectively, which is treated as a derivative financial instrument per BSP Monetary Board Resolution No. 1063 dated August 14, 2008.

Under a Memorandum of Agreement between the National Government (thru the Department of Finance) and the Parent, the former shall guarantee and assume the FX risk relating to foreign currency denominated borrowings from multilateral agencies (i.e. World Bank, Asian Development Bank, JICA, etc.) which are relented in local currencies. The fair value changes on the FX risk cover are reported immediately in the statement of comprehensive income. As of December 31, 2019, the outstanding notional amount of the FX risk cover amounted to JPY24,808,347,013 and EUR24,358,644.

Prior to 2007, the value of the FX risk cover as an option derivative varies on the movement of the foreign exchange rates of the Bills Payable. Beginning 2007, in accordance with Monetary Board Resolution No. 1063 dated August 14, 2008, the Bank applied the standard option valuation model approach which resulted in an increase in the derivative asset amounting to P1,137,909,856 in 2019 and P1,808,231,186 in 2018.

The derivative with positive fair value comprise of the following:

	<b>2019</b>	<b>2018</b>
Foreign Exchange Risk Cover	4,427,525,372	3,289,615,516
Debt Warrants	94,360,196	97,984,776
Forward Contracts	141,102,110	109,311,788
	<b>4,662,987,679</b>	<b>3,496,912,080</b>

The Garman-Kohlhagen valuation model used in pricing the derivative Foreign Exchange Risk Cover (FXRC) was found acceptable by the Bangko Sentral ng Pilipinas (BSP) during the conduct of their on-site validation in 2009.

## 11. Fair Value Through Other Comprehensive Income (FVOCI)

This account consists of:

	<b>Group</b>		<b>Parent</b>	
	<b>2019</b> Under FVOCI	<b>2018</b> Under FVOCI	<b>2019</b> Under FVOCI	<b>2018</b> Under FVOCI
<b>Domestic</b>				
Government	151,840,201,584	46,751,087,568	151,792,114,463	46,274,200,044
Private	14,576,577,334	18,367,074,148	14,576,577,334	18,367,074,148
<b>Foreign</b>				
Government	41,568,322,299	41,279,288,626	41,568,322,299	41,279,288,626
Private securities	1,947,084,406	4,077,491,718	1,947,084,406	4,077,491,718
Accrued Interest Receivable	1,729,245,793	793,834,976	1,729,245,793	788,699,559
Allowance for Credit Losses	(2,319)		(2,319)	
	<b>211,661,429,097</b>	<b>111,268,777,036</b>	<b>211,613,341,976</b>	<b>110,786,754,095</b>

FVOCI of the Group carry interest rates at December 31 as follows:

	<b>2019</b>		<b>2018</b>	
<b>Domestic</b>	<b>3.375%</b>	<b>To</b>	<b>6.25%</b>	<b>3.875% to 6.38%</b>
<b>Foreign</b>	<b>1.125%</b>	<b>To</b>	<b>10.63%</b>	<b>2.00% to 11.63%</b>

FVOCI investments-Domestic Private include 42,002,750 MERALCO shares of stocks which are subject of legal disputes.

In November 2008, MERALCO unlawfully cancelled the 42,002,750 shares of stocks registered in the name of the Parent and reissued the same in favor of another individual allegedly in compliance with the Demand to Comply issued by the Sheriffs of the Department of Agrarian Reform (DAR) Regional Adjudicator. Of these 42,002,750 shares, 3,366,800 shares had been negotiated by another party; 37,233,200 shares remained quarantined at the Philippine Depository and Trust Corporation (PDTC); and another 1,402,750 shares has not yet been lodged with PDTC. However, the execution sale which was the basis for the issuance of the Demand to Comply was null and void from the beginning because of the Supreme Court's Temporary Restraining Order (TRO) enjoining the sale and the Resolution quashing all acts done pursuant to the Adjudicator's Writ. On December 17, 2008, the DAR Adjudication Board so ordered and required:

1. For MERALCO to cancel the Stock Certificates issued in favor of another party;
2. To restore the ownership of the subject MERALCO shares of stock to the Land Bank of the Philippines and to record the same in the Stock and Transfer Book of MERALCO; and
3. For the Philippine Stock Exchange, Inc. (PSE), the Philippine Depository and Trust Corporation (PDTC), the Securities Transfer Services, Inc. (STS), the Philippine Dealing System Holdings, Corp. and Subsidiaries (PDS Group) and any stockholder, dealer or agent of subject MERALCO shares to forthwith STOP: trading or dealing those shares and/or affecting settlement thereof, *inter alia*, so as to undo the foregoing contravening acts.

The Parent's shares of stock in MERALCO are not part of the Agrarian Reform Fund (ARF), a fund which is solely answerable to the obligation of the National Government pursuant to its Agrarian Reform Program. In accordance with Section 63 of Republic Act 6657 (Comprehensive Agrarian Reform Law), assets of the Parent cannot be used to pay for land acquisition as this shall only be sourced from the ARF.

In its December 14, 2011 *Decision* in G.R. No. 188376, the Supreme Court directed MERALCO to return to the Land Bank of the Philippines (LBP) 42,002,750 MERALCO shares of stock. The Supreme Court further declared that the MERALCO shares of stocks are corporate assets of LBP illegally taken to satisfy the payment of just compensation that should have been appropriated only from the ARF. This ruling has become final and executory on September 11, 2012 (Entry of Judgment).

LBP immediately filed a motion before the Regional Agrarian Reform Adjudicator (RARAD) for the issuance of a writ of execution to implement the Supreme Court decision. This was, however, vigorously opposed by the other party. On April 1, 2013, the RARAD finally issued the *Writ of Execution*. As partial compliance, MERALCO delivered to LBP 38,635,950 shares including cash dividends in the total amount of P1,206,955,618; and property dividends consisting of 108,884,212 shares of stock in Rockwell Land Corporation.

Still undelivered as of December 31, 2018 are 3,366,800 shares with market value of P1,067,275,600 plus accrued cash dividends thereon, amounting to P403,480,679 plus 9,488,394 shares of stock in Rockwell Land Corporation as property dividends, and the unpaid dividends due from the 1,402,750 MERALCO shares amounting to P8,145,010. These 1,402,750 shares are part of the 38,635,950 shares restored to LBP, but certificated in the name of the other party before the Supreme Court decision was partially implemented.

To recover fully the MERALCO shares and dividends, LBP sent its June 18, 2014 Letter to the Office of the Regional Adjudicator Region IV – B (MIMAROPA) requesting the office to direct the Sheriff to perform all necessary acts for the full implementation of the April 1, 2013 *Writ of Execution* such as, but not limited to, the issuance of another *Demand to Comply* to be served upon MERALCO. LBP again sent the August 15, 2014 Letter to RARAD reiterating its request to expedite the full implementation of the Supreme Court's ruling in G.R. No. 188376 and to prevent further damage to LBP.

On February 6, 2015, LBP received the January 24, 2014 *Sheriff's Report* from the Sheriff of the Regional Adjudicator Region IV-B (MIMAROPA) regarding MERALCO's partial compliance of the December 14, 2011 Supreme Court Decision in G.R. No. 188376. LBP's June 18, 2014 Letter and August 15, 2014 Letter were not acted upon by the RARAD, and no further writ of execution or demand to comply were issued.

Since RARAD no longer issued a writ of execution or demand to comply, LBP sent the February 11, 2015 Letter addressed to MERALCO to demand the delivery of the remaining 3,366,800 shares of stocks plus unpaid dividends. MERALCO failed to respond to LBP's demand.

On account of the January 24, 2014 *Sheriff's Report* and MERALCO's failure to respond to LBP's February 11, 2015 Letter, LBP prepared a petition for contempt against MERALCO and its representatives for failing to deliver the remaining 3,366,800 shares of stocks plus accrued dividends and the unpaid dividends due from the 1,402,750 MERALCO shares delivered to LBP, and to compel full compliance with the December 14, 2011 Supreme Court Decision.

On March 10, 2015, the petition was sent to the Office of the Government Corporate Counsel (OGCC) for review and signature. OGCC approved the filing of the petition before the Supreme Court. On April 14, 2015, the *Petition to Cite Respondents in Indirect Contempt* was filed before the Supreme Court.

On February 8, 2018, LBP filed its *Motion for Early Resolution with Manifestation* dated February 6, 2018. On March 5, 2018, the Supreme Court (SC) issued a Resolution which (1) Noted LBP's *Motion for Early Resolution with Manifestation* dated February 6, 2018; (2) Gave due course to LBP's Petition; and (3) Required parties to submit their respective Memoranda within thirty (30) days from notice thereof.

LBP received the aforesaid Resolution on May 15, 2018. On May 28, 2018, LBP forwarded the 32-page LBP Memorandum to the Office of the Government Corporate Counsel (OGCC) for their consideration, review and/or signature.

On June 22, 2018, the Parent's Legal Services Group and the Office of the Government Corporate Counsel filed LBP's Memorandum, in compliance with the Honorable Supreme Court's Resolution dated March 5, 2018. Likewise, on July 2, 2018, we received a copy of the respondent's Memorandum dated June 20, 2018.

LBP's petition for indirect contempt filed against MERALCO and its officers to compel them to deliver the unreturned MERALCO shares (G.R. No. 217428) was dismissed by the Supreme Court on March 25, 2019 on the ground that MERALCO and its officers cannot be held guilty of disobedience of a lawful judgment of a court.

MERALCO was unable to return the 3,366,800 shares because these shares were validly traded through the Philippine Stock Exchange. LBP's Motion for Reconsideration of the March 25, 2019 Decision was denied by the SC in its August 14, 2019 Resolution.

Due to the finality of the said decision, LBP has derecognized the 3,366,800 MERALCO shares with a market value of P1,067,275,600 and accrued dividends in the amount of P411,625,689 and proposed to collect the monetary equivalent of the 3,366,800 MERALCO shares from the Agrarian Reform Fund (ARF), which proposal has not yet acted upon by the DAR.

The Parent's Accumulated market gains/losses on FVOCI government and private issues as of December 31, 2019 amounted to P10,083,026,112.

Total Fair Value Through Profit/ Loss and Fair Value Through Other Comprehensive Income accounts of the Parent include investment of US\$17,889,899.61 (P905,855,067) in Metro Rail Transit Corporation's (MRTC) preference shares and US\$70,430,016.21 (P3,566,223,871) in Unsecuritized Equity Rental Payments, respectively.

In 2008, the National Government, as confirmed through Executive Order No. 855 dated January 18, 2010, instructed LBP and the Development Bank of the Philippines (DBP) to acquire majority interest in MRTC as a result of the recommendation made by the inter-agency Committee tasked to review the MRT III project. In the same year, the LBP Board of Directors approved the purchase of MRTC interests in the form of unsecuritized portion of the Equity Rental Payment (ERP), MRT Bonds (See Notes to the Financial Statements No.12) and Preference Shares issued by MRT III Funding Corporation. LBP together with DBP completed its acquisition in May 2009, collectively owning around 80 per cent of MRTC interests. LBP owns approximately 37.77 per cent economic interest in MRTC.

The acquisition cost, book value and percentage of economic interest in MRTC are as follows:

	Acquisition Cost As of December 31, 2019 (In US Dollars )	Book Value As of December 31, 2019 (In US Dollars )	Percentage in MRTC
▪ MRT III Bonds	70,558,895	160,531,986	
▪ MRT III Preferred Shares	54,000,000	17,889,900	
Securitized ERPs	124,588,895	178,421,886	26.65%
Unsecuritized ERPs	89,146,324	70,430,016	11.12%
	<b>213,735,219</b>	<b>248,851,902</b>	<b>37.77%</b>

The decrease in the investment in unsecuritized ERP was brought about by the refund of US\$1,433,535 (equally shared by the Bank and DBP) received from a third party in 2010. The refund represents cash that was already in the account of the third party, hence this did not affect the LBP's percentage of economic interest in MRTC. Another refund of US\$1,381,747 was received by the Bank and DBP in early 2011 representing Accrued ERPs.

Private securities include investment in equity securities which are irrevocably designated at FVOCI as these are held for long-term strategic purpose rather than for trading. These equity securities include listed stocks, shares in recreational clubs, investment in countryside financial institutions (CFI) and other non-marketable equity securities. The Parent disposed equity securities at FVOCI with total carrying value of P2.95 million in 2019. Loss amounting to P288.09 million was recognized on the disposal charged against "Retained Earnings-Free".

Outstanding equity securities at FVOCI as of December 31, 2019 and 2018 generated dividends amounting to P1.55 billion and P1.38 billion, respectively for the Parent. Dividends amounting to P3.22 million were recognized and miscellaneous loss of P411.63 million in 2019 and P7.83 million for 2018 for the disposed securities at FVOCI.

Fair Value of FVOCI-Equity Securities as of December 31, 2019, as follows:

<b>FVOCI Equity Securities</b>	<b>Fair Value</b>
Listed Stocks	14,669,527,438
Shares in Sports Club	87,450,000
Rural Banks	3,739,504
INMES	4,294,694,798
	<b>19,055,411,740</b>

## 12. Hold to Collect (HTC)

This account consists of:

	<b>Group</b>		<b>Parent</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Government				
Domestic	429,466,649,339	453,805,532,225	428,440,828,676	452,657,665,521
Foreign	19,370,539,307	20,284,152,756	19,370,539,307	20,284,152,756
Private				
Domestic	5,137,336,497	6,892,613,333	5,020,491,003	6,840,015,414
Foreign	12,030,334,364	13,079,180,455	12,030,334,364	13,079,180,455
Allow. For Credit Losses	(711,848,096)	(407,001,319)	(711,694,355)	(407,001,319)
Accrued Interest Receivable	3,605,941,597	4,074,087,033	3,603,490,642	4,074,087,033
Allow. For Credit Losses	(8,949,484)	(8,740,571)	(8,949,484)	(8,740,571)
	<b>468,890,003,524</b>	<b>497,719,823,912</b>	<b>467,745,040,153</b>	<b>496,519,359,289</b>

HTC investments of the Group carry interest rates at December 31 as follows:

	<b>2019</b>			<b>2018</b>		
Domestic	3.25%	to	18.25%	3.25%	to	18.25%
Foreign	2.75%	to	10.63%	5.25%	to	11.63%

The sale of HTC Investment in 2019 was approved by the Board of Directors per LBP Board Resolution No. 19-665 dated 11 September 2019. This is relative to the proposed Alignment of HTC Business Model which states that:

- a. Threshold of investment allowed under the HTC-Amortized Cost Business Model to match the securities and term loan portfolio against the Parent's level of core deposits.
- b. Alignment of the HTC-Amortized Cost Business Model through a combination of rebalancing and redeployment strategies.

This was the first time the parent sold HTC investments in response to the huge adjustment made in the Core Deposit calculation by Treasury Risk Management Department (TRMD).

Such sale was among the Permitted Sales under BSP Circular 708, which we likewise adopted in the Parent's business model, to wit:

*A "more than infrequent sale" of financial assets in a portfolio of debt instruments measured at amortized cost shall be assessed as to whether such sales are consistent with an HTC business model.*

*The following sales/derecognition of financial assets shall not be considered inconsistent with an HTC model:*

*(9) sales attributable to a change in statutory or regulatory requirements significantly modifying either what constitutes a permissible investment or the maximum level of particular investments, thereby causing the FI to dispose a security under the amortized cost category.*

The financial asset that was derecognized has a total cost of P23.0 billion which resulted to a realized net loss of P285,885.

