



LANDBANK

2020 ANNUAL REPORT

Strengthening Unity, Technology, and Sustainability



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THE COVER

The year 2020 was marked by unprecedented challenges but it strengthened unity, technology and sustainability, which are vital facets of LANDBANK as an organization. The 2020 Annual Report cover puts emphasis on these three components, while putting in simple illustration the essence of the year that was – hope, synergy, agility and continuity, amid the dynamics and complexity of the new normal.

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 Vision and Mission Statements of the Land Bank of the Philippines (LANDBANK) embody its 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 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 distinct among the top universal banks in the Philippines as it continuously balances the pursuit of its social mandate with its thrust of sustaining institutional viability.

It fosters collaborations with various agencies and development partners in the implementation of programs and initiatives in support of development thrusts of the National Government.

LANDBANK faithfully builds on its strengths while adapting to the times, earnestly pursuing digital transformation to ensure the delivery of quality and unhampered financial services across the country.

BUSINESS MODEL AND STRATEGIC OBJECTIVES

As a policy bank, LANDBANK largely contributes to advancing the socio-economic development agenda of the National Government (NG).

At the core of its operations is its role as a catalyst of sustainable development, responding to the financing requirements not only of small farmers and fishers, but also of local government units, micro, small and medium enterprises, private corporations in strategically important industries, government-owned and controlled corporations, financial institutions, and other sectors that create employment and propel robust economic growth. Through its financing interventions, LANDBANK provides communities with infrastructure and social services that improve people's quality of life. Assisted projects include the construction of farm-to-market roads, hospitals, schools, and housing projects; communication; transportation; provision and connection of households to potable water; and electrification. LANDBANK has also been





consistent in incorporating environmental and social commitments toward sustainability.

The Bank is also aggressive in accelerating financial inclusion, bringing the previously unbanked into the formal banking system, thereby promoting a more equitable participation of Filipinos in the growth of the nation.

Alongside its roles as financial intermediary of the NG for the Comprehensive Agrarian Reform Program, and as its depository bank, LANDBANK also serves as the distribution arm of the government's various Social Protection Programs.

Because of its significant role in the economy, LANDBANK strives to strengthen its financial viability and operational agility, while maintaining its competitive advantage. It is the leading government financial institution and is consistently ranked among the top universal banks in the Philippines in terms of assets, deposits, loans and capital.

The Bank's Vision and Mission are the anchors of its strategic objectives.

 SOCIO-ECONOMIC IMPACT	 FINANCIAL	 STAKEHOLDERS	 INTERNAL PROCESS	 LEARNING AND GROWTH
<ul style="list-style-type: none"> Promote inclusive growth by being the catalyst of financial inclusion in the unbanked and underserved areas of the country 	<ul style="list-style-type: none"> Maintain strong capital, solvency and financial ratios that will enable the Bank to serve more small farmers and entrepreneurs who are perceived as risky by other financial institutions 	<ul style="list-style-type: none"> Provide timely, accessible and responsive products and services on multiple platforms and customer touchpoints 	<ul style="list-style-type: none"> Synergize customer-facing services, work processes and digital platforms to deliver agile and responsive Bank products and services to all stakeholders Support agrarian operations through timely processing of land transfer claims 	<ul style="list-style-type: none"> Sustain and nurture a high performance culture

MESSAGE FROM THE PRESIDENT OF THE PHILIPPINES



My warmest greetings to the **Land Bank of the Philippines (LANDBANK)** as it publishes its **2020 Annual Report**.

I commend your banking institution for consistently achieving its growth targets and strengthening its products and services in support of the government's various development programs.

In 2020, you did not only perform well in asset management, but also provided much needed support for our Bayanihan 1 and 2 Laws and strengthened the nation's response to the COVID-19 pandemic, among others.

As you chronicle your numerous achievements in the previous year, I trust that these will also continue to inspire everyone in LANDBANK to serve its stakeholders with transparency and accountability. Our public funds must be managed with utmost integrity to ensure the improved welfare of all Filipinos.

Together, let us work with renewed vigor to achieve a stronger and more progressive future for our people.

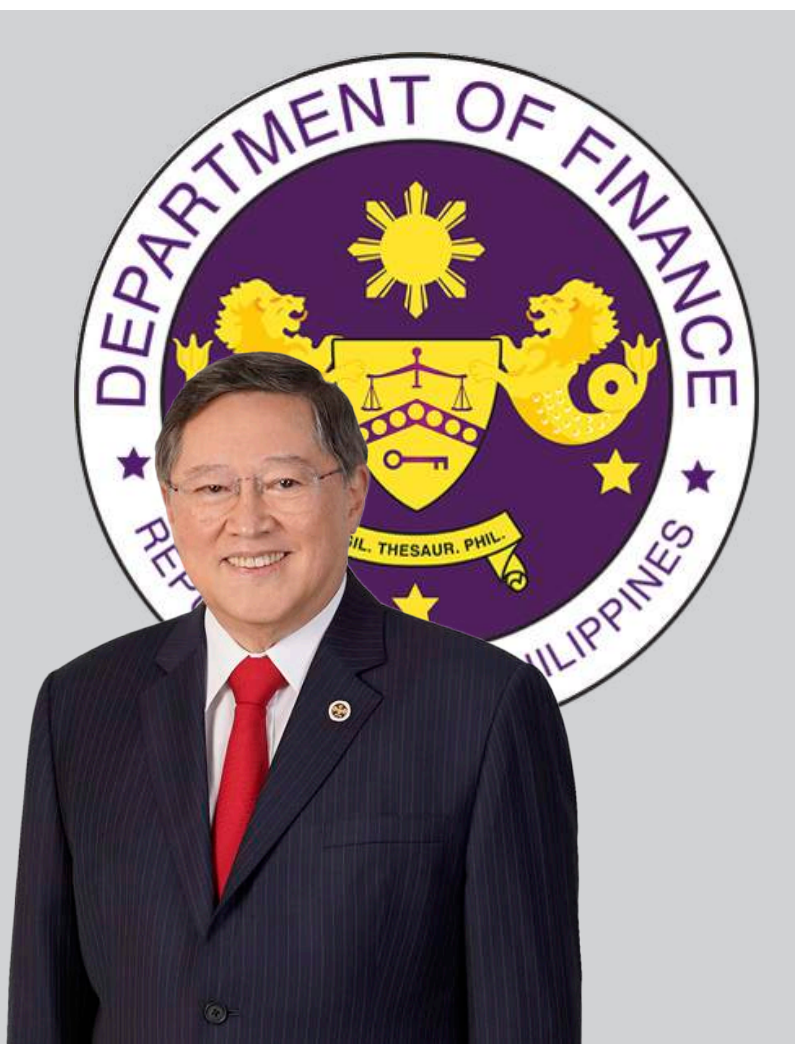
Congratulations and I wish you success in your future endeavors.

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

RODRIGO ROA DUTERTE

MANILA
March 2021

CHAIRMAN'S MESSAGE



2020 was a year unlike any other. The nation was challenged by a pandemic of extraordinary virulence. We had to productively use every resource we had to protect the public's health and accelerate economic recovery. The mettle of every institution was tested severely.

This was a particularly difficult year for our banks, including the Land Bank of the Philippines (LANDBANK). But this Bank was called upon to do an even bigger job. With its extensive branch network, the government relied on LANDBANK to help in disbursing much-needed financial assistance to distressed Filipinos nationwide.

The Duterte administration infused the most capital to LANDBANK amounting to P11.3 billion until 2020 and exempted it from remitting dividends equivalent to P43.4 billion, to boost its capital. By the end of 2020, LANDBANK's capital had increased to P168.3 billion, growing 110 percent from P80 billion in 2015. This allowed LANDBANK to expand lending to various sectors hardest hit by the pandemic. The Bank allocated P97.5 billion to special lending programs designed to assist local government units, small and medium enterprises, the transport and education sectors, as well as parents of students.

LANDBANK also actively supported the government's efforts to raise much-needed financing for our pandemic response. It helped the Bureau of Treasury plan and execute its Premyo Bonds 2 and Retail Treasury Bonds Tranche 24 (RTB-24). By the end of 2020, the Bank contributed 52 percent or P3.42 billion of sales of Premyo Bonds 2 totaling P6.56 billion, and 12 percent or P62.23 billion of sales of RTB-24 totaling P516.34 billion.

I am proud to note that through this difficult year, LANDBANK emerged as an even stronger development financial institution. The Bank's strong financial position allowed it to continue serving its mandated and other priority sectors. In 2020, the total assets of LANDBANK reached P2.36 trillion, 16.2 percent higher than the 2019 level. Net income reached P21.4 billion. Deposits likewise breached the P2-trillion mark at P2.1 trillion.

I am also pleased to note that the Bank's alternative and electronic banking channels came in handy as it continued serving customers amid stringent health protocols. LANDBANK's subsidiary, the Overseas Filipino Bank (OFBank), also launched its Digital Onboarding System with Artificial Intelligence last year.

Through OFBank, Filipinos all over the world were able to open their own savings accounts and conduct banking transactions through their mobile phones. In just a span of over 6 months since its launching in June 2020, OFBank was able to reach Filipinos in 100 countries and territories abroad.

LANDBANK performed an indispensable role for the nation during this great moment of difficulty. We will rely on the Bank even more to assist in the Philippines' strong economic resurgence next year.



CARLOS G. DOMINGUEZ

Secretary of Finance

Chairman, Land Bank of the Philippines

“I AM PROUD TO NOTE THAT THROUGH THIS DIFFICULT YEAR, LANDBANK EMERGED AS AN EVEN STRONGER DEVELOPMENT FINANCIAL INSTITUTION. THE BANK’S STRONG FINANCIAL POSITION ALLOWED IT TO CONTINUE SERVING ITS MANDATED AND OTHER PRIORITY SECTORS.”

PRESIDENT'S MESSAGE



The year 2020 tested LANDBANK's mettle as the world dealt with the health crisis and economic downturn. We were called to rise to unprecedented challenges, and show our unwavering commitment to delivering unhampered banking services, and fulfilling our crucial role in the implementation of the various financing programs that translate to socio-economic benefits supporting the National Government's programs; while sustaining the Banks' financial stability.

Delivering Government Assistance

In 2020, LANDBANK was tapped to bring the National Government's assistance to various sectors. Under RA 11469 or the Bayanihan to Heal as One Act and RA 11494 or the Bayanihan to Recover as One Act – also known as Bayanihan 1 and 2 – LANDBANK was at the forefront of delivering social amelioration support to Filipinos affected by the pandemic. We disbursed a total of P24.72 billion to 5.36 million social amelioration beneficiaries, displaced workers, Overseas Filipino Workers, and PUV drivers and operators.

The Bank was also steadfast in distributing cash assistance in line with the National Government's social protection programs under our existing partnership with the Department of Social Welfare and Development. A total of P80.06 billion cash grants was disbursed to 4.36 million beneficiaries of the Conditional Cash Transfer (CCT) Program. Meanwhile, a total of P14.12 billion was released to 3.92 million beneficiaries of the Unconditional Cash Transfer (UCT) Program for 2020.

In response to the needs and requirements of various sectors to recover from the effects of the pandemic, LANDBANK introduced five lending programs – RISE UP LGUs, I-RESCUE, ACADEME, I-STUDY, and I-RESCUE BUS Transport Lending Program. We allocated a total of P97.5 billion to these lending programs and approved P65.96 billion in loans as of end-2020.

Enhancing Electronic Banking Services

With the changing times and the growing needs of our customers, LANDBANK saw growth in the utilization of our digital banking channels as alternative platforms for safe, and convenient banking transactions amid the pandemic. Our e-banking channels marked a 21% upturn in the volume of transactions from 94.43 million in 2019 to 114.12 million in 2020; and a 35% increase in amount from P1.24 trillion to P1.68 trillion.

Of the Bank's major electronic banking channels, the LANDBANK Mobile Banking Application recorded a significant 68% growth in volume of transactions from 42.77 million in 2019 to 71.93 million in 2020; as well as an expansion in total amount from P28.29 billion in 2019 to P85.12 billion in 2020, which translates to a 201% growth.

The LANDBANK Digital Onboarding System or DOBS, which was launched in 2018, reduces account opening time and simplifies the enrolment process for clients. The Bank recorded a cumulative total of 1.9 million accounts opened through the system, with 1.3 million accounts opened in 2020.

Promoting Greater Financial Inclusion

In line with our various efforts to promote financial inclusion in the country, we expanded our physical networks, established new Agri-hubs, and promoted the utilization of alternative banking channels for more convenient banking transactions.

Amid quarantine restrictions, LANDBANK was able to expand our physical network to 411 branches and 65 branch-lite units as of end-2020. We installed 159 new ATMs and 10 Cash Deposit Machines, bringing the total number to 2,320 and 167, respectively. To extend our reach across the country, the Bank also opened nine new lending centers in strategic areas, bringing the total number to 55.

With the establishment of five Agri-hubs, LANDBANK now provides a “one-stop-shop” access to branch, lending, and agrarian operations services in the country’s top rice-producing provinces, as well as unbanked and underserved rice farming areas.

Lending to the Agriculture Sector

LANDBANK also ensured that the agriculture sector received our continued support through our various lending programs.

As of end-December 2020, the Bank’s total outstanding loans to agriculture reached P237.62 billion, higher than the P236.31 billion recorded in 2019. We assisted a cumulative total of 2.67 million farmers and fishers, vastly exceeding our target of two million farmers and fishers by 33.5%.

Strengthening Risk Management and Compliance

Ensuring LANDBANK’s unimpeded services despite the pandemic tested and saw our Business Continuity Plan (BCP) in action. The health and safety of our customers and personnel are always considered and lessons from the challenges are consistently used as inputs to further improving our risk management and business continuity programs.

To reinforce the risk management culture across the Bank, awareness and cascading sessions were conducted on Operational Risk Management, Business Continuity Management, and Information and Cybersecurity. Employees of the Bank and our subsidiaries were provided with avenues to continuously learn how to effectively perform their duties while managing risks even amid these challenging times.

Also part of sound corporate governance is ensuring that personnel of our Compliance Management Group are updated and equipped with competencies necessary to perform their functions to guide and facilitate the Bank’s compliance to various regulations. Focus group discussions were also conducted among business units as a venue for providing clarifications and guidance on the more complex regulatory requirements.

Taking Care of our Human Resource

We acknowledge that Landbankers are the most vital cog in our continued operations and service, and their health, safety and continued development should remain among our priorities. To help curb the spread of the virus, we adopted alternative work arrangements which proved to be effective as the Bank maintained our productivity.

The implementation of training and career development programs pushed through, and we focused on supporting the enhancement of employee skills and knowledge to match required competencies. Alternative platforms were used to sustain learning and development programs. LANDBANK also heavily uses our internal e-mail and social media platforms to promote employee wellness and support industrial relations. Major strides were also made in 2020 in mainstreaming gender and development in the workplace.

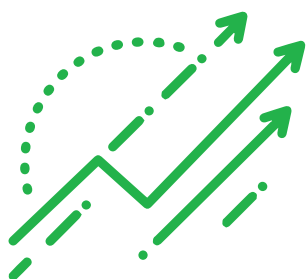
But more than these numbers and our other accomplishments discussed further in this 2020 Annual Report, the highlights that defined our year are the stories of people that LANDBANK reached and served, as well as the members of the LANDBANK family who have shown incredible resiliency amid adversity.

As we remain committed to promoting growth and development for our nation, to help uplift the lives of our people, we look forward to your unwavering trust and support.



CECILIA C. BORRAMEO
President and CEO

BRIDGE TO RECOVERY: DELIVERING SERVICE AND SUPPORT



Against the backdrop of a pandemic and rapidly changing banking landscape, LANDBANK has taken a more expansive and relevant role in the nation. The Bank has redoubled its efforts to be responsive to the financial needs of its mandated sector, and become a reliable partner of the National Government and Local Government Units (LGUs) in treading the path towards recovery.

LANDBANK has also continued to provide its customers with uninterrupted access to financial services while also playing a critical role in the delivery of various support initiatives to the most vulnerable sectors.

DISBURSEMENT OF SOCIAL AMELIORATION

In support of the “Bayanihan to Heal as One Act” and “Bayanihan to Recover as One Act”, LANDBANK stood at the forefront of the delivery and disbursement of the Social Protection and Amelioration Program of the National Government to Filipinos affected by the pandemic. Through cash payout activities and the utilization of alternative banking channels, the Bank delivered a total of P24.72 billion to 5.36 million individual beneficiaries, displaced workers and OFWs, and PUV operators.

GOVERNMENT SOCIAL WELFARE PROGRAMS



P16.8 B

3,824,899
SAP 1 (CCT)
beneficiaries

P6.7 B

1,335,711
SAP 2 (CCT)
beneficiaries

P193.7 M

24,211
SAP (PUJ Drivers
in NCR) beneficiaries



P90.3 M

18,061
(NCR-based
displaced workers)
CAMP beneficiaries

P25.3 M

2,533
(Displaced OFWs)
AKAP beneficiaries



P786.3 M

120,964
PUV Operators

P1.1 M

282
Service Contracting
Program

OTHER ENTITIES

P31.2 M

8,239
(Bayanihan Act II)
beneficiaries

P47.8 M

23,922
(Kalingang QC Program
through LANDBANK
Bulk Credit System)
beneficiaries

CREDIT ASSISTANCE FOR RECOVERY

Various sectors affected by the pandemic, including the SME and education sectors receive support through lending programs created especially for their needs. Assistance is likewise extended to LGUs in their economic recovery efforts, through a new lending facility.



P3.07 B

166 borrowers



P61.51 B

Approved loans
for 183 LGUs

P1.56 B released
for 23 LGUs



P73.31 M

15 institutions,
benefiting
5,222 students



LANDBANK's electronic and digital banking channels saw significant increases in utilization amidst the pandemic. As community quarantines were imposed in various areas of the country, these platforms remained available, providing safe and convenient banking services to customers.

TOTAL NUMBER OF TRANSACTIONS MADE ON LANDBANK E-BANKING CHANNELS

2019	e-Banking Channel	2020	GROWTH RATE
42.77 million	Mobile Banking App	71.93 M	68%
1.57 million	Link.BizPortal	2.12 M	35%
12.54 million	weAccess	16.24 M	30%
1.48 million	eMDS	1.59 M	8%

PROMOTING GREATER FINANCIAL INCLUSION

LANDBANK continued expanding its physical network to reach more unbanked and underserved sectors of society.

NETWORK OF OPERATIONS



411

Branches



55

Lending Centers



5

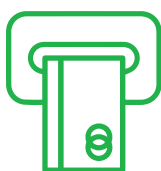
Agri-hubs*

**Agri-hubs are one-stop-shop facilities in top palay-producing provinces where branch banking, lending and agrarian functions can be availed under one roof. It is aimed at responding to the banking requirements of customers, particularly farmers and fishers.*



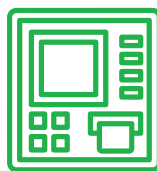
65

Branch-Lite units



2,320

ATMs



167

CDMs



86 **Agent Banking Partners**

LANDBANK expanded its Agent Banking Program by partnering with cooperatives, rural banks, LGUs, and MSMEs, among others, to help in extending its services in unbanked and underserved communities.

OFBank becomes fully-digital, branchless bank



LANDBANK transformed its wholly-owned subsidiary, the Overseas Filipino Bank (OFBank), into a digital-only, first branchless Philippine government bank. OFBank clients across the globe can now enjoy the convenience of a safe, reliable, and secure digital banking experience.

As a digital-only facility, OFBank utilizes the Digital Onboarding System with Artificial Intelligence (DOBSAI) to facilitate real-time account opening via the OFBank's Mobile Banking Application. As of end-December 2020, the OFBank has already reached Filipinos in 100 countries and territories

through accounts opened via the OFBank MBA DOBSAI.

The OFBank Visa Debit Cards allow secure and convenient real-time fund transfers. Cardholders may also use OFBank's mobile facility to transfer funds to the OFBank and LANDBANK accounts of their beneficiaries, free of charge.



OFBank Visa Debit Card

For Overseas Filipinos (OFs) and Overseas Filipino Workers (OFWs)



OFBank Regular Debit Card

For beneficiaries below 18 years old



OFBank Visa Debit (Beneficiary) Card

For OF or OFW beneficiaries

STORIES FROM THE FRONTLINES

Landbankers continued to reach out and provide essential banking services to the public, and here are just some of their stories.

PASSION TO SERVE



COURAGE AT SEA IN THE FACE OF ADVERSITY

PINAMALAYAN, Oriental Mindoro – Despite health and safety risks, LANDBANK Pinamalayan Branch employees, led by Branch Head Ferdinand E. Abas, braved the waters between Mindoro and Romblon on April 21, 2020 to reach the Municipality of Concepcion in Sibale Island, Romblon, and disburse cash cards to more than 200 Conditional Cash Transfer (CCT) beneficiaries of the DSWD affected by the pandemic.

UNINTERRUPTED SERVICE



FLYING THROUGH BORROWED WINGS

JOLO, Sulu – When commercial flights to and from Jolo airport were suspended due to COVID-19, LANDBANK Jolo Branch Acting Head Felix Friaes coordinated with the 11th Infantry Division of the Armed Forces of the Philippines (AFP) for the use of one of its military aircrafts to transport the cash and supplies from the LANDBANK Cash Operation Unit in Zamboanga City, which were necessary to cater to the cash requirements of partner-agencies in implementing various social amelioration programs (SAP) in Jolo.



A BEACON OF LIGHT IN THE DARKNESS

NAGA CITY, Camarines Sur – It was the Holy Week but LANDBANK Naga Rotunda Branch employees, led by Branch Head Melanie D. Avila, conducted the first-ever pay-out of the Department of Agriculture's (DA) Financial Subsidy to Rice Farmers (FSRF) Program in Nabua town for 619 small rice farmers. Despite a sudden blackout, they continued the subsidy distribution and resorted to using flashlights from their mobile phones as emergency light.



DEDICATED SERVICE





Revive CropTech, Inc.
South Cotabato

PROGRAMS FOR THE PRIORITY SECTORS



P778.5 B

Total Loans to Priority Sectors

**93.7% of the Bank's
total loan portfolio**

As a Government Financial Institution (GFI), LANDBANK's mandate is to provide financial assistance and support services to its mandated and priority sectors – the Small Farmers and Fishers (SFFs), Agrarian Reform Beneficiaries (ARBs) including their associations, as well as agri and aqua businesses and agri-aqua related projects of the Local Government Units (LGUs) and Government-Owned and Controlled Corporations (GOCCs). For more than five decades, the Bank has been promoting countryside development, servicing the financial requirements of the Micro, Small, and Medium Enterprises (MSMEs), Countryside Financial Institutions (CFIs), and other government institutions.

In 2020, the Bank's total loans to its mandated and priority sectors reached P778.5 billion, representing a share of 93.7% of the Bank's total loan portfolio.

Loans to Agriculture

LANDBANK remained steadfast in its commitment of delivering and promoting economic growth in the countryside amid the extraordinary challenges posed by the COVID-19 pandemic. As of Dec. 31, 2020, the total loans in support to the country's agriculture sector reached P237.6 billion which translates to a 28.6% share of the Bank's total loans to all sectors of P831.4 billion.

The loans to agricultural sector were comprised of 5.3% or P44.0 billion that were lent to small farmers, fishers, cooperatives, and other farmer's associations, and 23.3% or P193.6 billion assisted the private enterprises and government sector through LGUs and GOCCs that are into agri-aqua related projects.

Also, in 2020, LANDBANK has assisted a cumulative total of 2.67 million SFFs which translates to 133.5% accomplishment rate against the full-year target of two million. This was made possible through the Bank's regular lending facilities and programs jointly administered with the Department of Agriculture (DA) and Department of Agrarian Reform (DAR).

The Bank has also released a total of P8.96 billion under these joint programs which include the Agricultural Competitiveness Enhancement Fund (ACEF), the Socialized Credit Program under the Sugarcane Industry Development Act (SCP-SIDA), the Expanded Rice Credit Assistance under the Rice Competitive Enhancement Fund (ERCA-RCEF), the Survival and Recovery Assistance Program for Rice Farmers (SURE Aid), and DAR's Credit Assistance Program for Program Beneficiaries Development (CAP-PBD).

LANDBANK's loan releases to SFFs had an outstanding balance of P55.7 billion as of Dec. 31, 2020 which was channeled through 764 accredited cooperatives, 76 countryside financial institutions such as, but not limited to rural banks, cooperative banks, thrifts banks and financial institutions and 88 irrigators' associations.

The Bank's continuing support to the mandated and priority sectors is aimed at helping stimulate economic activities and livelihood opportunities which have a multiplier effect in uplifting the quality of life especially in the countryside. This is consistent with the National Government's thrust of suppressing poverty by extending loans amounting to P40.5 billion to the top 20 poorest provinces across the country as identified by the Registry System for Basic Sectors in Agriculture (RSBSA) of the DA.



2.67 M

Cumulative total of SFFs assisted
133.5% accomplishment rate

LOANS TO

764 Accredited Cooperatives

76 Countryside Financial Institutions

88 Irrigators' Associations





City Hall Annex building in Brgy. Punturin, Valenzuela

Loans Supporting Other National Government Priority Programs

LANDBANK supports the priority programs of the National Government (NG) as embodied in the Philippine Development Plan 2017-2022. The Bank continuously extends financial assistance through its various lending programs to help the NG achieve its socioeconomic and developmental goals, specifically for projects involving employment generation, infrastructure, social development, and environment and natural resources preservation programs.

Further, LANDBANK, as guided by the NG's thrusts and directions, extended financial support to strengthen the micro, small and medium enterprises, and helped in growing significant industries such as transportation, communication, utilities, and tourism. To boost the socioeconomic welfare of the general public, the Bank also extended financial assistance to basic societal needs including education, housing and health care.

As of Dec. 31, 2020, the total outstanding loans in support of other NG priority programs stood at P540.9 billion, which is 65.1% of the Bank's total loans to all sectors.

Loans for Microenterprises and Small and Medium Enterprises

Over the years, the Bank has been providing financial assistance to support the micro, small and medium enterprises (MSMEs) sector. In 2020, LANDBANK intensified its assistance to help those that were affected by the pandemic.

LANDBANK channeled its microfinance loans through conduits such as cooperatives, rural banks, non-government organizations, and microfinance institutions. On the hand, loans to SMEs were provided directly to SME borrowers, cooperatives, and financial institutions.

In 2020, the Bank had an outstanding loan of P47.5 billion representing 5.7% of the Bank's total loans to all sectors.

Apart from extending loans to MSMEs, LANDBANK also extended financial assistance to livelihood projects and business ventures of qualified fixed income earners in the government and private sectors. The Bank's outstanding livelihood loans reached P74.7 billion as of Dec. 31, 2020.

Loans for Utilities

In 2020, LANDBANK provided the financial assistance to the utilities sector. The coverage of loans to this sector includes power generation and distribution, gas exploration, and water generation and distribution. As of Dec. 31, 2020, outstanding loans for utilities reached P151.5 billion or an equivalent of 18.2% share from the Bank's loans to all sectors.

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

Through the years, LANDBANK has been a partner of the NG in providing decent and affordable housing for the low-income sector in the society. The Bank provided financial assistance through its lending programs to borrowers that are classified as socialized housing which ranges from P400,000 and below, low-cost housing at P400,000 to P3 million and medium-cost housing that ranges from more than P3 million to P4 million. In 2020, outstanding loans to the housing sector reached P66.5 billion or 8.0% of the Bank's loans to all sectors.

Loans for Logistics – Transportation and Communication

LANDBANK also assisted projects involving the transportation and communication sector that are vital in the efficient delivery of goods and services in the country. Projects under these sectors include the modernization of public transportation facilities and communication systems. As of Dec. 31, 2020, the outstanding loans to the transportation sector reached P64.4 billion representing 7.7% of the Bank's loans to all sectors. Meanwhile, the outstanding loans to communication sector amounted to P53.6 billion or 6.5% of the Bank's loans to all sectors.

Loans for Education

In support to the NG program of providing good and quality education in the country, LANDBANK extended loans for the construction, maintenance and upgrading of educational facilities and equipment. Total outstanding loans in the education sector stood at P10.5 billion as of Dec. 31, 2021.

Loans for Health Care

LANDBANK supports the program of the NG in improving the delivery of health care services in the country. The Bank financed the construction of hospitals, clinics, and other health-related facilities. In 2020, the outstanding loans to health care reached P27.4 billion or 3.3% of the Bank's loans to all sectors.

Loans for Environment-related Projects

In support of the NG's effort to promote climate change mitigation and adaptation, LANDBANK pursues a sustainable finance framework by integrating environmental criteria in its financial products. The Bank has been providing credit assistance to various projects aimed at protecting the environment and harnessing the potential of renewable and alternative energy resources

while minimizing the harmful effects of climate change. The outstanding loans to environment-related projects stood at P10.9 billion as of Dec. 31, 2020.

Loans for Tourism

Tourism was one of the most affected sectors during the pandemic. To support the NG in reviving the tourism industry, LANDBANK extended loans to the construction of hotels and other facilities. As of end 2020, the outstanding loans to the tourism sector increased to P34.0 billion compared to P24.9 billion in 2019.