### 13. Loans and Receivables

This account consists of:

	Group		Parent	
	2019	2018 As Restated	2019	2018
Interbank loans receivable	24,161,301,253	30,676,329,585	24,161,301,253	30,676,329,585
Allowance for credit losses	(323,054,279)	(513,043,978)	(323,054,279)	(513,043,978)
	23,838,246,974	30,163,285,607	23,838,246,974	30,163,285,607
Loans to Government	121,067,829,967	96,285,348,642	121,996,652,985	97,628,514,921
Allowance for credit losses	(22,998,264)	(16,324,559)	(22,998,264)	(16,324,559)
	121,044,831,703	96,269,024,083	121,973,654,721	97,612,190,362
Agrarian Reform and other Agriculture Loans	134,550,102,734	118,857,535,711	134,205,098,502	118,475,275,248
Allowance for credit losses	(1,300,710,623)	(1,232,041,287)	(1,225,329,360)	(1,192,578,485)
	133,249,392,111	117,625,494,424	132,979,769,142	117,282,696,763
Microfinance Loans	22,182,020,697	24,857,874,336	22,173,088,963	24,845,496,416
Allowance for credit losses	(521,012,462)	(350,619,101)	(520,024,148)	(347,280,354)
	21,661,008,235	24,507,255,235	21,653,064,815	24,498,216,062
SME/MSE Loans	61,293,521,080	66,391,846,173	60,140,034,554	65,294,070,772
Allowance for credit losses	(1,600,380,799)	(1,557,267,631)	(1,411,935,967)	(1,430,757,268)
	59,693,140,281	64,834,578,542	58,728,098,587	63,863,313,504
Contract to Sell	840,872,923	1,297,038,637	438,011,023	890,538,032
Allowance for credit losses	(196,238,277)	(256,142,934)	(143,790,580)	(203,695,236)
	644,634,646	1,040,895,703	294,220,443	686,842,796
Loans to Private Corporation	436,758,102,674	427,896,778,130	433,400,466,659	424,512,701,072
Allowance for credit losses	(7,566,092,253)	(5,443,995,844)	(6,969,152,535)	(5,046,256,197)
	429,192,010,421	422,452,782,286	426,431,314,124	419,466,444,875
Loans to Individuals for Housing Purposes	5,951,599,608	5,897,009,007	5,907,256,536	5,840,863,258
Allowance for credit losses	(86,217,230)	(136,107,284)	(83,319,562)	(133,209,616)
	5,865,382,378	5,760,901,723	5,823,936,974	5,707,653,642
Loans to Individual for Consumption	32,137,485,491	30,066,089,544	31,850,081,818	29,628,271,012
Allowance for credit losses	(756,083,749)	(762,611,204)	(584,028,617)	(621,822,808)
	31,381,401,742	29,303,478,340	31,266,053,201	29,006,448,204
Loans to Individual for Other Purposes	1,687,042,450	1,559,307,250	1,510,833,033	1,337,768,352
Allowance for credit losses	(31,313,100)	(37,293,821)	(17,718,797)	(20,855,212)
	1,655,729,350	1,522,013,429	1,493,114,236	1,316,913,140
General loan loss provision	(6,026,905,239)	(5,239,759,885)	(5,987,650,805)	(5,191,145,085)
	822,198,872,602	788,239,949,487	818,493,822,412	784,412,859,870
Accrued interest receivable	7,065,594,845	7,005,687,079	7,023,096,064	6,976,914,603
Allowance for credit losses	(313,259,350)	(222,715,504)	(292,390,854)	(222,661,040)
	6,752,335,495	6,782,971,575	6,730,705,210	6,754,253,563
Accounts receivable	2,526,813,658	2,222,736,737	1,807,751,939	1,573,259,447
Allowance for credit losses	(1,436,376,290)	(1,348,944,562)	(1,332,028,193)	(1,290,616,035)
	1,090,437,368	873,792,175	475,723,746	282,643,412
Sales contract receivable	758,928,669	930,452,212	734,618,501	899,038,278
Allowance for credit losses	(23,959,546)	(39,295,323)	(23,933,374)	(39,295,323)
	734,969,123	891,156,889	710,685,127	859,742,955
Due from ARF	64,834,125	81,372,579	64,834,125	81,372,579
Lease contract receivable	1,887,432,908	1,901,732,803	0	0
Allowance for credit losses	(15,793,488)	(29,638,520)	0	0
	1,871,639,420	1,872,094,283	0	0
	<b>832,713,088,133</b>	<b>798,741,336,988</b>	<b>826,475,770,620</b>	<b>792,390,872,379</b>



The Parent's interest rates on loans in 2019 range from 2.68 per cent to 18.26 per cent for peso denominated loans and from 1.09 per cent to 6.88 per cent for foreign currency denominated loans.

Allowance for credit losses

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

	2019	2018
Balance, January 1	14,716,968,798	5,168,696,310
Provision	4,205,482,293	3,718,467,212
Write-offs	(1,185,418,182)	(193,233,393)
Transfers and other adjustments	(448,029,995)	6,023,038,669
<b>Balance, December 31</b>	<b>17,289,002,914</b>	<b>14,716,968,798</b>

As of December 31, 2019 and 2018, the breakdown of Gross Loans as to secured and unsecured follows:

	Parent			
	2019		2018	
	Amount	%	Amount	%
Secured loans:				
Guarantee of the Republic of the Philippines	108,185,496,008	12.94	89,339,776,349	11.18
Various guarantees	199,729,246,247	23.90	206,480,595,081	25.84
Various mortgages	258,806,974,689	30.97	247,732,936,587	31.00
	566,721,716,944	67.81	543,553,308,017	68.02
Unsecured loans	269,061,108,382	32.19	255,576,520,651	31.98
<b>Gross loan at amortized cost</b>	<b>835,782,825,326</b>	<b>100.00</b>	<b>799,129,828,668</b>	<b>100.00</b>

Non-performing loans (NPLs) included in the total loan portfolio of the Parent are presented below as net of specific allowance for credit losses on NPLs in compliance with BSP Circular No. 772 and 941, which amends regulations governing non-performing loans.

	2019	2018
Total NPLs	18,766,221,400	9,134,879,593
Allowance for credit losses	(6,752,483,291)	(5,419,467,970)
<b>Net NPLs</b>	<b>12,013,738,109</b>	<b>3,715,411,623</b>

#### 14. Investment in Subsidiaries

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

Name	2019	2018 As Restated
Overseas Filipino Bank, Inc.	1,701,000,000	428,992,000
LBP Leasing and Finance Corporation (formerly LBP Leasing Corporation)	310,252,630	310,252,630
LBP Insurance Brokerage, Inc.	52,500,000	52,500,000
LBP Resources and Development Corporation	51,467,436	51,467,436
Masaganang Sakahan, Inc.	24,554,941	24,554,941
<b>Total</b>	<b>2,139,775,007</b>	<b>867,767,007</b>
Allowance for credit losses	(1,478,005,523)	(1)
<b>Net</b>	<b>661,769,484</b>	<b>867,767,006</b>

Pursuant to the directive of Malacañang Executive Order (EO) No. 44 dated September 28, 2017, the Parent through Investment and Loan Committee Resolution No. 18-088 and Board Resolution No. 18-119 approved the capital infusion of up to P1.701 billion into Overseas Filipino Bank (OFBank). The initial infusion in the amount of P429 million was released on July 06, 2018. Further, the OFBank per Board Resolution No. 2018-73 has approved the increase in Authorized Capital Stock (ACS) amounting P3.5 billion where P3 billion is allocated as common shares. The increase in ACS was approved by BSP and is yet to be filed with Securities and Exchange Commission (SEC). The Parent has released a total capital infusion amounting to P1.27 billion to OFBank in 2019 as Deposit for Stock Subscription (DSS). The same EO directed the Philippine Postal Corporation (PPC) and Bureau of Treasury (BTr) to transfer their respective OFBI shares to the Parent at zero value. The shares were transferred in March 2018 and the investment was recorded at zero value based on the fair value of the net assets on acquisition date as determined by a third party valuation advisor.

## 15. Investment in Associates

This account represents the Parent's 20.50 per cent ownership of the capital stock of Small Business Corporation.

## 16. Investment Property

This account consists of:

	Group							
	2019				2018			
	Land	Building	Others	Total	Land	Building	Others	Total
<b>At Cost</b>								
At January 1	4,435,974,292	2,906,246,715	19,393,890	7,361,614,897	4,645,667,587	2,625,360,056	0	7,271,027,643
Additions/(Disposals)	427,346,501	674,464,907		1,101,811,408	(209,693,295)	280,886,659	19,393,890	90,587,254
Transfers/Adjustment	(128,205,992)	(186,656,132)	(19,393,890)	(334,256,014)	0	0	0	0
At December 31	4,735,114,801	3,394,055,490	0	8,129,170,291	4,435,974,292	2,906,246,715	19,393,890	7,361,614,897
<b>Accumulated depreciation and impairment</b>								
At January 1	423,907,779	1,138,800,269	19,393,889	1,582,101,937	550,223,525	1,036,804,551		1,587,028,076
Depreciation	0	130,345,410		130,345,410	0	144,515,074	2,895,296	147,410,370
Transfers/Adjustment	(14,041,000)	(274,838,851)	(19,393,889)	(308,273,740)	926,344	(123,151,522)	12,651,300	(109,573,878)
Impairment Loss	(121,530,845)	(135,452,746)		(256,983,591)	(127,242,090)	80,632,166	3,847,293	(42,762,631)
At December 31	288,335,934	858,854,082	0	1,147,190,016	423,907,779	1,138,800,269	19,393,889	1,582,101,937
<b>Net book value</b>	<b>4,446,778,867</b>	<b>2,535,201,408</b>	<b>0</b>	<b>6,981,980,275</b>	<b>4,012,066,513</b>	<b>1,767,446,446</b>	<b>1</b>	<b>5,779,512,960</b>

	Parent					
	2019			2018		
	Land	Building	Total	Land	Building	Total
<b>At Cost</b>						
At January 1	4,224,938,565	2,634,505,810	6,859,444,375	4,561,363,317	2,540,275,283	7,101,638,600
Additions/(Disposals)	418,997,881	678,366,372	1,097,364,253	(336,424,752)	94,230,527	(242,194,225)
At December 31	4,643,936,446	3,312,872,182	7,956,808,628	4,224,938,565	2,634,505,810	6,859,444,375
<b>Accumulated depreciation and impairment</b>						
At January 1	403,529,262	1,059,131,018	1,462,660,280	539,601,581	990,426,016	1,530,027,597
Depreciation	0	129,087,757	129,087,757	0	126,686,428	126,686,428
Transfers/Adjustment	0	(241,683,811)	(241,683,811)	0	(138,613,592)	(138,613,592)
Impairment Loss	(121,530,845)	(135,452,746)	(256,983,591)	(136,072,319)	80,632,166	(55,440,153)
At December 31	281,998,417	811,082,218	1,093,080,635	403,529,262	1,059,131,018	1,462,660,280
<b>Net book value</b>	<b>4,361,938,029</b>	<b>2,501,789,964</b>	<b>6,863,727,993</b>	<b>3,821,409,303</b>	<b>1,575,374,792</b>	<b>5,396,784,095</b>

Investment properties include real estate properties acquired in settlement of loans and receivables.

As of December 31, 2019 and 2018, the carrying value of investment properties still subject to redemption amounted to P179,508,998 and P181,110,058, respectively, for the Parent. Investment properties with on-going cases amounted to P732,882,117 and P685,985,377 as of December 31, 2019 and 2018, respectively. Properties amounting to P43,708,690 and P45,795,824 as of December 31, 2019 and 2018, respectively, are agricultural lands covered by the government's agrarian reform program.

In 2019 and 2018, the rental income (included under 'Rent' in the Statements of Comprehensive Income) on investment properties, which are leased out under operating leases, amounted to P5,006,264 and P9,789,590, respectively, for the Parent. In 2019 and 2018, the parent's direct operating expenses, consisting of depreciation and amortization and repairs and maintenance (included in the Statements of Comprehensive Income) pertaining to investment properties amounted to P129,087,757 and P126,686,428, respectively.

## 17. Property and Equipment

This account consists of:

	GROUP									Total 2019
	Land	Building Under Construction	Buildings	Leasehold Rights and Improvements	Transportation and Equipment	Furniture and Office Equipment	Transportation Equipment Under Lease	Others	Right of Use Assets	
<b>At Cost</b>										
At January 1, as restated	1,492,986,640	148,324,887	4,927,172,419	1,165,790,160	114,655,106	8,458,527,612	525,504,852	119,405,448	0	16,952,367,124
Additions	206,578,878	11,733,204	1,969,092,253	193,376,351	87,788,985	1,033,079,496	185,227,806	750,369,539	1,915,686,978	6,352,933,490
Disposals	(15,285,000)	0	(11,957,003)	(30,132,742)	(8,360,775)	(320,065,952)	(8,768,605)	(5,795,016)	0	(400,365,093)
Transfers	21,973,057	(72,761,829)	(1,712,305,083)	(78,981,327)	(88,041,987)	(423,568,287)	43,416	(32,440,875)	0	(2,386,082,915)
At December 31	1,706,253,575	87,296,262	5,172,002,586	1,250,052,442	106,041,329	8,747,972,869	702,007,469	831,539,096	1,915,686,978	20,518,852,606
<b>Accumulated Depreciation, Amortization &amp; Impairment loss</b>										
At January 1	0	0	2,268,839,213	477,763,909	91,410,847	5,479,636,448	344,321,411	49,410,377	0	8,711,382,205
Depreciation & amortization	0	0	165,797,352	108,140,891	2,152,183	714,366,165	25,396,924	48,245,647	411,902,304	1,476,001,466
Disposals	0	0	(12,658,490)	(4,782,790)	(6,128,106)	(296,778,988)	(7,891,744)	(3,994,860)	0	(332,234,978)
Transfers/Adjustments	0	0	65,199,076	(23,905,713)	(7,620,738)	(245,527,854)	0	(14,407,243)	0	(226,262,472)
At December 31	0	0	2,487,177,151	557,216,297	79,814,186	5,651,695,771	361,826,591	79,253,921	411,902,304	9,628,886,221
Allow for Losses	0	0	34,503,790	1,297,038	7,987,971	21,800,288	0	(5,491,007)	0	60,098,080
<b>Net book value</b>	<b>1,706,253,575</b>	<b>87,296,262</b>	<b>2,650,321,645</b>	<b>691,539,107</b>	<b>18,239,172</b>	<b>3,074,476,810</b>	<b>340,180,878</b>	<b>757,776,182</b>	<b>1,503,784,674</b>	<b>10,829,868,305</b>

	Group									As Restated 2018
	Land	Building Under Construction	Buildings	Leasehold Rights and Improvements	Transportation and Equipment	Furniture and Office Equipment	Transportation Equipment Under Lease	Others		
<b>At Cost</b>										
At January 1, as restated	615,866,513	178,330,312	4,749,151,532	949,901,436	60,444,761	7,915,570,171	772,239,543	99,617,946		15,341,122,214
Additions	877,720,127	70,160,332	297,831,104	207,698,686	30,953,833	660,866,227	71,886,554	88,790,148		2,305,907,011
Disposals	0	0	(833,310)	(20,186,362)	(5,248,421)	(269,781,599)	(313,165,914)	(18,369,901)		(627,585,507)
Transfers	(600,000)	(100,165,757)	(118,976,907)	28,376,400	28,504,933	151,872,813	(5,455,331)	(50,632,745)		(67,076,594)
At December 31	1,492,986,640	148,324,887	4,927,172,419	1,165,790,160	114,655,106	8,458,527,612	525,504,852	119,405,448		16,952,367,124
<b>Accumulated Depreciation, Amortization &amp; Impairment loss</b>										
At January 1	0	0	1,975,683,666	385,727,070	40,547,351	4,798,489,978	323,917,135	86,295,052		7,610,660,252
Depreciation & amortization	0	0	120,382,485	87,214,551	2,412,102	720,192,373	24,389,172	22,365,337		976,956,020
Disposals	0	0	(31,058,043)	(3,189,484)	(4,067,893)	(253,700,107)	(2,354,401)	(16,530,631)		(310,900,559)
Transfers/Adjustments	0	0	203,831,105	8,011,772	52,519,287	214,654,204	(1,630,495)	(42,719,381)		434,666,492
At December 31	0	0	2,268,839,213	477,763,909	91,410,847	5,479,636,448	344,321,411	49,410,377		8,711,382,205
Allow for Losses	0	0	34,503,790	1,248,985	7,987,971	18,968,972	0	(5,491,007)		57,218,711
<b>Net book value</b>	<b>1,492,986,640</b>	<b>148,324,887</b>	<b>2,623,829,416</b>	<b>686,777,266</b>	<b>15,256,288</b>	<b>2,959,922,192</b>	<b>181,183,441</b>	<b>75,486,078</b>		<b>8,183,766,208</b>

	Parent									Total 2019
	Land	Building Under Construction	Buildings	Leasehold Rights and Improvements	Transportation and Equipment	Furniture and Office Equipment	Transportation Equipment Under Lease	Others	Right of Use Assets	
<b>At Cost</b>										
At January 1	1,351,196,640	70,086,597	4,981,218,702	1,138,284,613	82,950,259	8,223,220,596	407,062,231	99,415,850	0	16,353,435,488
Additions	206,578,878	89,971,494	1,883,251,485	191,028,923	87,788,985	1,026,081,682	0	727,130,720	1,915,686,978	6,127,519,145
Disposals	(15,285,000)		(11,957,003)	(3,886,997)	(3,823,624)	(292,937,228)	0	(5,281,998)	0	(333,171,850)
Transfers	21,973,057	(72,761,829)	(1,712,305,083)	(78,981,327)	(88,041,987)	(418,303,934)	43,416	(32,440,875)	0	(2,380,818,562)
At December 31	1,564,463,575	87,296,262	5,140,208,101	1,246,445,212	78,873,633	8,538,061,116	407,105,647	788,823,697	1,915,686,978	19,766,964,221
<b>Accumulated Depreciation &amp; Amortization</b>										
At January 1	0	0	2,203,322,780	455,822,943	66,559,761	5,280,654,706	295,600,267	34,088,655	0	8,336,049,112
Depreciation & amortization	0	0	159,577,564	104,697,723	549,006	705,302,987	17,115,385	47,063,329	411,902,304	1,446,208,298

Parent										
	Land	Building Under Construction	Buildings	Leasehold Rights and Improvements	Transportation and Equipment	Furniture and Office Equipment	Transportation Equipment Under Lease	Others	Right of Use Assets	Total 2019
Disposals	0	0	(12,658,490)	(4,782,790)	(1,895,645)	(266,958,730)	0	(3,990,600)	0	(290,286,255)
Transfers/Adjustments	0	0	65,199,076	(1,226,000)	(7,620,738)	(245,121,949)	0	(14,407,243)	0	(203,176,854)
At December 31	0	0	2,415,440,930	554,511,876	57,592,384	5,473,877,014	312,715,652	62,754,141	411,902,304	9,288,794,301
Allow for Losses	0	0	34,503,790	1,297,038	7,987,971	21,800,288	0	(5,491,007)	0	60,098,080
<b>Net book value</b>	<b>1,564,463,575</b>	<b>87,296,262</b>	<b>2,690,263,381</b>	<b>690,636,298</b>	<b>13,293,278</b>	<b>3,042,383,814</b>	<b>94,389,995</b>	<b>731,560,563</b>	<b>1,503,784,674</b>	<b>10,418,071,840</b>

Parent									
	Land	Building Under Construction	Buildings	Leasehold Rights and Improvements	Transportation and Equipment	Furniture and Office Equipment	Transportation Equipment Under Lease	Others	Total 2018
<b>At Cost</b>									
At January 1	605,084,513	179,569,300	4,650,603,399	947,920,160	40,217,834	7,881,869,694	336,987,339	80,235,200	14,722,487,439
Additions	746,712,127	70,160,332	256,329,204	207,691,047	30,953,833	645,388,746	71,886,554	88,163,367	2,117,285,210
Disposals			(833,310)	(19,457,249)	(2,903,693)	(269,781,581)	(1,811,662)	(18,369,901)	(313,157,396)
Transfers	(600,000)	(179,643,035)	75,119,409	2,130,655	14,682,285	(34,256,263)	0	(50,612,816)	(173,179,765)
At December 31	1,351,196,640	70,086,597	4,981,218,702	1,138,284,613	82,950,259	8,223,220,596	407,062,231	99,415,850	16,353,435,488
<b>Accumulated Depreciation &amp; Amortization</b>									
At January 1	0	0	1,930,790,094	385,722,119	28,137,999	4,776,163,917	281,060,450	72,181,541	7,474,056,120
Depreciation & amortization	0	0	113,864,760	85,840,045	446,749	711,174,888	16,170,312	21,157,126	948,653,880
Disposals	0	0	(31,058,043)	(3,189,484)	(1,931,556)	(253,700,107)	0	(16,530,631)	(306,409,821)
Transfers/Adjustments	0	0	189,725,969	(12,549,737)	39,906,569	47,016,008	(1,630,495)	(42,719,381)	219,748,933
At December 31	0	0	2,203,322,780	455,822,943	66,559,761	5,280,654,706	295,600,267	34,088,655	8,336,049,112
Allow for Losses	0	0	34,503,790	1,248,985	7,987,971	18,968,972	0	(5,491,007)	57,218,711
<b>Net book value</b>	<b>1,351,196,640</b>	<b>70,086,597</b>	<b>2,743,392,132</b>	<b>681,212,685</b>	<b>8,402,527</b>	<b>2,923,596,918</b>	<b>111,461,964</b>	<b>70,818,202</b>	<b>7,960,167,665</b>

Depreciation and amortization of the Group amounting to P1,476,001,466 and P976,956,020 and of the Parent amounting to P1,446,208,298 and P948,653,880 in 2019 and 2018, respectively, are included in depreciation and amortization expense in the Statements of Comprehensive Income.

The Parent's office equipment, furniture and vehicles with carrying amount of P246,268,308 and P218,628,267 in 2019 and 2018, respectively, are temporarily idle. The carrying amounts of properties which are held for disposal are P29,821,469 and P46,026,465 in 2019 and 2018, respectively.

## 18. Leases

Parent as lessee

The Parent leases the premises occupied by some of its branches (about 73 per cent of the total branches lease their office sites). The lease contracts are for periods ranging from one to 30 years and are renewable at the Parent's option under certain terms and conditions. Various lease contracts include escalation clauses, which bear an annual rent increase of 1 per cent to 10 per cent.

As of December 31, 2019, the carrying amounts of lease liabilities (included in Other Liabilities-Others) are as follows:

	Parent
Balance, January 01, 2019	1,896,078,651
Additions	373,786,095
Expiry/Terminations	(342,774)
Accretion of interest	108,976,164
Payment	(519,039,193)
<b>Balance, December 31, 2019</b>	<b>1,859,458,943</b>

With the adoption of PFRS 16, as of December 31, 2019, the Parent recognized interest expense on lease liabilities (included in the Statements of Comprehensive Income) amounting to P113,679,572 and rent expense from short-term leases and leases of low-value assets amounting to P747,739,793. Prior to PFRS 16 adoption, rent expense (included in the Statements of Comprehensive Income) of the Parent in 2018 and 2017 amounted to P1,558,356,596 and P1,002,226,002, respectively.

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

	Parent	
	2019	2018
Within one year	486,344,413	499,178,091
After one year but not more than five years	1,256,463,777	1,200,237,594
More than five years	473,700,373	578,415,256
	<b>2,216,508,563</b>	<b>2,277,830,941</b>

Parent as lessor

The Parent has entered into commercial property leases with various tenants on its investment property portfolio and part of LBP premises. Various lease contracts include escalation clauses. Rent income from leases (included in the Statements of Comprehensive Income) of the Parent amounted to P35,013,733 and P26,280,770 in 2019 and 2018, respectively.

## 19. Other Intangible Assets

This account consists of:

	Group		Parent	
	2019	2018	2019	2018
<b>Cost</b>				
Balance at the beginning of the year	2,619,929,675	2,335,318,875	2,600,122,046	2,307,297,599
Addition	243,457,769	296,003,302	242,062,229	292,824,447
Balance at the end of the year	2,863,387,444	2,631,322,177	2,842,184,275	2,600,122,046
<b>Accumulated Amortization</b>				
Balance at the beginning of the year	1,436,478,058	1,030,127,662	1,444,227,097	1,036,869,394
Addition	264,003,216	417,742,899	259,812,299	407,357,703
Balance at the end of the year	1,700,481,274	1,447,870,561	1,704,039,396	1,444,227,097
Allow for Losses	10,673,500	10,673,500	673,500	673,500
<b>Net book value at end of year</b>	<b>1,152,232,670</b>	<b>1,172,778,116</b>	<b>1,137,471,379</b>	<b>1,155,221,449</b>

## 20. Other Assets

This account consists of:

	Group		Parent	
	2019	2018	2019	2018
Sundry debits	901,817,348	1,278,286,491	901,511,875	1,278,231,690
Prepaid expenses	424,751,168	237,576,331	434,914,151	247,477,751
Documentary stamps	809,039,852	620,493,947	808,610,259	615,212,716
Stationery & supplies on hand	141,125,616	120,953,546	136,459,689	114,202,442
Accounts receivable-net	30,074,336	98,623,887	29,401,813	96,104,355
Inter-office float items	3,248,164	145,851	301,785	145,851
Others	2,233,772,173	2,714,788,265	2,334,518,786	2,772,875,214
Allowance for credit losses	(58,035,599)	(58,034,681)	(28,035,599)	(28,034,681)
	<b>4,485,793,058</b>	<b>5,012,833,637</b>	<b>4,617,682,759</b>	<b>5,096,215,338</b>

## 21. Allowance for Credit Losses and Impairment Losses

Changes in the allowance for credit losses and impairment losses of the Parent are as follows:

	<b>2019</b>	<b>2018</b>
Balance at beginning of year:		
Loan portfolio	14,716,968,798	5,168,696,310
Investments	415,741,891	1
Receivables from customers and Other assets	2,287,224,726	4,115,323,255
Contingent	431,529,554	0
	<b>17,851,464,969</b>	<b>9,284,019,566</b>
Provisions charged to operations	6,243,266,880	3,852,491,480
Accounts charged off and others	(1,243,476,977)	(216,269,860)
Transfer/adjustments	(803,930,307)	4,931,223,783
	<b>4,195,859,596</b>	<b>8,567,445,403</b>
<b>Balance December 31</b>	<b>22,047,324,565</b>	<b>17,851,464,969</b>
Balance at end of year:		
Loan portfolio (Note 13)	17,289,002,914	14,716,968,798
Investments (Note 11, 12,14)	2,198,651,681	415,741,891
Receivables from customers and other assets	2,150,663,062	2,287,224,726
Contingent	409,006,907	431,529,554
	<b>22,047,324,565</b>	<b>17,851,464,969</b>

With the foregoing level of allowance for credit losses, Management believes that the Parent has sufficient allowance to cover any losses that the Parent may incur from the non-collection or non-realization of its loans and receivables and other risk assets.

The account includes provision for credit losses/impairment losses of the Parent as follows:

	<b>2019</b>	<b>2018</b>
Loans and receivables	4,205,482,392	3,718,467,212
Other loans and receivables	266,418,590	8,967,360
Property and equipment	6,870,487	31,882,888
Others	1,764,495,411	93,174,020
	<b>6,243,266,880</b>	<b>3,852,491,480</b>

The following table shows the recognized ECL on treasury exposures of the Parent for the period December 31, 2019 and 2018:

INVESTMENTS (In Absolute Amount)	EXPECTED CREDIT LOSS As of December 31, 2019			
	TOTAL	STAGE 1	STAGE 2	STAGE 3
<b>Due from BSP and SPURA</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Due from Other Banks</b>	<b>2,050,792</b>	<b>2,037,226</b>	<b>13,566</b>	<b>0</b>
<i>Due from Foreign Banks</i>	1,708,623	1,708,623	0	0
<i>Due from Local Banks and FIs</i>	316,605	303,039	13,566	0
<i>Inter-bank loan and receivables</i>	25,564	25,564	0	0
<b>FA at FVOCI debt investments</b>	<b>372,031</b>	<b>372,031</b>	<b>0</b>	<b>0</b>
<i>Local Debt Securities</i>	0	0	0	0
<i>Foreign Debt Securities</i>	372,031	372,031	0	0
<b>FA at amortized cost</b>	<b>720,643,840</b>	<b>9,255,244</b>	<b>16,844,780</b>	<b>694,543,816</b>
<i>Local Debt Securities</i>	0	0	0	0
<i>Foreign Debt Securities</i>	0	0	0	0
<i>Private Securities</i>				
<i>Local</i>	716,729,930	5,341,334	16,844,780	694,543,816
<i>Foreign</i>	3,913,910	3,913,910	0	0
<b>TOTAL</b>	<b>723,066,663</b>	<b>11,664,501</b>	<b>16,858,346</b>	<b>694,543,816</b>

INVESTMENTS (In Absolute Amount)	EXPECTED CREDIT LOSS As of December 31, 2018			
	TOTAL	STAGE 1	STAGE 2	STAGE 3
<b>Due from BSP and SPURA</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Due from Other Banks</b>	<b>2,600,060</b>	<b>2,586,600</b>	<b>13,460</b>	<b>0</b>
<i>Due from Foreign Banks</i>	2,129,732	2,129,732	0	0
<i>Due from Local Banks and FIs</i>	386,376	372,916	13,460	0
<i>Inter-bank loan and receivables</i>	83,952	83,952	0	0
<b>FA at FVOCI debt investments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Local Debt Securities</i>	0	0	0	0
<i>Foreign Debt Securities</i>	0	0	0	0
<b>FA at amortized cost</b>	<b>415,741,890</b>	<b>7,065,380</b>	<b>20,899,965</b>	<b>387,776,545</b>
<i>Local Debt Securities</i>	0	0	0	0
<i>Foreign Debt Securities</i>	0	0	0	0
<i>Private Securities</i>				
<i>Local</i>	411,923,168	3,246,658	20,899,965	387,776,545
<i>Foreign</i>	3,818,722	3,818,722	0	0
<b>TOTAL</b>	<b>418,341,950</b>	<b>9,651,980</b>	<b>20,913,425</b>	<b>387,776,545</b>

The increase in the computed ECL from December 2018 to December 2019 is attributed to the increase in Loss Given Default of Stage 3 accounts to 100 per cent. These accounts are fully provided with Valuation Reserves. Moreover, there are certain accounts that were determined to have increased in credit risk. The basis of allowance calculation was moved from 12-month ECL to Lifetime ECL.