Overseas Filipino Workers Reintegration Program (OFW-RP)

The Overseas Filipino Workers Reintegration Program is a tie-up between LANDBANK and the Overseas Workers Welfare Administration (OWWA) to encourage OFWs to engage in business as an alternative to overseas employment through the provision of credit assistance. LANDBANK has earmarked a P1-billion fund to the various business ventures of returning OFWs. As of Dec. 31, 2020, P661.56 million was released to 788 OFWs with outstanding balance of P454.55 million.



Malaybalay Hospital



Lucena City Health Office

DEVELOPMENT IMPACT OF LANDBANK LENDING PROGRAMS

Development Projects	2020	Total (2011 – 2020)
Farm-to-Market Roads (in kilometers)	20,510.180	23,522.893
Number of Hospital buildings ¹	8	206
Additional Hospital Beds ²	307	18,199
No. of School buildings ¹	15	779
Additional Classrooms ²	234	6,050
No. of households newly connected to potable water	38,980	2,045,296
Additional KWH Produced/Year	2,433,943	5,722,180,585

¹ Includes new and renovated buildings

² Both for new and renovated buildings

NEW LENDING PROGRAMS IN 2020

In 2020, the Bank pursued relentlessly the development and implementation of new, timely, and responsive lending programs that contributed significantly to the whole-of-government approach by financially supporting the country's various economic sectors, especially those affected by the pandemic such as SFFs, ARBs, MSMEs, LGUs, CFIs, community-based organizations, and the unemployed in rural areas, among others. The credit assistance programs offer low interest rates and flexible terms and conditions to cushion the negative impacts of the pandemic and help revive businesses specifically small-scale enterprises and other vulnerable sectors.

LANDBANK Interim REhabilitation Support to Cushion Unfavorably-affected Enterprises by COVID-19 (I-RESCUE) Lending Program

In support of Republic Act No. 11469 or the "Bayanihan to Heal as One Act," the LANDBANK Interim Rehabilitation Support to Cushion Unfavorably-affected Enterprises by COVID-19 (I-RESCUE) Lending Program was launched. It is targeted at Small and Medium Enterprises (SMEs), Cooperatives (Co-ops), Microfinance Institutions (MFIs), and Large Enterprises. With a fund allocation of P10 billion, the Program aims to provide additional funds and loan restructuring under more flexible terms and conditions. As of year-end 2020, the loan releases under the I-RESCUE Lending Program reached P3.07 billion to 166 borrowers.

ACcess to Academic Development to Empower the Masses towards Endless Opportunities (ACADEME) Lending Program

In support of the National Government's goal of nation building and its commitment to provide quality education to every Filipino, the LANDBANK ACADEME (ACcess to Academic Development to Empower the Masses towards Endless Opportunities) Lending Program was created. It aims to provide credit assistance to Private/non-DepEd high schools, Private Technical-Vocational and Education Training (TVET) Institutions and Private Higher Education Institutions (HEIs) such as colleges and universities in providing continuing education to their students by allowing the students to avail of the enroll now, pay later scheme. The total loan releases under the Program reached P73.31 million to 15 institutions benefiting 5,222 students as of year-end 2020.

Interim Students' Loan for Tuitions towards Upliftment of Education for the Development of the Youth (I-STUDY) Lending Program

The Interim Students' Loan for Tuitions towards Upliftment of Education for the Development of the Youth (I-STUDY) Lending Program aims to help parents send their children to school by financing tuition fee requirements, and the acquisition of gadgets needed as aids in the online educational system. The Program also assists students with repayment capacity to continue their studies by financing their tuition fee needs and the purchase of gadgets. As of year-end 2020, the total loan disbursements amounted to P0.19 million to four borrowers.

Enhanced Partnership Against Hunger and Poverty (EPAHP) Lending Program

In support of the government's effort to address hunger, poverty, food and nutrition security, and encourage community participation in government contracts, the Bank launched the Enhanced Partnership Against Hunger and Poverty (EPAHP) Lending Program in November 2020 to provide credit assistance to qualified community-based organizations. The Bank has undertaken innovative marketing strategies and other promotional initiatives to reach out to prospective borrowers to avail of the Program.

Restoration and Invigoration Package for a Self-Sufficient Economy towards UPgrowth for LGUs (RISE UP LGUs) Lending Program

The program's objective is to support LGUs in responding to the effects of COVID-19 pandemic and implement economic recovery plans to revive the local economy. The RISE UP LGUs (Restoration and Invigoration Package for a Self-Sufficient Economy towards UPgrowth for LGUs) Lending Program can help stimulate the local economies of provinces, cities or municipalities by extending financial assistance to LGUs in their task of providing basic and support services for local enterprises; encouraging LGUs to facilitate the regional and local development in their areas by integrating the different actors or players in the agricultural value-chain; and financing other innovative programs of LGUs which can bring back the confidence of their constituents in the local economy. As of December 2020 loan releases to 23 LGUs reached P1.56 billion out of total approved loans of P61.51 billion to 183 LGUs.

Commercial Fishing Vessel Financing Program

Launched in November 2020, the Commercial Fishing Vessel Financing Program aims to provide credit assistance to commercial fishing operators in acquiring fishing vessels for domestic or overseas use in consonance with the policy of the government to liberalize vessel acquisitions. During the year, the Bank has rolled out marketing campaigns to promote the financing program to target clients.





LANDBANK distributed cash grants to Conditional Cash Transfer household-beneficiaries in El Nido, Palawan.

Socialized Credit Facility to Qualified Agrarian Reform Beneficiaries (ARBs) and Small Farmers and Fisherfolk (SFF) through Qualified Partner Financial Institutions (PFIs)

The Socialized Credit Facility to Qualified Agrarian Reform Beneficiaries (ARBs) and Small Farmers and Fisherfolk (SFF) through Qualified Partner Financial Institutions (PFIs) is a program that aims to provide socialized credit facility to qualified small farmers and fishers and agrarian reform beneficiaries through qualified conduits or partner financial institutions, thereby expanding the Bank's outreach to the agricultural sector. This is also in compliance with the provisions of RA No. 10878 and its related IRR per BSP Circular No. 1090, particularly on the socialized credit facility to qualified program beneficiaries.

LANDBANK shall allocate at least 5% of its regular loan portfolio for socialized credit to intended beneficiaries which shall qualify as part of the Bank's compliance with the mandatory agricultural and agrarian reform credit, pursuant to RA 10000. The Program's implementing rules and regulations were issued in November 2020.

Expanded SURE Aid and Recovery Project (SURE Aid COVID-19)

The Expanded SURE Aid and Recovery Project (SURE Aid COVID-19) is a program tie-up between the Department of Agriculture-Agricultural Credit Policy Council (DA-ACPC) and LANDBANK which aims to finance the emergency and production capital requirements of small farmers and fishers whose sources of livelihood and income are affected by the COVID-19 pandemic to help them regain the capacity to continue their agricultural activities and contribute to sustained food production. The DA-ACPC has allocated P1.0 billion targeting 40,000 small farmers and fishers to avail of the Program.

Rural Agro-Enterprise Partnership for Inclusive Development (RAPID) and Growth Credit Facility (RAPID Growth Credit Facility)

The Rural Agro-Enterprise Partnership for Inclusive Development (RAPID) and Growth Credit Facility (RAPID Growth Credit Facility) is a new collaborative undertaking by LANDBANK and the Department of Trade and Industry (DTI) that aims to increase the income of small farmers and unemployed rural men and women, initially in selected provinces of Region 8 and Mindanao. The market-driven and value chain-based RAPID intends to provide strategic business development interventions on cacao, coffee, coconut, and processed fruits & nuts farming, from nursery operation, production, processing to marketing. The implementation of the said Program in 2021 shall be subject to the downloading of grant funds and endorsement of loan applicants by the DTI.

Countryside Financial Institutions Enhancement Program 2020 Calamity Assistance Program (CFIEP-2020 CAP)

Under the auspices of CFIEP, jointly implemented with the Bangko Sentral ng Pilipinas and Philippine Deposit Insurance Corporation, the CFIEP-2020 CAP (Countryside Financial Institutions Enhancement Program 2020 Calamity Assistance Program) aims to assist eligible Countryside Financial Institutions adversely affected by natural calamities and man-made disasters, pests and diseases, viral infections/outbreak; and enhance and sustain their long-term viability. Launched in May 2020, the total releases under the Program amounted to P10.00 million, benefiting 488 sub-borrowers who were affected by the COVID-19 pandemic.

Municipal Development Fund Office (MDFO) Assigned Loans

Pursuant to Republic Act No. 11494 and DOF Circular No. 006-2020, the unutilized or unreleased balance in the Municipal Development Fund (MDF), including investments and undrawn portions of all loans and outstanding loans as of Dec. 15, 2020, were transferred to LANDBANK. The total outstanding loans transferred stood at P9.4 billion.



LANDBANK aims to contribute to developing the country's agriculture sector by supporting the players of the agriculture value chain. In photo is one of LANDBANK's valued agro-industrial clients, Revive Croptech, Inc., located in South Cotabato.

Sikat Saka Program

The Sikat Saka Program is a special program of the Department of Agriculture (DA) and LANDBANK which provides direct credit assistance and other support services to small palay and corn farmers with the objective of increasing the farmers' productivity and income. Since 2012, the cumulative loan releases have reached P11.82 billion with outstanding balance of P1.23 billion involving a total of 17,949 small farmers and fishers assisted under the Program.

Accessible Funds for Delivery to ARBs (AFFORD-ARBs Program)

The Accessible Funds for Delivery to ARBs (AFFORD-ARBs Program) is a partnership program between the DAR and LANDBANK, which provides direct credit assistance to agrarian reform beneficiaries (ARBs) engaged in the production of palay, corn and high-value crops. DAR provides the list of ARBs and mobilizes them to attend the Loan Orientation and Financial Literacy seminar to ensure that the borrowers are equipped with the basic knowledge on how to manage their finances and do farm planning and budgeting. The cumulative loan releases under the Program amounted to P231.69 million with outstanding balance of P111.09 million as of end of 2020. The Program has assisted a total of 791 ARBs and one cooperative with 827 beneficiaries.

Agrarian Production Credit Program (APCP)

Launched in October 2012, the Agrarian Production Credit Program (APCP) is a tie-up among the DA, DAR, Department of Environment and Natural Resources (DENR), and LANDBANK which provides credit assistance for agriculture and fisheries production, agri-enterprise and/or livelihood projects to agrarian reform beneficiary organizations (ARBO), people's organizations (POs), farmers organizations other than ARBOs, and other conduits that are not generally qualified to borrow under the regular lending window of the Bank. DAR and DENR mobilize and capacitate the ARBOs and POs and their members to make them credit eligible and creditworthy borrowers. As of Dec. 31, 2020, the cumulative loan releases amounted to P9.23 billion while total outstanding loans stood at P1.81 billion. A total of 886 ARBOs with 68,963 beneficiaries were assisted under the Program.

AGRICULTURAL EXPANSION CREDIT PROGRAMS



P403.13 M
Cumulative loan releases
under CAP-PBD

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

HARVEST (Harnessing Agribusiness Opportunities through Robust and Vibrant Entrepreneurship Supportive of Peaceful Transformation) Project is a special lending program of LANDBANK to support the peace building and economic growth efforts in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), and other conflict affected areas in Mindanao by extending credit and technical assistance to farmers' organizations and cooperatives, partner financial institutions (PFIs) and small and medium enterprises (SMEs). The Bank's cumulative loan releases under the Project stood at P1.07 billion benefiting 161 SMEs and 26 cooperatives with P115.42 million in outstanding loans as of Dec. 31, 2020.

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

The Credit Assistance Program for Program Beneficiaries Development (CAP-PBD) is a joint program of the DAR and LANDBANK which provides credit assistance and support services to ARBs through their respective organizations for crop production, agri-enterprise/livelihood and other agri-related projects. The Program was designed as a flexible credit facility for farmers' cooperatives and associations, otherwise known as ARBOs that are not yet qualified to borrow under the regular lending window of LANDBANK. DAR provides capacity building and enterprise development interventions to ARBOs to strengthen and improve their organizations/operations with the objective of mainstreaming them to the regular lending window of LANDBANK. As of year-end 2020, the cumulative loan releases under CAP-PBD reached P403.13 million with outstanding loans of P172.35 million. It has assisted a total of 113 ARBOs with 6,975 beneficiaries.

Expanded Assistance to Restore and Install Sustainable Enterprises for Agrarian Reform Beneficiaries and Small Farm Holders (E-ARISE-ARBs)

E-ARISE-ARBs (Expanded Assistance to Restore and Install Sustainable Enterprises for Agrarian Reform Beneficiaries and Small Farm Holders) is a joint program of the DAR and LANDBANK which provides a contingent credit facility to ARBOs, whose members were adversely affected by natural calamities or disasters, pest and diseases and other viral infections or outbreaks. The cumulative loan releases amounted to P17.81 million benefiting 16 ARBOs with 1,132 ARBs.

Survival and Recovery Assistance Lending Program

The Survival and Recovery Assistance Lending Program (SURE Aid Program) is a tie-up between the DA-ACPC and LANDBANK which aims to provide a one-time loan assistance to 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). The cumulative loan releases amounted to P2.52 billion benefiting a total of 165,963 rice farmers.



Palay at Mais ng Lalawigan Lending Program

With a program fund of P10 billion, the Palay at Mais ng Lalawigan Lending Program is a joint program of the DA and LANDBANK that caters to the financing requirements of Municipal, City and Provincial Local Government Units (LGUs) for the purchase of palay and corn of local farmers, thus ensuring a ready market and steady price for these produce. The LGUs can also avail of farm machineries and post-harvest equipment for their corn and buying activities. As of year-end 2020, two LGUs availed of the Program with cumulative loans of P80 million.

Agricultural Competitiveness Enhancement Fund (ACEF) Lending Program

By virtue of RA 8178 (Agricultural Tariffication Act) as amended by RA 10848 (Agricultural Competitiveness Enhancement Fund Extension Act), the Lending Program was established to help increase the productivity of small-scale farmers and fishers and their cooperatives and associations, and MSEs by extending affordable credit assistance for the purchase of farm inputs and acquisition of agricultural fixed assets, with minimal requirements. The cumulative loan releases totaled P4.61 billion with outstanding loans of P3.46 billion benefiting 36,623 small farmers and fishers, 181 MSEs, and 94 cooperatives/associations.

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

ERCA-RCEF is the credit assistance component of RA 11203 (Rice Tariffication Law) to help improve the productivity, efficiency and profitability of rice farmers and their cooperatives. From 2019 to 2024, LANDBANK is granted P500 million annually to extend affordable credit assistance for the purchase of farm inputs and acquisition of agricultural fixed assets, with minimal requirements. Since the implementation of ERCA-RCEF, the Program benefited 5,597 farmers and 77 cooperatives in terms of loans amounting to P884.91 million with an outstanding balance of P587.47 million.



P345.27 M

Cumulative loan releases under the SCP-SIDA Program

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

Created under RA No. 10659 or the Sugarcane Industry Development Act of 2015, the SCP-SIDA (Socialized Credit Program under the Sugarcane Industry Development Act) is a financing facility, which supports productivity improvement to boost sugarcane production and increase the income of sugarcane farmers and farm workers. As of year-end 2020, the cumulative loan releases under the Program amounted to P345.27 million with outstanding loans of P295.24 million assisting 2,090 farmers, three cooperatives, three associations and one foundation.

Agri-Mechanization Financing Program

This Agri-Mechanization Financing Program was designed to provide credit assistance to promote mechanization of production and post-production processes from planting, harvesting, and processing to increase efficiency, reduce post-harvest losses and lower costs of production. The Program assisted 40 MSEs and 11 cooperatives/associations with cumulative loan releases totaling P575.89 million and P71.96 million loans outstanding as of Dec. 31, 2020.

Coconut Production and Processing Financing (Coco-Financing) Program

This Program provides support to the coconut industry stakeholders, particularly coconut farmers, by financing projects, such as planting or replanting, rehabilitation, fertilization and processing of coconuts and its by-products. A total of P2.56 billion in loans was released as of year-end 2020 with outstanding loans of P1.33 billion. There were two MSMEs and one cooperative assisted.



*Biotech Farms, Inc.
South Cotabato*

Farm Tourism Financing Program

The Farm Tourism Financing Program was designed to assist farm tourism operators to develop farm tourism camps or activities that allow visitors to enjoy farming or fishing experience through education, recreation, or leisure. As of Dec. 31, 2020, the loan releases to two MSE beneficiaries reached P9.75 million with outstanding loans of P4.41 million.

Financing Program for Greenhouse Farming System

The Financing Program for Greenhouse Farming System supports the financial requirements of farmers' organizations and other agri-entrepreneurs in their shift towards modern farming system through the adoption of greenhouse technology. The cumulative loan releases as of Dec. 31, 2020 amounted to P8.64 million with outstanding loans of P5.25 million, benefiting two MSE-borrowers.



*Biotech Farms, Inc.
South Cotabato*

Masustansiyang Inumin para sa Likas na Kalusugan (MILK) Program

The MILK (Masustansiyang Inumin para sa Likas na Kalusugan) Program is a partnership between the Bank and the National Dairy Authority (NDA) in support of the National Government's thrust of improving the local dairy industry and reducing the country's dependence on dairy imports. The NDA provides technical assistance while LANDBANK supports the financing needs of eligible borrowers for dairy production, processing, marketing and other dairy-based economic activities. A total of P247.62 million in loans were released under the MILK Program as of year-end 2020 to four MSEs and two cooperatives with outstanding loans of P91.06 million.

Poultry Lending Program

The Poultry Lending Program provides funding for poultry business-related projects, including production, working capital and fixed asset investment that promote sustainable, competitive and self-sufficient poultry production. As of year-end 2020, the loan releases accumulated to P22.82 billion with P11.61 billion outstanding. A total of 348 MSEs and 58 other borrowers were assisted under the Program.

Sugarcane Financing Program

The Sugarcane Financing Program extends credit assistance to value-chain players in the sugarcane industry such as planters, millers, traders and farmer's cooperatives. Total cumulative loans of P13.54 billion were released under the Program as of year-end 2020 to 72 MSEs and 35 cooperatives/associations with outstanding loans of P2.22 billion.

Sulong Saka Program (High-Value Crops Financing)

The Sulong Saka Program (High-Value Crops Financing) is a credit assistance program for farmers cultivating high-value crops such as banana, cacao, coffee, oil palm, rubber, vegetables, among others, and for various qualified stakeholders to support their production, processing, marketing and other agribusiness projects. The Program benefited 195 MSEs, 298 cooperatives/associations and 72 other borrowers amounting to a total of P17.15 billion with an outstanding balance of P11.30 billion.

Sustainable Aquaculture Lending Program (SALP) or Pagsasakang Pantubig

The SALP (Sustainable Aquaculture Lending Program or Pagsasakang Pantubig) is anchored on institutional buyers or processing/canning companies linked with fishers' cooperatives/associations or MSMEs as growers/suppliers. The Bank's cumulative loan releases under the Program stood at P5.63 billion benefiting 68 MSEs, six cooperatives/associations and 11 other borrowers with P826.24 million in outstanding loans as of Dec. 31, 2020.

Young Entrepreneurs from School to Agriculture Program (Yes! to Agriculture Program or YESAP)

The Young Entrepreneurs from School to Agriculture Program (Yes! to Agriculture Program or YESAP) is designed to promote agri-entrepreneurship among the youth through the provision of credit and other support services as well as encourage enterprising young individuals to prioritize farming and agribusiness enterprise. The Bank has undertaken marketing initiatives to further promote the Program.

Empowering Barangays in Remote Areas Thru Credit and Enterprises (EMBRACE) Lending Program

The EMBRACE (Empowering Barangays in Remote Areas Thru Credit and Enterprises) Lending Program aims to expand credit outreach to farmers, fishers, MSEs, especially in unserved areas for financial inclusivity in line with the Bank's mission and mainstream these sectors to the regular window of the Bank. The total loan releases under the Program reached P489.25 million involving 34 farmers and 18 MSEs with outstanding loans of P7.54 million as of year-end 2020.

Partner Financial Institutions-Additional Credit for Countryside Outreach and Rural Development (PFI-ACCORD) Program

The PFI-ACCORD (Partner Financial Institutions-Additional Credit for Countryside Outreach and Rural Development) Program aims to facilitate easy access to short-term credit needs of the Bank's valued and good performing PFIs; provide additional short-term working capital requirements to PFI borrowers particularly for their clients such

as, SFFs, MSMEs and agribusiness entities (ABEs); and encourage the Bank's PFIs to avail of short-term loan at competitive interest rates, thus, expanding the Bank's loan portfolio and outreach. The cumulative loan releases amounted to P118.62 billion with outstanding balance of P9.65 billion. The Program assisted 63 cooperatives, 12 CFIs and one NGO.

Upland Southern Mindanao Credit and Institutional Building Program (USM-CIBP)

The Upland Southern Mindanao Credit and Institutional Building Program (USM-CIBP) is a program tie-up between 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. The program focuses on strengthening the beneficiary-organizations through a package of training, coaching and mentoring, systems installations and other institutional building activities to conform with the accreditation criteria of LANDBANK. As a support component, credit is provided by LANDBANK provided through a hold-out arrangement under the program beneficiary cooperatives not yet accredited by LANDBANK but with a viable project of micro-finance schemes.

The cumulative loan releases under the Program amounted to P14.59 million with outstanding balance of P2.64 million as of end of 2020 that benefited a total of five cooperatives. Under the Capacity Building component of the Program, a total of 11 cooperatives were given assistance.

Microfinance Program for Microfinance Institutions (MFI)-Retailers

In support of the government's call to address the credit requirements of the Barangay Micro Business Enterprises (BMBEs) and the poor sector by opening a special wholesale financing window thru various MFIs. The program aims to support government efforts to alleviate poverty by empowering the marginalized sector towards economic growth.

The loan releases for 2020 under the Program amounted to P5,301.35 million with outstanding balance of P6,623.10 million. The Program has assisted a total of 24 MFIs.

OTHER LENDING PROGRAMS



Cabanatuan Highway

LGU Lending Program

The LGU Lending Program assists the LGU's financing requirements for their local infrastructure and other socio-economic development projects that will enhance social services and help improve the living conditions of their constituents. A total 649 LGUs availed of this lending program with cumulative loans released amounting to P85.92 billion and outstanding balance of P54.47 billion as of year-end 2020.

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

In response to the financing needs of contractors, the BUILDERS (Bringing Urbanization and Innovation thru LANDBANK's Diverse Engineering Resource Support) Program was created to augment the working capital requirements and assist in the business expansions of contractors to enhance their role in the government's infrastructure-building projects. A total of 474 contractors availed of a total of P123.11 billion and outstanding balance of P33.87 billion as of year-end 2020.

LANDBANK Lending Program for Former Rebels

The LANDBANK Lending Program for Former Rebels aims to complement the Philippine Government's Enhanced Comprehensive Local Integration Program (E-CLIP) and show the government's sincere support to former rebels by providing credit assistance for their small businesses and agri-enterprise projects and reintegrate them to the economic mainstream. As of Dec. 31, 2020, there were seven former rebels from Northern Samar and Pampanga who availed of P0.47 million loans under the Program.

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

The Health-PLUS (Health-Progressive Lending for Upgraded Services Program) is designed for the health sector to improve access of the populace to quality and updated medical health goods and services. As of December 2020, approved loans amounted to P49.92 billion while outstanding loans stood at P22.54 billion. A total of 176 borrowers benefited from loan releases totaling P29.51 billion.

Public Transport Financing Program

This is the umbrella program of existing lending programs of the Bank for the public transportation sector, namely: (1) Special Package for Environment-friendly and Efficiently-Driven Public Utility Vehicles (SPEED PUV); (2) Ferry Boat Inclusive Financing Program; (3) TeRRain and Naval Special Program On Reliable means of Transport (TRANSPORT); and (4) Lending Program for Motor Vehicle Inspection Centers (MVICs). As of year-end 2020, the Program was able to finance the acquisition of 313 PUVs and eight boats, establishment of two MVICs, and the fleet improvement of a transport cooperative. Out of a total of P1.51 billion approved loans, P794.28 million were released to 31 borrowers with P752.75 million in loans outstanding.

Access of Small Enterprises to Sound Lending Opportunities (ASENSO)

ASENSO (Access of Small Enterprises to Sound Lending Opportunities) is a credit program supporting MSMEs to start or expand their existing businesses. Cumulative loans released under the Program amounted to P61.50 billion benefiting a total of 19,019 MSMEs.

LANDBANK Calamity Rehabilitation Support (CARES) Program

The LANDBANK Calamity Rehabilitation Support (CARES) Program is the Bank's response to support the credit requirements of those affected individuals or entities in officially declared natural and man-made calamities or disasters and/or in pests and diseases-affected/damaged/devastated areas. It serves as the Bank's ready program for financial assistance every time there is an occurrence of a calamity or disaster and/or pests and disease outbreak, in support of the government's continuing effort to restore economic and social activities of both public and private sectors in affected areas. Of the total approved loans of P5.85 billion, P3.62 billion was released to 202 borrowers with P1.72 billion in loans outstanding.



Cebu People's Multi-Purpose Cooperative
Cebu City

H2OPE (Water Program for Everyone)

The H2OPE (Water Program for Everyone) is LANDBANK's unified program for the water and sanitation sector to make the lending operations of the Bank more responsive and relevant to the expanded projects and borrowers of the said sector. H2OPE has a sub-program called STP (Solutions in Terminating Pollution) for Manila Bay, which was created in support of Administrative Order No. 16 creating the Manila Bay Task Force with vested powers and functions to complete rehabilitation, restoration, and conservation of Manila Bay. The Program aims to provide financing to private and government entities located onshore or offshore identified by DENR as contributors to the pollution of Manila Bay. The eligible projects under the Program include the construction or development of decentralized individual sewerage treatment plants, sewage/septage management technology or equipment, landfill and material recovery facility or rehabilitation or expansion of existing sewage/septage treatment plant or system, landfill, and material recovery facility.

Out of the Program's total approved loan amount of P5.66 billion, the loan releases stood at P3.68 billion and outstanding loans totaled P2.15 billion benefiting 32 borrowers.

HOME (Housing Opportunities Made Easy) Program

The HOME (Housing Opportunities Made Easy) Program aims to address the growing housing backlog in the country which requires financing both buyers and developers of residential units. It offers facilities, such as: (1) The EASY Home Loan, which helps the borrower buy or construct his dream home. It also allows existing homeowners to refinance their current and existing home loan from other banks or financing firms or developer's in-house financing; (2) The Developers' End-Buyers Financing Tie-up helps the borrower buy a home through an accredited developer. It also helps developers grow their business by financing their client's home acquisition, after an accreditation process. (3) The Bahay para sa Bagong Bayani (3B) is a special lending program designed for OFWs to acquire, build, or renovate their own homes at relaxed and flexible terms. (4) Housing

Projects Developers provides financing to housing project developers in the construction of residential condominium buildings, residential subdivisions, integrated community housing projects as well as commercial and office spaces, sports or health, amusement or entertainment, and environmental protection facilities as part of the integrated housing projects.

The HOME Program has financed four borrowers as of December 2020 amounting to a total of P7.18 billion out of P8.90 billion approved loan and outstanding loans of P5.63 billion.

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

BRIGHTNESS (BRinging Inclusive Growth in every Household Through National Electrification Support Service) Program aims to support the government direction on strengthening reforms in the rural power sector and place the Bank in a prime position to restructure the power industry as well as to encourage the use of renewable energy and support meaningful developmental projects of rural electric cooperatives that translate to lower electricity rates for the Filipino customers. As of year-end 2020, the Program has served 3.46 million power connections amounting to P5.20 billion loan releases to 26 borrowers.

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

The SMART (Sustainable Multi-dimensional Approach using Revolutionized Technologies) in City Development Lending Program aims to provide financial support to cities, highly urbanized LGUs, SMEs, corporations, cooperatives, NGOs, GOCCs and other viable enterprises for the development and adoption of digital infrastructures and applications with the use of cutting-edge technologies like Internet of Things (IoT), robotics and automation, and Artificial Intelligence to improve the quality of living, attain environmental sustainability, and make the city economically competitive. As of December 2020, one borrower availed of a P70-million loan with loan releases of P54.95 million.

K-12 Bridge Financing Program

The K-12 Bridge Financing Program was designed to provide timely bridge or short-term financing to participating Non-DepEd schools while awaiting disbursement of their government subsidy under the Senior High School Voucher Program. As of year-end 2020, 105 schools availed of P1.69 billion loans under the Program while P558.97 million loans remain outstanding.

Credit Facility for State Universities and Colleges (SUCs)

To support the needs of SUCs, the Credit Facility for State Universities and Colleges (SUCs) was created to finance their infrastructure expansion, fixed asset acquisition and other income generating or agri-related projects. As of year-end 2020, loan releases totaled P77.12 million out of P80.51 million approved loans, while outstanding loans stood at P16.53 million.