## 22. Deposit Liabilities

This account consists of:

	Group		Parent	
	2019	2018	2019	2018
<b>Domestic</b>				
Demand deposits	884,242,337,174	798,178,666,838	884,597,244,105	798,036,465,982
Savings deposits	798,813,818,564	758,183,038,776	796,871,655,025	751,240,612,971
Time certificate of deposits	449,333,001	617,284,897	434,203,920	582,649,579
Long Term Negotiable Certificate of Deposits	6,000,000,000	11,000,000,000	6,000,000,000	11,000,000,000
	1,689,505,488,739	1,567,978,990,511	1,687,903,103,050	1,560,859,728,532
<b>Foreign</b>				
Demand deposits –FCDU/EFCDU	0	0	0	0
Savings deposit –FCDU/EFCDU	16,685,052,793	19,489,379,305	16,684,236,253	19,488,220,995
Time certificate of deposit-FCDU/EFCDU	78,489,092,666	75,793,870,608	78,488,837,039	75,793,327,845
	95,174,145,459	95,283,249,913	95,173,073,292	95,281,548,840
	1,784,679,634,198	1,663,262,240,424	1,783,076,176,342	1,656,141,277,372

The Parent's domestic deposit liabilities earn annual fixed interest rates ranging from 0.100 to 7.25 per cent and 0.100 to 6.50 per cent in 2019 and 2018, respectively. Foreign deposit rates range from 0.15 to 2.50 per cent and from 0.15 to 2.05 per cent in 2019 and 2018, respectively. In 2019 and 2018, P1,177,850,389,645 or 66 per cent and P1,217,823,862,578 or 74 per cent, respectively, of the Parent's deposit portfolio came from the government while the rest came from private depositors.

## 23. Bills Payable

This account consists of:

	Group		Parent	
	2019	2018	2019	2018
Bangko Sentral ng Pilipinas	36,722,229	62,154,642	36,722,229	62,154,642
Domestic borrowings	2,346,319,736	1,369,156,992	182,319,735	195,156,992
Foreign borrowings	27,319,464,914	26,793,125,399	27,319,464,914	26,793,125,399
Foreign interbank borrowings	0	4,206,400,000	0	4,206,400,000
	29,702,506,879	32,430,837,033	27,538,506,878	31,256,837,033

The breakdown of Parent's Bills payable (foreign borrowings) is as follows:

Creditor/Funder	2019	2018
World Bank/IBRD	14,490,003,629	12,530,950,113
Asian Development Bank (ADB)	406,161,155	492,587,972
Japan International Cooperation Agency (JICA)	11,039,918,730	12,266,376,573
Kreditanstalt fur Wiederaufbau (KfW)	1,383,381,399	1,503,210,741
	27,319,464,913	26,793,125,399

The total foreign borrowings of P27,319,464,913 is guaranteed by the National Government. Foreign borrowings relent in local currency amounting to P12,903,846,037 are provided with foreign exchange risk cover (FXRC) by the National Government. This has historical value of P12,329,054,766. The Parent's foreign borrowings from multilateral and bilateral agencies have maturities ranging from 15 to 40 years.

Interest rates on foreign and domestic borrowings in 2019 range from 0.01 to 2.70 per cent and 4.75 per cent, respectively, for foreign and domestic borrowings, respectively.



## 24. Other Liabilities

This account consists of:

	Group		Parent	
	2019	2018 AS RESTATED	2019	2018 AS RESTATED
Accrued interest, fringe benefits, taxes and other expense payable	8,605,938,760	6,191,337,046	8,505,295,018	6,120,705,590
Accounts payable	36,415,865,668	22,852,324,508	36,219,367,074	22,683,310,064
Due to Agrarian Reform Fund	180,826,143	171,130,728	180,826,143	171,130,728
Sundry credits	515,366,173	750,917,089	515,366,173	750,917,089
Unearned income	42,867,423	41,047,094	14,929,302	15,622,034
Withholding tax payable	395,497,661	315,183,924	394,804,859	311,520,042
Miscellaneous liabilities	6,967,113,387	2,949,004,698	6,925,288,943	2,915,619,285
Provision for estimated credit losses	409,006,907	431,529,554	409,006,907	431,529,554
Others	4,867,340,363	2,264,254,951	4,347,764,961	1,839,216,314
	58,399,822,485	35,966,729,592	57,512,649,380	35,239,570,700

## 25. Income and Other Taxes

Under Philippine tax laws, the Regular Banking Unit of the Parent is subject to percentage and other taxes (presented as Taxes and Licenses in the statement of comprehensive income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax and documentary stamp taxes. Income taxes include the corporate income tax and final withholding tax on gross interest income from government securities, deposits and other deposit substitutes. These income taxes and deferred tax benefits are presented in the statement of comprehensive income as Provision for or (Benefit from) Income Tax.

Based on Republic Act No. 9337, which was passed into law in May 2005 and amended certain provisions of the National Internal Revenue Code of 1997, the normal corporate income tax rate is 30 per cent effective January 1, 2009. The interest allowed as deductible expense is reduced by an amount equivalent to 33 per cent of the interest income subjected to final tax.

FCDU offshore income (income from non-residents) derived by depository banks under the expanded foreign currency deposit system is exempt from income tax while gross onshore income (income from residents) from foreign currency loans under the Expanded Foreign Currency Deposit System is subject to 10 per cent final tax. Interest income derived by resident individual or corporation on deposits with other FCDUs and Offshore Banking Units (OBU) are subject to 15 per cent final tax.

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

	Group		Parent	
	2019	2018	2019	2018
Current:				
Normal income tax (NIT)	2,386,087,597	985,466,889	2,303,787,951	898,463,001
Income tax-final	0	0	0	0
	2,386,087,597	985,466,889	2,303,787,951	898,463,001
Deferred	(655,403,539)	(729,480,019)	(658,589,902)	(736,988,242)
	1,730,684,058	255,986,870	1,645,198,049	161,474,759

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

	Group		Parent	
	2019	2018	2019	2018
Statutory income tax	6,461,557,069	5,135,156,762	6,377,108,451	5,025,429,122
Additions to (reductions in) income taxes arising from:				
Non-deductible interest expense	3,042,147,388	2,615,323,963	3,042,127,952	2,615,305,510
Other deductible/Non-deductible expense	1,269,950,495	556,567,426	1,259,492,107	562,183,730
FCDU income	(1,140,280,055)	(1,194,716,408)	(1,140,280,055)	(1,194,716,408)
Tax exempt & tax paid income	(7,742,312,118)	(6,866,452,263)	(7,730,330,033)	(6,855,274,323)
Others	(160,378,721)	10,107,390	(162,920,373)	8,547,128
	1,730,684,058	255,986,870	1,645,198,049	161,474,759

The net deferred income tax asset reported by the Parent amounted to P4,173,970,307 and P3,418,973,804 for CY 2019 and 2018, respectively while the subsidiaries recognized deferred tax assets of P60,356,320 and P64,618,884 for CY 2019 and 2018, respectively.

Below are the temporary differences for which deferred tax asset (net of deferred tax liabilities) recognized by the Parent because Management believes that it is probable that future taxable profits will be available against which the asset can be utilized.

	Parent	
	2019	2018
<b>Deferred tax asset:</b>		
Allowance for credit losses	4,191,313,158	3,515,380,405
Accrued expenses	466,853,960	651,465,894
Unrealized loss on foreign exchange/financial assets & liabilities-held for trading	0	0
	4,658,167,118	4,166,846,299
<b>Deferred tax liability:</b>		
Unrealized gain on financial assets and liabilities-held for trading	107,395,807	188,370,835
Unrealized gain on foreign exchange	376,801,004	559,501,660
	484,196,811	747,872,495
	4,173,970,307	3,418,973,804

## 26. Supplementary Information Required Under Revenue Regulations (RR) Nos. 19-2011 and 15-2010

### Supplementary information Under RR No. 19-2011

In addition to the required supplementary information under RR No. 15-2010, on December 9, 2011, the Bureau of Internal Revenue (BIR) issued RR No. 19-2011 (and as further amended by RR No. 2-2014 dated January 24, 2014) which prescribes the new annual income tax forms that will be used for filing effective taxable year 2011. Specifically, companies are required to disclose certain tax information in their respective notes to financial statements. For the taxable year December 31, 2019, the Parent reported the following revenues and expenses for income tax purposes:

Revenues	
Services/operations	48,068,394,356
Non-operating and taxable other income:	
Trading and securities gain	1,792,606,015
Service charges, fees and commissions	2,003,564,597
Profit from assets sold	415,270,404
Income from trust operations	184,109,184
Others	563,239,925
	4,958,790,125
<b>Total Revenues</b>	<b>53,027,184,481</b>

Expenses	
Cost of services:	
Compensation and fringe benefits	8,460,015,746
Others	18,187,446,860
<b>Total cost of services</b>	<b>26,647,462,606</b>
Itemized deductions:	
Compensation and fringe benefits	2,744,426,718
Taxes and licenses	4,808,919,339
Documentary stamps used	4,591,522,684
Security, messengerial and janitorial	949,154,315
Bad debts	1,243,466,484
Information technology expenses	811,171,055
Communications, light and water	509,592,323
Depreciation and amortization	616,751,375
Management and professional fees	193,412,360
Fees and commission	283,864,842
Advertising	267,193,607
Transportation and travel	249,979,508
Rent	292,901,907
Trainings and seminars	39,380,021
Representation and entertainment	181,782,944
Insurance	115,161,929
Repairs and maintenance	111,413,174
Others	690,334,119
	<b>18,700,428,704</b>
<b>Total expenses</b>	<b>45,347,891,310</b>
<b>Net taxable income</b>	<b>7,679,293,171</b>

#### Supplementary information Under RR No. 15-2010

On November 25, 2010, the BIR issued RR No. 15-2010 to amend certain provisions of RR No. 21-2002 which provides that starting 2010 the notes to financial statements shall include information on taxes, duties and license fees paid or accrued during the taxable year.

In compliance with the requirements of the BIR hereunder are the information on taxes and license fees paid or accrued during the taxable year.

- I. The documentary stamp tax (DST) on loan instruments and other transactions subject thereto for the tax period 2019 are as follows:

<b>Documents / transactions</b>	<b>DST Paid</b>
Debt instruments, bonds, certificate of time deposits	6,590,935,776
Mortgages, pledges, deed of assignments/trust	753,732,280
Foreign bills of exchange, letters of credit	160,596,074
Acceptance of bills of exchange payable in the Philippines	68,519,221
Bank, checks, drafts and telegraphic transfer/others	44,203,570
On assignments and renewal of certain instruments	1,999,837
Certificates of profits or interest in property	596,822
Bills of exchange or drafts	156,953
Leases and other hiring agreements	2,394
Certificates	2,760
Sales, agreements to sell, memoranda of sales	2,301
Life Insurance Policies	200
	<b>7,620,748,188</b>

- II. All other taxes, local and national, paid for 2019:

<b>National</b>	
Percentage taxes (GRT)	4,400,895,544
Fringe benefits tax	1,306,308
National taxes	124,596,806
	<b>4,526,798,658</b>
<b>Local</b>	
Real estate tax	45,814,949
Local business tax	56,059,395
Mayor's Permit/Municipal License/Other Regulatory Fees/License Permit	125,718,517
Other local taxes	15,002,747
	<b>242,595,608</b>
	<b>4,769,394,266</b>

III. The amount of withholding taxes paid/accrued for the year amounted to:

Tax on Compensation and benefits	1,079,949,360
Creditable withholding taxes	161,882,338
Final withholding taxes	4,260,916,500
	<u>5,502,748,198</u>

IV. The amount of withholding taxes paid/accrued for the year amounted to:

Tax Credits against Income Tax	3,049,002,204
Tax Credits against Gross Receipts Tax	414,299,282
	<u>3,463,301,486</u>

## 27. Retirement Cost

The Parent has separate funded contributory defined contribution retirement plans covering all its officers and regular employees. Under the retirement plans, all concerned officers and employees are entitled to cash benefit after satisfying certain age and service requirements. Total expenses charged against operations in 2019 and 2018 amounted to P1,069,092,596 and P1,061,178,663, respectively.

## 28. Related Party Transactions

In the ordinary course of business, the Parent has loan transactions with certain directors, officers, stockholders and related interests (DOSRI). Existing banking regulations limit the amount of individual loans to DOSRI, 70 per cent of which must be secured by their respective deposits and book value of their respective investments in the Parent. In the aggregate, loans to DOSRI generally should not exceed the respective total unimpaired capital or 15 per cent of total loan portfolio, whichever is lower, of the Parent.

BSP Circular No. 547 dated September 21, 2006 prescribed the DOSRI rules for government borrowings in government-owned or controlled banks. Said circular considered as indirect borrowings of the Republic of the Philippines (ROP), loans, other credit accommodations and guarantees to: (a) Government-Owned and Controlled Corporations (GOCCs); and (b) Corporations where the ROP, its agencies/departments/ bureaus, and/or GOCCs own at least 20 per cent of the subscribed capital stocks.

Total outstanding DOSRI loans of the Parent as of December 31, 2019 amounted to P114,045,051,922 of which P113,744,828,622 are government borrowings covered by BSP Circular No. 547.

The following are the significant transactions of the Parent with related parties:

	2019				2018			
	Key Management Personnel	Subsidiaries	Others (GOCCs, Provident Fund and Rural Banks)	Total	Key Management Personnel	Subsidiaries	Others (GOCCs, Provident Fund and Rural Banks)	Total
Receivables from customers	26,487,987	1,179,765,412	114,018,563,934	115,224,817,333	30,053,992	1,699,472,695	93,013,163,638	94,742,690,325
Deposit liabilities		358,688,534	0	358,688,534		195,279,965	0	195,279,965
Other liabilities		496,186,748	0	496,186,748		987,539,196	0	987,539,196
	<u>26,487,987</u>	<u>2,034,640,694</u>	<u>114,018,563,934</u>	<u>116,079,692,615</u>	<u>30,053,992</u>	<u>2,882,291,856</u>	<u>93,013,163,638</u>	<u>95,925,509,486</u>

The following are the percentage of DOSRI loans:

	2019	2018
DOSRI to Total Loans	13.65%	11.64%
Unsecured DOSRI to Total DOSRI	3.78%	1.04%
Past due DOSRI to Total DOSRI	0%	0%
Non-performing DOSRI to Total DOSRI	0%	0%

The following are the significant transactions with subsidiaries:

	2019	2018
Sales/(Purchases)	0	(23,167,006)
Interest income	113,931,309	63,281,558
Interest expense	(68,851,085)	(35,713,976)
Lease expense	(51,860,862)	(296,059,599)
Other income	364,848	912,464
Other expenses	(347,253,953)	(418,499,956)

Transactions with other related parties:

Compensation of key management personnel:

	Group		Parent	
	2019	2018	2019	2018
Short-term employee benefits	164,268,409	171,011,639	124,407,908	138,954,834
Post-employment benefits	35,050,050	34,172,458	32,377,743	32,599,167
Other long-term benefits	50,739,795	49,470,685	50,739,795	49,470,685
	250,058,254	254,654,782	207,525,446	221,024,686

Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made at normal market prices and settlement is made in cash. There have been no guarantees provided or received for any related party receivables or payables. For the years ended December 31, 2019 and 2018, the Group has not made any provision for doubtful accounts relating to amounts owed by related parties. This assessment is undertaken each financial year through examination of the financial position of the related party and the market in which the related party operates.

## 29. Trust Operations

The Parent is authorized under its Charter to offer trust services and administer trust funds through its Trust Banking Group. The Parent accepts funds entrusted by clients and undertakes as trustee to invest such funds in acceptable securities or other investment outlets. Trust funds or assets under Management of the Parent under its trust operations amounted to P318,588,657,925 and P305,691,511,509 as at December 31, 2019 and 2018, respectively.

Summary of Assets under Management is as follows:

	2019 (Unaudited)	2018 (Unaudited)
Special Purpose Trust	435,226,689	452,844,171
Other Fiduciary Accounts	277,870,422,124	266,885,917,999
Agency	34,101,954,309	31,718,083,091
Trust	6,181,054,803	6,634,666,248
	318,588,657,925	305,691,511,509

In compliance with the requirements of the General Banking Law, government securities with total face value of P950,000,000 in 2019 and P850,000,000 in 2018 are deposited with BSP as security for the Parent's faithful performance of its fiduciary obligation.

## 30. Derivative Financial Instruments

For Derivative instruments, fair values are estimated based on quoted market prices, prices provided by independent parties or values determined using accepted valuation models with observable inputs.

## Freestanding Derivatives

### *Currency Forwards*

As of December 31, 2019, the Parent's outstanding notional amount of the currency sell forward/swap agreements with maturity of less than six months amounted to P17,411,345,000 with market value of P17,300,425,388.

### *Over the Counter Interest Rate Option Contract Bought*

As of December 31, 2019, the Parent's outstanding notional amount of the debt warrants bought to mature on November 29, 2032 amounted to P78,028,624 with market value of P94,360,196.

### *Foreign Exchange (FX) Risk Cover*

The foreign exchange risk cover on foreign borrowings is a derivative financial instrument per BSP Monetary Board Resolution No. 1063 dated August 14, 2008 and its fair value changes are reported in the statement of comprehensive income. As of December 31, 2019, the Parent's outstanding notional amount of the FX risk cover amounted to JPY24,808,347,013 and EUR24,358,644.

## Embedded Derivatives

### *Embedded Credit Derivatives*

For the Parent, this includes credit default swaps embedded in host debt instruments and with credit linkages to reference entities.

### *Embedded Optionalities in Debt Investments*

For the Parent, this includes call, put, extension, and conversion options in debt securities and loan receivables. The embedded call, put and extension options are deemed to be closely related to their host contracts, while the put option embedded in a debt investment is not deemed to be significant.

### *Embedded Currency Derivatives*

The Group has currency derivatives embedded in host non-financial contracts such as lease agreements and purchase orders.

## **31. Commitments and Contingent Liabilities**

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities which are not presented in the financial statements. The Group does not anticipate material losses from these commitments and contingent liabilities.

The Group is contingently liable for lawsuits or claims filed by third parties which are either pending decision by the courts or under negotiation, the outcome of which is not presently determinable. In the opinion of Management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material effect on the Group's financial statements.

The following is a summary of various commitments and contingencies at their equivalent peso revalued amounts arising from off-balance sheet items which the Parent has contracted:

	Parent	
	2019	2018
Trust Department accounts	318,588,657,925	305,691,511,509
Commitments	78,517,889,556	118,472,200,701
Standby/commercial letters of credit	20,843,395,749	27,154,664,872
Derivatives	30,231,574,369	20,645,529,081
Outstanding guarantees	527,382,128	1,034,961,286
Spot exchange contracts	3,367,227,500	1,840,300,000
Late deposits received	808,963,314	659,251,689
Outward bills for collection	78,665,417	60,362,867
Liability Indemnity Fund	86,255,242	80,042,571
Others	1,157,012,761	2,354,614,597
	454,207,023,961	477,993,441,191

### 32. Financial Performance

The following basic ratios measure the financial performance of the Parent:

	2019	2018 As Restated
Net interest margin ratio	3.31%	3.29%
Return on average assets	0.97%	0.91%
Return on average equity	13.45%	12.97%

### 33. Equity

As of December 31, 2019, the Parent's authorized capital stock consisted of 2 billion common shares with par value of P100 per share totaling P200 billion.

The Parent's Paid-up capital stood at P26.29 billion equivalent to 262,907,777 shares with par value of P100 per share.

In accordance with Section 3 of Malacanang Executive Order No. 198, series of 2016, the Parent's authorized capital was increased to P200 billion divided into 2 billion common shares with par value of P100 per share. With the increase in par value per share from P10 to P100, the number of shares issued decreased from 1,197,100,000 to 119,710,000.

The Parent complies with the provision of RA No. 7656 on dividend declaration to the National Government (NG) and with the loan and guarantee agreements between the World Bank, the Parent and the Department of Finance (DOF). The Parent has remitted a total of P1.96 billion cash dividends to the National Government on its 2017 net income on May 30, 2019.

The Retained Earnings- reserves of the Group and the Parent consist of:

	Group		Parent	
	2019	2018	2019	2018
	(Amounts in Millions)			
Reserve for trust business	5,079.99	5,058.99	5,079.99	5,058.99
Reserve for contingencies	5,032.50	5,032.50	5,002.50	5,002.50
Reserve for PPE and software acquisition	54.30	190.60	0	0
Reserve for retirement fund and insurance	32.00	20.00	0	0
Reserve for business expansion	1,135.00	935.00	0	0
Reserve for others	61,982.50	43,460.59	61,862.95	43,351.04
	73,316.29	54,697.68	71,945.44	53,412.53

The following table shows the components of Other Comprehensive Income of the Group and Parent:

	Group			Total
	Re-measurement of retirement benefit obligation	Net Unrealized Gain/(loss) on AFS securities	Translation Adjustment and Others	
Balances, as of January 1, 2019	(4,145,338)	11,860,791,134	428,494,198	12,285,139,994
Increase/decrease in CY 2019	(6,318,497)	(1,725,194,892)	(231,661,173)	(1,963,174,562)
Balance, as of December 31, 2019	(10,463,835)	10,135,596,242	196,833,025	10,321,965,432

	Parent		Total
	Net Unrealized Gain/(loss) on AFS securities	Translation Adjustment and Others	
Balances, as of January 1, 2019	11,908,549,439	428,494,198	12,337,043,637
Increase/(decrease) in CY 2019	(1,825,153,615)	(231,661,173)	(2,056,814,788)
Balance, as of December 31, 2019	10,083,395,824	196,833,025	10,280,228,849

### Capital Management

The overall capital management objective of the Group is to create a more efficient capital structure while ensuring compliance with externally imposed capital requirements.

The Group manages its capital by maintaining strong credit ratings and healthy capital ratios to support its business and sustain its mandate. Adjustments to the Group's capital structure are made in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

### Regulatory Qualifying Capital

Under existing BSP regulations, the Parent's compliance with regulatory requirements and ratios is determined based on the amount of the Parent's unimpaired capital (regulatory net worth) as reported to the BSP.

In addition, the risk-based capital ratio of a Parent, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10 per cent for both stand-alone basis (head office and branches) and consolidated basis (Parent and subsidiaries engaged in financial allied undertakings but excluding insurance companies). Qualifying capital and risk-weighted assets are computed based on BSP regulations. Risk-weighted assets consist of total assets less cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items determined by the Monetary Board (MB) of the BSP.

The Bank adopted BASEL III CAR computation pursuant to BSP Circular No. 781 effective January 31, 2014. FVOCI and FVTPL Equity were included as regulatory adjustments/deduction to Tier 1 capital.

	Group		Parent	
	2019	2018	2019	2018
	(Amounts in Millions)			
Tier 1 Capital	143,520	131,593	143,907	131,617
Tier 2 Capital	8,188	7,522	8,122	7,490
Less: Required Deductions	25,547	24,213	28,193	25,645
Total Qualifying Capital	126,161	114,902	123,836	113,462
Risk Weighted Assets	915,796	905,541	908,168	596,620
Common Equity Tier 1 Ratio (CET1)	12.88%	11.86%	12.74%	11.82%
Total Capital Adequacy Ratio (CAR)	13.78%	12.69%	13.64%	12.65%



The regulatory qualifying capital of the Parent consists of Tier 1 (core) capital, which comprises paid-up common stock, retained earnings, current year profit less required deductions such as unsecured credit accommodations to DOSRI, deferred income tax, other intangible assets, equity investments and investment in non-marketable securities. Tier 2 (supplementary) capital includes general loan loss provision.

The BSP thru its letter dated October 26, 2018 granted the Parent regulatory relief in the form of non-deduction of the Parent's equity investment in MRTC in the computation of its Common Equity Tier 1 (CET1), Capital Adequacy Ratio (CAR) and Basel III Leverage Ratio (BLR) until December 31, 2020.

The Group has fully complied with the CAR requirement of the BSP.

## BASEL III Leverage Ratio

The Parent adopted the Basel III Leverage Ratio (BLR) pursuant to BSP Circular No. 881 and 990 dated May 2015 and January 5, 2018, respectively.

### Basel III Leverage Ratio Common Disclosure Template

Summary Comparison of Accounting Assets vs. Leverage Ratio Exposure

As of December 31, 2019

(Amounts in Millions)

Item		Leverage Ratio Framework	
		Group	Parent
1.	Total consolidated assets as per published financial statements	2,037,776.508	2,033,417.296
2.	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation		
3.	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure		
4.	Adjustments for derivative financial instruments	1,134.876	1,134.876
5.	Adjustments for securities financial transactions (i.e., repos and similar secured lending)	0.000	0.000
6.	Adjustments for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	44,350.636	43,711.973
7.	Other adjustments	(20,424.296)	(23,096.022)
8.	<b>Leverage ratio exposure</b>	<b>2,062,837.724</b>	<b>2,055,168.123</b>

### Basel III Leverage Ratio Common Disclosure Template

As of December 31, 2019

(Amounts in Millions; Ratios in Percent)

Item		Leverage Ratio Framework	
		Group	Parent
<b>On-balance sheet exposures</b>			
1.	On-balance sheet items <sup>1/</sup>	2,037,159.197	2,032,773.619
2.	Asset amounts deducted in determining Basel III Tier 1 Capital	(25,547.447)	(28,192.807)
3.	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)</b>	<b>2,011,611.750</b>	<b>2,004,580.812</b>
<b>Derivative exposures</b>			
4.	Replacement cost associated with all derivatives transactions	4,568.627	4,568.627
5.	Add-on amounts for Potential Future Exposure associated with all derivative transactions	1,134.877	1,134.877
6.	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework <sup>2/</sup>		
7.	Deductions of receivables assets for cash variation margin provided in derivatives transactions <sup>2/</sup>		
8.	Exempted CCP leg of client-cleared trade exposures		
9.	Adjusted effective notional amount of written credit derivatives	0.000	0.000
10.	Adjusted effective offsets and add-on deductions for written credit derivatives <sup>2/</sup>	0.000	0.000

<b>11.</b>	<b>Total derivative exposures (sum of lines 4 to 10)</b>	<b>5,703.504</b>	<b>5,703.504</b>
<b>Securities financing transaction exposures</b>			
12.	Gross SFT assets (with no recognition of netting)	1,171.835	1,171.835
13.	Netted amounts of cash payables and cash receivables of gross SFT assets <sup>2/</sup>		
14.	CCR exposures for SFT assets	0.000	0.000
15.	Agent transaction exposures <sup>3/</sup>	0.000	0.000
<b>16.</b>	<b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>	<b>1,171.835</b>	<b>1,171.835</b>
<b>Other off-balance sheet exposures</b>			
17.	Off-balance sheet exposure at gross notional amount	100,649.387	99,303.915
18.	Adjustments for conversion to credit equivalent amounts	0.000	0.000
<b>19.</b>	<b>Off-balance sheet items</b>	<b>44,350.636</b>	<b>43,711.973</b>
<b>Capital and total exposures</b>			
<b>20.</b>	<b>Tier 1 capital</b>	<b>117,972.862</b>	<b>115,713.936</b>
<b>21.</b>	<b>Total exposures (sum of lines 3, 11, 16 and 19)</b>	<b>2,062,837.724</b>	<b>2,055,168.123</b>
<b>Leverage ratio</b>			
<b>22.</b>	<b>Basel III leverage ratio</b>	<b>5.72%</b>	<b>5.63%</b>

<sup>1/</sup> Gross of General Loan Loss Provision (GLLP) and excluding derivatives and SFTs

<sup>2/</sup> Not included under the framework

<sup>3/</sup> When a bank/non-bank acting as an agent in an SFT provides an indemnity or guarantee to a customer or counterparty for any difference between the value of the security or cash the customer has lent and the value of the collateral the borrower has provided

### 34. Prior Period Adjustments

In 2019 the Parent made adjustments to its financial statements as of and for the year ended December 31, 2018 as a result of booking credit card rewards for 2018 and transfer of OFB common shares to the Parent based on the third party valuation.

The effects of these restatements in the financial statements as of and for the year ended December 31, 2018 are summarized below:

	As Previously Reported	Effects of Restatement	As Restated
<b>Parent</b>			
<b>Changes in the Statement of Financial Position</b>			
<b>Assets</b>			
Investment in Subsidiaries	1,460,533,882	(592,766,876)	867,767,006
<b>Liabilities</b>			
Other liabilities	35,232,674,582	6,896,118	35,239,570,700
<b>Equity</b>			
Undivided Profit	16,589,955,646	(599,662,994)	15,990,292,652
<b>Changes in the Statement of Comprehensive Income</b>			
<b>Other Operating Income</b>			
Miscellaneous Income	2,543,193,018	(592,766,876)	1,950,426,142
<b>Other operating expenses</b>			
Miscellaneous Expense	12,535,155,976	6,896,118	12,542,052,094

### 35. Miscellaneous Income

This account is composed of:

	Group		Parent	
	2019	2018 As Restated	2019	2018 As restated
Gain from sale/derecognition of non-financial assets	995,235,061	750,250,585	989,083,923	732,926,956
Rent income	56,510,543	46,050,513	35,013,733	26,280,771
Miscellaneous income	438,199,560	1,337,092,922	252,149,730	1,149,251,724
Recovery on charged-off assets	60,362,376	56,530,727	59,349,224	41,966,691
	1,550,307,540	2,189,924,747	1,335,596,610	1,950,426,142

### 36. Investment Income

The Investment Income of the Parent is consists of:

a. Interest Income

	2019
FVOCI	4,241,368,333
FVTPL	195,327,183
HTC	18,587,660,264
	23,024,355,780

b. Gain/(Loss) on Sale/Redemption/Derecognition of Financial Assets and Liabilities

	2019
FVOCI	1,151,311
HTC	(285,885)
	865,426

c. Gain/(Loss) on Financial Assets and Liabilities-FVTPL

	2019
Realized Gain/(Loss) from Sale/Derecognition	632,966,942
Unrealized Gain/(Loss)-Mark-to-Market	1,256,003,346
Realized Gain/(Loss) from Sale/Derecognition-Derivative-FX	427,769,663
Realized Gain/(Loss) from Foreign Exchange Transactions-Derivative	351,408,843
	2,668,148,794

### 37. Miscellaneous Expenses

This account is composed of:

	Group		Parent	
	2019	2018 As Restated	2019	2018 As Restated
Finance Charges	158,361	80,342	0	0
Management and other professional fees	249,611,797	349,729,725	196,331,001	306,146,738
Supervision fees	526,788,179	414,144,350	523,406,929	411,319,527
Fines, penalties and other charges	721,212	1,161,712	382,160	537,466
Insurance	3,702,008,298	3,211,880,100	3,678,490,463	3,185,223,420
Fees and commission expense	297,571,338	266,981,077	297,994,627	271,575,956
Litigation/asset acquired expenses	232,715,388	182,041,589	223,463,067	121,320,950
Bad debts written-off	86,406	184,193	86,406	184,193
Other Expenses	9,869,568,918	8,756,828,078	9,579,910,947	8,245,743,844
	14,879,229,897	13,183,031,166	14,500,065,600	12,542,052,094