Franchising Lending Program

The Franchising Lending Program is the credit program of the Bank for qualified players in the franchising industry, particularly the franchisees and franchisors. The total loan releases under the Program stood at P13.50 million with outstanding loans of P12.00 million as of year-end 2020.

LANDBANK Lending Program for Economic Zone Developers

The LANDBANK Lending Program for Economic Zone Developers is a lending facility that will provide credit to developers of economic zones and position the Bank at the forefront of ecozone site development.

LANDBANK-PNOC RC Go Green Program for LGUs

The LANDBANK-PNOC RC Go Green Program for LGUs is a credit program that will provide accessible financing to Local Government Units for their energy efficient solutions in partnership with PNOC Renewables Corporation. This is in line with the government policy to reduce electricity consumption by promoting the use of energy efficient solutions.

Innovation and Technology (I-TECH) Lending Program

The Innovation and Technology Lending Program, or simply I-TECH, is a program in partnership with Department of Science and Technology-Technology Application and Promotion Institute (DOST-TAPI) that manifests strong support on Filipino invention and technology and innovation ventures, by way of credit program dedicated to the technology sector. The Program is in support to the R.A. 7459, otherwise known as the Inventors and Invention Incentives Act of the Philippines, which embodied the establishment of the Invention Guarantee Fund (IGF) and its interest earnings to be made available to finance and guarantee any loan assistance related to patented Filipino inventions.

The I-TECH Lending Program primarily aims to support the commercial production of patented Filipino inventions and to provide credit assistance to credit-worthy Filipino inventors and qualified borrowers in the production and sale of patented Filipino inventions.

The cumulative loan releases under the Program amounted to P12.70 million with outstanding balance of P5.61 million as of end-2020. The Program has assisted a total of three borrowers.

SUPPORT FOR AGRICULTURAL PROGRAMS



Biotech Farms, Inc. in South Cotabato generates employment and provides a ready market for the produce of approximately 10,000 small palay and corn farmers.

Agricultural Guarantee Fund Pool (AGFP)

The Agricultural Guarantee Fund Pool (AGFP) is a credit guarantee program initiated by the DA that consists of a pool of contributions from various participating GOCCs and GFIs. 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. From 2012 to December 2020, the cumulative AGFP guaranteed loans reached P9.57 billion, through which 86,626 farmers benefited covering 224,045.33 hectares of farmland. For the year 2020, the guarantee coverage amounted to P760.29 million benefiting 5,953 farmers covering 18,810.79 hectares.

Credit Surety Fund (CSF)

Aimed to increase the creditworthiness of MSMEs, cooperatives, and non-government organizations (NGOs), the Bangko Sentral ng Pilipinas developed the Credit Surety Fund (CSF) as a credit enhancement scheme for the sector. The CSF generated from contributions of well-capitalized and well-managed cooperatives or NGOs, LGUs, GFIs, Industrial Guarantee and Loan Fund (IGLF) and other institutions or government agencies serves as security for the loans of qualified borrowers of the CSF Cooperative. As of Dec. 31, 2020, the cumulative CSF covered loans reached P4.49 billion, which benefited 87,411 farmers, 235 cooperatives and 38 MSMEs. Total releases during the year amounted to P494.06 million.





Mirasol Development Corporation Agrarian Reform Cooperative was established in 2014 through the assistance of the Department of Agrarian Reform and LANDBANK, under the Agrarian Production Credit Program.

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 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 the DAR. In 2020, DAR transmitted a total of 1,050 CFs to LANDBANK for land transfer claim processing. Out of these, 1,035 CFs with a total area of 6,833 hectares were valued, while 14 CFs consisting of 110 hectares were returned to the DAR for re-documentation. The remaining one CF consisting of 38 hectares is pending for processing by LANDBANK.

Landowners Compensation

As of Dec. 31, 2020, the total payment to landowners amounted to P79.44 billion, broken down into P3.35 billion for PD 27/ EO No. 228; P.073 billion for LOI 1180; P.024 billion for RA 3844; P54.99 billion for RA 6657; and P21.00 billion for RA 9700. The amount is inclusive of the P9.36 billion statutory subsidy by the government and the P3.71 billion increase in valuation because of just compensation cases.

Agrarian Reform Bond Trading and Marketing

In 2020, AR Bonds sold amounted to P272.46 million, generating a total income of P5.32 million, assisting 442 bondholders with a total of 539 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 2020, collections from Agrarian Reform Receivables (ARR) amounted to P542.69 million with a collection rate of 61%. On the other hand, collections from Agrarian Reform Loans (ARL) amounted to P0.17 million. The total collection of P478.08 million was remitted to the BTr, while the remaining P64.77 million was earmarked for remittance in January 2021.

LANDBANK'S SUSTAINABLE FINANCE FRAMEWORK

LANDBANK'S P5.0 billion Fixed Rate ASEAN Sustainability Bonds

LANDBANK successfully issued its maiden offering of P5.0 billion Fixed Rate ASEAN Sustainability Bonds, which were listed at the Philippine Dealing and Exchange Corporation on Nov. 17, 2020.

LANDBANK Sustainability Bonds are designed to finance various loan programs that support sustainable green and social projects in accordance with the LANDBANK's Sustainable Finance Framework. The said framework has been verified by Sustainalytics, a Second Party Opinion provider, to be credible and impactful, and aligns with the Sustainability Bond Guidelines 2018, Green Loan Principles 2018 and ASEAN Sustainability Bond Standards 2018.

LANDBANK intends to allocate an amount equal to the incremental net proceeds of the Sustainability Bonds to finance loans that lead to environmental and social sustainability. Green projects are defined as those that contribute to environmental objectives such as climate change mitigation and adaptation, natural resource and biodiversity conservation, and pollution prevention and control.

Categories	Eligible Green Projects
Renewable Energy	Projects such as solar, wind, ocean, hydropower (capacity of 25MW and below), biomass (excluding those that compete with food production) and geothermal energies, e.g., loans under LANDBANK's Renewable Energy Lending Program, and investments into its own operations which have positive environmental impact
Energy Efficiency	Development, production, or installation of products or technologies that reduce industrial energy consumption, such as improved chillers, improved lighting technology and enhanced battery capacity, e.g., loans for Go Green Program, and investments into LANDBANK's own operations that reduce energy consumption in office buildings and facilities
Green Buildings	Commercial and residential buildings that meet recognized standards such as Philippines BERDE Green Building Rating System (4 stars and above), LEED (Gold and above) or belonging to the top 15% of low carbon buildings in their respective categories and local context
Clean Transportation	Electric vehicles, infrastructure for electric vehicles such as charging stations, as well as public mass-passenger transportation, passenger, and freight rail infrastructure (excluding rail transport dedicated to fossil fuels), and motorized transportation, e.g., loans for SPEED-PUV Program
Sustainable Water Management	Construction, operation or upgrading of infrastructure for water collection, storage, treatment or distribution or upgrade of infrastructure for flood protection or drought resilience, e.g., Water Program for Everyone (H2OPE)
Pollution Prevention and Control	Construction or upgrading of recycling infrastructure such as waste minimization, waste prevention, recycling, and reuse. Also included are energy/emission-efficient waste-to-energy power plants that use environment-friendly technologies, e.g., MWMP and STP for Manila Bay Lending Program
People Centric Urban Development	To improve quality of life living in urban areas, to provide convenience while at the same time conserving limited resources for sustainable and greener environment, e.g., SMART in City Development Lending

Social projects are those that directly aim to help address or mitigate a specific social issue and seek to achieve positive social outcomes.

Categories	Eligible Social Projects
Basic Infrastructure	Construction, operation or upgrading of basic infrastructure, such as clean drinking water, sewers, sanitation, and roads, e.g., LANDBANK BUILDERS Program
Affordable Housing	Loans for development or purchase of “Socialized Housing” and “Economic Housing” as defined by the Housing and Land Use Regulatory Board of the Philippines, e.g., LANDBANK HOME Program
Essential Services	Healthcare (public hospitals, elderly care, and the like) and education (public schools, universities, vocational training, sheltered workshops), e.g., LANDBANK HEALTH-PLUS Program
Employment Generation	Loans to micro, small, and medium enterprises as defined by the Bangko Sentral ng Pilipinas Manual of Regulation for Banks, e.g., ASENSO Program, agricultural credit support project (predicated towards poverty reduction)
Food Security	Growing and processing raw produce such as rice, vegetables, fruits as well as farming and fishing for underserved populations
Socioeconomic Advancement and Empowerment	Loans to minority, underserved, and low-income individuals, such as smallholder farmers and fishers, e.g., loans for LGU program

The LANDBANK Sustainability Bonds offering was five times oversubscribed, with total bids reaching P16.6 billion, leading to an increase in the total issue size from P3 billion to P5 billion. The Bank closed the offer period on its very first day of offering on Oct. 26, 2020.

LANDBANK President and CEO Cecilia C. Borromeo mentioned that amidst the backdrop of a recovering economic environment, the Bank is very grateful for the strong investor confidence in its stable financial position. She added that the strong interest is also a clear reflection of the conscious and growing demand for environmental and socially responsible programs and initiatives that the Bank is promoting.

The LANDBANK Sustainability Bonds were priced at a coupon rate of 2.5872% per annum, payable quarterly. It has a tenor of two years, maturing in 2022. The minimum investment amount is P50,000 and in multiples of P10,000 thereafter.

Standard Chartered Bank (SCB) is the Sole Arranger and Bookrunner of the bonds, as well as co-Selling Agent with LANDBANK.



LANDBANK's Programs for Environmental Protection and Sustainable Development

LANDBANK has been implementing various programs dedicated to environmental protection and sustainable development.

1. Carbon Finance Support Facility (CFSF)

is a climate change-mitigation program of LANDBANK under the Clean Development Mechanism (CDM) Program of the United Nations Framework Convention on Climate Change (UNFCCC). It is an institutionalized response to the worldwide challenge of reducing impacts of global warming and climate change, through implementation of methane recovery initiatives and programs eligible under the CDM.

The CDM emerged as one of the “flexibility mechanisms” of the Kyoto Protocol convention of 1997, which allows for industrialized nations to purchase carbon credits from developing countries with projects that reduce greenhouse gas (GHG) emissions, to achieve the emission targets of participating industrialized nations.

It is through the CFSF that LANDBANK can implement a voluntary coordinated action by introducing and supporting projects with CDM-eligibility potentials, which could lead to GHG emission reductions, and at the same time, provide incentives through generation of additional revenue in the form of carbon credits. As of Dec. 31, 2020, LANDBANK has enrolled 25 piggery farms with animal waste-to-energy projects and two proponents with landfill gas-to-energy projects, which are the two biggest landfills serving Metro Manila.

LANDBANK, through the Environmental Program Management Department (EPMD), serves as the Coordinating and Managing Entity (CME) for the following CDM Program of Activities (PoA) which were developed and registered with the UNFCCC, with assistance from the World Bank (WB): CDM PoA 6707 – Landfill gas recovery and combustion with renewable energy generation from sanitary landfill sites; and CDM PoA 5979 – Methane recovery and combustion with renewable energy generation from anaerobic animal manure management systems.

As the CME, LANDBANK sells carbon credits earned by registered projects to the WB, on behalf of Spain, Sweden, and Norway. Payment proceeds generated by the projects from selling Certified Emission Reductions (CERs) may be used as additional source of loan repayment/ security.

As of end-2020, a total of 525,730 CERs have been issued by the UNFCCC-CDM Program based in Bonn, Germany to LANDBANK's CFSF and delivered to WB pursuant to the Emission Reduction Purchase Agreements between LANDBANK and WB, with 26,937 CERs contributed by the animal waste-to-energy projects and 498,793 CERs contributed by landfill gas-to-energy projects. The total represents 64.17% of contracted deliverables to WB for piggery and landfill PoAs in 2020.

2. LANDBANK Green Climate Fund (GCF)

Financing Program is a climate finance program involving loans and grants from GCF intended for climate change adaptation and mitigation projects. This Program of the Bank can access GCF grants and loans, either for project funding and/or on-lending/blending with own internal funds or crowd-in with other funds to finance climate action projects.

The GCF is a financial mechanism under the UNFCCC which helps fund climate finance investment in low-emission, climate-resilient development through mitigation and adaptation projects and programs in developing countries. Established with a mission to advance the goal of keeping the temperature increase on our home planet below 2°C, the GCF is a unique global initiative to respond to climate change by investing into low-emission and climate-resilient development.

With the accreditation of LANDBANK in October 2018 as the first Direct Access Entity in the Philippines, the Multi-Hazard Impact Based Forecasting-Early Warning System (MH-IBF-EWS) was approved by the GCF Board in November 2019. The Project is the recipient of USD 10 million grant from the GCF for implementation of activities led by PAGASA and eight other Project Executing Entities. This Project has no loan component.

As of December 2020, LANDBANK is processing the issuance of the Special Presidential Authority (SPA) by the Office of the President for the execution of the Funded Activity Agreement (FAA) to start the implementation of the country's first GCF-approved project. Aside from this project, LANDBANK has a total of 12 projects in the pipeline for GCF funding covering the fields of agriculture and irrigation; fisheries; off-grid renewable energy; land transport; health; flood management and ecosystem enhancement through nature-based solutions; energy efficiency; and watershed preservation and land-use management. Among these 12 projects, three had their Project Concept Notes (PCNs) duly reviewed and endorsed by the Climate Change Commission (CCC), as the National Designated Authority (NDA) to the GCF Secretariat. The other projects have their PCNs under development in coordination with the respective proponents.

In 2020, LANDBANK received recognition from the ADFIAP Outstanding Development Project Awards as the Environmental Development Winner for the Bank's GCF Program.

3. Renewable Energy (RE) Lending Program

provides financing to renewable energy/energy-efficient projects in support of the National Government's thrust of promoting RE development, utilization and commercialization, and accelerating investments in the energy sector. The Program caters to projects such as hydropower, ocean, solar, wind, biofuel, biomass, geothermal and other RE projects. As of December 2020, the Bank released a total of P13.39 billion to 56 borrowers with outstanding loans of P9.26 billion.

4. LANDBANK Go Green Inclusive Financing for SMEs and LGUs Program (GO GREEN)

is the Bank's support program to the National Government's policy of reducing electricity consumption by promoting the use of energy-efficient solutions. As of December 2020, total loan releases to three borrowers under GO GREEN amounted to P26.86 million.

5. LANDBANK Special Package for Environment-friendly and Efficiently-Driven Public Utility Vehicles (SPEED-PUV)

is a program aimed to expand financial support in providing adequate, effective, and efficient transport facilities in modern Public Utility Vehicles (PUVs). As of year-end 2020, the Program's total loans approved amounted to P1.19 billion for the acquisition of 313 PUVs. Loans released amounted to P671.1 million with outstanding balance of P629.58 million.

6. Climate Resilient Agriculture Financing Program

provides financing to promote climate change adaptation initiatives towards climate resilient agriculture. Under the Program, the loan releases to nine borrowers as of December 2020 reached P1.86 billion with outstanding balance of P831.27 million.

7. Climate SAFE (Special Adaptation Facility For The Ecosystem) Program

The Climate SAFE Program aims to support the government in the implementation of R.A. 9729 or the "Climate Change Act of 2009" and R.A. No. 10174 or the establishment of the People's Survival Fund (PSF). The PSF is established to provide long stream finance for adaptation projects of local government units and local/community organizations aimed at increasing resilience of communities and ecosystems to climate change.

This Climate SAFE Lending Program will complement the financing requirements of eligible borrowers mostly LGUs for their adaptation projects; and to provide additional services such as technical assistance, and/or grant sourcing assistance for LGUs and other eligible borrowers making the program a preferential financing package.

LANDBANK aims to promote blended finance thru the Climate SAFE Program for climate change adaptation projects with funding from the Green Climate Fund (GCF) and the PSF.



Biotech Farms, Inc. is a frontrunner in utilizing methane recovery and combustion systems, a Clean Development Mechanism Project under LANDBANK's Carbon Finance Support Facility. Photos show the company's biogas and biomass facilities.

8. Enhanced Environmental and Social Safeguards Relative to Credit Delivery – Committed to its corporate mission of promoting sustainable development anchored on good governance, LANDBANK has institutionalized in its internal lending operations a policy that requires all Bank-financed projects to be environmentally sound and compliant with applicable environmental laws and regulations through the Credit Policy Issuance (CPI) Nos. 2004-02 and 2009-002. These policies were further improved and expanded to include not only environmental risks assessment but also climate change vulnerability and social risks assessments on all LANDBANK-financed projects through the Administrative Order No. 26 Series of 2018 (AO 26 s.2018) entitled “Enhanced Environmental and Social Safeguards Policy Relative to Credit Delivery” issued on March 6, 2018.

Further policy enhancements were made through the issuance of Executive Order No. 98 on Aug. 21, 2020 superseding AO 26 s.2018. These policy amendments further improved and updated the systems and methods; parameters of reporting in terms of identification, assessment, mitigation, monitoring of environmental, climate change and social risks, as well as environmental and social (E&S) benefits of projects financed by the Bank.

Considering threats of the COVID-19 pandemic to the health and safety of the Bank personnel and clients from the conduct of Environmental and Social Assessment (ESA) that requires travels, actual project site visits, and face-to-face interviews, the Bank issued Executive Order No. 107, Series of 2020 allowing EPMD to implement ESA through Interim Approaches or Online/Remote Assessment utilizing the available telecommunication facilities, online search engines and environmental assessment tools. Despite the challenges of the pandemic, the Bank, through EPMD, has accomplished a total of 446 E&S project assessments or 97% of the projects scheduled for environmental and social performance monitoring for CY 2020, bringing the total to 5,168 project assessments made since Program implementation in 2004.

These projects financed by the Bank have complied with basic environmental and social laws, rules, regulations, and standards. A total of 391 or 88% projects have implemented environmental programs or initiatives while 304 or 68% have addressed occupational health and promoted safety awareness in the workplace. It is noteworthy that no account/project was issued a DENR Cease and Desist Order due to environmental violations. This can be attributed to the effective and efficient implementation of EO 98 and EO 107, continued focused group discussions with the Bank's Account Officers and Account Assistants in the provincial Lending Units, and information dissemination through the e-learning training program wherein the Bank's clients were strongly encouraged and assisted to comply with the environmental and social laws and regulations and implement various best practices in E&S management by the EPMD personnel, concerned handling AOs/AAs and their Lending Center Heads. Through ESDD, clients are encouraged to implement environmental program awareness and initiatives as well as made aware of social issues in their respective workplace.

Along with the issuance of EO 107, EPMD also conceptualized and developed a total of 17 ESDD Standardized Evaluation Tool (SET) for ESA of major industries financed by the Bank to expedite report preparation. This standardized tool served as a guide/ready reference in the conduct of ESA and aimed for efficiency and uniformity in report preparation, among others. The Bank will continue its effort to align its existing policies, rules and regulations with the BSP Circular 1085, s. of 2020 or the Sustainable Finance Framework and be compliant with international standards like the Equator Principle and World Bank, JICA, and Green Climate Fund standards, among others.

For CY 2020, the Bank's ESDD Program has been selected among the contenders to successfully bag the Karlsruhe Sustainable Finance Awards Certificate of Merit on Outstanding Sustainable Project Financing Category.

- 9. Environmental Management System** – Since 2004, the Bank has been continuously implementing a Bank-wide Environmental Management System (EMS) to ensure that its internal operations employ the best practices in environmental management and comply with environmental laws and regulations. The LANDBANK Head Office and 39 Field Unit Sites are already ISO 14001:2015 Certified.

For the past 16 years, LANDBANK has also been consistent in incorporating the following environmental and social commitments toward sustainability in all aspects of its operations and services to protect the Bank against systemic environmental and social risks such as climate change, as well as influence clients and stakeholders in making similar responsible business decisions:

9.1 Environmental Commitments

- a. Certified Environmental Management System ISO 14001
- b. Maintained Environmental Policy
- c. Monitored Electricity, Fuel and Water Conservation Measures
- d. Recycled water for use in cooling towers
- e. Has Pollution Control Officers accredited by DENR and LLDA
- f. Installed pollution control facilities/eco-friendly or energy efficient equipment
- g. Implemented No Smoking and Anti-Belching Policy
- h. Conducted environmental awareness programs for employees and practiced Linis Day
- i. Fulfilled environmental activities/programs for the community and partner organizations with advocacies on waste segregation and proper disposal of recyclable materials



**ISO 14001:2015
Certified**

LANDBANK Head Office
and 39 Field Unit Sites





9.2 Social Commitments and Programs

- a. Programs to address occupational health issues, promote safety awareness in the workplace and promote a secure work environment for employees
 - Constructed meeting rooms at the Ground Floor and upgraded LANDBANK Plaza with the replacement of Air Handling Units and Generator Sets
 - Centralized receiving for internal/external at Ground Floor and 10th Floor
 - Approved Incident Action Plans and Incident Management Teams
 - Established standard criteria to ensure that equipment is maintained with the issuance of guidelines on replacement of building equipment and furniture and fixture
- b. Programs for the welfare of stakeholder communities and address customer health and safety concerns
 - Awarded by DENR with the first-ever Gawad Kamagong for the Bank's unwavering support to environmental advocacy through long-term volunteer programs on the protection and rehabilitation of watersheds and for uplifting the livelihood of its partner community organizations
 - MOA with ABS-CBN Lingkod Kapamilya Foundation, Inc. in support of the Bantay Langis and Bantay Baterya, and Bantay WEEE (Waste Electronic and Electrical Equipment) Projects

9.3 Environmental and Social Laws and Regulations Compliance

- a. Self-Monitoring Report submitted to DENR-EMB
- b. Environmental Compliance Certificate
- c. Wastewater Discharge Permit
- d. Permit to Operate Air Pollution Source Installation
- e. Hazardous Waste Generators ID
- f. Hazardous Waste Transport and Treatment Certificate
- g. Pollution Control Officers Accreditation Certificate
- h. Water Permit

10. Green Procurement Initiatives

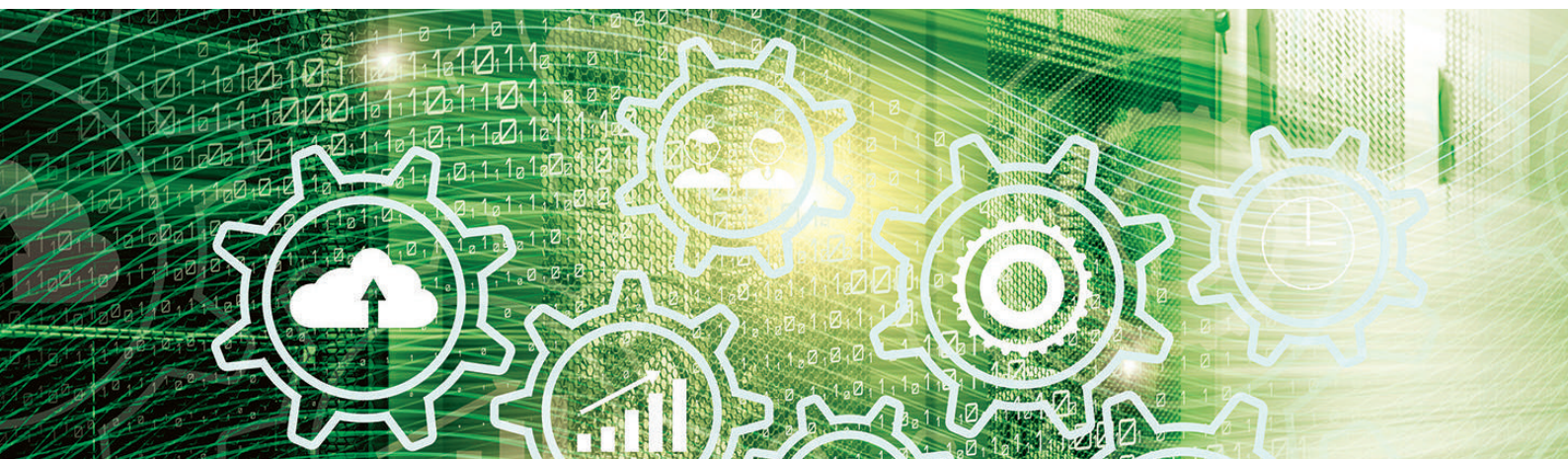
- Guidelines on the Implementation of the Green Procurement Program issued in 2011, with the objective to reduce the use of environmentally harmful goods and services being utilized by the Bank
- Procurement Manual 2020 version included "environmental interface" in the specifications and list of CSEs and NCSEs with their respective "Green Procurement" specifications
- Use of certifications/labels in defining requirements such as Philippine Standard Safety Certification Mark, Energy Star, CE Mark, and ISO 14001:2015

LANDBANK's Compliance with the BSP Circular No. 1085

On April 29, 2020, the BSP issued Circular No. 1085 on the Sustainable Finance Framework (SFF) requiring all banks to *"embed sustainability principles and environmental and social governance (ESG) in their (1) corporate strategies and directions as well as in their (2) corporate governance and (3) risk management frameworks in a manner that is consistent with their size, risk profile and complexity of operations."* Since the issuance of the Circular, LANDBANK has been undertaking various initiatives aligned with the SFF to fully comply within the three-year transition period provided by the BSP.

1. A Transition Plan containing the corporate strategies with corresponding timelines was prepared and approved by the Management Committee and the LANDBANK Board on Nov. 5 and Nov. 11, 2020, respectively, and is ready for submission to the BSP.
2. A Project Working Team (PWT) composed of officers from various Bank Units, was created per Special Order No. 785 issued on Dec. 21, 2020 to craft the framework for the Bank and facilitate the implementation of the Board-approved Transition Plan for the Bank's full compliance with the BSP Circular 1085 on or before May 16, 2023.
3. The mid-term review of the Bank's Medium-Term Plan (2019-2023) and Strategy Map is one of the activities to be prioritized in 2021 to evaluate its relevance and alignment with the Philippine Development Plan 10-point agenda, UN's Sustainable Development Goals, and the BSP Circular No. 1085. The expected output of this activity is an updated Strategy Map with adjusted strategic objectives, measures and targets integrating the Bank's sustainability agenda.
4. The Environmental and Social Risk Management System (ESRMS), containing policy issuances, procedures, and practices of the Bank on risk management as well as the risks tools and methodologies for monitoring and assessment, shall be prepared following the BSP standards.
5. Relative to the Bank's implementation of the Integrated Management System (IMS), the Bank shall continually validate and assess the Bank's processes and practices against sustainability principles and standards. Activities shall include (1) review of the alignment of EMS objectives and IMS policy with international standards and objectives setting; (2) compliance to applicable regulatory requirements and EMS-related issuances, and (3) conduct of IMS Assessments and third-party Certifying Body's Surveillance Audit.
6. To integrate the Bank's sustainability agenda in the existing performance appraisal system, a study on the inclusion of a uniform percentage weight for the KRA on SFF in the existing Individual Performance Commitment and Review (IPCR) shall be undertaken by the Human Resource Management Group for possible implementation in CY 2022.

The Compliance Management Group and Internal Audit Group shall also revisit the Bank's policies and procedures on compliance testing and audit of Bank Units' adherence to the E&S risk management.



AWARDS AND RECOGNITIONS



Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) Awards 2020

October 28-29, 2020

- "Winner" – Environmental Development Category for the Green Climate Fund
- "Merit Award" – Technology Development Category for the LANDBANK Digital Onboarding System (DOBS)

OpenGov Asia 2020

April 23, 2020

- OpenGov Asia – Philippines Recognition of Excellence 2020

Asian Banking and Finance

August 7, 2020

- Innovative Deal of the Year – Philippines for the "Premyo Bonds Para sa Bayan"
- Corporate Client Initiative of the Year – Philippines for the BALAI Bonds

Global Brands Magazine Awards 2020

August 3, 2020

- Best Agro-Banking Brand – Philippines 2020

Karlsruhe Sustainable Financial Awards 2020

September 30, 2020

- "Certificate of Merit – Best Innovation in Financial Services" for Enhanced Environmental and Social Safeguards Relative to Credit Delivery

Normandy Chair for Peace (through DENR)

September 19, 2020

- Manila Bay-ani Awards – Manila Bay SUNSET Partnership Program, Inc.

Securities and Exchange Commission (SEC)

November 20, 2020

- Depository Bank of SEC

Department of Environment and Natural Resources (DENR)

December 15, 2020

- Kamagong Award – Gawad Sibol Program

CORPORATE SOCIAL RESPONSIBILITY

LANDBANK CSR Statement

LANDBANK's Corporate Social Responsibility (CSR) 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.

Gawad Sibol Program

For its steadfast efforts to support environmental advocacy through long-term volunteer work, LANDBANK was recognized by the Department of Environment and Natural Resources (DENR) with the first-ever Gawad Kamagong Award in 2020. Considered as the highest recognition for volunteer partners, the Gawad Kamagong was awarded to LANDBANK for implementing volunteer programs that support the protection and rehabilitation of watersheds and for uplifting the livelihood of its partner community organizations.