## 38. Financial Risk Management

### CREDIT RISK MANAGEMENT

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

#### Maximum Credit Risk Exposure

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

On-Balance Sheet (BS) Items	2019 (In Millions)							Credit RWA
	Net Exposures	0%	20%	50%	75%	100%	150%	
Cash on Hand	37,934	37,934						
Checks and Other Cash Items (COCI)	13		13					3
Due from Bangko Sentral ng Pilipinas (BSP)	382,534	382,534						
Due from Other Banks	8,767		173	8,555		39		4,351
Financial Assets Designated at FVTPL	944					944		944
Available-for-Sale (AFS) Financial Assets	198,692	174,777		20,349		3,566		13,741
Held-to-Maturity (HTM) Financial Assets	467,694	437,643	3,108	13,434		13,509		20,848
Loans and Receivables	734,026		11,948	11,696	78,446	618,626	13,310	705,663
1. Interbank Loans Receivables	41,705		11,653	6,281		23,679	92	29,288
2. Loans & Receivables - Others								
a. LGUs & Public Sector Entities	37,612					37,612		37,612
b. Government Corporation	2,141					2,141		2,141
c. Corporates	523,628					523,628		523,628
d. Micro/Small & Medium Enterprise	78,835		295		78,446	94		58,988
e. Loans to individuals	36,416			5,415		31,001		33,709
3. Defaulted Exposures	13,689					471	13,218	20,298
Other Loans and Receivables <sup>1/</sup>	38,355	37,184				1,171		1,171
Sales Contract Receivable (SCR)	735					525	210	840
Real and Other Properties Acquired	6,717						6,717	10,076
Total Exposures Excluding Other Assets	1,876,411	1,070,072	15,242	54,034	78,446	638,380	20,237	757,637
Other Assets	15,582	161				15,421		15,421
Total On-BS RWA not covered by CRM								2,632
<b>Total On-Balance Sheet Exposures</b>	<b>1,891,993</b>	<b>1,070,233</b>	<b>15,242</b>	<b>54,034</b>	<b>78,446</b>	<b>653,801</b>	<b>20,237</b>	<b>775,690</b>

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

Off-BS Items	Credit Equivalent Amount	0%	20%	50%	75%	100%	150%	Credit RWA
A. Direct credit substitutes	1,560	0	0	32	0	1,528	0	1,544
B. Transaction-related contingencies	39,316	0	0	0	0	39,316	0	39,316
C. Trade-related contingencies	2,857	0	0	1,846	0	1,011	0	1,934
D. Other commitments	0	0	0	0	0	0	0	0
<b>Total Off-Balance Sheet Exposures</b>	<b>43,733</b>	<b>0</b>	<b>0</b>	<b>1,878</b>	<b>0</b>	<b>41,855</b>	<b>0</b>	<b>42,794</b>
Counterparty RWA In The Trading Book	Credit Equivalent Amount	0%	20%	50%	75%	100%	150%	Credit RWA
Derivative Exposures	315	0	15	20	0	280	0	293
Total Counterparty RWA In The Trading Book	315	0	15	20	0	280	0	293
Less: General Loan Loss Provision (GLLP)								2,120
<b>Total Exposures</b>	<b>1,936,041</b>	<b>1,070,233</b>	<b>15,257</b>	<b>55,932</b>	<b>78,446</b>	<b>695,936</b>	<b>20,237</b>	<b>816,657</b>

CEA: Credit Equivalent Amount  
RWA: Risk Weighted Assets

CRM: Credit Risk Mitigant  
CRWA: Credit Risk Weighted Assets

## Credit Exposures and Credit-Related Commitments

The table shows the concentration of the Parent's treasury exposures by location:

<i>In Million Peso</i>		
Location	2019	2018
Philippines	877,218.47	940,920.71
USA	21,160.34	21,748.82
Indonesia	10,686.09	10,754.47
Asia	10,178.29	12,769.99
Europe	7,387.99	6,888.79
Others	8.35	10.93
<b>Total</b>	<b>926,639.53</b>	<b>993,093.71</b>

## Credit Risk Exposures

The Parent is guided by its investment policy in its treasury activities. LBP is only authorized to invest its funds to eligible securities that takes into account the credit worthiness of its issuer. The Parent uses credit ratings provided by external rating agencies like Moody's, Standard & Poor (S&P), Fitch, or other reputable rating agencies. The following indicates the level of credit quality for each rating agencies and its relevant external rating:

Rating Agency	Rating Grade	External Rating									
		Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3
<b>Moody's</b>	Investment	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3
	Speculative	Ba1	Ba2	Ba3	B1	B2	B3	Caa1	Caa2	Caa3	Ca-C
	Default	SD	D								
<b>Standard &amp; Poor</b>	Investment	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
	Speculative	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC
	Default	SD	D								
<b>Fitch</b>	Investment	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-
	Speculative	BB+	BB	BB-	B+	B	B-	CCC+	CCC	CCC-	CC
	Default	SD	D								

LBP considers instruments that are rated 'investment grade' to have low credit risk. The table presents the credit quality of the Parent's treasury exposure as of June 30, 2019 which is the basis of ECL computation as of December 31, 2019:

INVESTMENTS (As of June 2019)	EXPOSURE-AT-DEFAULT (In Million ₱)		
	STAGE 1	STAGE 2	STAGE 3
<b>Due from BSP and SPURA</b>			
<i>External Credit Rating</i>			
Baa2 or equivalent	289,670.02	0	0
<b>Due from Other Banks</b>			
<i>External Credit Rating</i>			
Aaa or equivalent	3,598.77	0	0
Aa1 or equivalent	4,153.30	0	0
Aa2 or equivalent	330.54	0	0
Aa3 or equivalent	6,561.51	0	0
A1 or equivalent	3,908.35	0	0
A2 or equivalent	374.64	0	0
A3 or equivalent	2,354.46	0	0
	STAGE 1	STAGE 2	STAGE 3
Baa1 or equivalent	55.12	0	0
Baa3 or equivalent	11.6	0	0
Ba1 or equivalent	0	7.09	0
Ba2 or equivalent	0	0.65	0
<i>Benchmarking</i>			
Baa1 or equivalent	1,001.89	0	0
<i>Unrated</i>	17.35	0	0

INVESTMENTS (As of June 2019)	EXPOSURE-AT-DEFAULT (In Million ₱)		
	STAGE 1	STAGE 2	STAGE 3
<b>FA at FVOCI debt investments</b>			
<i>Internal Credit Rating</i>			
Satisfactory	780.63	0	0
<i>External Credit Rating</i>			
Aaa or equivalent	17,454.98	0	0
Baa2 or equivalent	100,581.12	0	0
<b>FA at amortized cost</b>			
<i>Internal Credit Rating</i>			
High Grade	1,463.13	0	0
<i>External Credit Rating</i>			
Baa2 or equivalent	478,728.62	0	0
<i>Benchmarking</i>			
Aa2 or equivalent	8,770.62	0	0
Aa3 or equivalent	135.44	0	0
Baa1 or equivalent	2,156.18	0	0
Baa2 or equivalent	583.13	0	0
Ba1 or equivalent	0	2,394.03	0
Ba2 or equivalent	0	165.13	610.8
Ba3 or equivalent	0	633.53	0
<i>Unrated</i>	53.16	0	83.74
<b>TOTAL</b>	<b>922,744.56</b>	<b>3,200.42</b>	<b>694.54</b>

The Parent's total treasury exposure is P926.64 billion. Due from BSP and SPURA decreased from P381.22 billion to P289.67 billion and Due from Other Banks decreased from P23.81 billion to P22.38 billion. The Parent's FVOCI debt investments grew from P88.38 billion to P118.82 billion while FA measured at amortized cost decreased from P499.69 billion to P495.78 billion.

The Parent's exposure classified as Stage 1, Stage 2, and Stage 3 amounted to P922.74 billion, P3.20 billion, and P0.69 billion, respectively. An exposure from a financial asset measured at amortized cost amounting to P125.71 million was transferred to Stage 2. No account was transferred to Stage 3. The table below presents the Parent's exposure for the periods June 2019 and December 2018:

INVESTMENTS (In Million Pesos)	TOTAL		STAGE 1		STAGE 2		STAGE 3	
	2019	2018	2019	2018	2019	2018	2019	2018
Due from BSP and SPURA	289,670	381,217	289,670	381,217	0	0	0	0
Due from Other Banks	22,375	23,806	22,368	23,798	8	8	0	0
FA at FVOCI debt investments	118,817	88,380	118,817	88,380	0	0	0	0
FA at amortized cost	495,778	499,691	491,890	494,993	3,193	4,003	0	695
<b>TOTAL</b>	<b>926,640</b>	<b>993,094</b>	<b>922,745</b>	<b>988,388</b>	<b>3,201</b>	<b>4,011</b>	<b>0</b>	<b>695</b>

### Management of Credit Risk

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

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

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

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

To effectively monitor and maintain the quality of its loan portfolio, the Parent conducts annual qualitative and impairment review to assure proper loan classification and setting-up of valuation reserves. As of December 31, 2019, the Parent's net Non-Performing Loan (NPL) stood at P12,014 million or 1.350% of the total loan portfolio of P891,800 million.

### **Credit Risk Rating**

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

The Parent uses the following internally developed statistically-based credit scoring models and their corresponding rating guidelines:

- Application Scoring Model for Individual Home Buyers
- Application Scoring Model for Salary Loan Availers
- Behavioral Scoring Model for Local Government Units (LGUs)
- Behavioral Scoring Model for Small & Medium Enterprises (SMEs)
- Behavioral Scoring Model for Corporates
- Behavioral Scoring Model for Cooperatives
- Application Scoring Model for Credit Card
- Behavioral Scoring Model for Countryside Financial Institutions

However, the Parent uses an internally developed expert-based credit rating system for Universal Banks, Commercial Banks and Offshore Banks.

These credit rating models were subjected to independent model validation by the Parent's internal audit.

### **Credit Risk Monitoring**

The Parent has continuously adopted a formal reporting system for the Board of Directors and Senior Management to be able to monitor the credit quality of individual and loan portfolio using asset quality indicators such as past due ratio, NPL ratio, level of non-performing assets, coverage ratio, top 100 past due accounts, concentration risk. Clean large exposures, breaches in regulatory and internal limits, potential credit risk, Directors, Officers, Stockholder and their Related Interests (DOSRI) loans, Related Party Transactions (RPTs) and compliance with Real Estate Stress Test (REST) are intensively monitored by the ILC and the Risk Oversight Committee (RISKCOM). The recovery of written-off accounts is also within the radar of the LBP Board, RISKCOM and Senior Management.

### **Collateral and Other Credit Enhancements**

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

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

### Credit Stress Test

LBP regularly conducts stress testing of individual large exposure and its loan portfolio taking into account plausible risk events with high probability of occurrence. Utilizing such scenarios with documented assumptions, tests are done to determine the magnitude of impact on the Parent's loan portfolio, on the Credit RWA, and finally on the Common Equity Tier 1 (CET1) Ratio. The stress testing also includes prescribed regulatory tests such as uniform stress test and REST. Likewise, various loan portfolio assessment and review are conducted to determine impact of a certain event and government regulation to the Parent's loan portfolio, past due ratio and CET 1. Results of the stress testing, together with the contingency plans, are escalated to the ILC and RISKCOM.

### Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Parent has established concrete guidelines and procedures relative to managing, monitoring and reporting large exposures and credit risk concentrations in accordance with the rules and regulations issued by the BSP.

As of December 31, 2019, the Parent's qualifying capital covering credit risk is P123.84 billion.

On the other hand, the Parent's Single Borrower's Limit (SBL) is pegged at P36.062 billion for direct lending.

Overall credit risk management oversight is a function of the Board of Directors -level Risk Management (RM) Committee. In general, mitigation measures on credit risks are implemented at various levels. However, oversight on credit risk management is vested on the RM Group which is independent from the business function. This is critical in ensuring the integrity and objectivity of the credit risk assessment, pricing, and management process.

The Parent ensures that the credit risks undertaken are commensurate with the risk appetite and the Parent's capacity to manage such risks. Thus, regular monitoring of both the level of risk and equity capital is undertaken to ensure that even in instances of major credit surprises, the Parent could sustain its operations in spite of the losses incurred and continue to be an efficient financial intermediary for development and institutional financing. The BSP considers that credit concentration exists when total loan exposure to a particular industry exceeds 30 per cent of total loan portfolio. As of December 31, 2019 and 2018, the Parent does not have credit concentration in any particular industry.

As of December 31, 2019 and 2018, information on the concentration of credit as to industry based on carrying amount is shown below:

	<b>Parent</b>			
	<b>2019</b>		<b>2018</b>	
	Amount	%	Amount	%
Financial intermediation	110,113,453,941	13	114,310,426,882	14
Agriculture, hunting and forestry	79,445,244,619	10	67,602,346,878	8
Real estate, renting and business activities	74,174,101,954	9	68,426,309,747	9
Public administration and defense	82,570,395,785	10	80,850,276,420	10



	<b>Parent</b>			
	<b>2019</b>		<b>2018</b>	
	Amount	%	Amount	%
Manufacturing	62,778,530,124	8	56,021,690,692	7
Community, social and personal services	20,014,421,171	2	21,725,073,913	3
Electricity, gas and water	133,903,658,665	13	116,484,048,169	15
Wholesale & retail trade, repair of motor vehicles, motorcycles & personal and household goods	70,585,446,094	8	76,255,818,839	9
Transport, storage and communication	69,301,942,250	8	73,669,726,711	9
Construction	57,045,084,488	7	53,828,241,433	7
Private households	31,947,038,082	4	29,699,897,529	4
Hotel and restaurant	9,810,478,428	1	12,601,992,410	2
Others	34,093,029,725	4	27,653,979,045	3
	<b>835,782,825,326</b>	<b>100</b>	<b>799,129,828,668</b>	<b>100</b>
<b>Allowance for losses</b>	<b>(17,289,002,914)</b>		<b>(14,716,968,798)</b>	
	<b>818,493,822,412</b>		<b>784,412,859,870</b>	

## **MARKET RISK MANAGEMENT**

### **Market Risk Management Framework**

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

The Parent uses a combination of risk sensitivities, Value-at-Risk (VaR), stress testing, CET 1 ratio and capital metrics to manage market risks and establish limits. The LBP Board of Directors, RISKCOM and the Asset and Liability Committee (ALCO), define and set the various market risk limits for each trading portfolio. The Treasury and Investment Banking Sector (TIBS), particularly the Financial Markets Group (FMG) which manages the Parent's trading units as well as the Asset and Liability Management Group (ALMG) which manages the liquidity and reserve positions, conducts risk-taking activities within limits and ensures that breaches are escalated to the Senior Management for appropriate action.

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

## Market Risk Weighted Assets (RWA)

As of 31 December 2019, the Group's Total Market RWA stood at P16,693 million, broken down as follows:

PARTICULARS	AMOUNT (In Millions)
Interest Rate Exposure	847
Equity Exposure	737
FX Exposure	2,099
Options	13,010
<b>Total Market RWA</b>	<b>16,693</b>

The Total Market RWA represents 1.82% of the Group's Aggregate RWA of P915,797 million.

### Managing Market Risk Components

Market Risk is associated to earnings arising from changes in interest rate, FX rates, equity and in their implied volatilities. Market risk arises in trading as well as non-trading portfolios.

The Parent manages the following key market risk components using its internal risk mitigation techniques:

#### 1. Interest Rate Risk in the Trading Book

Interest Rate Risk represents exposures to instruments whose values vary with the level or volatility of interest rates as a result of market making and portfolio taking. The Parent continues to manage interest rate risk in trading activities through factor sensitivities and the use of an effective and independently validated VaR methodology and stress testing. Government Securities (GS) and Foreign Securities (FS) are subject to daily mark-to-market (MTM) and controlled through risk limits such as position, VaR, MATs and Stop Loss.

PARTICULAR	DAILY LIMIT (In Millions)		MAT	STOP LOSS (In Million)
	POSITION	VaR		
Government Securities	P20,000.00	P150.00	YTD Gain Erosion	P200.00
Foreign Securities	\$ 20.00	\$ 0.20	Group Target	\$ 0.64

YTD: Year-to-Date

The Foreign Exchange Risk in FS is accounted under Foreign Exchange Risk Management.

#### 2. Equity Price Risk Management

The Parent is exposed to equity price risk resulting from changes in the levels of volatility of equity prices, which in turn affect the value of equity securities and impacts on profit and loss of the Parent. Equities are subject to daily mark-to-market and controlled through risk limits such as position, VaR, MATs and Stop Loss.

PARTICULAR	DAILY LIMIT(In Millions)		MAT	STOP LOSS (In Millions)
	POSITION	VaR		
Equity	1,000.00	15.00	YTD Gain Erosion Group Target	40.00

#### 3. FX Risk Management

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in FX rates. Using the Philippine Peso as the functional currency, the Parent monitors daily the currency positions to ensure that these are within established limits.

The following limits are set for foreign-currency related transactions:

PARTICULAR	DAILY LIMIT(In \$ Millions)		MAT	STOP LOSS
	POSITION	VAR		
FX Trading	50.00	0.36	YTD Gain Erosion	60.00
Foreign Securities	20.00	0.20	Group Target	0.64
Derivatives	30.00	0.226		178.00

The Parent had the following significant exposures denominated in foreign currencies as of December 31, 2019:

PARTICULAR	USD	JPY	EUR	AUD	Others	Total
<b>ASSETS</b>						
Fx Currency Notes & Coins on Hand (FCNCH)/ Cash and Other Cash Items (COCI)	37,443	1,181	880	196	2,637	42,337
Due from Banks	167,452	613	2,759	240	1,285	172,349
Held for Trading	1,864	0	0	0	0	1,864
Available for Sale Investment	893,148	0	1	0	36,153	929,302
Investments in Bonds and Other Debt Instruments (IBODI)	640,473	0	0	0	0	640,473
Interbank Loans Receivable	354,074	0	0	0	0	354,074
Loans & Receivables	544,381	40,890	0	0	0	585,271
Other Assets	15,148	717	441	152	914	17,372
<b>Gross FX Assets</b>	<b>2,653,983</b>	<b>43,401</b>	<b>4,081</b>	<b>588</b>	<b>40,989</b>	<b>2,743,042</b>
<b>LIABILITIES</b>						
Deposit Liabilities	1,876,826	423	1,980	0	1	1,879,230
Bills Payable	243,806	0	0	0	0	243,806
Other Liabilities	206,616	269,560	36,538	152	914	513,780
<b>Gross FX Liabilities</b>	<b>2,327,248</b>	<b>269,983</b>	<b>38,518</b>	<b>152</b>	<b>915</b>	<b>2,636,816</b>

## Market Risk Measurement and Validation Tools

### 1. Value-at-Risk (VaR) Analysis

VaR is a statistical approach for measuring the potential variability of trading revenue. It is used to measure market risk in the trading book under normal conditions, estimating the potential range of loss in the market value of the trading portfolio, over a one-day period, at 99.0 per cent confidence level, assuming a static portfolio.

The Parent uses internally developed Historical Simulation Model in computing VaR of Equities, FS, GS and FX trading portfolios as well as FX Net Open Position which is acceptable to BSP. Moreover, the Parent continuously pursues initiatives to improve its processes. The VaR disclosure is intended for external disclosure and for regulatory purposes.

The VaR both at portfolio and across portfolio level are monitored. Daily VaR calculations are compared against VaR limits which is the monetary amount of risk deemed tolerable by Management. The over-all VaR limit for the Treasury trading activities was set at P193 million throughout 2019. The Parent also determines Diversified VaR that takes into account the diversification effect in which all losses in all securities in a portfolio are imperfectly correlated.

## 2. Stress Test

Risk Management (RM) models have recently become the main focus of RM efforts in the banking industry where banking activities are exposed to changes in fair value of financial instruments. However, the Parent believes that the statistical models alone do not provide reliable method of monitoring and controlling risk because these models (while relatively sophisticated) have several known limitations, at the same time, do not incorporate the potential loss caused by very unusual market events. Thus, the VaR process is complemented by Stress Testing to measure this potential risk.

Stress Test is a RM tool used to determine the impact on earnings and capital of market movements considered “extreme”, i.e., beyond “normal” occurrence. The Parent utilizes Stress Tests to estimate possible losses which the VaR does not capture.

The Parent’s Portfolio Scenario Analysis (PSA) analyzes the impact of major risks that emerge out of the different scenarios, considering adverse and probable risk events, on activities related to Treasury’s trading and investment portfolios. This seeks to establish how far the Parent can absorb certain levels of stress, to explore the events that could cause a significant impact to the Parent and to assess its vulnerabilities and capability to deal with shocks such as price risk, interest rate risk, FX risk and eventually, liquidity risk. Reverse Stress Tests are conducted to identify and simulate the events that can lead the Parent to a particular tail event.

Results of the PSA are also simulated in the Common Equity Tier (CET) 1 Ratio computation to be able to assess its impact on the CET 1 ratio set at 10.50% by BSP for LBP as Domestic Systemically Important Banks (DSIB) for 2019.

## 3. Back-Test

The Parent adopts back-testing as the basic technique in verifying the quality of risk measures used by comparing actual trading results with model-generated risk measures.

Under the back-testing process, exception occurs if mark-to-market (MTM) and trading loss exceeds the result of the model-generated risk measure. The number of exceptions is noted and the model is classified into one of the three zones as follows:

<b>ZONE CLASSIFICATION</b>	<b>NUMBER OF EXCEPTIONS</b>
safe/green zone	0-4 exceptions
non-conclusive/yellow zone	5-9 exceptions
problematic/red zone	10 or more exceptions

Back-testing results are presented to the ALCO and the RISKCOM which examine the actual performance of portfolios against VaR measures to assess model accuracy and to enhance the risk estimation process in general.

## 4. Model Validation

Risk models used in managing market risk are subjected to independent model validation. The Internal Audit Group (IAG) is tasked to do model validation of RM models. The Parent has also engaged the services of a third party to conduct an independent model validation.

## **LIQUIDITY RISK MANAGEMENT**

### Liquidity Risk Management Framework

The Parent’s liquidity RM process is consistent with its general RM framework covering risk identification, measurement and analysis, monitoring and control. The policies and procedures that govern liquidity RM are reviewed and endorsed on a regular basis by ALCO and RISKCOM for approval of the Board of Directors. The basic liquidity policy of the Parent is to maintain fund availability at all times and hence, to be in a position to meet all of its obligations, in the normal course of business.

The Parent considers liquidity risk based on market and funding liquidity risk perspectives. Trading or market liquidity risk refers to the inability to unwind positions created from market, exchanges and counterparties due to temporary or permanent factors. It is the risk that the Parent cannot easily offset or eliminate a position at the market price because of inadequate market depth or through market disruption.

Market liquidity risk is also associated with the probability that large transactions may have a significant effect on market prices in markets that lack sufficient depth. This liquidity risk perspective is captured through stress testing or scenario analysis.

Funding liquidity risk is the risk that the Parent will not be able to meet efficiently both expected and unexpected current and future cash flow and collateral needs without affecting either daily operations or the financial condition of the Parent. It occurs from the mismatch of asset, liability, exchange contract and contingent commitment maturities. Funding liquidity risk is being monitored and controlled through the classification of maturities of assets and liabilities over time bands and across functional currencies as reflected in the Liquidity Gap Report (LGR).

The Parent Board exercises oversight through RISKCOM and has delegated the responsibility of managing the overall liquidity of the Parent to the ALCO. The ALCO and the Treasury Investment Banking Sector (TIBS) are responsible for the daily implementation and monitoring of relevant variables affecting Parent's liquidity position. The ALCO reviews the assets and liabilities position on a regular basis and, in coordination with the TIBS, recommends measures to promote diversification of its liabilities according to source, instrument and currency to minimize liquidity risks resulting from concentration in funding sources.

The ALCO meets weekly or more frequently as required by prevailing situations. The RMG, through the Treasury Risk Management Department (TRMD) is responsible for the oversight monitoring of the Parent's liquidity risk positions and ensures that reports on the Parent's current risk are prepared and provided to ALCO and RISKCOM in a timely manner.

The Parent performs a comprehensive liquidity risk measurement and control using the Consolidated LGR, covering the bank-wide balance sheet, as a tool. Risk models used in liquidity RM are subjected to independent model validation as conducted by the IAG and by a Third party.

### **Liquidity Risk Measurement Models**

The Parent manages the liquidity risk using the following tools:

1. Liquidity Gap Report (LGR)

The Parent conducts liquidity gap analysis using the LGR. This risk measurement tool is used in identifying the current liquidity position and the Parent's ability to meet future funding needs. It categorizes balance sheet items according to estimated maturities of assets and liabilities in order to determine any future mismatch such as long-term assets growing faster than long term liabilities.

TRMD prepares RBU (Peso and FX Regular), FCDU, Solo (Parent) LGR on a monthly basis. Parent and Subsidiary LGR is prepared in a quarterly basis. ALCO reviews the Parent's assets and liabilities position on a regular basis and recommends measures to promote diversification of its liabilities according to sources, instruments, and currencies to minimize liquidity risks resulting from concentration in funding sources. The table presents the assets and liabilities based on the contractual maturity, settlement and expected recovery dates:

PARTICULARS	PARENT					
	In Thousand					
	2019 (Audited)			2018 (Restated)		
	Due within 1 year	Due >1 year	Total	Due within 1 year	Due > 1 year	Total
<b>ASSETS</b>						
Cash & Other Cash Items	37,955,764	0	37,955,764	36,968,265	0	36,968,265
Due from BSP	380,699,212	0	380,699,212	331,197,576	0	331,197,576
Due from Other Banks	10,759,980	2,582,225	13,342,205	5,707,747	1,705	5,709,452
Interbank Loan Receivable	17,933,555	0	17,933,555	18,096,177	0	18,096,177
Security Purchased Under Agreement to Resell	38,107,761	0	38,107,761	50,019,792	0	50,019,792
Loans & Receivables	359,903,198	466,572,572	826,475,770	354,791,109	437,599,763	792,390,872
Investments	140,802,446	551,868,209	692,670,655	80,551,059	538,805,110	619,356,169
Other Assets	2,679,679	24,996,507	27,676,186	4,784,697	18,577,569	23,362,266
<b>Total Assets</b>	<b>988,841,595</b>	<b>1,046,019,513</b>	<b>2,034,861,108</b>	<b>882,116,422</b>	<b>994,984,147</b>	<b>1,877,100,569</b>

PARTICULARS	PARENT					
	In Thousand					
	2019 (Audited)			2018 (Restated)		
	Due within 1 year	Due >1 year	Total	Due within 1 year	Due > 1 year	Total
<b>LIABILITIES</b>						
Deposits						
Demand	884,597,245	0	884,597,245	798,036,466	0	798,036,466
Savings	813,555,891	0	813,555,891	770,728,834	0	770,728,834
Time	74,947,004	3,976,037	78,923,041	73,336,620	3,039,357	76,375,977
LTNCD	0	6,000,000	6,000,000	5,000,000	6,000,000	11,000,000
Bills Payable	2,242,579	25,295,928	27,538,507	5,953,285	25,303,552	31,256,837
Unsecure Subordinated Debt	0	0	0	0	0	0
Due to BTr, BSP, & MCs/PCIC	2,180,002	598,447	2,778,449	1,473,410	305,976	1,779,386
Due to Local Banks	0	0	0	0	0	0
Other Liabilities & Payable	658,003	71,892,813	72,550,816	955,910	52,608,536	53,564,446
<b>Total Liabilities</b>	<b>1,778,180,724</b>	<b>107,763,225</b>	<b>1,885,943,949</b>	<b>1,655,484,525</b>	<b>87,257,421</b>	<b>1,742,741,946</b>

The Parent also prepares on a quarterly basis the Consolidated LGR (Parent and Subsidiaries). The following behavioral assumptions are used in measuring the Parent's liquidity gap:

- **Non-Maturing Deposits:** Regular savings (Total savings less High Yield Savings Accounts and Easy Savings Plus) and demand deposits are Non-Maturing Deposits (NMDs). A behavioral analysis is made to approximate the withdrawal pattern of NMDs. This is done by determining the rate of deposit outflow per time bucket using the historical end-of-day balances of NMD accounts. The deposit run-off rates are used as basis for slotting the NMD amount under the different tenors.
- **Term Deposits:** Term Deposit (TD) is a deposit product with a fixed contractual term. TDs were bucketed based on maturity with run-off assumption on the balance sheet. A behavioral analysis is conducted to approximate the early termination rate and the percentage of deposits that is likely to roll-over based on a historical deposit data. The early termination rate is used to estimate the amount of deposit that will be withdrawn before its maturity.
- **Fixed Rate Loans:** A behavioral analysis is conducted to estimate the percentage of loan balance that is likely to repay before the due date. The prepayment rate is computed using historical loan data.

The following table sets forth the asset-liability gap position over the detailed time period for the Parent at carrying amounts as of 31 December 2019 based on contractual repayment arrangements which consider the effective maturities as indicated by the deposit retention history:

PARTICULARS	In Millions					Total
	Due within 3 months	Due > 3 months to 6 months	Due > 6 months to 1 year	Due > 1 year to 5 years	Due > 5 years	
<b>Financial Assets</b>						
Cash & Due from Banks	246,749	4,897	2,121	848	177,383	431,998
Total Loans	235,112	107,954	72,878	174,941	291,631	882,516
Total Investments	34,341	27,513	78,949	305,343	246,525	692,671
Other Assets	906	1	1,773	17	24,979	27,676
<b>Total Assets</b>	<b>517,108</b>	<b>140,365</b>	<b>155,721</b>	<b>481,149</b>	<b>740,518</b>	<b>2,034,861</b>
<b>Financial Liabilities</b>						
Deposits <sup>1/</sup>	425,888	38,644	12,829	7,428	1,298,287	1,783,076
Borrowings	2,612	664	1,147	8,282	17,612	30,317
Other Liabilities & Unsecured Subordinated Debt	0	0	658	0	71,893	72,551
<b>Total Capital</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>148,917</b>	<b>148,917</b>
<b>Total Liabilities &amp; Capital</b>	<b>428,500</b>	<b>39,308</b>	<b>14,634</b>	<b>15,710</b>	<b>1,536,709</b>	<b>2,034,861</b>
<b>Gap Position</b>	<b>88,608</b>	<b>101,057</b>	<b>141,087</b>	<b>465,439</b>	<b>(796,191)</b>	

As of 31 December 2019, the Parent has in its possession a comfortable level of highly liquid assets to cover for liquidity risk that may arise in the earlier tenor buckets. Most assets (particularly loans and investments) have long term maturities. Cumulative gap after contingent accounts is positive in all buckets except in the 'more than 5 years' bucket. Maximum Cumulative Outflow (MCO) limit was not breached in the entire time bucket within the one year horizon.

The Parent has established guidelines for liquidity risk limit setting to enable it to properly and prudently manage and control liquidity risk, consistent with the nature and complexity of its business activities, overall level of risk and its risk appetite. The MCO limit set by the Parent Board is one of the tools used to manage and control the liquidity risk in the Parent's gap report. MCO limits put a cap on the total amount of negative gaps in the '1 day to 1 year' time buckets.

## 2. Financial Ratio Analysis

Financial Ratio Analysis is another liquidity risk measurement tool that calculates and compares liquidity and leverage ratios derived from information on the Parent's financial statements against set liquidity/leverage limits.