From 2006 until the program completion in 2019, LANDBANK partnered with the DENR to implement the Gawad Sibol Program (formerly known as the "Adopt-a-Watershed Program") to promote the reforestation, protection, and increase biodiversity of denuded watersheds across the country.

The Program aimed to contribute to the National Greening Program of the DENR; help mitigate the impact of global warming and climate change and minimize floods during typhoons in the covered areas; empower local community groups, which includes indigenous people and peoples' organizations (POs), as partners for the program's success and sustainability; and provide volunteerism opportunities to LANDBANK employees.

Over the course of its run, the Program engaged thousands of volunteers from LANDBANK who helped replant trees in adopted areas in various watersheds across the country. In 2019, the Program completed the turnover of 13 adopted sites to the respective POs that managed and cultivated the areas, which gave them additional livelihood and financial opportunities.



LANDBANK West Mindanao Branches Group (WMBG), led by VP Lina K. Pacio, launched its Volunteer activity dubbed as "Compassion in Motion" last Aug. 7, 2020. The branches under the Group pooled funds to purchase 40 wheelchairs to provide vital service to People with Disabilities (PWDs) or people with special needs when conducting banking transactions with the Bank. The wheelchairs are being used groupwide. Some branches have also donated to qualified beneficiaries identified by the City Social Welfare Development (CSWD).



GABAY Program

Responding to the needs and assisting with the recovery of Marawi City after the devastation left behind by the siege, LANDBANK launched the Gawad Angat Bayan (GABAY) Program in 2019. It provided psycho-social support (PSS) to thousands of residents, especially children, who were traumatized by the violence brought about by the armed conflict.

Funded by the Department of Finance (DOF) under the Kreditanstalt für Wiederaufbau-Interest Differential Fund (KfW-IDF), and in partnership with Balay Mindanaw Foundation, Inc. (BFMI) as Program Implementer, the two-year program was completed last Dec. 31, 2020.

The PSS activities, dubbed as “Mashwara Para Ko Kapamulong” (Conversations for Healing), included processing and debriefing; post-activity support communication; and other interventions needed by the participating internally displaced persons (IDPs) such as organic farming as eco-therapy.

The Program also trained the participants to conduct PSS activities for them to cascade to their fellow IDPs. The GABAY Program has achieved the following:

1. Conducted PSS activities for over 1,500 youth and children IDPs;
 - 2019 – 455
 - 2020 – 1,195
2. Conducted PSS activities for 2,273 adult IDPs;
 - 2019 – 1,673
 - 2020 – 600
3. Trained 127 adult IDPs in conducting PSS to fellow IDPs.
 - 2019 – 100
 - 2020 – 27

The GABAY Program was also made possible in cooperation with Task Force Bangon Marawi (TFBM), LANDBANK Countryside Development Foundation, Inc. (LCDFI), and the local government and people of Marawi City. The Program embodied LANDBANK’s commitment to help communities grow and recover, giving the people of Marawi City and Lanao del Sur hope and the courage to look beyond the tragedy with renewed spirits as they restore their community, and rebuild their lives.

Manila Bay SUNSET Partnership Program, Inc.

In 2020, LANDBANK received a Certificate for Gratitude from four international environmental organizations at the Manila Bay-ani Awards for the Bank’s flagship program for the environment.

The Manila Bay SUNSET (Socially Responsible and United in Nurturing and Sustaining the Environment) Partnership Program, Inc. (MBSPPI) was recognized for its “sincere dedication and noble efforts to help restore the glory and the splendor of Manila Bay” by the International Council of Environmental Law (ICEL-Madrid, Spain); the Institute for Governance and Sustainable Development (IGSD-Washington, DC); the Normandy Chair for Peace (NCP-France); the Asia-Pacific Center for Environmental Law-National University of Singapore (APCEL-Singapore); and the Manila Yacht Club.

With the aim of promoting sustainable conversion and improvement of the marine and coastal resources of Manila Bay and its tributaries, the MBSPPI is made up of 30 public and private member-institutions which include government agencies, non-governmental organizations, private companies, and academic institutions.

Included in the past initiatives of the MBSPPI were the monthly and annual clean-ups, fund raising activities through the annual Manila Bay Clean-up Run, collection of waste polystyrene to recycle into rulers for Manila public schools’ students; improving the Bay’s water quality using Effective Microorganism (EM) Bokashi Mud Balls; PET bottle rescue boat-making; and ecobrick-making from plastic food wrappers, among others.

Contributions to Communities

As a good corporate citizen, LANDBANK assists Local Government Units (LGUs), National Government Agencies (NGAs), Government-Owned or Controlled Corporations (GOCCs) and private entities through donations for humanitarian purposes, financial inclusion, environmental preservation and education.

A total of P10.31 million was donated to 156 LGUs and one educational institution affected by typhoons that hit the country in 2020, as well as the eruption of Taal Volcano.

LANDBANK also provides secondhand fixed assets as in-kind donations to schools, LGUs and other organizations.

Donation Particulars	Amount (In PhP)
Financial assistance to 104 LGUs affected by typhoon "Ursula" in December 2019 in the provinces of Biliran, Leyte, Northern Samar, Samar, Eastern Samar and Southern Leyte	6,415,000.00
Financial assistance to 44 LGUs affected by the eruption of Taal Volcano in January 2020 in the provinces of Laguna, Batangas and Cavite	3,300,000.00
Financial Assistance to Pamplona Institute due to heavy flooding brought by typhoon "Tisoy" in December 2019	200,000.00
Financial assistance to 8 LGUs in Eastern Samar affected by the typhoon "Ambo" in May 2020	400,000.00
In-kind Donations	
5 Computers sets for Alapan 1 Elementary School in Imus City	
20 Computer sets for Pamplona Institute in Pamplona, Cagayan	
5 Computers sets for Barangay Caluyahan in Motiong, Samar	
10 Computer sets for Irosin Municipality in Sorsogon	
Various properties from PVCID Bohol Field Team to Mansasa District Elementary School in Tagbilaran City, Bohol	
Various properties from General Santos Lending Center to Datal Salvan High School in General Santos City	
Various properties from Agoo Branch to Don Eufemio F. Eriguel Memorial National High School in Agoo, La Union	
Various properties from Camarines Sur Lending Center to Buelva-Belleza National High School in Lagonoy, Camarines Sur	

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 2020, 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.

For SY 2019-2020, there was a total of 97 scholars and as of November 2020, 31 scholars have already graduated while four scholars will be graduating in February 2021. For SY 2020-2021, there are 64 scholars who received allowances/stipend amounting to P6,301,048.56.

SUSTAINING EMPLOYEE VOLUNTEERISM AMIDST CHALLENGING TIMES

LANDBANK's Social Responsibility Program contributes to the institution's goal of developing and improving the quality of life of all its stakeholders. Employees realize this by performing their duties and responsibilities with a consciousness and mindset to act for the benefit of others and by demonstrating sensitivity toward nation-building as well as social, environmental, cultural, and economic issues.

2020: A Year of Challenges and Opportunities for Landbankers to become #BankHeroes

LANDBANK employees have been very much engaged in volunteerism initiatives even before the institutionalization of the "LANDBANK Volunteerific Program."

However, 2020 proved to be a year of challenges in view of various calamities that beset the Filipino nation and the world. The start of the new year saw the residual effects of the disasters that occurred during the latter part of 2019 such as typhoons and the Mindanao earthquake. In January 2020, Taal Volcano erupted which led to the evacuation and dislocation of numerous families in Southern Luzon. In the later part of the year, the country experienced the adverse impact of Typhoons Quinta, Rolly and Ulysses. The major challenge faced by the modern world is the ongoing COVID-19 pandemic. People around the globe continue to grapple as to how to effectively deal with this unprecedented event.

While most workers had to stay at home especially during the early part of the mandated community quarantines, LANDBANK employees, together with partner service providers, continued to provide essential banking services to clients. Likewise, the rest of the workforce did not stop performing their duties and responsibilities as public servants as they worked from the confines of their homes even before the Civil Service Commission (CSC) mandated the adoption of alternative work arrangements.

While 2020 was rife with challenges, the year also brought opportunities for reigniting the Filipino "bayanihan" spirit. The pandemic did not hinder LANDBANK employees from sharing a part of themselves. Although done mostly in a remote fashion, the sincere, charitable and passionate commitment to help others is still present in the hearts and minds of the employees and they actually made it happen. This way, they were able to creatively reshape volunteerism.

Volunteerism Opportunities

Despite having limited mobility and the directive to continue performing their work during this global crisis, 7,393 LANDBANK employees were able to register a combined total of 41,000 Volunteerific Hours rendered. They comprise 79% of the total employee population. Average volunteer hours per engaged employee clocked in at 5.22 hours. For 2020, the focus was on fund generation and limited deployment of volunteers.



LANDBANK Bongao Branch donated bottled water to Bongao, Tawi-Tawi for the frontliners detailed in various checkpoints of the Municipality.



Landbankers from Catanauan Branch dedicated their weekends to help other volunteers from the Municipality of Catanauan in repacking goods that were donated to the residents.

The LANDBANK “Hour Time to Share” fund generation campaign had a significant contribution to the relative success of this year’s Volunteerific Program. Through this donation drive, which ran from December 2019 up to June 2020, LANDBANK employees were able to donate a total of 15,785 volunteer hours which is equivalent to P5.204 million for our 2020 CSR initiatives. From this amount, our employees were able to donate P1.60 million for the purchase of personal protective equipment for the medical practitioners and frontliners of eight COVID-19 centers in Baguio, Metro Manila, Cebu and Davao.

Moreover, through the Hour Time to Share campaign, LANDBANK employees also support scholars who are taking up agriculture courses. As of 2020, there are 99 scholars in 17 schools from 17 regions in the country. LANDBANK, as an institution, supports the academic requirements of the scholars but it is the employees who provide support to the internship or the Education-to-Employment aspect of the program. However, due to the COVID-19 pandemic, the internship program did not push through in 2020 and the P3.604 million allotted for this will have to be repurposed or may be carried over to 2021.

Also, in place since 2019 is the LANDBANK Alternative Mechanism of Benevolent Assistance for the Greater-Good (AMBAG) System whereby donations collected are given to those affected by calamities or fortuitous events, whether these are colleagues from LANDBANK or citizens of severely affected areas. In 2020, a total of P1.94 million was generated, which benefited fellow Landbankers and communities affected by the Mindanao Earthquake, Taal Volcano Eruption and Typhoons Rolly and Ulysses.

Other Volunteerism Initiatives

LANDBANK employees assigned at the Head Office also participated in the Brigada Eskwela Program of Manuel Araullo High School in Ermita, Manila by financing the purchase of materials for module production, while various schools in Leyte and the Province of Cebu received in kind donations from LANDBANK branches in the areas.

During this time of pandemic, the Bank also participated in the National Government’s call for support in the fight against COVID-19 through the deployment of LANDBANK personnel to assist the operations of the Palacio De Maynila Mega Swabbing Center in Malate, Manila.

Some employees donated food packs to frontliners in their respective areas while others conducted a coastal clean-up drive. Several employees donated materials and supplies for candle making as their support to the alternative livelihood program for the urban poor in their community.

The spirit of Christmas was stoked by the continued conduct of the “LANDBANK Share-A-Gift” Program in partnership with the City of Manila. In 2020, 500 street dwellers and their children in selected communities in the City of Manila benefited from the activity. The families received Noche Buena packs donated by LANDBANK as an institution, while school supplies and accessories were purchased using donations from the employees.



Donation drive by LANDBANK - ERD to various hospitals in Manila

LANDBANK President and CEO Cecilia C. Borromeo, Zambales Governor Hermogenes Ebdane, Jr. (4th from right) and Masinloc Mayor Arsenia Lim (3rd from left) led the ceremonial ribbon cutting during the inauguration of LANDBANK Masinloc Branch last Feb. 7, 2020. They were joined by Masinloc Vice Mayor Pedro O. Enciso (2nd from right), LANDBANK Branch Banking Sector EVP Julio Climaco, Jr., Central Luzon Branches Group FVP Sylvia Lim, Masinloc Branch Head Ruth Panes, Iba Branch Head Emma Galvez, and Zambales Lending Center Head Ma. Marita San Diego.



BANK'S DELIVERY CHANNELS



411
LANDBANK
Branches

One of LANDBANK's major business goals is to provide excellent customer service. Amid the pandemic, the Bank continued to pursue activities that will innovate and upgrade its products and services to become more responsive and attuned to the dynamic banking needs of its growing and diverse customer base. On top of quality customer service and in line with the National Government's priority thrust on inclusive growth, the Bank also puts high premium in reaching out to the unbanked and unserved segments of society by expanding its physical and virtual network through alternative delivery channels, and adoption of innovative platforms to deepen financial inclusion across the country and around the globe.

LANDBANK Branches

During the year, LANDBANK sustained its presence in all 81 provinces of the country with its network of branches and branch-lite units. As of year-end 2020, LANDBANK's branch network reached 411 from 406 as of year-end 2019. The five new branches in 2020 were established in Bolinao (Pangasinan), Barili (Cebu), Lamitan (Basilan), Imelda (Zamboanga Sibugay), and Balingasag (Misamis Oriental).

LANDBANK Branch-Lite Units

According to the definition of the Bangko Sentral ng Pilipinas, a Branch-Lite Unit shall refer to "any permanent office or place of business of a bank, other than its head office, or a branch. A Branch-Lite Unit performs limited banking activities and records its transactions in the books of the Head Office or the Branch to which it is annexed".

65

LANDBANK
Branch-Lite Units



As of year-end 2020, LANDBANK had a total of 65 Branch-Lite units in various municipalities across the country: 42 in Luzon, 12 in the Visayas and 11 in Mindanao. Equipped with ATM, Cash Deposit Machine and other electronic machines, these Branch-Lite Units are in far-flung areas providing banking services such as deposit account opening, receipt of loan applications and credit card applications, among others. The 65 Branch-Lite units include five Branch-Lites, 48 LANDBANK Easy Access Facilities (LEAFs), six Telling Booths, two Foreign Exchange Booths and five Agri-hubs. The two new Branch-Lites in 2020 were established in Balanga City (Bataan) and Himamaylan (Negros Occidental).

LANDBANK Agri-hubs

In line with the Bank's thrust to expand reach and touchpoints, LANDBANK established Agri-hubs in top palay-producing provinces. Agri-hubs are envisioned as a way for LANDBANK to provide a one-stop-shop facility where branch banking, lending and agrarian functions can be availed under one roof to respond to the banking requirements of clients, particularly farmers and fishers. In 2020, five Agri-hubs were established in Calabanga (Camarines Sur), Barotac Viejo (Iloilo), Echague (Isabela), Sual (Pangasinan) and Sta. Maria (Ilocos Sur).

LANDBANK Lending Units and Lending Centers

To help facilitate the delivery of the Bank's loan products and services nationwide especially to those needing credit assistance, LANDBANK opened nine new Lending Centers in 2020, bringing to 55 the number of Lending Centers located in the key provinces in the country. These provincial Lending Centers are clustered by major island groups: 17 in the Northern and Central Luzon, 12 in Southern Luzon, 11 in the Visayas, and 15 in Mindanao. In addition, there are eight satellite offices in Kalibo, Eastern Samar,

Ozamis, Surigao, Tandag, Cotabato, Mati and Maramag. At the Head Office, there are nine Lending Units which cater to retail, mortgage and corporate lending to borrowers based in the National Capital Region.

Automated Teller Machines (ATMs)

With the 159 newly installed ATMs in 2020, the Bank's ATM network reached 2,320, representing 11% of the total 21,883 ATMs in the Philippine banking industry. These ATMs are strategically located across the country with 394 (17%) in the National Capital Region, 549 (24%) in North and Central Luzon, 448 (19%) in Southern Luzon, 382 (16%) in the Visayas, and 547 (24%) in Mindanao.

The new ATMs were installed in LGUs with 85 units, five in medical centers/hospitals, and seven in schools. The Bank also installed 25 off-site ATMs in government agencies like POEA and DSWD RO VIII – Tacloban; transport terminals such as in Cebu South Bus Terminal and Kumalarang Integrated Bus Terminal in Zamboanga del Sur; and shopping centers such as CSI Supermarket Bonuan in Dagupan City, and SM City Legazpi. Meanwhile, 37 ATMs were installed onsite in various LANDBANK branches.



LANDBANK opened its first Agri-hub in Calabanga, Camarines Sur on Dec. 21, 2020.

The Bank's aggressive ATM deployment program in support of its commitment to provide banking convenience to its 15.7 million cardholders as of year-end 2020 enabled LANDBANK to maintain its ranking as the third largest bank in terms of ATM network in the country. This translates to a 6% growth in the Bank's ATM footprint from 2,195 in 2019. The Bank was also able to install ATM units in 85 unbanked municipalities out of the total 519 according to BSP data.

Point of Sale (POS)

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 agent by simply dipping their peso-denominated debit cards and encoding their Personal Identification Number (PIN) at the POS devices.

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. Transaction volume rose by 120% from 1.67 million in 2019 to 3.67 million in 2020, while the transaction value more than doubled from P7.75 billion in 2019 to P16.55 billion in 2020. The substantial growth in partner merchants, transaction volume, and value resulted in a remarkable growth in income by 123% from P13.55 million in 2019 to P30.16 million in 2020. As of year-end 2020, 310 terminals were deployed at 193 POS Cash-Out partners and 75 Agent Banking partners with some partners having more than one POS terminal.

Cash Deposit Machine (CDM)

To increase the pace of over-the-counter (OTC) transactions, LANDBANK provides automated CDMs

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 to provide an automated delivery channel for deposit transactions. As of 2020, a total of 167 CDMs have been installed in strategic locations throughout the country: 16 in NCR, 42 in Northern and Central Luzon, 37 in Southern Luzon, 31 in the Visayas, and 41 in Mindanao.

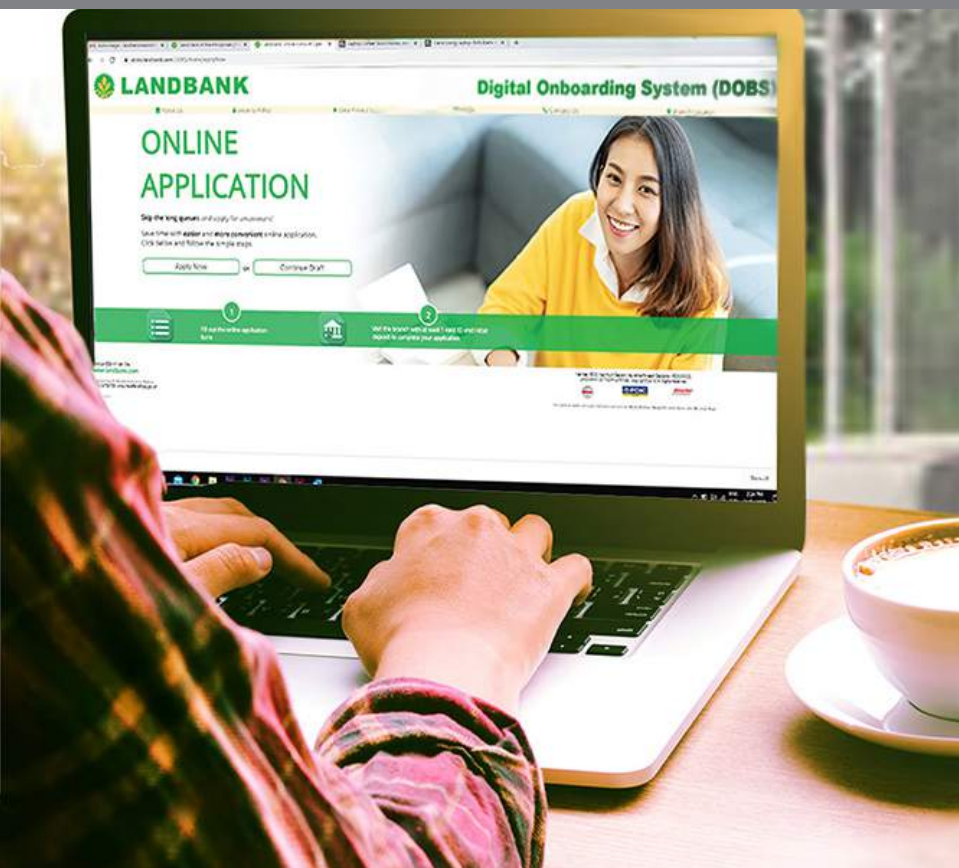
Agent Banking Partners

The Bank intensified its efforts to support the National Government's financial inclusion initiatives with the full implementation of the Agent Banking Program (ABP) on Feb. 13, 2020. The ABP enables the Bank to extend its reach to the unbanked and underserved areas by partnering with eligible institutions to bring selected banking services. The Agent Banking Partner operates 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 Program registered a remarkable expansion with 398,414 transactions completed valued at P1.71 billion as of December 2020. The number of agent banking partners also grew significantly, with 75 new partners onboarded during the year. From 11 in 2019, the number of ABPs reached 86 in 2020.

The inauguration of the first-ever LANDBANK offsite ATM and Cash Deposit Machine (CDM) Center in Mindanao was held on Dec. 18, 2020 in Damulog, Bukidnon with Mayor Melino L. Buro (7th from left) and LANDBANK Don Carlos Branch Head Grace C. De Leon (6th from left) leading the simple ceremony. The LANDBANK Center now caters to communities in the southern part of Bukidnon and North Cotabato, as well as other municipalities under the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM).





E-BANKING FACILITIES

Digital Onboarding System

The LANDBANK Digital Onboarding System (DOBS) is a web application that reduces account opening time and simplifies the account enrolment process for individuals and institutional clients (both private and government). It allows applicants to fill out forms in the comfort of their homes, offices, or even via their mobile phones, prior to proceeding to the branch to complete the account opening process and to pick up their LANDBANK cards. This significantly reduces account opening time of clients from 30 minutes to 10 minutes and reduces lobby traffic in the Bank's branches.

The system supports the Bank's thrust to financially include farmers and fishers, as well as OFWs, by providing them with an additional access point. It also promotes the Bank's compliance with regulatory requirements by its efficient gathering of mandatory data from customers and supports government initiatives for "Ease of Doing Business."

DOBS is accessible through the Digital Corner of LANDBANK branches and the Bank's website. It is also interfaced with the LANDBANK iAccess (Internet banking system) to automate enrolment upon opening of deposit account. The System has recently been enhanced to include the capability to update individual customer information without going to a branch or prior to a branch visit to complete the process. Also, it was enhanced to provide a more precise Customer Risk Profile Rating and search for customer names in the various watch lists (e.g., U.N. Sanctions List, OFAC Sanctions List) as required by regulations.

In 2020, the system made several major innovations and enhancements that became the Bank's competitive and relevant solution. The enhancements made are the Corporate Updating Facility, Corporate Payroll Facility, and the DOBS – Data Entry System for the account onboarding of PSA ID registrants. The DOBS also served as the base platform system in delivering the Overseas Filipino Bank DOBS with Artificial Intelligence via the Mobile Banking App.

The DOBS is an integral part of the Bank's overall thrust to enhance customer service as it invests in digital technologies to provide greater convenience and accessibility to clients that will ensure a "delightful customer experience."



The System is also aligned with the Bank's vision to "promote inclusive growth, especially in the unbanked and underserved areas, through the delivery of innovative financial products and services powered by digital banking platforms." Thus, DOBS plays a significant role in providing access to financial services for unbanked Filipinos through the Bank's branches.

The DOBS is continuously revolutionizing its processes in consonance with the business imperatives of the Bank. For 2021, enhancements will be made available in the system, namely: (1) GSIS account opening; and (2) Account opening via Mobile Banking Application using the DOBS Artificial Intelligence.

As the official depository bank of the government, LANDBANK branches process a multitude of government transactions daily. Through DOBS, the Bank can better serve both private and government customers – individual and institutional – more efficiently with the shortening and streamlining of the account opening and updating processes. As of Dec. 31, 2020, the total number of deposit accounts opened through DOBS reached 1,263,874 compared with 544,430 accounts in 2019.

LANDBANK Mobile Banking Application

The LANDBANK Mobile Banking Application (MBA) is one of the Bank's popular e-banking channels. This provides clients with convenient access to a wide array of financial and non-financial transactions through their smartphones anytime, anywhere there is Internet. By downloading the MBA from the Google Play or App Store, customers can enjoy mobile banking services such as balance and transaction history of deposits, credit card accounts, checkbook request, cardless withdrawal, 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 rate and Unit Investment Trust Fund NAVpU inquiry, and LANDBANK ATM and Branch locator.

On Nov. 1, 2020, LANDBANK relaunched the MBA with a new look and feel, through which, clients can have a more convenient, updated, and upgraded online banking experience. Aside from this, MBA includes Prepaid Card features, such as fund transfer from a LANDBANK Mastercard Prepaid Card (LMPC) to a LANDBANK account and vice-versa and LMPC to LMPC. Also available are the LANDBANK Credit Card features, wherein customers can activate/register and change their credit card PIN.

As customers shift from using the browser-based Internet banking system to an 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.

Monetary transactions in the LANDBANK MBA grew significantly by 263% from the 2019 volume of 4.27 million to 15.49 million in 2020. Likewise, the value of transactions grew by 201% from P28.29 billion in 2019 to P85.12 billion in 2020. On the other hand, non-monetary transactions increased by 47% from 38.50 million in 2019 to 56.44 million in 2020.

LANDBANK weAccess

The LANDBANK weAccess is the Bank's Internet banking facility for institutional customers which allows private and government entities to manage their transactions online. Further, it enables customers 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 account or 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 that transactions and data are protected from online threats.

At the end of 2020, enrolled institutions totaled 39,274. Transaction volume, on the other hand, increased significantly by 30% from 12.54 million in 2019 to 16.24 million in 2020. Transaction value likewise grew by 41% from P280.83 billion in 2019 to P396.67 billion in 2020.



39,274
Institutions enrolled
in weAccess

LANDBANK iAccess

The LANDBANK iAccess is a retail Internet banking facility that allows individual customers to enjoy the convenience of secure online banking services anytime, anywhere. It offers banking services such as fund transfer to own account and nominated third-party accounts, as well as fund transfer to PESONet and InstaPay participating banks or e-wallet.

The number of users enrolled in iAccess decreased to 1.01 million in 2020. However, transaction value increased substantially by 47% from P8.08 billion in 2019 to P11.86 billion in 2020. As expected, transaction volume via the iAccess declined by 38%, from 36.07 million in 2019 to 22.24 million in 2020, due to the shift of depositors 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), 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 branches for processing.

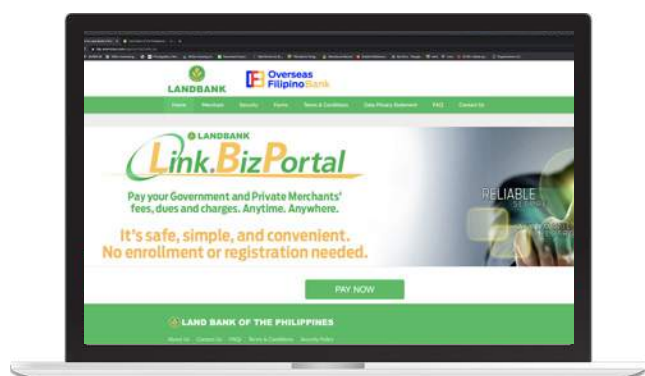
In 2020, transactions under the eMDS grew by 8% to 1.59 million from 1.48 million in 2019, while transaction value registered a 28% growth from P915.37 billion in 2019 to P1.18 trillion.

E-PAYMENT AND COLLECTION SERVICES



LANDBANK Link.BizPortal

LANDBANK Link.BizPortal is an electronic payment system that allows customers to settle their dues and obligations to government and private institutions. For 2020, Link.BizPortal continued its steady growth in terms of merchants acquired and transactions completed. As of end-2020, Link.BizPortal processed a total of 2.12 million transactions with a value of P7.95 billion, growing in terms of volume by 35% and value by 71% (1.57 million transactions; P4.65 billion in 2019). Income from commissions similarly grew by 34%, from P15.26 million in 2019 to P20.46 million in 2020. This can be attributed to the 10% increase in the total number of new merchants enrolled, from 700 merchants in 2019 to 767 merchants in 2020.



Among the top merchants from the National Government are the Philippine National Police (PNP), Philippine Overseas Employment Agency (POEA), Bureau of Internal Revenue (BIR), Professional Regulation Commission (PRC), Philippine Charity Sweepstakes NCR (PCSO NCR), Land Transportation Office – NCR (LTO NCR), and the Overseas Workers Welfare Administration (OWWA).

Electronic Tax Payment System (eTPS)

LANDBANK continues to complement 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 Dec. 31, 2020, the transaction value decreased by 17% from P97.65 billion in 2019 to P80.84 billion in 2020, covering transaction volumes of 441,635 and 406,561, respectively.