The following table sets out the Parent's liquidity ratios as of the dates indicated:

PARTICULARS	In Million except when expressed in percentage			
	31 December			
	2019 (Audited)	2018 (Restated)	2017 (Audited)	2016 (Audited)
Liquid Assets	P 1,105,321 <sup>1/</sup>	P 1,032,595 <sup>2/</sup>	P 972,283 <sup>2/</sup>	P 867,250 <sup>2/</sup>
<b>Financial Ratios:</b>				
Liquid Assets to Total Assets	54.32%	55.01%	59.88%	61.83%
Liquid Assets to Total Deposits	61.99%	62.35%	68.21%	70.17%

1/Note: High Quality Liquid Assets (HQLA) from LBP Liquidity Coverage Ratio (LCR) Report

2/Note: Liquid Assets include the following:

1. Cash and other Cash Items
2. Interbank Loans
3. Government Securities
4. Tradable non-Government securities and commercial paper

### 3. Liquidity Stress Test

The Parent conducts regular stress testing and scenario analysis to further assess the Parent's vulnerability to liquidity risk. This activity supplements the risk models used by the Parent which simulates various probable to worst-case scenarios happening in the industry that would affect LBP. The following are the stress testing conducted by the Parent:

- Liquidity Stress Test/Scenario Analysis
- Fund Source Stress Test
- FX Regular Stress Test
- Foreign Currency Deposit Unit (FCDU) Stress Test

## **INTEREST RATE RISK IN THE BANKING BOOK**

### **Interest Rate Risk in the banking book Management Framework**

Interest Rate Risk in the Banking Book (IRRBB) arises from the Parent's core banking activities. The main source of this type of IRRBB is gap risk, which reflects the fact that assets and liabilities have different maturities and are priced at different interest rates. Thus, it can be said that the primary form of IRRBB at LBP arises from timing differences in the maturity (for fixed rate) and re-pricing (for floating rate) of the Parent assets, liabilities and off-balance-sheet positions.

Based on LBP's Balance Sheet, the deposit accounts are the major sources of funding for loans and investments. Re-pricing mismatches of these accounts can expose the Parent's income and underlying economic value to unanticipated fluctuations as interest rates vary. Any mismatch would result to gaps that would mean additional interest cost or opportunity losses to the Parent due to interest rate changes.

The Parent manages IRRBB based on approved policies and guidelines, limit setting procedures and interest rate risk limits, application of interest rate risk measurement models and reporting standards such as Re-pricing Gap/Earning-at-Risk (EaR) and Economic Value of Equity-at-Risk (EVE) Report.

The Parent has established guidelines for interest rate limit setting to standardize the process framework. To control re-pricing risk, a limit has been set on the EaR, putting a cap on the magnitude of re-pricing gap in the balance sheet. The EaR limit defines the maximum level of loss in net interest income (NII) due to changes in interest rates. Breaching this limit would require adjustments to be made in the balance sheet profile of the Parent. Based on LBP historical transactions and market data, RMG-TRMD recommends interest rate limits in coordination with Asset and Liability Management Group (ALMG) and is approved by the ALCO, RISKCOM and the Board of Directors (BoD). On the economic value-based measure, the Parent compares the Eq level under various rate scenarios to the Eq at a base (or current) level to track change from base scenario.

The BoD defines LBP's risk appetite and approves the organizational and reporting structures for the management of IRRBB. It delegates to ALCO the management and optimization of the Parent's IRRBB position. The ALCO optimizes results within the risk appetite limit set by the Parent, takes decisions and allocates resources to manage IRRBB. The TIBS ensures that ALCO's decisions pertaining to the management of structural IRRBB are implemented.

IAG is tasked to do model validation of RM models. The validation involves the review and evaluation of the effectiveness of the system and, where necessary, ensures that appropriate revisions or enhancements to internal controls are made. The Parent may also employ the services of external consultants to validate the Parent's various models.

In addition, model review is also being done by the Risk Modeling and Quantitative Analytics Unit (RMQAU) of TRMD to check for any enhancements or calibrations needed to the models. This is a regular internal control measure in preparation of external/independent validation/audit.

As of this moment, the Parent does not engage in hedging transactions.



## Interest Rate Risk in the Banking Book Measurement Models

The two complimentary measures of the potential impact of IRRBB are as follows:

- a. Earnings-Based Measure: The Parent uses the EaR Model to estimate changes in net interest income under a variety of rate scenarios over a 12-month horizon. EaR is a simulation method that analyzes the IRRBB in terms of earnings (accrual basis).

The following table sets the Re-pricing Gap position of the Parent as of December 31, 2019 and the increase/decline in earnings for upward and downward interest rate shocks in the banking book:

PARTICULARS	0<=1D	1D<=1M	1<=3M	3<=6M	6<=9M	In P Million 9M<=1Y
<u>Financial Assets</u>						
Liquid Assets	89,000	66,000	0	0	0	0
Total Investments	0	13,517	11,949	27,553	33,986	25,384
Total Loans	14,866	191,294	341,314	46,947	13,119	16,775
Other Assets	0	23	4	1	0	3
Total Financial Assets	103,866	270,834	353,267	74,501	47,105	42,163
<u>Financial Liabilities</u>						
Deposits	5,530	307,440	345,883	49,447	4,485	1,585
Bills Payable	0	19	2,541	12,882	419	98
Others	0	0	0	0	0	0
Total Financial Liabilities	5,530	307,458	348,424	62,329	4,904	1,683
<u>Off-Balance Sheet</u>						
Commitments	0	0	0	0	0	(1,699)
Total Off-Balance Sheet	0	0	0	0	0	(1,699)
Re-pricing Gap	98,336	(36,624)	4,843	12,172	42,201	38,780

Change in Interest Rates - in basis points (bps)								
							In P Million	
EaR	-300	-200	-100	-50	+50	+100	+200	+300
	-2,858	-1,906	-953	-476	476	953	1,906	2,858

- b. Economic Value-Based Measure: The Parent uses the EVE Model to assess the potential long-term effects of changes in interest rates over the remaining life of its holdings. This model also measures the change in the Parent's EVE for specified changes in interest rates.

The table below shows the increase (decline) in economic value for upward and downward rate shocks using the EVE Model.

Interest Rate Scenario	Basis	Change in Interest Rates - in bps		EVE-at-Risk In P Million
		Interest Rate Scenario		
		Peso	Dollar	
Parallel Shift - Up	Hypothetical	+300	+200	17,102.43
	BIS-IRRBB Calculation	+274	+200	15,069.65
	5-year Historical Data (Year-on-Year Change on Average Rates at 99% Level Confidence Level)	+204	+100	11,316.90
	5-year Historical Data (Year-on-Year Change on Average Rates at 95% Level Confidence Level)	+144	+100	7,098.12
Parallel Shift - Down	Market Sentiment	-75	-75	-1,607.77
	Market Sentiment	-200	-100	-4,621.60
	5-year Historical Data (Year-on-Year Change on Average Rates at 95% Level Confidence Level)	-144	-100	-3,311.64

Change in Interest Rates - in bps In P Million				
Interest Rate Scenario	Basis	Interest Rate Scenario		EVE-at-Risk
		Peso	Dollar	
	5-year Historical Data (Year-on-Year Change on Average Rates at 99% Level Confidence Level)	-204	-100	-4,690.69
	BIS-IRRBB Calculation	-274	-200	-2,705.47
	Hypothetical	-300	-200	-2,632.21
Non-parallel Shift	Flattening			26,841.66
	Steepening			-21,314.01
	Short Rate Up			26,241.08
	Short Rate Down			-3,275.67

Both viewpoints are assessed to determine the full scope of the Parent's IRRBB exposure (especially if the Parent has significant long-term or complex in IRRBB positions).

Moreover, IRRBB is not managed in isolation. IRRBB measurement systems are integrated into the Parent's general risk measurement system and results from models are interpreted in coordination with other risk exposures.

The interest rate risk exposures of the Parent are measured and reported to the ALCO and RISKCOM at least on a monthly basis under the Earnings Perspective through EaR Model and quarterly for the Economic Value Perspective using EVE Model.

### Key Behavioral and Modeling Assumptions

Behavioral analysis enables the Parent to analyze how an instrument's actual maturity or re-pricing behavior may vary from the instrument's contractual terms because of behavioral options. LBP has established the following behavioral and modeling assumptions in the quantification of IRRBB:

#### 1. Current Account and Savings Account (CASA) Repayment

Behavioral assumptions for deposits that have no specific maturity/ re-pricing date such as NMDs can be a major determinant of IRRBB exposures under the economic value and earnings-based measures. To determine the actual behavior of NMDs and capture the Parent's actual IRRBB exposure, the Parent analyzed its deposit base to estimate the proportion of core and non-core deposits. The volatile part is assumed to have a short maturity, while the stable part is assigned a longer maturity.

#### 2. Term Deposit (TD) subject to Early Termination

TD were bucketed based on maturity with run-off assumption on the balance sheet, such as existing banking book positions amortized and are not replaced by any new business. A behavioral analysis is conducted to approximate the early termination rate based on a historical deposit data. The early termination rate is used to estimate the amount of deposit that will be withdrawn before its maturity.

#### 3. Fixed Rate Loans subject to Prepayment

A behavioral analysis is conducted to estimate the percentage of loan balance that is likely to repay before the due date. The prepayment rate is computed using historical loan data. The computed monthly prepayment rate for loan product shall be considered in the computation of cash flows for fixed rate loans.

## **Stress Testing and Scenario Analysis**

The Parent regularly undertakes static simulation. The cash flows arising solely from the Parent's current on- and off-balance sheet positions are assessed. For assessing the exposure of earnings, simulations estimating the cash flows and resulting earning streams over the one-year horizon are conducted based on one or more assumed interest rate scenarios.

The Parent also examines several possible situations, usually probable case and worst-case scenarios. The Parent does Interest Rate Stress Testing using EaR and EVE Models. Results of scenario analysis help the Parent focus on coming up with contingency measures to reduce impact of IRRBB.

## **OPERATIONAL RISK MANAGEMENT**

The Parent continue to upgrade and strengthen its Operational Risk Management (ORM) system to fully adhere with BSP Circular 900 (Guidelines on Operational Risk Management), BSP Circular 951 (Guidelines on Business Continuity Management (BCM)), BSP Circular 808 (IT Risk Management), BSP Circular 982 (Information Security Risk Management) and other operational risk-related regulations.

The risk management culture of the Parent is further reinforced with the conduct of risk awareness cascading and sharing sessions on ORM, BCM, IT and Info Security. Dissemination of operational risk management programs are clearly communicated through briefings and seminars using various channels and platforms available in the Parent. Awareness sessions are conducted to all employees of the Parent and subsidiaries for them to effectively perform their duties in managing operational risks.

The ORM function is reinforced with the hiring, training, coaching, mentoring, movement and promotion of ORM personnel. Major ORM programs for the year involved enhancement of ORM manuals, frameworks, policies and tools.

The frameworks aim to establish and implement risk management strategies and best practices to effectively address and manage operational risk that are embedded in the day-to-day operations of the Parent. These ORM frameworks were found to be substantially compliant to the minimum requirements of the BSP.

The Parent has a BCM Program which is compliant with BSP Circular 951 and aligned with the ISO 22301:2012 (Business Continuity Management System). The BCM Framework is composed of the LBP's BCM Governance and Process. BCM tools are continuously enhanced to conform to industry best practices.

As part of the Parent's BCM process, the Parent conducts annual Business Impact Analysis (BIA) and Business Continuity Risk Assessment (BCRA) to prioritize risks and implement corresponding controls, and identify and prioritize the Parent's most critical functions and IT systems in case of disruptions. Also, Business Continuity Plan (BCP) components are being reviewed, updated and tested annually to ensure validity and effectiveness of the Plans. In 2019, the Parent adopted Incident Management System to align with the standards of the National Disaster Risk Reduction Management Council.

The Parent ensure that business and risk management activities, including the operational risk management function, are carried out by adequate and qualified staff with the necessary experience, technical capabilities, and competence. The Parent supported the continuing education of officers and staff of Risk Management Group (RMG) through the certification programs where employees were licensed as Certified Risk Analysts (CRAs), Certified Risk Manager (CRM) and the ORMD Head passed the Bank Risk Management certification exam of Asian Institute of Chartered Banks (AICB).

Embedding of ORM across the institution is manifested with the BUs becoming aware of the specific operational risks they are confronted with. Taking a proactive stance in managing and escalating breaches as soon as they occur strengthens governance and enhances the oversight of these risks. Business Units conduct self-assessment using various RM tools to quantify potential operational losses which serve as their dashboard in monitoring operational risk. RMG regularly monitors and escalate to RISKCOM and ManCom results ORM processes.

### **Operational Risk Exposure**

LBP uses the Basic Indicator Approach in calculating the capital charge for operational risk under Pillar 1. The average Gross Revenue of the Parent for the last three years is used to calculate the Operational RWA. Thus, with the Gross Revenue of the Parent consistently increase with business expansion, the Operational RWA has also been increasing annually. As of December 31, 2019, the Parent's Total Operational RWA using the Basic Indicator Approach was P82,446,687,101 or 9.0% of the Parent's Aggregate RWA of P915,796,587,608.

Cognizant that Gross Revenues (BSP proxy data) are but a shadow indicator of operational risks in the Basic Indicator Approach, LBP conducts a simulation of the computation of the estimated losses using the Parent's actual historical losses and estimated probability of occurrence to determine the variance from the Basic Indicator Approach model. Self-risk assessment of the five sub-risks of operational risk (people, process, IT systems/Infor Sec, event and legal risks) shows that the total estimated loss is way below the Total Operational RWA under the Basic Indicator Approach. RMG also spearheaded the Parent's Operational Risk Weighted Assets (ORWA) Optimization Project that involves commissioning the services of a third party consultant to validate the ORM function.


### **CONSUMER PROTECTION RISK MANAGEMENT SYSTEM (CPRMS)**

In compliance with BSP Circular 1048 "BSP Regulation on Financial Consumer Protection; Guidelines and Procedures Governing the Consumer Assistance and Management System of BSP-Supervised Financial Institutions; and Amendments to the Manual of Regulations for Banks and Non-Bank Financial Institutions", LBP continuous to update the Customer Protection Risk Management System (CPRMS) as part of the LBP's enterprise-wide risk management system. It identifies, measures, monitors, and controls consumer protection risks inherent in the delivery of financial services to the general public. The Parent ensures to readily assist customers' needs and concerns across all channels and guarantee consumer protection practices, address and prevent or mitigate identified or associated risk of financial harm to the Parent and its clientele (depositors, borrowers and other clients).

As part of oversight function on CPRMS, RMG ensures that board-approved CPRMS policies and procedures are in place, complaints management are strictly implemented, escalation of CPRMS-related issues are within the set timeline and training of Parent personnel are undertaken. Periodic reports are submitted to the Management Committee and the Risk Oversight Committee. RMG also conducts risk assessment of new, modified, or expanded products, programs, services, electronic banking channels, processes and other activities, including outsourcing from third party service providers to deliver quality service and protect LBP's clients.

The CPRMS Oversight Framework is aligned with and adheres to the Financial Consumer Protection Standards of Conduct prescribed under BSP Circular 1048. LBP understands that financial literacy and inclusion begins with responsive and excellent customer service. The Parent is committed to protect our customers' rights as consumers of financial products and services. To protect clients' information, RMG implements a bank-wide risk management program to manage information security risk and data privacy. The CPRMS is also subject to audit and compliance testing.





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Deputy Treasurer Erwin Sta. Ana