COLLECTION AND DISBURSEMENT SERVICES FOR THE NATIONAL GOVERNMENT

Conditional Cash Transfer (CCT) Program or Pantawid Pamilyang Pilipino Program (4Ps)

The CCT or 4Ps Program was created with the objective of building the capacities of poor Filipino families to cross the poverty line through human capital investment. As defined in Republic Act 11310 or the 4Ps Act, the Pantawid Pamilyang Pilipino Program (4Ps) is the national poverty reduction strategy and a human capital investment program that provides conditional cash transfer to poor households to improve the health, nutrition, and education aspect of their lives. It is anchored on the paradigm of breaking the intergenerational cycle of poverty by keeping children healthy and in school. The provision of cash grants is based on compliance by the beneficiaries with the program conditionalities.

In 2020, a total of P80.06 billion cash grants were distributed to 4,363,000 beneficiaries nationwide.



Staff of Nasugbu Branch flew to Lubang Island, Mindoro to conduct the delivery of cash grants to CCT beneficiaries amid the pandemic.

Unconditional Cash Transfer (UCT)/Tax Reform Cash Transfer (TRCT) Program

The UCT Program also known as Tax Reform Cash Transfer (TRCT) Program is the biggest tax reform mitigation project of the government. It seeks to provide unconditional cash transfer to households in the first to seventh income deciles of the National Household Targeting System for Poverty Reduction (NHTS-PR), Pantawid Pamilyang Pilipino Program, and the Social Pension Program who did not benefit from the lower income tax rates (under the TRAIN Law) but were adversely affected by rising prices of commodities.

For 2020, LANDBANK administered the nationwide distribution of cash grants under the UCT/TRCT Program to 3,923,602 beneficiaries totaling P14.124 billion.

Social Amelioration Program

In view of the passage of Republic Act No. 11469, otherwise known as the “Bayanihan to Heal as One Act of 2020,” the Department of Social Welfare and Development (DSWD), in partnership with Land Transportation Franchising and Regulatory Board (LTFRB), as an agency under the administrative supervision and control of the Department of Transportation (DOTr), and LANDBANK, facilitated the distribution of the Social Amelioration Program in the most expedient way.

The parties provided the utmost commitment in their respective services for the benefit of the low-income drivers of Public Utility Vehicles (PUVs), namely, Public Utility Jeepneys (PUJs), Public Utility Buses (PUBs), Point-to-Point (P2P) Buses, UV Express, Taxi, Shuttle Service, Tourist Transport Service, School bus service, and Transport Network Vehicle Services (TNVS), including drivers of Motorcycle (MC) Taxi who are registered in the Pilot Study currently conducted by the DOTr, and whose daily sustenance is solely dependent on the income they derived therefrom.

For 2020, 24,200 beneficiaries received emergency subsidies of P8,000 each or a total of P193.60 million.

Service Contracting Program

The Service Contracting Program is being undertaken in line with Bayanihan to Recover as One Act to ensure efficient, safe, and financially viable operations of public transportation under these unusual circumstances wherein the government will provide to operators/drivers performance-based subsidy based on vehicle-kilometers travelled and compliance with agreed performance indicators. Under the Program, LANDBANK was able to distribute P1.13 million to 282 beneficiaries for 2020.



LANDBANK employees distribute cash grants to UCT beneficiaries in Tangub City.



Drivers wait for their turn to receive their DOTr-LTFRB SAP cash assistance at LANDBANK Caloocan Branch.

Cash Subsidy to PUV Operators Program

This program aims to relieve the critically impacted transport stakeholders through distribution of cash subsidies to cushion the adverse effect of COVID-19 pandemic in their operations. Cash grant for fixed route is P6,500 while for non-fixed route, the grant is P4,500. In 2020, P786.27 million cash grants were distributed to 120,964 PUV operators.

Financial Subsidy to Rice Farmers (FSRF) Program

The FSRF Program provides cash aid that is part of the Department of Agriculture's initiatives to assist rice farmers who are affected by the Rice Tariffication Law, especially those who plant about or less than a hectare, located in 34 provinces.

The fund of P3 billion was earmarked under the General Appropriations Act (GAA) of FY 2020 to be used to provide direct cash transfers to rice farmers through LANDBANK, which the rice farmers can use for procurement of needed inputs to improve productivity and profitability.

In 2020, LANDBANK distributed cash grants totaling P2.68 billion to 536,119 beneficiaries in 27 provinces in the country.



P786.27 M

cash grants to
120,964 PUV Operators

Modified Disbursement System (MDS)

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

For the year 2020, LANDBANK processed 90% of the total Notice of Cash Allocations (NCAs) released by the DBM. The total disbursement of 39 departments of the government amounted to P3.28 trillion with a total volume of 2.55 million MDS transactions (ADA/checks). These disbursements included payments and fund releases of the government for development projects, operating expenses and salaries/benefits of government personnel posted a 14% increase from P2.88 trillion in 2019.



GOA Branch conducted cash card distribution to beneficiaries of the Financial Subsidy for Rice Farmers during the Holy Week.



P334 billion
Total collected taxes
 with a total of
6.15 million transactions

Revenue Collection Services

With its network of branches spread all over the country, LANDBANK becomes a strategic conduit through which individuals, corporations and government agencies can pay duties and taxes. In 2020, a total of P334.29 billion in taxes were collected by the Bank for the National Government with total of 6.15 million transactions. Of the total collections, P132.71 billion involving 4.33 million transactions were for the Bureau of Internal Revenue (BIR), P192.82 billion involving 1.79 million transactions were for the BTr and P8.76 billion involving 33,244 transactions were for tariffs and duties collected for the Bureau of Customs (BOC). Total revenues collected in 2020 decreased by 2% compared to the P339.75 billion collection in 2019, which may be attributed to the COVID-19 pandemic. Collection for BIR and BOC declined by 25% and 48%, respectively.

Government Collection Services

LANDBANK serves as the collection arm of various government institutions. In 2020, a total of P16.47 billion were collected for Philippine Health Insurance Corporation, Home Development Mutual Fund, Social Housing Finance Corporation, National Home Mortgage and Finance Corporation, City Government of Valenzuela City, Philippine Charity Sweepstakes Office, Philippine National Police, and other government agencies. Despite of COVID-19 pandemic, these government collections in 2020 posted a 5% increase from P15.75 billion in 2019.

Private Collection Services

LANDBANK serves as the collection support of various private institutions. In 2020, a total of P16.46 billion were collected for Global Point-of-Sale, Meralco, Manila Water, Philippine Long Distance Telecommunication, Maynilad Water, Globe Telecom Inc., Innove, Smart, Sky Cable, Dragonpay, Mapua University and various other merchants. There was a 22% increase in private collections in 2020 from P13.52 billion in 2019.



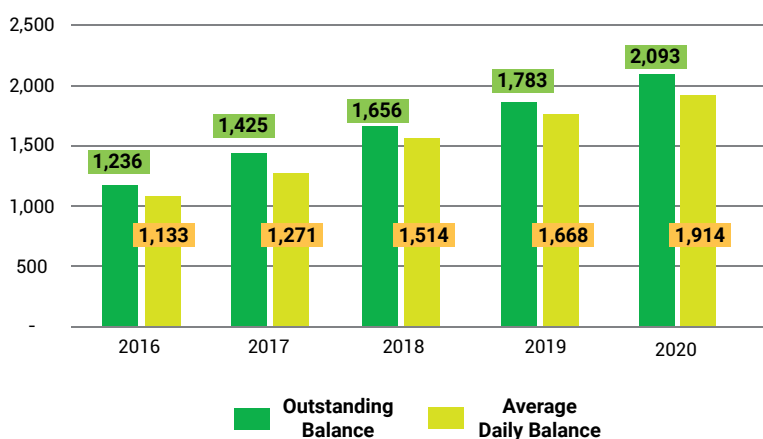
BRANCH PRODUCTS AND SERVICES

Deposits

The Bank has achieved sustained expansion in its deposit base with growth across all depositor categories. LANDBANK's deposit liabilities rose to P2.09 trillion as of December 2020 and recorded a faster growth with an increase of P310 billion or 17.4% from P1.78 trillion in 2019. With considerably improved public trust in LANDBANK, private deposits posted a bigger share of increase amounting to P171 billion as compared to the P139 billion growth in government deposits. Consequently, the share of private deposits improved to 37% from 34% in 2019. The Bank's average growth rate in deposits for five years was 15%.

Deposits are largely composed of Local Government Unit (LGU) and Government Owned and Controlled Corporation (GOCC) deposits which share the same contribution at 24% each. This is succeeded by personal depositors at 16% and National Government Agencies (NGAs) at 15%. Banks and private corporations accounted for 10% and 8%, respectively of the Bank's total deposit base in 2020.

DEPOSITS
Outstanding Balance and Average Daily Balance
2016 to 2020 (in Billion Pesos)

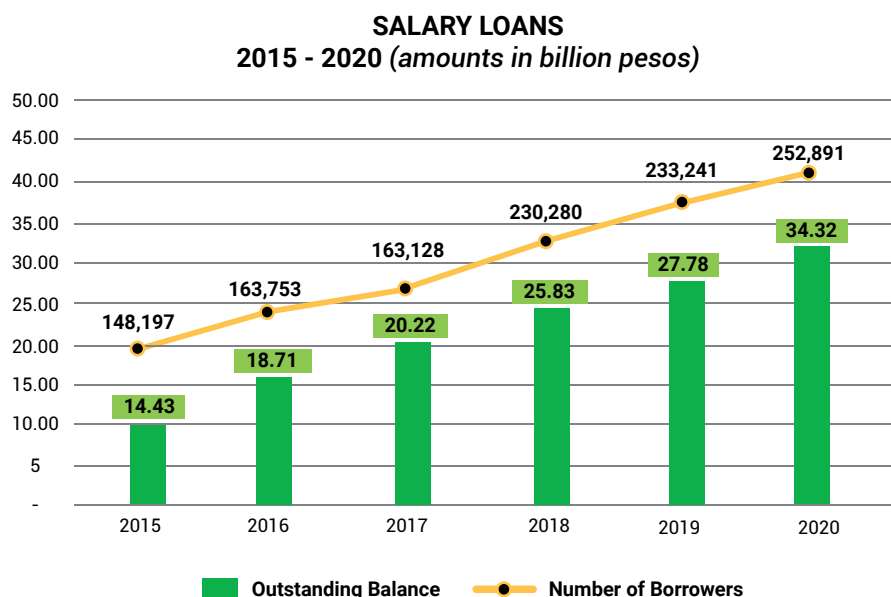


Salary Loans

The Bank provides credit windows to augment the financial needs of government and private sector employees through its salary loan facility.

Salary loans grew at a robust pace in the last five years at an average increase of 19%. In 2020, salary loans increased significantly by 24%, with the portfolio reaching P34.4 billion from P27.8 billion in 2019. This benefited 252,891 personal borrowers from 22,446 government and private institutions.

LANDBANK's policies on Salary Loans are continuously being reviewed to align with the growing demand and customer requirements.



Overseas Remittance

With the implementation of overseas deployment restrictions, Overseas Filipino Workers (OFW) repatriations, and worldwide mobility controls in response to the COVID-19 pandemic, 2020 became a very challenging year for cross-border remittances. However, despite the difficulties, overseas Filipinos persevered to continue sending funds to their loved ones in the Philippines, and this caused the Bank to still post a growth in remittance volume.

In 2020, LANDBANK attained a total of USD 2.258 billion worth of remittances – higher than the USD 2.204 billion remittances generated in 2019 or before the pandemic. These remittances were sourced from the Bank's foreign correspondent/depository banks and remittance partners in the Asia-Pacific, Middle East, USA, Canada, and Europe.

The Bank adapted to the call for enhanced digital presence to surmount the physical divide by capitalizing on technology to conduct financial literacy webinars and digital marketing initiatives through social media to encourage online remittance activities, while maintaining vigilance on cybersecurity threats. As a result, the inflow of funds continued, and the Bank maintained an Average Daily Balance (ADB) of P3.7 billion from the low-cost deposits of remittance partners, Overseas Filipinos, and OFW beneficiaries.

LANDBANK continued to pursue additional touchpoints for remitters. It forged a Service Level Agreement with the Overseas Filipino Bank (OFB) to assist in the digital onboarding of overseas Filipinos and beneficiaries, as well as introduce them to simple investments such as the Retail Treasury Bonds. Partnership with Remitly, a leading online remittance platform in the USA and Australia, was launched, and the digital integration with Western Union generated a very substantial 207% increase in transactions. LANDBANK forged partnerships with Cebuana Lhuillier and PETNET for cash pickup remittances, increasing its payout network in the country to more than 8,000 pickup locations. This provided both senders overseas and their beneficiaries more options to conveniently choose where the remittances are released or claimed.

With overseas deployment expected to slightly improve in 2021, LANDBANK intends to continue handholding with overseas remittance partners to ensure the continuous flow of funds to the Philippines for household expenses, payments, savings, and investments.



NATIONWIDE CUSTOMER SATISFACTION SURVEY

In pursuit of its policy for quality, LANDBANK measures its ability to deliver products and services that effectively address the needs and meet the expectations of customers. Thus, for a period of three years 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) among different customer segments such as depositors and clients of the Bank's lending, e-banking, treasury, and trust banking units.

By using face-to-face interviews and online surveys, the NCSS intended to capture customer sentiments and measure the overall customer satisfaction level regarding the delivery of the Bank's various products and services. However, with the COVID-19 situation in 2020, telephone interviews were adopted as the main methodology and as a safety precaution for both the interviewers and interviewees. The results of the survey served as bases for continuous customer service and corporate improvement initiatives, as well as business growth for LANDBANK.

In 2020, NCSS surveyed 2,280 randomly selected customer-respondents. The result of the survey showed an overall customer satisfaction rating of 90%. The annual customer satisfaction survey results are submitted to the LANDBANK Management Committee and the LANDBANK 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.



90%
overall customer
satisfaction

DEVELOPING WORLD-CLASS OPERATIONS

Integrated Management System (Quality and Environmental Management Systems)

LANDBANK aims to develop world-class operations by promoting a culture of excellence and commitment to quality and environmental sustainability. The Bank adopted the Integrated Management System (IMS) Framework to help attain these goals, as well as to facilitate and maintain its certification to the ISO 9001:2015 - Quality Management System (QMS), and ISO 14001:2015 - Environmental Management System (EMS) standards.

LANDBANK started its IMS journey in 2017, when an IMS Working Team was formed. After conducting gap assessments on the coverage of QMS and EMS at that time, trainings, and awareness sessions, as well as preparations for the certification audit simulations, ensued in 2018. Certification International Philippines, Inc. (CIP) was also engaged as the Bank's third-party certifying body.

In 2019, CIP conducted Stage 1 - Certification Audit (Document Review) and Stage 2 - Implementation Audit. The audits showed the Bank's compliance to ISO 9001:2015 QMS and ISO 14001:2015 EMS, which resulted in the conferment of these certifications.

In early 2020, with the adjustments in work arrangements due to the pandemic, the Bank's internal IMS Assessment Team conducted remote IMS assessments and coaching sessions to selected field units and head office processes that represented the Bank's operations. These activities prepared LANDBANK for the CIP's IMS surveillance audit, which resulted in the continued certification of the Bank against the international standards.

LANDBANK's continued certification to the ISO 9001:2015 QMS is part of its 2020 performance commitments to the Governance Commission for GOCCs (GCG). The following are LANDBANK's IMS-related accomplishments in 2020:

1. Passed the remote surveillance audit with no new non-conformities cited by CIP
2. Complied with the GCG performance commitment to implement and maintain QMS certification. These certifications are posted in the Bank's transparency seal.
3. Established Guidelines on LANDBANK's Integrated Management System (Executive Order 124, s. 2020)
4. Established Guidelines on the Management of Documented Information (E.O. 123, s. 2020)
5. Introduced the Integrated Context of the Organization and Planning template which was utilized by field units and head office-based units to comply with ISO requirements on the analysis of the context of the organization and planning
6. Updated EMS-related documents, such as Work Instructions, Aspects and Impacts, Objectives, Targets and Programs, and Compliance Obligations
7. Conducted gap assessment and review of implementing guidelines on EMS Good Practices (Administrative Order 128 s. 2018)

LANDBANK acknowledges the importance of being a dynamic and agile organization by fostering a high-performance culture. To achieve operational excellence, the Bank also continues to search, benchmark against, and adopt global best practice.

INFORMATION TECHNOLOGY SUPPORT AND BANK PROCESS AUTOMATION

IT Projects and Initiatives Implemented in 2020

- Asset-Liability and Risk Management System: Enterprise Market Risk Management** - The system was implemented in June 2020 and enables portfolio analysis and manages enterprise market risk.
- OFBank as Digital Bank** - During the year 2020, the transformation of the OFBank to a digital only bank was launched covering transactions/ functionalities, such as Digital Account Opening, Website (Release 1), Covered Transaction Report, New Website (Release 2), OFW Multipurpose Loans (Release 1) and AML-Alerts.
- Information Switching Technology Enhancement** - This covered the migration of the Cash Card from OCM24 to IST and the improvements of features and functionalities implemented in September 2020.
- Digital Lending System Phase I, Release 1** - This involved the implementation of the Back-End system (SURE-AID Subsidiary Ledger) and SURE-AID Full payment module.
- Internet Banking Upgrade Phase (iAccess)** - The project covers the migration to the latest and secured platform of the iAccess and enhancement of the Bank's e-Banking services in October 2020.
- Participant Readiness Enablement BancNet InstaPay** - Completed in October 2020, the project involved the assessment of the bank's current Real Time Payment readiness and identification of gaps for InstaPay 2.0 deployment.
- LANDBANK Phone Access Phase III - Account Management System** - The system enabled the Phone Access users since November 2020 to register an existing eligible account, and link multiple Fund Transfer accounts to enrolled LANDBANK accounts.
- Loan Origination System – Collateral Management System Interface** - The interface of the two systems was implemented in December 2020 to synchronize client and collateral information for uniformity and integrity of data.
- Electronic Payment System (EPS)** - The enhancements to the EPS included the Global Payments Asia Pacific as payment gateway for Visa, Mastercard, JCB transactions and the Bureau of the Treasury (BTr) Retail Treasury Bonds Tranche 23. It also enabled LANDBANK accountholders to pay Land Registration Authority fees and other dues in real-time.
- Mobile Banking Application and LANDBANK Phone Access** - These e-banking facilities were improved in 2020 to include security-related enhancements (multi-factor authentication, masking of credit card numbers and encryption of cardholder data); cardless transaction functionality; replacement of existing database call for bills payment merchant clearing accounts via Web Service; and the inclusion of Cignal and Bayantel as additional merchants.
- Credit Exposure System** - This is a web-based BSP reporting system on LANDBANK's credit exposure used by the accounting units of the Bank.
- Digital Onboarding System** - Some enhancements were put in place, such as (i) the development of an uploading facility for watchlist; (ii) updating of customer record via public website; (iii) record updating facility for corporate customers; and (iv) corporate payroll account opening facility.
- TSA Reporting and Monitoring System Consolidator Enhancement** - This initiative was undertaken to comply with the latest versions of TRAMS Collection v.4.1 and Disbursement Hand-Off File Specifications v2.1.

- **Raffle System** - A stand-alone raffle system was developed in March 2020 specifically for the BTr's issuance of Prize Bonds.
- **Link.BizPortal** - The enhancements to the Link.BizPortal included (i) enrolment/onboarding of new merchants (total of 767 as of December 2020); (ii) enabling of payment for the RTB24 Progreso Bonds, a retail treasury bond offered by the Bureau of the Treasury; and (iii) provision of support to the issuances of BTr's Premyo Bonds via online ordering through various participating banks (i.e., LANDBANK, DBP, FMIC, China Bank).
- **Symbols Loan System** - The system was enhanced to allow transaction encoding, screen inquiry, and report viewing on accounts handled by the Accounting Center.
- **Electronic Modified Disbursement System (eMDS)** - The Bulk Credit System Phase 1 on the manual handling of debit and credit for the Social Amelioration Program (SAP), loans, and other benefits from partner agencies and the bulk credit processing for the DSWD's SAP were the additional enhancements to the eMDS.
- **Livelihood Loan System and Human Resources Information System** - In May 2020, both systems were enhanced to include the application of loan moratorium in compliance with the Bayanihan Act.
- **LANDBANK Work from Home Reporting Tool** - This browser-based application was implemented in 2020 to provide (i) attendance and productivity monitoring of LANDBANK employees and service company workers performing office functions under the work-from-home arrangement; and (ii) Personnel Health Survey.
- **Proximity Cards for Head Office personnel** - The proximity cards were put in place in 2020 for health and safety reasons to replace the hand punch used by Head Office-based personnel.
- **OFBank – Mobile Banking Application** - The enhancement enabled the Bureau of the Treasury Retail Treasury Bonds (RTB) purchase/order link in November 2020.

IT Projects and Initiatives Started and Ongoing in 2020

- **Agri - Customer Relationship Management System (Farmers' Database/MIS)** - The system is a platform for a single and holistic view of the agri- and agra players that the Bank can assist.
- **Credit Risk Engine System Enhancement** - The solution will provide the Bank with a tool to develop statistics-based credit rating models for the automated credit rating of borrowers and estimate Probability of Default.
- **Digital Lending System Phase I** - The system shall enable the implementation of lending programs via digital means.
- **New Human Resource Information System** - The project shall cover the development of a comprehensive and fully integrated solution that provides a single platform for human resource operations.
- **Deposit System Upgrade** - The project covers the development and implementation of an upgraded version of the deposit system from version 205 to 218.
- **Digitization of Bank Documents** - The project aims to convert hard copies of bank documents to digital images in compliance with Anti-Money Laundering Council regulations.
- **Internet Banking Upgrade Phase II** - The project covers the migration to the latest and secured platform of the weAccess and enhance the Bank's e-Banking services.
- **OFBank as Digital Bank** - The project aims to enhance existing IT systems to address OFBank requirements.
- **VOCALINK (InstaPay 2.0)** - This is a new system provided with the managed services agreement of BancNet with Mastercard that will replace the current InstaPay 1.0.

- **Asset-Liability and Risk Management System Phase II** - The system enables liquidity risk management, fund transfer pricing, advanced liquidity and forecasting scenarios to protect the earnings and maximize the economic value of the Bank.
- **New Telling System** - The project covers the development of a new system with improved features and functionalities.
- **Digital Onboarding System** - The integration of Mastercard and Cash Card with the Information Switching Technology is being included as enhancement.
- **Trust Banking System** - An interface of the Mobile Banking Application for Unit Investment Trust Fund will be included in the Trust Banking System.
- **Link.BizPortal** - The system is being enhanced to include additional bills payment merchants, particularly government agencies.
- **Interface payment systems of the Bank to PESONet and InstaPay** - The project covers the integration of Electronic Modified Disbursement System with the DBM's Budget and Treasury Management System to allow fund transfer to other banks via PESONet using CA/SA account and support fund transfer requirement of partner-agencies to other banks via InstaPay using MDS account as source.
- **Transaction Gateway** - The project covers revisions in the core application to support upgrade of the Deposit System and direct processing of eBanking account- based transactions via TG.
- **Various ATM Switch/e-Banking Systems** - The project covers enhancements for InstaPay, PESONet, BancNet, and PCHC mandates (e.g., Vocalink, P2M, Acquirer-based Fee charging for ATMs among others).

IT Projects and Initiatives for 2021

- **Contact Center System** - The system is an integration of various communication channels (i.e., phone, email, and social media) to support the customer service operations of the Bank.
- **Portable Agrarian Reform Collection System Enhancement – Microloan System** - The system is a custom-designed application for loan processing and payment collection of Agrarian Reform Beneficiaries.
- **ATM Monitoring Solution** - The solution is an enhancement of the Bank's existing tool for the management and administration of ATMs.
- **Business Analytics with Data Sandbox (Big Data Solution)** - The project will develop a platform to be used for the analysis of bank information to aid management in decision-making.
- **Subsidiary Ledger Upgrade** - The technical upgrade is for the utilization of system functionalities related to Asset and Budget Management.
- **New Legal Management Information System** - The project covers a centralized database that contains all cases, legal referrals, documentation and opinions handled by the Legal Services Group.
- **Contract Management System** - The system will be a central repository of the Bank's contracts that covers origination, management, and retirement of contracts.
- **Integrated Treasury System Upgrade** - The technical upgrade covers the migration to the latest platform of the system to maximize its features and functionalities.

CUSTOMER CARE CENTER



Customer Care Department

The LANDBANK Customer Care Department (CuCD) is operational 24/7 and works 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).

In 2020, CuCD received a total of 1,154,336 inquiries, requests, and incident reports from clients. It is equivalent to 47% increase from previous year's volume of 785,041. A significant increase in the volume of clients' queries via email and social media from 2019 to 2020 was observed, with a recorded growth rate of 96.7%.

Period	Calls Received	Email	Social Media	Total
2019	459,026	258,650	67,365	785,041
2020	513,184	478,243	162,909	1,154,336

Majority or 92.98% (1,073,268) of the total volume of customer concerns that CuCD received in 2020 were inquiries, followed by requests with 5.15%, and incidents or complaints with the remaining 1.87%.

Breakdown According to Type

Year	Inquiries	Request	Incidents	Total
2019	687,405	72,726	24,910	785,041
2020	1,073,268	59,477	21,591	1,154,336

LANDBANK Phone Access as Customer Service Channel

The LANDBANK Phone Access (LPA) is the primary system used by CuCD 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 can 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 Dec. 31, 2020, there were 902,245 eligible accounts registered in the LPA. During the year, a total of 681,071 financial and non-financial transactions were processed. Total financial transactions amounted to P92.6 million involving fund transfer and bills payment.



902,245
Eligible accounts
registered in LPA

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 CuCD. These complaints are documented using the Customer Service Incident Reports (CSIR). These may also refer to other incidents received by customer-facing units (e.g., branches, lending centers, AOCs and Treasury Hubs) as reported by customers and resolved at their level, which are documented via Complaint Tracking Sheet (CTS) and forwarded to CuCD as central repository of complaints documentation.



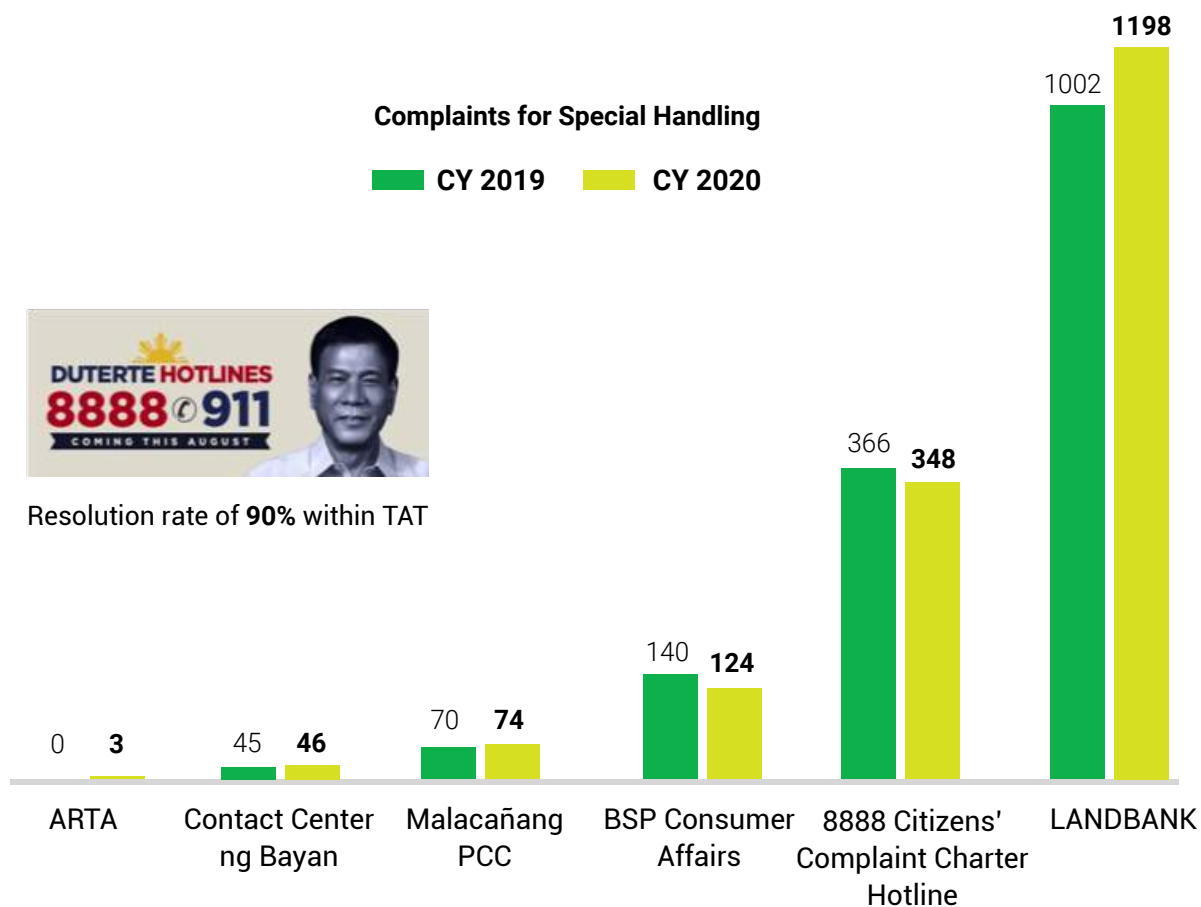
Common Incidents refer to concerns raised or reported by clients directly to CuCD. These incidents are documented via an incident tracking tool or ticketing system for monitoring. These are usual cases, which can be resolved through the existing processes of the Bank.

For the year 2020, a total of 1,793 complaints for special handling (CSH) were recorded from different channels. Majority or 1,198 were received through LANDBANK channels, closing the year with a 10.5% growth from 1,623 CSH in 2019.

As regards the external sources of CSH, the 8888 Citizen's Complaint Center remains as the top source with a 19.4% share of the total CSH coming from it.

Meanwhile, a total of 21,591 common incidents were received in 2020, posting a decline rate of 13.32% from the total volume recorded in the previous year. Of the total 2020 figure, 19,008 common incident cases or 88% were resolved within the standard turn-around time (TAT). The CSH cases, on the other hand, recorded a resolution rate of 90% within TAT.

For two years in a row, LANDBANK recorded a 100% resolution rate for complaints filed via the Contact Center ng Bayan under the Civil Service Commission.





EASE OF DOING BUSINESS

Relative to the issuance of Republic Act No. 11032, also known as the Ease of Doing Business and Efficient Government Service Delivery Act of 2018, LANDBANK formulated its Citizen's Charter. The Charter provides the detailed processes 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, thus, will deter graft and corrupt practices.

Also, in compliance with the Anti-Red Tape Authority (ARTA) Memorandum Circular No. 2020-07, LANDBANK created a Committee on Anti-Red Tape (CART). The CART is tasked to identify, develop, implement and review policies, and monitor processes to ensure the Bank's compliance with Republic Act No. 11032, its implementing rules and regulations and issuances by ARTA.

Further, as part of the Bank's commitment to provide quality service, as well as to adopt with the current situation brought about by the pandemic, enhancements to certain products/services were made for accessibility and convenience of the transacting public, (e.g., online application for activation of monetary transactions for iAccess, and online processing of requests and applications based on electronic copies of documents, among others). Such updates/changes were reflected in the LANDBANK Citizen's Charter issued and submitted to ARTA in May, July, and December 2020 and posted in the LANDBANK offices, website, and other information billboards.

Corporate Information

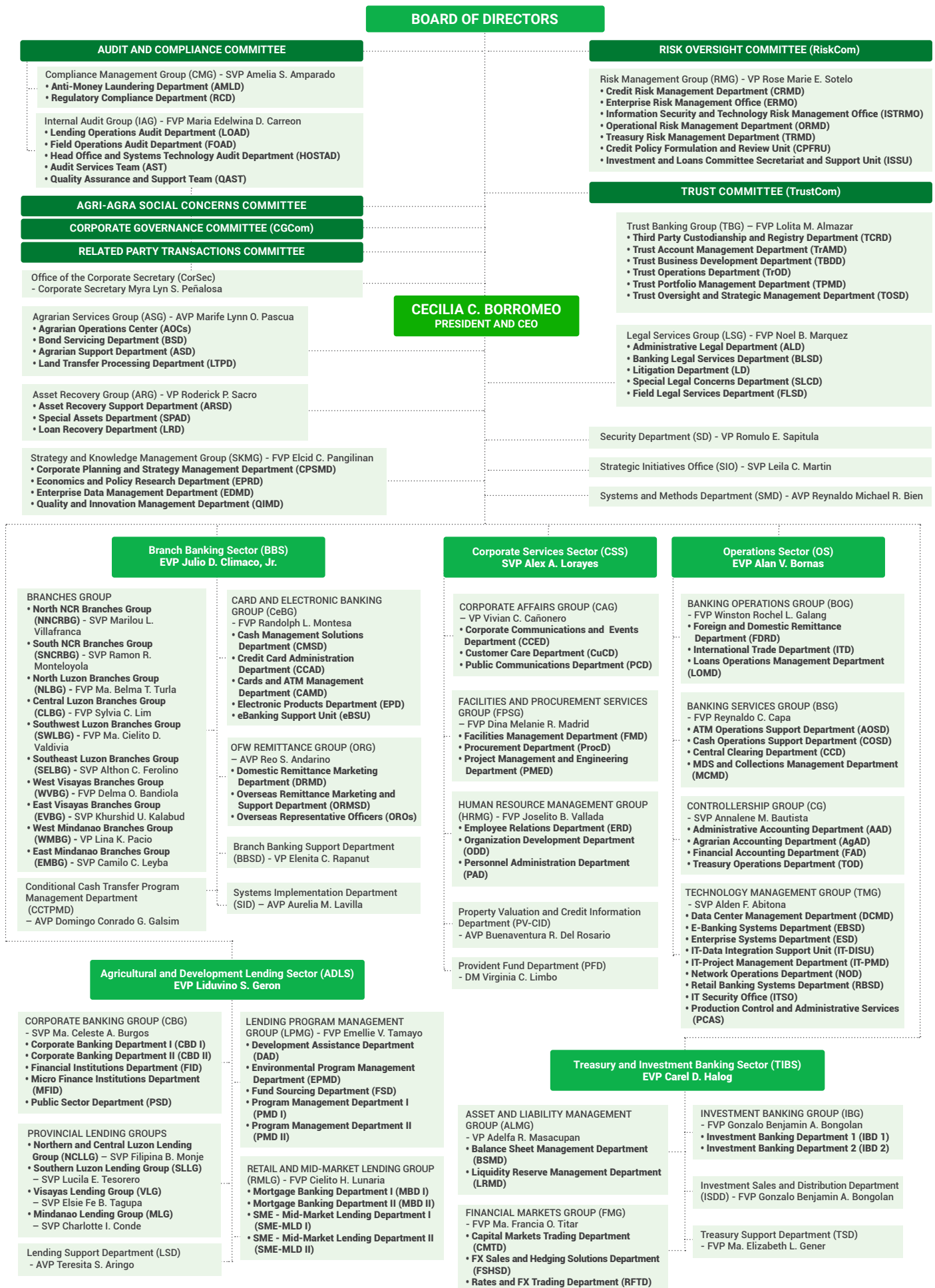
The LANDBANK website

The LANDBANK website, www.landbank.com, provides information about LANDBANK including its products and services, network, as well as its history, and profiles of Management and the LANDBANK Board of Directors, among others. Links that will direct users to the login pages of the Bank's various electronic banking channels are also present in the LANDBANK website.

As the pandemic and the need to maintain physical distancing pushed the public to go online for their various activities, more users relied on LANDBANK's online channels for information about the Bank and to conduct their banking transactions. See pages 49-52 for details on the Bank's e-banking channels.



ORGANIZATIONAL STRUCTURE





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 — 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 LANDBANK 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 the Bank continually adheres to globally accepted governance principles and best practices, it maintains the LANDBANK 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 LANDBANK 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 Strategy and Knowledge Management Group, the Agrarian Services Group, the Legal Services Group, Asset Recovery Group, Agrarian Services Group, Security Department, Strategic Initiatives Office, and Systems & Methods Department.

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 LANDBANK 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 and CEO shall be subject to the disciplinary powers of the LANDBANK Board and may be removed by them 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 LANDBANK Board is primarily responsible for the approval and oversight of the implementation of the Bank's strategic objectives, risk strategy, corporate governance, and corporate values. 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 LANDBANK Board also ensures that the Bank remains accountable to its various stakeholders.

All members of the LANDBANK Board 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 LANDBANK Board, every Director shall thoroughly evaluate the issues, ask questions, and seek clarifications when necessary.
- f. Contribute significantly to the decision-making process of the LANDBANK 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 should 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 institution.

- 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 LANDBANK 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 LANDBANK 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 LANDBANK Board of Directors (Non-Executive)

The Chairman of the LANDBANK Board is responsible for the efficient functioning of the Board. He calls meetings, approves, and sets the agenda, and presides over the Board meetings and ensures that all directors are enabled and encouraged to

actively participate in all discussions and resolutions on matters taken up by the Board. He makes certain that the meeting's agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations. He exercises control over quality, quantity, and timeliness of the flow of information between Management and the LANDBANK Board. He ensures that the LANDBANK Board sufficiently challenges and inquires on reports submitted and representations made by Management. He assists in ensuring compliance with the Bank's guidelines on corporate governance. He ensures effective functioning of the board, including maintaining a relationship of trust with board members. He ensures that the LANDBANK Board makes an informed decision. The chairperson of the LANDBANK Board shall ensure a sound decision making process and he should encourage and promote critical discussion and ensure that dissenting views can be expressed and discussed within the decision-making process. He guarantees that the LANDBANK Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions. He facilitates discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors. He assures the conduct of proper orientation for first-time directors and continuing training opportunities for all directors. He makes sure that the performance of the LANDBANK Board is evaluated at least once a year and discussed or followed up on if necessary.

2. Vice Chairperson (Executive Director)

The Vice Chairperson of the LANDBANK Board 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, the Vice Chairperson is the sole executive director in the LANDBANK 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 LANDBANK Board appoints/nominates the independent directors from among the appointive directors, seeking thereafter the confirmation of such nomination by the Monetary Board. For 2020, the independent directors were Directors Virgilio DV. Robes, Jesus V. Hinlo, Jr., Jaime L. Miralles, Nancy D. Irlanda.

In the nomination of an independent director, the LANDBANK Board 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);
- c. Risk Oversight Committee (with at least three members, majority shall be independent including the Chairperson);
- d. Trust Committee (with at least three qualified Non-executive or Independent Directors or Qualified Independent professionals appointed by the Board of Directors); and

- e. Related Party Transactions Committee (with at least three members, two of whom shall be independent including the Chairperson).

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.

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 as of December 31, 2020:

1. Carlos G. Dominguez

Ex-Officio Chairman
Secretary, Dept. of Finance
Non-Executive Director
Assumed on June 30, 2016
Tenure: 4 Years and 6 Months

2. Cecilia C. Borromeo

Vice Chairperson
President/Chief Executive Officer
Executive Director
Assumed on March 1, 2019
Tenure: 1 Year and 9 Months

3. William D. Dar

Ex-Officio Member
Secretary, Dept. of Agriculture
Non-Executive Director
Assumed on August 5, 2019
Tenure: 1 Year and 4 Months

4. John R. Castriciones

Ex-Officio Member
Secretary, Dept. of Agrarian Reform
Non-Executive Director
Assumed on December 6, 2017
Tenure: 3 Years

5. Silvestre H. Bello III

Ex-Officio Member
Secretary, Dept. of Labor & Employment
Non-Executive Director
Assumed on June 30, 2016
Tenure: 4 Years and 6 Months

6. Virgilio DV. Robes

Member, Agrarian Reform Beneficiaries
Representative
Non-Executive Director
Assumed on December 13, 2016
Tenure: 4 Years

7. Jaime L. Miralles

Member, Agrarian Reform Beneficiaries
Representative
Non-Executive Director
Assumed on July 24, 2018
Tenure: 2 Years and 5 Months

8. Jesus V. Hinlo, Jr.

Member, Private Sector Representative
Non-Executive Director
Assumed on November 7, 2017
Tenure: 3 Years and 1 Month

9. Nancy D. Irlanda

Member, Private Sector Representative
Non-Executive Director
Assumed on September 25, 2018
Tenure: 2 Years and 3 Months

**ALL MEMBERS OF
THE LANDBANK
BOARD, INCLUDING
THE PRESIDENT AND
CEO, INCLUDING
APPOINTIVE DIRECTORS
IN SUBSIDIARIES AND
AFFILIATES SHALL BE
QUALIFIED BY THE FIT
AND PROPER RULE**

issued by the Governance
Commission for GOCCs (GCG)
approved by the President of the
Philippines, including any future
amendments and revisions
thereof.

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 LANDBANK Board.
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



**knowledge/
experience**

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

The foregoing qualifications for Directors shall be in addition to those required or prescribed under R.A. No. 8791 and other existing applicable laws and regulations.

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: 75**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	1982

Present Position – Government	Position	Date Assumed	
Department of Finance	Secretary	2016	
Land Bank of the Philippines	Chairman	2016	
Past Position-Other Private Institution	Position	Date Assumed	Ended Term
Lafayette (Philippines) Inc.	President	2006	2008
RCBC Capital Corp	Independent Director	2002	2016
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	Chairman and President	1993	1995
Phil. Tobacco Flue Curing Redrying Corporation	President	1992	2016
Baesa Redevelopment Corp.	President	1992	2016
Halifax Capital Resources Inc.	President	1992	2016
Retail Specialist Inc.	President	1991	2016
BPI Agricultural Development Bank	President	1983	1986
BPI	Vice President	1983	1986
Past Position – Government	Position	Date Assumed	Ended Term
Department of Agriculture	Secretary	1987	1989
Department of Environment and Natural Resources	Secretary	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
Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Training Lecture	Anti-Money Laundering Council Secretariat	2020
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
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 5th Annual Investment Summit		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
Philippine Dealing System Holdings Corporation	Director	2020
Philippine Dealing & Exchange Corporation	Director	2020
Philippine Depository & Trust Corporation	Director	2020
Philippine Securities Settlement Corporation	Director	2020
Bankers Association of the Philippines	Director	2019
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

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William D. Dar

Ex-Officio Member
Secretary, Department of Agriculture

Age: 67**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 Development and Mechanization (PhilMech)	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 Administration (NTA)	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



John R. Castriciones

Ex-Officio Member

Secretary, Department of Agrarian Reform

Age: 58

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
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: 76**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	2005
GRP Negotiating Panel for Talks with the CPP/NPA/NDF	Chairman	2001	2004
Department of Justice	Secretary	1998	1998
Office of the Solicitor General	Solicitor General	1996	1998
Department of Justice	Secretary	1990	1992
Department of Justice	Undersecretary	1986	1990

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Virgilio DV. Robes

Representative, Agrarian Reform Beneficiaries

Age: 73**Nationality:** Filipino**Educational Background:** College Undergraduate (The ARB Representative does not require a college degree but must be a member of the Sector.)**Training in Banking and Other Related Fields:**

Nature/Title	Conducted by	Year taken
AML/CFT/CPF (BSP Cir. No. 1022) for Directors & Senior Management (For CY 2020)	Bankers Institute of the Philippines, Inc.	2021
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
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



Jaime L. Miralles

Representative, Agrarian Reform Beneficiaries

Age: 70

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
Updates on Anti-Money Laundering Act	AMLC Secretariat	2020
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 CY 2000 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
Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Training Lecture	Mel Georgie B. Racela	2020
1st ABCOMP Seminar 2019	Association of Bank Compliance Officers, Inc.	2019
Digitization of Customer Records per AMLC Resolution Nos. 141 and 191		
2018 Implementing Rules and Regulations on the Amendments to AMLA 9160		
BSP Circular 1022 on Amendments to Part Nine of the MORB and Circular No. 980		
3rd Annual Philippine OpenGov Leadership Forum	OpenGov Asia	2019
Revised Corporation Code	Institute of Corporate Directors	2019
Treasury Products and Operations	Land Bank of the Philippines	2019
Harnessing the Full Potential 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
Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Training Workshop (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-Government	Position	From	To
Department of the Interior and Local Government	Undersecretary	2016	2017
Department of the Interior and Local Government	Contract of Services	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

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

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Nancy D. Irlanda

Representative, Private Sector

Age: 51**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 Act – Updates on Amendments	AMLC Secretariat	2020
The Basic Policy Process Five-Day Certificate Program (Awarded Best Group Paper)	Development Academy of the Philippines (DAP)	2020
The Future of Finance: The Blockchain and Digital Assets	Disini Law	2020
The Business of Influencer Marketing	Disini Law	2020
Reimagining Business (Three-Part Series)	Internet and Mobile Marketing Association of the Philippines	2020
Data Governance: Privacy and Security	Disini Law	2020
Electronic Evidence and the New Rules on Evidence	Disini Law	2020
Revised Corporation Code	Ateneo Law Alumni Association, Inc.	2020
Digital Transformation Necessary in the New Normal	Institute of Corporate Directors	2020
Building Business Resilience in the Corporate Strategy	Institute of Corporate Directors	2020
Finance Business Restructuring During and After a Crisis	Institute of Corporate Directors	2020
Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Training Workshop	Anti-Money Laundering Council	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
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 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
10th APEC Summit Los Cabos, Mexico	Asia-Pacific Economic Cooperation	2002
The Professional Citibanker Development Program	Citibank	1993
Service Excellence I/II	Citibank	1993
Citiselling Workshop	Citibank	1993

Present Position-Government	Position	Date Assumed	
Land Bank of the Philippines (LANDBANK)	Member, Board of Directors/ Private Sector Representative	2018	
Past Position-Other Private Institutions	Position	From	To
Petron Corporation	Consultant	2017	2020
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



Board Meetings and Attendance

The schedule of the meetings of the LANDBANK Board for CY 2020 was agreed upon during the Board meeting held on Dec. 11, 2019. In general, there are at least two meetings scheduled per month, held on every second and fourth Wednesday of each month, for a targeted total number of 24 meetings per year. This schedule may be adjusted from time to time, for the purpose of garnering a quorum for the meetings and with due notice to the directors. 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. Atty. Myra-Lyn S. Peñalosa, who has been a member of the Philippine Bar since 1997, is the Corporate Secretary from January to December 2020.

For calendar year 2020, the Board of Directors was able to meet 24 times or 100% of the scheduled meetings.

Moreover, excluding the President and CEO, 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 Dec. 11, 2020, in compliance with the BSP and GCG requirements.

DIRECTOR'S ATTENDANCE TO BOARD AND BOARD-LEVEL COMMITTEE MEETINGS (CY 2020)

Name of Directors	Board Meeting (24 Meetings)		Corporate Governance Committee (11 Meetings)		Audit and Compliance Committee (13 Meetings)		Risk Oversight Committee (13 Meetings)		Trust Committee (6 Meetings)		Agri-Agra Social Concerns Committee (5 Meetings)		Related Party Transactions Committee (7 Meetings)	
	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%
1. Carlos G. Dominguez <i>Chairman of the LBP Board</i>	22	91.67	N/A	-	N/A	-	12	92.30	6 ^{1/}	100.0	N/A	-	N/A	-
2. Cecilia C. Borromeo <i>President and CEO</i>	24	100.00	N/A	-	N/A	-	N/A	-	6	100.00	5	100.0	N/A	-
3. William D. Dar <i>Secretary, Department o Agriculture</i>	18	75.00	N/A	-	N/A	-	0	0.00	N/A	-	1	20.00	N/A	-
4. John R. Castricones <i>Secretary, Department of Agrarian Reform</i>	22	91.67	N/A	-	N/A	-	N/A	-	6	100.00	4	80.00	N/A	-
5. Silvestre H. Bello III <i>Secretary, Department of Labor and Employment</i>	20	83.33	0 out of 2 ^{2/}	-	N/A	-	N/A	-	4	66.66	N/A	-	N/A	-
6. Virgilio D. Robes <i>Agrarian Reform Beneficiaries Representative</i>	24	100.00	11	100.00	13	100.00	N/A	-	N/A	-	5	100.00	N/A	-
7. Jaime L. Miralles <i>Agrarian Reform Beneficiaries Representative</i>	24	100.00	N/A	-	12	92.30	13	100.00	N/A	-	5	100.00	7	100.00
8. Jesus V. Hinlo, Jr. <i>Private Sector Representative</i>	24	100.00	11	100.00	13	100.00	13	100.00	N/A	-	N/A	-	7	100.00
9. Nancy D. Irlanda <i>Private Sector Representative</i>	24 ^{3/}	100.00	11	100.00	N/A	-	13	100.00	6	-	N/A	-	7	100.00
Total Number of Meetings Held During the Year														79 Meetings

^{1/} Deputy Treasurer Erwin D. Sta. Ana was on Official Business (OB) on Feb. 19 and June 19, 2020

^{2/} Sec. Silvestre H. Bello III was no longer a member of the Corporate Governance Committee effective Feb. 26, 2020 – approved on Feb. 26, 2019 BOD Meeting

^{3/} Dir. Nancy D. Irlanda was not able to attend the Nov. 11, 2020 Board Meeting due to serious medical condition (OB)

BOARD-LEVEL COMMITTEES

Including Membership and Functions

As of Dec. 31, 2020

Audit and Compliance Committee (AC Com)

Duties and Functions

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

1. For Internal Audit and Internal Control:
 - a. 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. Oversee the internal audit function
2. For Compliance:
 - a. Oversee the implementation of the Bank's Compliance Program
 - b. Ensure that oversight on the Bank's Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) compliance management is adequate

The following are the accomplishments of the Audit and Compliance Committee regarding the functional supervision:

- A. Internal Audit
 - Approved the revisions in the AC Com and IAG Charter
 - Approved the 2020 IAG Plans and Programs and the revised targets
 - Approved various internal audit policies/ action plans/audit tools, such as (1) Review of Accounts with Freeze Order, Negative Media Report and SEC Advisories, (2) Policy on Audit Issues, (3) Policy in Holding Final Exit Conference, (4) revised Policy in the Selection of Type of Audit and the Rating for Limited and Focused Audits, and (5) Audit Policy on Remote Viewing of CCTV Footages and its amendments
 - Confirmed the IAG's Management-approved budget for CY 2020
 - Noted IAG's Declaration of Organizational Independence and various periodic reports , such as: (1) 2019 Overall Internal Audit Opinion, (2) Accomplishment Reports, (3) results of Audit Client Satisfaction Survey, (4) major findings for the month, (5) long outstanding findings, (6) outstanding major findings, (7) major/common/ recurring findings, (8) outstanding audit issues, (9) Reports on Accounts with Freeze Order, (10) Report on the Validation of Accounts subject of SEC Advisories and Negative Media Reports, (11) annual confirmation of balances for private deposit accounts, and (12) various special/ fact-finding reports
 - Noted the presentation of action plans of units that failed the Risk-Based Internal Audit
 - Noted the presentation of Internal Control-related Initiatives of Branch Banking Sector and Treasury and Investment Banking Sector
 - 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 2019

B. Compliance Function

- Approved CMG's Compliance Testing Plan for 2020, revised AML Compliance Testing Program, and LBP Compliance Manual
- Approved and endorsed to the Board the Centralized Compliance Management Framework
- Noted CMG's Plans and Programs for 2020 and Accomplishment Reports for 2019
- Confirmed CMG's 2020 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 and results of pre-testing, (5) regulatory ratios, and (6) Negative Media Reports – Investment Scam and Fraud Cases
- Noted CMG's Status Updates on LBP Letter of Commitment to BSP and Directives in the 2018 BSP Report of Examination (ROE) on AML/CFT
- Noted CMG's presentation on LBP's Response and succeeding status updates to BSP ROE as of Sept. 30, 2019, and LBP Letter Reply on AML Exceptions noted in the BSP ROEs for CYs 2017 and 2018
- Noted CMG's updates on compliance with Freeze Orders - Identification and Freezing of Related Accounts/Materially Linked Accounts
- Noted the Minutes of Meeting of the AML Committee

The AC Com members have undergone briefing/ orientation as part of their continuing education on the following topics:

- Legal Opinion on Data Privacy for Loans
- Policy on Granting Clean/Unsecured Loan
- Circulars and Standards for Internal Audit

- Centralized Compliance Management Framework
- Proceedings in processing grievances on insurance against GSIS

This committee is composed of:

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

The Committee meets at least once a month and held a total of 13 meetings in 2020.

Risk Oversight Committee (RiskCom)

Duties and Functions:

1. The Board-level Risk Oversight Committee (RiskCom) 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.
2. The RiskCom 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 RiskCom is composed of the following:

Chairperson	Director Jaime L. Miralles
Vice Chairperson	Deputy Treasurer Erwin D. Sta Ana (Representative of Treasurer Rosalia V. de Leon Alternate of DOF Secretary Carlos P. Dominguez)
Members	Director Nancy D. Irlanda
	Director Jesus V. Hinlo Jr.
	DA Secretary William D. Dar

The RiskCom meets at least monthly and held a total of 13 meetings in 2020 including one Joint Management Committee (ManCom) and RiskCom meeting for the approval of 2020 LANDBANK ICAAP Document and Recovery Plan.

The Committee approved, noted, or confirmed 310 regular risk reports and 27 special reports comprising of frameworks, plans, programs, policies, and procedures and 28 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.

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

Credit RM

1. Calibrated CRES Cooperative Scoring Facility - 2019 Commitment to Governance Commission for GOCCs
2. Proposed Enhancement in the Credit Risk Engine System (CRES) Scoring Facilities Guidelines
3. Proposed Enhancement of Business Rules in the Credit Risk Engine System (CRES) Scoring Facilities
4. Proposed Enhancement on Credit Rating System for Universal, Commercial, Offshore and Foreign Banks
5. Proposed Amendment to Business Rules in Credit Rating System (CRS)

Treasury-related (Market, Liquidity, IRRBB, Counterparty Credit) RM

1. Review of the Bank's Trading Limits
2. Asset and Liability Risk Management System (ALRMS) – IT System Prioritization Level
3. Valuation Model per Investment in Non-Marketable Equity Securities (INMES) Account
4. 2020 Asset-Liability Management Strategies
5. Updating of Pre-Settlement Risk (PSR) Weights
6. Guidelines for the Preparation of Liquidity Gap Report (Version 8)
7. Guidelines for the Preparation of the Repricing Gap/Earnings-at-Risk (Version 7)
8. Guidelines on Back-testing of Results of Model-Generated Risk Measures (Version 3)

9. Guidelines for the Preparation of the Economic Value of Equity-at-Risk

Operational RM

1. Revised Consumer Protection Risk Management System (CPRMS)
2. Proposed Guidelines in Operational Risk Capital Charge Calculation Using Standardized Measurement Approach (SMA) and Advanced Measurement Approach (AMA)-based Internal Capital Assessment (ICA)
3. Revised IT Systems Prioritization List
4. Operational Risk Threshold for Business Units

Information Security and Technology RM

1. Information Security Awareness
2. ISRM and ITRM Framework
3. Guidelines on Vulnerability Management of the Bank's Information Technology (IT) Systems
4. Proposed Revisions to Guidelines on Monitoring and Reporting of Activity Logs of Information Technology (IT) Administrators
5. Information Security Policy Framework

Enterprise RM

1. Updated RiskCom Charter
2. Amended RiskCom Charter
3. Guidelines on the Conduct of Stress Testing Exercises for LANDBANK

Other Items approved by RiskCom

1. Updated Risk Dictionary
2. Update on BSP Presentation on LANDBANK's ORWA Initiative
3. Result of Asset and Liability Committee Liquidity Contingency Plan Call Tree Testing

The overall 2020 performance rating of the RiskCom is 97.50% or Superior based on the parameters: Function and Responsibilities, Structure, Process and Performance.

Trust Committee (Trust Com)

The Trust Committee is primarily responsible for overseeing the fiduciary activities of the bank and directly reports to the LANDBANK Board. In discharging its function, it shall:

Duties and Functions:

1. Ensure 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. Ensure that policies and procedures that translate the BOD's objectives and risk tolerance into prudent operating standards are in place and continue to be relevant, comprehensive, and effective
3. Monitor 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. Oversee the proper implementation of the risk management framework, compliance program and internal controls to ensure that accounts are managed accordingly in different cycles of the market
5. Adopt 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 ensure proper and continuous training for its Trust officers and personnel considering growing sophistication and complexity in the trust business and changes in the financial market environment
6. Oversee and evaluate the performance of the Trust Officer and of the Trust operations regarding business objectives and strategies, compliance and risk monitoring and management, requiring periodic reports on the different areas of responsibility
7. Require 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 LANDBANK Board

8. Review reports submitted by internal and external auditors and regulatory agencies, and deliberate on major exceptions or non-compliance with existing laws, rules and regulations, policies and procedures, and act on appropriate recommendations
9. Ensure that the Trust Banking Group (TBG) is taking appropriate measures to address all regulatory requirements under applicable laws, rules and regulations and that the plans and actions are taken to correct reported conditions and accomplish satisfactory disposition of findings
10. Review and approve the plans and program of activities of the TBG
11. Regularly report to the LANDBANK Board on matters arising from fiduciary activities

This Committee is composed of:

Chairperson	DAR Secretary John R. Castriciones/ Alternate: Undersecretary Luis Meinrado C. Pañgulayan
Vice Chairperson	DOF Secretary Carlos G. Dominguez/Alternate: Treasurer Rosalia V. De Leon/ Deputy Treasurer Erwin D. Sta. Ana
Members	President and CEO Cecilia C. Borromeo
	DOLE Secretary Silvestre H. Bello III / Alternate: USec. Benjo Santos M. Benavidez
	Director Nancy D. Irlanda
	First Vice President and Trust Officer Lolita M. Almazar

The Committee meets at least six times annually and held a total of six meetings in 2020.

The Committee was able to issue 56 resolutions approving/confirming important transactions and actions of the TBG.

Corporate Governance Committee (CG Com)

Duties and Functions:

The Corporate Governance Committee shall have the following duties and functions:

1. Review and recommend the organizational structure of the Bank and its units
2. Review and evaluate the qualification standards for all positions in the Bank
3. Review and recommend the selection/promotion of the officers as endorsed by the Selection Board II
4. Ensure the LANDBANK Board's effectiveness and due observance of corporate governance principles and guidelines
5. Oversee the periodic performance evaluation of the LANDBANK Board and its committees and executive management
6. Conduct an annual self-evaluation of its performance
7. 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 (e.g., competence, candor, attendance, preparedness, and participation)
8. Adopt, propose and recommend to the LANDBANK Board such internal guidelines to address the competing time commitments that are faced when directors and other Bank officers serve on multiple boards
9. Study and recommend to the LANDBANK 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. Decide the manner by which the Board's performance may be evaluated and propose an objective performance criterion to be approved by the LANDBANK Board
11. Study and recommend policies to ensure appropriate and effective management through organizational and procedural controls and independent audit mechanisms
12. Promote transparency and operational responsibility and accountability in a manner consistent with the Bank's vision, mission, strategic intent and operating values

The Committee is composed of:

Chairperson	Director Nancy D. Irlanda
Vice Chairperson	Director Jesus V. Hinlo, Jr.
Member	Director Virgilio D. Robes

The Committee meets at least quarterly or as often as it is considered necessary and appropriate. In 2020, it held a total of 11 meetings and adopted 84 resolutions.

Agri-Agra Social Concerns Committee (AASCC)

Duties and Functions:

1. Recommend actions on complex land transfer claim issues
2. Recommend or resolve matters relevant to agri-agra policies of LANDBANK
3. Monitor the implementation of the Bank's agri-agra programs
4. Serve as clearing house for agri-agra programs of the Bank that need approval of the LANDBANK Board
5. Attend to other functions as may be assigned by the LANDBANK Board

This Committee is composed of:

Chairperson	President and CEO Cecilia C. Borromeo
Vice Chairperson	DAR Secretary John R. Castricones/ Alternate: Undersecretary Luis Meinrado C. Pangulayan
Members	DA Secretary William D. Dar/ Alternate: Dir. Jocelyn Alma R. Badiola
	Director Virgilio D.V. Robes
	Director Jaime L. Miralles

The Committee meets at least once a month and held a total of five meetings in 2020.

Related Party Transactions Committee (RPT Com)

Duties and Functions:

1. Evaluate on an ongoing basis the existing relations between and among business and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationship with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs, and changes in relationships shall be reflected in the relevant reports to the Board and regulators/supervisors
2. Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances
3. Report quarterly to the LANDBANK Board the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties
4. Ensure that related party transactions, including write-off of exposures, are subject to periodic independent review or audit process
5. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures

This Committee is composed of:

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

The Committee meets at least quarterly and held a total of seven meetings in 2020.

The RPT Com vetted and deliberated two loan accounts, six procurement transactions and two other transactions.

The LANDBANK Board approved and confirmed the following:

1. Approved four reports on Material RPTs
2. Confirmed four reports on Non-Material RPTs
3. Confirmed four reports on status and aggregate exposures on related parties.

**NO CHANGES IN THE MEMBERSHIP OF
THE LANDBANK BOARD FOR CY 2020.**

List of Major Stockholders:

The LANDBANK is wholly owned by the National Government.

Retirement Age:

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

Term of Office of the LANDBANK 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.

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.



LANDBANK IS WHOLLY OWNED BY THE NATIONAL GOVERNMENT.

Material Related Party Transactions (with individual and aggregate amount of exposures)

Land Bank of the Philippines
for the year 2020

Name of Counterparty	Relationship	Date Granted	Type of Transaction	Terms	Amount	Outstanding Balance as of Dec. 31, 2020
Philippine Deposit Insurance Corporation (PDIC)*	DOSRI/GOCC	Dec. 10, 2019 (ILC Approval) Jan. 8, 2020 (Board Approval)	<ul style="list-style-type: none"> Renewal without change of its 6,000.00 million Short Term Loan Line Renewal without change of its 1,000.00 million Domestic Bills Purchase Line; Extension of Availability End Date of existing lines up to 180 days from Dec. 31, 2019 to June 30, 2020. Allowance of continuous accommodation of the previously approved lower spread of 0.25% instead of 0.5% required minimum spread for accounts rated "Prime" for STLL. Waiver on the Other Terms and Conditions item IV.2.ii of the Credit Policy Issuance (CPI) No. 2017-006 (Revised Guidelines on Domestic Bills Purchase Line). Borrower's own check/s or those issued to the borrower against its own account shall be eligible for purchase. Waiver on the standard provision of credit line agreement (CLA), Section 7.4 which states "Make any loan or advance to any other person or entity except temporary investment of surplus funds and advance payment of goods, services or taxes or other payments in the ordinary course of business. 	No Preferential Terms	7,000,000,000.00	No outstanding balance
Philippine Guarantee Corporation (previously PhilEXIM) [1]	DOSRI/GOCC	March 19, 2020 (ILC Approval) March 31, 2020 (Board Approval)	<ul style="list-style-type: none"> Ninth 180-day extension of Availability End Date (AED) of the approved 1,950.0 million Short Term Loan Line and 150.0 million Domestic Bills Purchase Line from March 31, 2020 to Sept. 27, 2020; and Allowance of accommodation of 0.50% minimum spread instead of 3% for accounts rated as "Watchlist" per CPI 2018-008. 	No Preferential Terms	[2]	[2]

Name of Counterparty	Relationship	Date Granted	Type of Transaction	Terms	Amount	Outstanding Balance as of Dec. 31, 2020
Philippine Guarantee Corporation (previously PhilEXIM) [1]	DOSRI/GOCC	Sept. 23, 2020 (Board Approval)	<ul style="list-style-type: none"> Tenth 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 Sept. 27, 2020 to March 26, 2021 Allowance of the use of 2018 and 2019 Unaudited Financial Statements in the Evaluation of Financial Position of PhilGuarantee in View of the Requirement of Credit Bulletin No. 2008-017 Allowance of accommodation of 0.5% Minimum Spread Instead of 3% for Accounts Rated as "Watchlist" per CPI 2018-008 	No Preferential Terms	2,100,000,000.00	0.00
Overseas Filipino Bank	Subsidiary	Aug. 24, 2020	First 60-day extension of the Availability End Date of the previously approved Money Market Line from Aug. 31, 2020 to Oct. 31, 2020	No Preferential Terms	[3]	[3]
Overseas Filipino Bank	Subsidiary	Aug. 24, 2020	1.50% interest rate for LANDBANK's P2 Billion deposit placement with OFBank with a tenor of 60 days	No Preferential Terms	[4]	N/A
Overseas Filipino Bank	Subsidiary	Oct. 15, 2020	Renewal of its Money Market Line	No Preferential Terms	2,000,000,000.00	2,000,000,000.00
Overseas Filipino Bank	Subsidiary	Oct. 15, 2020	Deposit Placement	No Preferential Terms	2,000,000,000.00	N/A

Duty Free Philippines Corporation (DFPC) [1]	DOSRI/GOCC	April 30, 2020 (Board Approval)	<ul style="list-style-type: none"> • Renewal Without Change of its 600 million Short Term Loan Line; • Renewal of its Letter of Credit/Trust Receipt/Stand-By LC Line With Increase From 400 million To 500 Million; • Cancellation of its 100 million Foreign/ Domestic Bills Purchase Line; • Extension of the Availability End Date (AED) of the Existing Line for up to 180 Days from March 29, 2020 to Sept. 25, 2020; • Allowance of Exemption from Credit Policy Issuance No. 2019-002: Availability End Date and Expiry Date of Short Term Loan Line for a Tenor of Two (2) Years Instead of One (1) Year; • Allowance of a Minimum Spread of 1.0% Instead of 3.0% for Account Rated "Watchlist" per CPI 2018-008; and • Allowance of Loan Value of 100% and 90% Instead of 90% and 80% for Peso and USD Deposit, Respectively on Assignment of Deposit with Hold-out • Reduction on the Renewed Amount of its Short Term Loan Line from 600.0 million to 300.0 million; and • Reduction on the Approved Collateral Cover 	No Preferential Terms	1,100,000,000.00	No outstanding balance
		June 23, 2020 (Board Approval via referendum)				

Name of Counterparty	Relationship	Date Granted	Type of Transaction	Terms	Amount	Outstanding Balance as of Dec. 31, 2020
LBP Resources and Development Corp.	Subsidiary	June 3, 2020 (RPT Com Vetting/ Approval)*	Extension of Contract for Utility/Janitorial and Messengerial Services for LANDBANK Field Units for the period Jan. 1, 2020 to June 30, 2020	No Preferential Terms	66,306,512.89	N/A
LBP Resources and Development Corp.	Subsidiary	Aug. 7, 2020 (RPT Com Vetting/ Approval)	One (1) Year Building Maintenance and Housekeeping/Janitorial Services for LANDBANK Plaza and Satellite Offices	No Preferential Terms	111,209,030.01	N/A
LBP Resources and Development Corp.	Subsidiary	Aug. 7, 2020 (RPT Com Vetting/ Approval)	One (1) Year Janitorial/Utility and Messengerial Services for LANDBANK Field Units	No Preferential Terms	135,978,730.04	N/A
LBP Resources and Development Corp.	Subsidiary	Oct. 8, 2020 (RPT Com Vetting/ Approval)	One (1) Year Manpower Services for the Deployment of 1,000 Service Contract Workers in Various Bank Units for the period of Jan. 1, 2021 to Dec. 31, 2021	No Preferential Terms	320,882,880.00	N/A
LBP Leasing and Finance Corporation	Subsidiary/ DOSRI	Aug. 7, 2020 (RPT Com Vetting/ Approval)	Seven (7) Years Full Service Financial Lease of Ten (10) Customized Vehicle for LANDBANK Mobile ATM	No Preferential Terms	101,533,350.00	N/A
LBP Leasing and Finance Corporation	Subsidiary/ DOSRI	Aug. 7, 2020 (RPT Com Vetting/ Approval)	One (1) Year Fleet Management Service of 301 Service Vehicles	No Preferential Terms	269,916,240.00	N/A
LBP Leasing and Finance Corporation	Subsidiary/ DOSRI	Dec. 14, 2020 (RPT Com Vetting/ Approval)	<ol style="list-style-type: none"> 1. Amendments in the Terms and Conditions of LLFC's previously approved P800.00 Million Term Loan IV as follows: <ol style="list-style-type: none"> a. Extension of Availability Period from one (1) year to one year (1) and six (6) months from the signing date of the facility and associated documentation; and b. Amendment on the interest rate to include fixed interest rate for 15 years 2. Inclusion of "Assignment of Receivables with at least 125% loan cover" as additional credit enhancer on LLFC's approved P1.50 Billion Short Term Loan Line. 	No Preferential Terms	3,279,820,000.00	1,156,591,714.21

Name of Counterparty	Relationship	Date Granted	Type of Transaction	Terms	Amount	Outstanding Balance as of Dec. 31, 2020
National Food Authority (NFA)[1]	GOCC	July 8, 2020 (Board Approval)	<ul style="list-style-type: none"> Renewal without change of its Php23 Billion Short Term Loan Line; Renewal without change of its Php600 Million Domestic Bills Purchase Line; Extension of Availability End Date (AED) of the existing lines for up to 180 days from June 30, 2020 to Dec. 28, 2020; Allowance of continuing waiver to course all Philhealth, Income Tax, Withholding Tax and Other Payments through LANDBANK Branches per Credit Bulletin No. 2005-011; Allowance of a minimum spread of 0.15% instead of 2.5% for accounts rated "Satisfactory" per CPI No. 2018-008; and Allowance of exemption from Credit Policy Issuance No. 2019-002: Availability End Date and Expiry Date of Short Term Loan Line and DBPL for a period of two (2) years instead of one (1) year. 	No Preferential Terms	33,620,000,000.00	30,895,000,000.00
Development Bank of the Philippines	DOSRI – GOCC	Nov. 25, 2020 (Board Approval)	<ul style="list-style-type: none"> Renewal Without Change of its Money Market Line Renewal With Decrease of its Foreign Currency Line Renewal Without Change of its Peso Trust Placement Line Renewal With Decrease of its Dollar Trust Placement Line 	No Preferential Terms	5,547,000,000.00	No outstanding balance

[1] This is considered as DOSRI and subject to DOSRI Rules.

[2] 2,100.00 million existing total exposure of the Bank with Philippine Guarantee Corporation (previously PhilEXIM)

[3] 2,000.00 million existing total exposure of the Bank with Overseas Filipino Bank

[4] 2,000.00 million deposit placement with OFBank

List of Material Related Party Transactions (Off-Balance Sheet Commitment)

Land Bank of the Philippines

Parent Bank/QB and Subsidiary/Affiliate	Name of Counterparty	Relationship Between Parties	Transaction Date	Type of Transaction	Approved Amount	Commitment Others-Outstanding Balance
	LBP Leasing and Finance Corp. (LLFC)	LBP Leasing and Finance Corporation (LLFC) is a wholly-owned subsidiary of LANDBANK. Ms. Cecilia C. Borromeo, LANDBANK's President and CEO is also the Chairperson of LLFC.	Dec. 14, 2020 (LBP RPT Committee vetting)	<ol style="list-style-type: none"> Amendments in the Terms and Conditions of LLFC's previously approved P800.00 Million Term Loan IV as follows: <ol style="list-style-type: none"> Extension of Availability Period from one (1) year to one year (1) and six (6) months from the signing date of the facility and associated documentation; and Amendment on the interest rate to include fixed interest rate for 15 years Inclusion of "Assignment of Receivables with at least 125% loan cover" as additional credit enhancer on LLFC's approved P1.50 Billion Short Term Loan Line 	3,279,820,000.00	800,000,000.00

Board of Directors' Duties and Responsibilities

The LANDBANK Board 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 LANDBANK Board shall carry out the following duties and responsibilities:

1. Observe good governance and approve an overarching policy on the handling of RPTs to ensure that there is effective compliance with existing laws, rules and regulations at all times
2. Constitute an RPT Committee (RPTCom) 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
3. Approve all material RPTs, write-off of exposures to RPs, and renewal or material changes in the terms and conditions of RPTs
4. Delegate to appropriate approving authority the approval of non-material RPTs and confirm the same as presented by the RPTCom
5. Decide whether to accept or take steps to address limit breaches as may be necessary.
6. Direct Management to establish an effective system to:
 - i. Determine, identify, and monitor RPs and RPTs
 - ii. Continuously review and evaluate existing relationships between and among businesses and counterparties
 - iii. Identify, measure, monitor, and control risks arising from RPTs
7. Maintain adequate capital against risks associated with exposures to RPs
8. Oversee the integrity and effective implementation of the Bank's whistleblowing policy

Compensation of the LANDBANK Board

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 LANDBANK Board.

Sustainable Finance Framework (SFF)

The LANDBANK Board shall carry out the following duties and responsibilities:

1. Institutionalize the adoption of sustainability principles, including those covering E&S risk areas in the Bank, by incorporating the same in the corporate governance and risk management framework as well as in the Bank's strategic objectives and operations considering the Bank's risk appetite and ability to manage risk
2. Promote a culture that fosters environmentally and socially responsible business decisions. The LANDBANK Board shall ensure that sustainability implications are considered in the overall decision-making process
3. Approve the Bank's ESRMS that is commensurate with the Bank's size, nature, and complexity of operations and oversee its implementation. The LANDBANK Board shall ensure that the ESRMS is aligned with

internationally recognized principles, standards and global practices and forms part of the enterprise-wide risk management (ERM) system

4. Ensure that sustainability objective and policies are clearly communicated across the institution, and its investors, clients, and other stakeholders
5. Adopt an effective organizational structure to ensure attainment and continuing relevance of the Bank's sustainability objectives. The Board or the designated Board-Level or Management Committee shall monitor the Bank's progress in attaining sustainability objectives
6. Ensure that adequate resources are available to attain the Bank's sustainability objectives. The LANDBANK Board shall ensure that the members of the Board, Senior Management and personnel are regularly apprised of the developments on sustainability standards and practices
7. Ensure that the sustainability agenda is integrated in the Bank's performance appraisal system

Performance Assessment Program for the LANDBANK Board

Performance evaluation of the LANDBANK Board 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 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

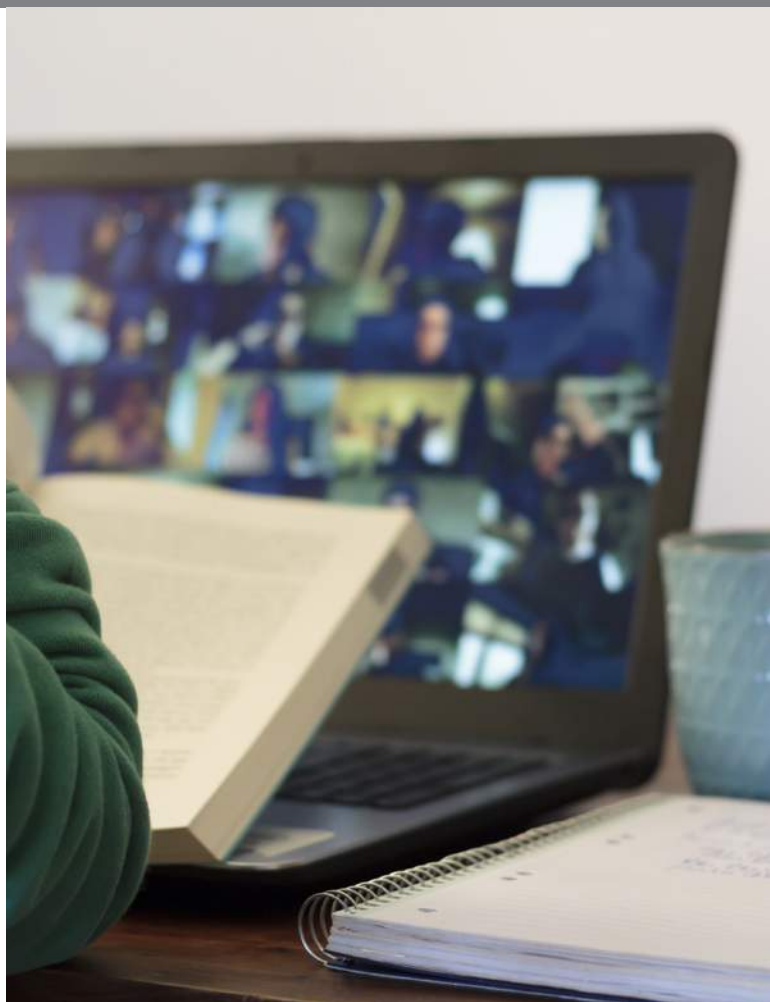
The results of the Performance Rating System of the Board and Board-level committees for CY 2020 were discussed and noted by the Corporate Governance Committee in a meeting held on March 5, 2021 (CGCom Resolution Nos. 21-009 to 21-015).

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, Strategy and Knowledge Management Group, Compliance Management Group, Internal Audit Group, Risk Management Group, Human Resource Management Group, Trust Banking Group, Lending Support Department, and the secretariat of Board-Level Committees, conduct orientation meetings. The following is the procedure for the conduct of the Orientation Program for New Directors upon their assumption:

1. The CorSec schedules the orientation meeting with the LANDBANK Board and the Management
2. It facilitates the two-day orientation program to give an oversight of the Bank, functions of the Board-level Committees, their roles as members of the Board-level Committees, allowances, benefits and incentives of the Directors
3. The CorSec also provides documents such as the LANDBANK Quick Guide for Ex-Officio Directors and the BSP Requirements pursuant to Section 137 of the MORB.



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 to address certain areas of concern in the performance of the Directors, if any.

UNITS UNDER THE BOARD OF DIRECTORS

Sound corporate governance is one of the pillars of LANDBANK operations



Internal Audit Group

Overall Accomplishment in 2020

The Internal Audit Group (IAG), notwithstanding the challenges and limitations posed by the pandemic in 2020, completed a total of 330 audit engagements or 105% of its target composed of 316 business units, application systems, and processes including ICAAP validation, risk measurement model validation,

outsourced systems, and system development advisory while the remaining 14 comprise the audit of Eurogiro, Business Continuity Management Plan, Information Security Program, Related Party Transactions, and IT Drills. The IAG also performed confirmation of private deposit accounts.

Due to the travel restrictions in most of the covered areas and to prevent the auditors from exposure to the risk of being infected with COVID-19 virus, most of the audit engagements were conducted remotely. As deemed necessary, the auditor's reported onsite depending on the circumstances while implementing the required safety protocols. Nonetheless, the auditors were provided with the resources necessary in their Remote Auditing.

IAG has also implemented certain initiatives in order to adapt to the "new normal" and to ensure that even under the Work from Home arrangement, the audit objectives are still achieved as follows:

- a. Conduct of technology-based and data-driven audit
- b. Conduct of opening and exit conferences through video conferencing and other collaborative tools.
- c. Viewing and evaluation of CCTV footage via MS Teams, WorkChat or other secured applications acceptable/recommended by Technology Management Group
- d. Conduct of Audit Client Satisfaction Survey, Work Climate and Confidential Survey via MS Forms

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

The IAG Department Heads actively participated as members of the Project Working Team for the Project Fusion Project.

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

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

The IAG plays a key role in assisting the 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 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 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 13 meetings in 2020 with an average attendance of 97.33%.

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)

Procedures in the assessment of the Bank's adherence to Environmental and Social risk management policies and international sustainability standards, principles, laws and regulations

LAG has integrated in its audit program assessment of adherence to the existing policies of the Bank that supports Environmental and Social risk management.

The Lending Operations Audit Department (LOAD) in the review of Lending Unit's loan evaluation and packaging, validate their compliance with the applicable environmental laws, regulations, and requirements. Also, part of LOAD's audit procedure for property appraisal is checking the accuracy and completeness of data/information disclosed in the appraisal report and necessary document supporting the report which include securing a supporting document to validate the vulnerability to earthquake of all existing and potential project sites financed/ to be financed and verification with PHIVOLCS the location of projects if along fault lines or danger zone.

The Environmental Program and Management Department (EPMD), being one of the established Units of LANDBANK that ensures proper implementation of policies and programs on Sustainable Financing, is part of the Head Office and Systems Technology Audit Department's audit universe. EPMD's timely conduct of environmental due diligence, release of Environmental Compliance Report or Environmental Performance Monitoring and Audit Report, proper implementation of Project

Preparation Fund program and CFSF for interested loan clients, complete and timely of submission of environmental reports to internal and external users, and timely review and/or enhancement of existing environmental programs and development of new initiatives are part of HOSTAD's review.

Future thrusts and directions for 2021

For 2021, IAG shall continue to conduct risk-based internal audit of various business units, IT systems and processes, risk models/ICAAP document validation. IAG shall continuously explore and study possible opportunities to stay current and relevant given the situation in order to fulfill its purpose in the organization. Also included in the IAG's major plans and programs for 2021 is the rationalization of the IAG structure for the Enterprise Fraud Management System (EFMS) Audit Team under the Field Operations Audit Department as well as the Audit Services Team. This is to maximize the use of the EFMS in detecting or preventing incidences of fraud by having dedicated/focused team to handle the function. The rationalization is also a response to the expanding services being rendered and to the rising number of audit clients. IAG also needs to start preparing the required documentation in bidding the consultancy services for the conduct of External Quality Assurance Review for IAG in 2022 by a qualified third party reviewed to comply with BSP Circular No. 871 s. 2015 and Standard 131 of the International Standards for the Professional Practice of Internal Auditing, which requires that an external assessment be conducted at least once every five years by a qualified, independent assessor, or assessment team from outside the organization (last EQAR 2017).

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) Operational 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) and Recovery Plan 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 framework utilizing stress testing tools and scenario analysis.

Trust Banking Group

In 2020, the LANDBANK Trust Banking Group (TBG) was able to attain its Asset Under Management (AUM) target level amounting to P348 billion, as well as maintain its position as the 5th largest trust entity based on AUM. TBG again surpassed its net income target by 7%.

To expand the services it provides to its clients, TBG has started offering the Bangko Sentral Registration Document (BSRD) service which provides non-resident investors the facility to register with the BSP their peso-denominated portfolio investments in compliance with the regulations.

In pursuit of its objective of providing better customer convenience and operational efficiency, TBG developed Application Programming Interfaces (APIs) which will allow the integration of the Trust Banking System with other systems of the Bank such as internet banking, mobile banking, and client onboarding systems.

Plans, Targets, and Objectives

TBG is looking to grow its business in the coming years by providing its clients more convenient ways to invest, access, and monitor their trust and

investment portfolio. For instance, online viewing and additional subscriptions will soon be made available to retail investors in TBG's UITF products using the Bank's Mobile Banking Application (MBA). This will allow clients to monitor and perform UITF transactions anytime and anywhere.

Additionally, in support of the Government's thrust to promote savings and investments in preparation for retirement, TBG will launch its Personal Equity and Retirement Account-Unit Investment Trust Fund (PERA-UITF) in the PERA digital platform. Once available, clients will be able to open, invest, and manage their LANDBANK PERA-UITF online.

TBG will also fully implement the conversion of its financial reports to an electronic format. In line with the Bank's mission to provide the best technology solutions, this initiative will provide clients with convenience and enhance their banking experience by providing quicker access to vital information regarding their accounts.

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 compliance risk 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 the laws, rules, regulations, related self-regulatory organization standards, and codes of conduct applicable to its activities. Said compliance 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 (RCD) and Anti-Money Laundering Department (AMLDD) responsible for the implementation of LANDBANK Compliance Program and Money Laundering and Terrorist Financing Prevention Program Manual, respectively. CMG is headed by the Chief Compliance Officer (CCO) who functionally reports to the LANDBANK Board of Directors through the Audit and Compliance Committee (ACC).

UNITS UNDER THE PRESIDENT AND CEO

The President and CEO performs overall supervision of the Bank's five Sectors:

- (1) Agricultural and Development Lending Sector
- (2) Branch Banking Sector
- (3) Corporate Services Sector
- (4) Operations Sector
- (5) Treasury and Investment Banking Sector



The President and CEO performs overall supervision of 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.

Moreover, seven Bank Units directly report to the President and CEO as follows: (1) Agrarian Services Group; (2) Asset Recovery Group; (3) Legal Services Group; (4) Strategy and Knowledge Management Group; (5) Security Department; (6) Systems and Methods Department; and (7) Strategic Initiatives Office.

Agrarian Services Group

Even amidst the global COVID-19 pandemic, the processing of all land transfer claim folders forwarded by DAR to LANDBANK was accomplished

within the allowable Turn-Around-Time (TAT) of 20 working days which is classified as a highly technical service in accordance with RA No. 11032 otherwise known as the Ease of Doing Business and Efficient Delivery of Government Services. ASG was able to furnish GCG a 100% Performance Scorecard on this undertaking.

The collection of past due accounts of the Loan Recovery Department (LRD) through the PARCS is also one of ASG's major contributions in the reduction of non-performing agri-loans resulting in the recovery of past due agri-loan accounts and generation of revenues for LANDBANK.

The following are the programs that will be pursued by ASG in 2021:

1. Streamlining of ASG's functional focus by being responsive to the Bank's core business operations and improve the Bank's loan recovery
2. Enhancement of the Portable Agrarian Reform Collection System (PARCS) to embed a Loan Facility Module for Agrarian Reform Beneficiaries (ARBs) and relaunch PARCS as Flexible Agrarian Reform Mobile System (FARMS) which will automate the loan application and collection processes for qualified ARB-borrowers
3. Enhancement of processes in setting up the LTCDA and increase the Bank's private deposits
4. Operationalize the transfer of field inspection and valuation functions to the DAR

AGRICULTURAL DEVELOPMENT AND LENDING SECTOR

Providing responsive and timely credit assistance and other interventions to the Bank's priority and mandated sectors

The Agricultural and Development Lending Sector (ADLS) administers the Bank's lending activities. The Sector is in charge of providing responsive and timely credit assistance and other interventions to the Bank's priority and mandated sectors including small farmers and fishers, agrarian reform beneficiaries, either through direct lending and/or through their respective organizations/associations, micro and small enterprises, agri and aqua related businesses, and other programs aligned with the priorities of the National Government with the end goal of helping improve the quality of life especially in the countryside and promote inclusive growth.

With the objective of delivering the Bank's products and services nationwide, nine new Lending Centers were opened in 2020. This brings the total number of Lending Units to 64, 55 of which are located in the key provinces of the country and nine units based in the Head Office providing credit facilities to Consumer and Corporate clients based in the National Capital Region (NCR).

For efficient Management, the ADLS lending units are clustered by major islands groups: Northern and Central Luzon, Southern Luzon, Visayas, and Mindanao for the Provincial Lending Units. At the Head Office, clients are segregated based on asset size and client types: the Corporate Banking and the Retail and Mid-Market Lending Groups.

The CBG is comprised of five departments. The Corporate Banking Departments 1 and 2 (CBD 1 and CBD 2) handling large corporations; the Microfinance Institutions Department (MFID) focusing on lending to cooperatives and microfinance institutions with head office based in the NCR; the Public Sector Department (PSD) handling government accounts; and the Financial Institutions Department (FID) managing financial institutions and rural banks.



The Retail and Mid-Market Lending Group, on the other hand, oversees the supervision, administration, monitoring, and management of housing and mortgage loans, Sales Contract Receivables, and accounts of Small and Medium Enterprises (SMEs), which include OFW loans in the NCR. In support of the Bank's aim to provide service to the unbanked and underserved areas and to promote inclusive growth, the ADLS through the Lending Program Management Group continues to develop, manage, and monitor Lending Programs. The Lending Support Department takes the role of providing nationwide administrative and backroom support to all the Lending Groups under the ADLS.

2020 Accomplishments and Performance Highlights

LANDBANK remains at the forefront of attaining inclusive growth and countryside development through delivery of innovative financial products and services powered by digital banking platforms. Intensifying loans to the priority sectors remains as a core strategy and priority thrust of the Bank in sustaining its financial growth while performing its social mandate to spur countryside development.

In 2020, the Sector's total loan portfolio amounted to P777.2 billion. A major driver of the portfolio is the loans to priority sectors which translate to 93.8% of the total loans. Loans to Mandated Sector – Small Farmers and Fishers – amounted to P43.0 billion or 5.5% of the total loans; loans to support agriculture and fisheries had a total of P190.73 billion or 24.5%; and loans supporting other national government priority programs contributed P495.66 billion or 63.8%, the highest among all sectors. In 2020, LANDBANK has assisted a cumulative total of 2.67 million SFFs which translates to 133.5% accomplishment rate against the full-year target of two million SFFs. Among the assisted SFFs, 718,875 was through the Department of Agriculture (DA) Programs. With its mandate to spur countryside development, LANDBANK extended a total loan of P35.1 billion to borrowers in the top 20 poorest provinces.

2021 Plans and Programs

Moving forward, ADLS shall focus on the following programs to manage revenue and customer expectations amid the pandemic:

1. Increase loan portfolio by improving the Bank's presence and increase assistance to various sectors. This goal shall be achieved by intensifying loans to LGUs through Program-focused marketing of special lending windows particularly the LGU Lending Program and RISE UP LGUs Lending Program. Another strategy is to focus on marketing of new SME accounts for forward and backward linkages to agriculture, supportive of the economic and employment generation programs of the Government.
2. Greening of Loan Portfolio. Foremost goal in this program is to assist a total of 2.5 million SFFs and to increase outstanding agri-loans to P251.50 billion by the end of 2021. LANDBANK will continue to pursue agri value chain approach to promote financial inclusiveness through various lending programs such as Rapid Growth Credit Facility, Sulong Saka, and Coco Financing and facilitate loan releases to SFF through programs administered by LANDBANK in partnering with the DA, DAR, and other agencies.
3. Enhance operational efficiency through delivery of innovative lending products and services through the creation of an automated account monitoring system and development of Digital Lending System (DLS) to implement functional solution that will handle end-to-end loan process, from loan application, processing, approval, booking, to collection for the Bank's on and off-books special and legislated loan programs funded by the Government.
4. Capacity building to improve financial and technical capabilities of the SFFs and strengthen borrowing MSMEs by providing training interventions to cope with challenges brought about by the pandemic. This shall be achieved through building stronger collaboration with the LANDBANK Countryside Development Foundation Inc. (LCDFI) for training requirements and capacity building of existing and potential borrowers like cooperatives and MSMEs.

As of Dec. 31, 2020:



P777.2 B
Total loan portfolio



2.67 M
Cumulative total
of small farmers
and fishers reached

BRANCH BANKING SECTOR

Branch operations, deposit-generation and deposit-related services, and various electronic banking channels

The Branch Banking Sector handles branch operations, deposit-generation and deposit-related services and the various electronic banking channels of LANDBANK. EVP Julio D. Climaco, Jr. assumed as the Head of Branch Banking Sector effective January 2020.

The year 2020 continued to be a year of growth, network expansion and innovation. The Bank's total deposits rose to P2.09 trillion by the end of 2020. It recorded a faster growth pace with an increase of P310 billion or 17.4% higher from P1.78 trillion a year ago. With considerably improved public trust, private deposits posted a higher increase amounting to P171.0 billion as compared to the P139.0 billion growth in government deposits. Consequently, private deposit mix improved to 37% from 34% in 2019.

During the year, LANDBANK opened five new provincial branches and six branch-lite units. The new branches include Bolinao (Pangasinan), Barili (Cebu), Lamitan (Basilan), Imelda (Zamboanga Sibugay) and Balingasag (Misamis Oriental), while the new branch-lite units are in Balanga City (Bataan), Himamaylan (Negros Occidental), Calabanga (Camarines Sur), Barotac Viejo (Iloilo), Echague (Isabela) and Sual (Pangasinan).

The addition of these new branches expanded LANDBANK's touchpoints to 411 Branches, 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



Bataan Governor Albert S. Garcia (3rd from left) and LANDBANK Central Luzon Branches Group Head FVP Sylvia C. Lim (4th from left) led the official inauguration of the LANDBANK Bataan Capitol Branch-Lite at The Bunker in Balanga City, Bataan last Oct. 28, 2020. They were joined by (from left to right) LANDBANK Balanga Branch Head Nenita C. Lopez, Bataan Vice-Governor Ma. Cristina M. Garcia, Balanga Mayor Francis Anthony S. Garcia, and LANDBANK Bataan Capitol Branch-Lite Head Mark Michael Y. Apaya.

and West Mindanao. Complementing these are 2,320 Automated Teller Machines, 167 Cash Deposit Machines, nine Mobile ATMs, and 65 branch-lite units composed of five branch lites, four Agri-hubs, 48 LANDBANK Easy Access Facilities (LEAFs), and eight Foreign Exchange and Teller Booths.

To provide a one-stop-shop facility where branch banking, lending and agrarian functions can be availed under one roof, LANDBANK established Agri-hubs in top palay producing provinces. In 2020, five Agri-hubs were established in Calabanga (Camarines Sur), Barotac Viejo (Iloilo), Echague (Isabela), Sual (Pangasinan) and Sta. Maria (Ilocos Norte).

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 2020, total monetary transactions using the Mobile Banking App grew by 263%.

Moreover, consistent with the National Government's financial inclusion initiatives, LANDBANK's Agent Banking Program (ABP) was fully implemented in 2020. 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 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 government agencies (DSWD, DA, DOTr) continued to lead and assist in the implementation of the Conditional Cash Transfer, Unconditional Cash Transfer, Social Amelioration, Service Contracting, Pantawid Pasada, Rice Farmer Financial Assistance, Financial Subsidy to Rice Farmers and the Resettlement Action Plan Entitlement Distribution. These Programs benefit poor households, jeepney operators and small rice farmers.

LANDBANK also continued to enhance the Digital On-Boarding System (DOBS). 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. As of December 2020, the cumulative number of deposit accounts opened through DOBS totaled 1,263,874 while the number of accounts updated reached 123,879. Enhancements introduced during the year include the Corporate Updating Facility, Corporate Payroll Facility and the DOBS – Data Entry System for PhilSys ID registrants. The DOBS also served as the base platform system in delivering the Overseas Filipino Bank DOBSAI via the Mobile Banking App. The DOBS will be further enhanced in 2021 to facilitate GSIS Account Opening, Account Opening via Mobile Banking Application using DOBS Artificial Intelligence Technology, Client Verification

System and System Interface with Central Business Portal.

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, systems rollout, and technical assistance.

LANDBANK's touchpoints

as of Dec. 31, 2020



411
branches

65
branch-lite units



2,320
Automated Teller Machines (ATM)



167
Cash Deposit Machines (CDM)



9
Mobile ATMs

TREASURY AND INVESTMENT BANKING SECTOR

Treasury operations, financial resource management, and investment banking

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 Asset and Liability Management Group (ALMG), and the Financial Market Group (FMG)

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. The FMG, on the other hand, (a) manages trading units for both the Peso and Foreign currency-denominated instruments, (b) develops trading strategies, (c) regularly monitors financial markets and trends, and (d) formulates marketing strategies to expand the Bank's FX client base and strengthen relationships to ensure repeat business.

The Investment Banking Group (IBG)

The IBG, on the other hand, undertakes underwriting services and performs issue management for debt and equity capital market transactions, specialized and structured transactions, funding arrangement, and financial advisory services for corporate finance transactions. Moreover, it handles project finance transactions and monitors the overall performance of the various Bank's investments in non-listed equity and other financial instruments.



The TIBS is further supported by the Investment Sales and Distribution Department and the Treasury Support Department in the provision of treasury product marketing and brokering services, and technical assistance, respectively.

TIBS' accomplishments and plans and programs for 2020 are detailed under the section on "Financial Results of Business Segments" on page 185.

OPERATIONS SECTOR

Operational support,
accounting services,
and implementation of
information technology
system-related infrastructure



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 Operations Group (BOG)

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.

In 2020, BOG has provided support with the implementation of the following:

1. Implementation to the electronic Promissory Notes and Disclosure Statement (e-PNDS)

As part of the Bank's digitization efforts and to efficiently serve our clients, the Bank has gradually shifted from the use of conventional paper-based template to electronic form. This is a software application converts the Bank's Promissory Notes and Disclosure Statement into electronic form which enables the Bank to send/transmit said required document to our clients who conveniently sign and transact said documents thru their laptops or mobile devices and sends the digitally signed documents back to the Bank. File storage of data is via server which can easily monitor and made available anytime.

2. Implementation of Monitoring of Insurance Policies using the Collateral Management System (CMS)

This is an effective tracking of Insurance Policy and Real Estate Tax (RET) using CMS especially for those expired policies/contracts. CMS is a software application which facilitates the entire collateral lifecycle management. The system captures the customer's information, customer's assets held as collateral, collateral agreement set-up, assignment of agreements to the credit facilities and release of the collateral to the customer. CMS also consolidate the collateral information as it eliminates manual processes associated within monitoring, tracking, and preparing management reports.

For year 2021, BOG will continue to support lending operations by the Enhancement of the e-PNDS, Conduct Symbols Retooling through Webinar/ Online Training and Centralization of Trade Transactions.

The Banking Services Group (BSG)

The Banking Services Group (BSG) is in charge of the Central and six Cash Center vault servicing such as cash transactions with BSP, NCR and nearby provincial branches as well as the Deposit Pick-up and Payroll Delivery services to clients and government agencies with MOA, in-house card production of ATM/debit cards, centralized recording/booking of various transactions of ATM operations, validation, processing and settlement of all interbank ATM and other e-Banking transactions, including InstaPay transactions under the National Retail Payment System (NRPS), and interbank client complaints. BSG also handles the settlement and centralized processing of Outward and Inward Clearing Checks (Regular and Return) including Signature and Technical Verification, Balancing and Callback, Foreign Currency Check Clearing and Current Account Signature Management. Likewise, the group handles the processing of branches' collections and remittances, and the allocation and reimbursement of the National Government's Modified Disbursement Scheme (MDS).

BSG's major accomplishment in 2020:

1. Implementation via Electronic Desktop of processing and transmission of outward clearing of the Foreign Currency Checks to Wells Fargo

This is the process of removing the physical FX checks and replacing the same with its electronic image and data for transmission to Wells Fargo Bank USA for clearing using the Electronic Desktop Deposit. This will ensure operational efficiency, reduce if not eliminate, the cost of courier (P320,000 contract with DHL) in the transportation and delivery of checks to Wells Fargo, USA and hasten funds availability. This program was successfully implemented on Oct. 7, 2020.

BSG will continually improve its services for year 2021 by implementing initiatives to improve support to front-office operations through:

- a. Mobile Capture Deposit
 - b. Merchant Capture Deposit
 - c. LANDBANK Internal Reconciliation System (LIRS) Enhancement
 - d. Retooling of Branches Personnel
-

The Controllership Group (CG)

The Controllership Group (CG) oversees the general accounting of bank transactions, preparation of the Bank's financial statements and reports for management, regulatory agencies and supervising entities, preparation, control and monitoring of corporate operating budget, processing of disbursements and settlements, management of the Bank's tax position and inter-office floats, accounting and monitoring of LANDBANK-administered Agrarian Reform Fund and management of various accounting systems.

In 2020, CG has increased its operational efficiency through the consolidation of Accounting Centers and Accounting Units from 80 to 76 field units by end of the year thereby reducing manpower and other

operating costs. Moreover, the institutionalization of the Awards of Excellence for Field Accounting Units to recognize exemplary performance of Accounting Units in the attainment of Key Operational Areas of the Bank was implemented.

CG had either initiated or participated in the following projects in 2020:

- a. Development of a platform for Bangko Sentral ng Pilipinas (BSP) reports named BSP Reports Manager System
- b. Enhancement of the Financial Management System, the GL system of the Bank, which is targeted to be completed in 2021
- c. Upgrade and enhancement of the Financial Reporting Package System that handles the financial reports to the Bangko Sentral ng Pilipinas

For 2021, CG will continue to improve its efficiency by pursuing the consolidation of Accounting Centers/Accounting Units; enhancement of reporting systems and applications to align with regulatory requirements; centralization and streamlining the procedure for GSIS remittances and use of email to send out investors' Statement of Accounts for the clients' placements in government securities instead of the existing manner of sending out through the registered mail.

The Technology Management Group (TMG)

The Technology Management Group (TMG) 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 designated project teams, management and enhancement of IT infrastructure and applications. The Group also provides technical evaluation or advice for end-user selection of application software and hardware.

With the advent of digital banking combined with the emergence of the COVID-19 pandemic, there is

the urgent need for digital products and services, alongside focus on cybersecurity. These are supported by the IT systems and their corresponding architecture, which are continuously enhanced to comply with the evolving requirements of different stakeholders.

To be able to provide support to the Bank for these initiatives, TMG has classified its major thrusts into four programs:

1. Provide IT solutions to support digital banking initiatives. The Group provides support and assistance to the Bank's initiative on digital banking solutions, offer a cost-effective infrastructure for digital banking and to enhance the existing e-payment systems of the Bank.
2. Implement key applications for regulatory compliance and enhancement of back-office support services.
3. Upgrade of core banking systems to comply with new business and regulatory requirements, utilize existing technologies to allow interface with other systems and to enhance system functionalities.
4. Upgrade of IT infrastructure to expand capacity and strengthen IT security of the Bank. This involves the Bank's acquisition and set-up of additional servers and disk storage systems, including the continuous updating of network and security solutions.

In 2020, the OS has launched, enhanced, and implemented major IT projects to support the expansion and delivery of Bank product and services.

CORPORATE SERVICES SECTOR

Human resources, facilities and procurement, property valuation and credit information services, corporate affairs, and customer care

The Corporate Services Sector (CSS) covers the management of the organization's human resources, facilities and procurement, property valuation and credit information services, corporate affairs, and customer care, as well as the operation of the employees' provident fund.

The Human Resource Management Group (HRMG)

The Human Resource Management Group (HRMG) handles the delivery of human resource support services, encompassing personnel administration, employee relations, and organization development. In 2020, the HRMG prioritized the protection of the employees against the threat of COVID-19 while taking the lead in helping the Bank transform into a more resilient organization amid the pandemic.

One of the major accomplishments of HRMG was the full implementation of alternative work arrangements to prevent the spread of COVID-19 in the workplace. Financial and medical assistance were also extended to employees and other workers deployed in the Bank.

HRMG also continuously supported the enhancement of the employees' skills and knowledge to match the requirements of their jobs in compliance with the requirements of the Governance Commission for GOCCs and Civil Service Commission (CSC). The competency framework, aimed at reviewing position competency profiles, was approved and the Mentoring Program which is designed for sharing and transferring knowledge, skills, and values to the next generation



of Bank leaders was implemented. Online trainings and management development programs were also conducted.

The implementation of organizational structure changes under the different sectors were approved in line with the Bank's thrust to reduce manpower cost and increase efficiency to foster a high-performance culture and provide better banking services to clients and stakeholders. Details on the highlights of HRMG's operations in 2020 are on page 146.

In 2021, the HRMG will work on the implementation of the new Human Resources Information System (HRIS) project to have a more robust system with comprehensive human resource functionalities. The Management and Leadership Development Programs will be re-designed, and the Bank will continue to adopt and implement its competency framework. The HRMG also plans to further strengthen the Bank's Occupational Health and Safety (OSH) Program, and to prioritize workforce rebalancing.

The Facilities and Procurement Services Group (FPSG)

The Facilities and Procurement Services Group (FPSG) supervises the administration of the Bank's facilities, properties, and procurement of supplies and services.

In 2020, the FPSG facilitated the expansion of the Bank's physical network by supervising the construction of seven new branches and two new lending centers, five Agri-Hubs, as well as the renovation, relocation, and maintenance of 12 existing offices. Various support services from FPSG were provided for the LANDBANK Plaza and head office units. The Group also managed the procurement of goods and services for the Bank.

For 2021, FPSG is set to further expand the Bank's physical network through the construction of 16 new branches, five Agri-hubs, and two new lending centers. The Group will also continue with the construction, renovation, and relocation of field units as needed, as well as the implementation of special projects including the construction of two- and three-storey LANDBANK buildings, maintenance of equipment in offices, and upgrading the LANDBANK Plaza to a more conducive and efficient workplace.

The Corporate Affairs Group (CAG)

Meanwhile, in October 2020, the Corporate Affairs Department (CAD) was upgraded and restructured into the Corporate Affairs Group (CAG). CAG oversees the management of the Bank's various communication channels and promotes LANDBANK's programs and initiatives.

In 2020, CAG intensified the information campaign on the Bank's support to the agriculture sector and social amelioration programs of the National Government. From traditional to digital media, CAG utilized official LANDBANK channels to reach more customers and engage the general public. CAG also led the Bank towards the aggressive expansion of its social media reach.

As of December 2020:



LANDBANK

699,714
Likes

↑ 170.8%
vs. 258,308 Likes
in December 2019

**Overseas
Filipino Bank**

52,591
Likes

n/a



12,443
Followers

↑ 78.8%
vs. 6,958 followers
in December 2019



14,604
Followers

n/a



12,270
Subscribers

↑ 1,525.1%
vs. 755 Subscribers
in December 2019

Also under CAG is the Bank's Customer Care Department (CuCD), previously known as the Customer Care Center (CCC), which continues to operate 24/7 to address the inquiries and concerns of customers. CuCD received a total of 1,154,336 inquiries, requests, and incident reports from clients in 2020. Details on the highlights of CuCD operations in 2020 are on pages 64 to 66.

For 2021, CAG aims to further increase the Bank's presence in mainstream media, as well as in various digital channels by establishing strategic regional media engagement, enhancing media relations, strengthening media handling skills of key officials, and supporting events focused on agriculture and Bayanihan to Recover as One Act programs. CAG will also continue to develop marketing collaterals in support of the Bank's various products and services, as well as conduct events that will support its thrusts. The CuCD also targets to improve its customer service by upgrading its Contact Center System to be able to provide timely and responsive support services for customers.

The Property Valuation and Credit Information Department (PVCID)

On the other hand, the Property Valuation and Credit Information Department (PVCID) performs property valuation/appraisal services of the Bank. In 2020, PVCID has completed 16,617 property appraisal reports and 61,178 credit information reports.

On Oct. 28, 2020, the Department of Transportation (DOTr) entered into a Memorandum of Agreement (MOA) with LANDBANK to engage the Bank's appraisal services on the properties affected by DOTr's North-South Commuter Railway Extension (NSCR-Ex) Project in relation to RA No. 10752, otherwise known as the Right-of-Way Act. The agreement covers the appraisal of a total of 3,534 parcels of land and 9,970 structures/improvements divided into 15 clusters situated in Metro Manila and the provinces of Bulacan, Pampanga, and Laguna. As of end-December 2020, the appraisal of six of these clusters consisting of 1,927 parcels of land and 3,963 structures/improvements have already been completed.

PVCID also completed the appraisal of the remaining properties affected by the following DOTr Flagship Projects:

- 24 parcels of land and 295 structures/improvements affected by the Metro Manila Subway Project situated in Valenzuela City and Quezon City
- 62 parcels of land affected by the Metro Manila Skyway Stage 3 (MMSSJ) Project (Sections 1, 2, 28, 3 & 4) situated in Manila and Quezon City.

In 2021, the PVCID will decentralize the preparation of limited credit information reports from Head Office Credit Information Units (CIU) to its field teams to expedite the processing of voluminous requests for credit information from the Bank's field units. Also, negotiation with the Land Registration Authority (LRA) is ongoing so PVCID can continue to access LRA's online asset verification instead of manual verification with the Registry of Deeds.

The Provident Fund Department (PFD)

Another unit under the CSS is the Provident Fund Department (PFD), which manages the Bank employees' provident fund.

In 2020, the financial condition of the Bank's provident fund progressively improved. New loan products were introduced to address the needs of employees, namely the Motorcycle Loan as Investment/Insurance Loan, as well as Ad Hoc Products such as the Calamity COVID Loan, Telecommuting Device Loan, and Alternative Transport Vehicle Loan.

For 2021, PFD will launch a web-based facility for the Provident Fund module and rationalize loan products and services to consolidate those with similar purpose and to re-evaluate rates to provide more accessible, responsive, and efficient products and services to Provident Fund members.

LANDBANK RISK MANAGEMENT

Hand-in-hand on co-equal footing with LANDBANK's business strategy

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 of Directors, 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. LANDBANK's implementation of the ERM system with defined proactive 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 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 organization-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 RiskCom and administratively to the President and Chief Executive Officer (CEO) of LANDBANK.

SUBSIDIARIES RISK MANAGEMENT

Part of the Bank's Risk Governance Framework involves managing risks residing in LANDBANK Subsidiaries and Foundation.

The Bank provides RM oversight to LANDBANK Subsidiaries and Foundation (LSFs) 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 LSFs is also an essential component of corporate governance of LANDBANK that ensures an integrated perspective of risk exposures, both at disaggregated and aggregated level. 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 five wholly-owned Subsidiaries and Foundation including newly acquired entities/institutions in the pursuit of its business goals and objectives:

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

RM Program for Subsidiaries (RMPS)

The RMPS includes relevant methodologies, processes and tools which guides the LSFs in implementing a robust RM on a group-wide basis. It 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. Risk Identification and Measurement
5. Risk Monitoring and Reporting (ORM Tools,

ROC Risk Reports including Pandemic Monitoring report)

6. RM Strategy Formulation
7. Programs to promote RM Awareness and culture in the Subsidiaries
8. RM Operations and Tools

RMPS implementation enables the LSFs to mirror the RM Framework and policies of LANDBANK as their Parent Bank, in compliance with the Bangko Sentral ng Pilipinas (BSP) Circular No. 971 dated Aug. 22, 2017 "Guidelines on Risk Governance". The RMPS also takes into consideration the diversity of LANDBANK Subsidiaries and Foundation's mandate, nature of business operations, structure, risk appetite and other variables.

Pursuant to BSP Circular 900 s. 2016 or "Guidelines in Operational Risk Management" and as part of LANDBANK's RM oversight to LSFs, the Bank maintains and regularly updates the Subsidiaries Risk Event Monitoring Loss Database which includes the data on operational risk events based on the Basel II Operational Risk Events categories as follows:

1. Internal Fraud
2. External Fraud
3. Employment Practices and Workplace Safety
4. Damage to Physical Assets
5. Business Disruption and Systems Failures
6. Execution, Delivery and Process Management
7. Clients, Products and Business Practice

The database includes relevant information on the risk events encountered by the LSFs and its relative amounts of actual losses, potential losses or near misses and mitigating measures.

The REM database is an input to the ORWA Optimization process which aims to explore available opportunities and develop capital measurement models that better capture the Bank's risk profile in the determination of estimated operational risk capital charge.

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	2020 (In P Millions)							
	CEA	0%	20%	50%	75%	100%	150%	CRWA
Cash on Hand	48,313	48,313						
Checks & Other Cash Items (COCI)	12		12					2
Due from Bangko Sentral ng Pilipinas (BSP)	446,741	446,741						-
Due from Other Banks	7,066		86	6,941		39		3,527
Financial Assets Designated at FVTPL	965					965		965
Available-for-Sale (AFS) Financial Assets	499,389	431,830		64,616		2,943		35,251
Held-to-Maturity (HTM) Financial Assets	459,159	434,759	2,633	12,666		9,101		15,961
Loans & Receivables	731,855		6,011	77,519	-	637,645	10,680	693,627
1. Interbank Loans Receivables	28,974		5,667	4,898		18,388	21	22,002
2. Loans & Receivables – Others								-
a. LGUs & Public Sector Entities	40,897					40,897		40,897
b. Government Corporation	1,893					1,893		1,893
c. Corporates	538,669					538,669		538,669
d. Microfinance/Small & Medium Enterprise	67,898		344	67,554				33,846
e. Loans to individuals	42,536			5,067		37,469		40,003
3. Defaulted Exposures	10,988					329	10,659	16,318
Other Loans and Receivables ^{1/}	16,657	16,657						-
Sales Contract Receivable (SCR)	600					456	144	672
Real & Other Properties Acquired (ROPA)	6,903						6,903	10,355
Total Exposures Excluding Other Assets	2,217,660	1,378,300	8,742	161,742	-	651,149	17,727	760,359
Add: Other Assets	21,161	276				20,885		20,885
Total On-BS RWA covered by CRM								2,154
Total On-BS Exposures	2,238,821	1,378,576	8,742	161,742	-	672,034	17,727	783,398

^{1/} Arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse, and Securities Lending and Borrowing Transactions

Off-BS Items	2020 (In P Millions)							
	CEA	0%	20%	50%	75%	100%	150%	CRWA
A. Direct credit substitutes	956			25		931		944
B. Transaction-related contingencies	42,190					42,190		42,190
C. Trade-related contingencies	1,407			745		662		1,035
D. Other commitments								
Total Off-BS Exposures	44,553	-	-	770	-	43,783	-	44,168
Counterparty RWA In The Banking Book								
Derivative Exposures	1,162			1,162				581
Total Counterparty RWA In The Banking Book	1,162	-	-	1,162	-	-	-	581
Counterparty RWA In The Trading Book								
Derivative Exposures	347			43		304		326
Total Counterparty RWA In The Trading Book	347	-	-	43	-	304	-	326
Less: General Loan Loss Provision (GLLP) (excess in threshold limit of 1% of Gross CRWA)								2,190
TOTAL	2,283,721	1,378,576	8,742	162,555	-	716,121	17,727	826,283

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 Dec. 31, 2020, LANDBANK's Gross Loans & Receivables (GLR) amounted to P731,855 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 & Receivables, Corporates stood at P538,669 million (73.60%), followed by Micro, Small & Medium Enterprises (MSMEs) at P67,898 million (9.28%), Local Government Units (LGUs)/Public Sector Entities/Government Corporations at P42,790 million (5.85%) and Loans to Individuals at P42,536 million (5.81%). The Bank also holds substantial receivables arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse, and Securities Lending and Borrowing Transactions amounting to P16,657 million. The P44,168 million credit risk weighted asset of net Off-balance Sheet exposures of P44,553 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 P693,627 million following the Standardized Approach. This represents 83.95% of the Total Credit RWA of P826,283 million. Further, total Credit RWA represents 87.90% of the Bank's Aggregate RWA of P940,041 million.

Management of Credit Risk

Credit RM aims to adequately manage the risk of financial loss arising from the failure of borrowers or counterparties to settle their obligations in

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

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

The Bank manages credit risk through a structured framework duly approved by the LANDBANK Board that sets out policies and procedures covering the identification, measurement, control, and monitoring of credit risk. Accordingly, approval of credit application goes through prescribed loan approving levels which, depending on the transaction or amount of loan applied, could be elevated to the Credit Committee, a Management-level Committee, the Investment and Loan Committee (ILC) and up to the LANDBANK Board, whenever applicable. The approval process also covers proposed remedial actions aimed at helping problem accounts regain normal operations. The Bank has put in place comprehensive set of credit policies through the issuance of Credit Manual, Credit Policy Issuances (CPIs) and Credit Bulletins (CBs). As the Bank's middle office for credit risk, the Credit Risk Management Department 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 Dec. 31, 2020, the Bank's net Non-Performing Loan (NPL) stood at P11,048 million or 1.29% of the total loan portfolio of P858,243 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 LGUs
- Behavioral Scoring Model for MSMEs
- Behavioral Scoring Model for Corporates
- Behavioral Scoring Model for Cooperatives
- Application Scoring Model for Credit Card
- Behavioral Scoring Model for Partner Financial Institutions (PFIs)¹

On the other hand, the Bank uses an internally developed expert-based credit rating system for Universal Banks, Commercial Banks, and Offshore Banks.

All 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,

¹For implementation in 2021

top 100 past due accounts, concentration risk. Clean large exposures, breaches in regulatory and internal limits, potential credit risk, restructured loans, government accounts, exposures to real estate sector, adverse news, credit migration, large exposure/single borrowers limit, DOSRI Loans, Related Party Transactions, Expected Credit Loss (ECL) calculation, ROPA, PFIs, and compliance with Uniform Stress Testing and Real Estate Stress Test (REST) are intensively monitored by the ILC and the RiskCom. The recovery of written-off accounts is also within the radar of the LANDBANK Board, RiskCom and Senior Management.

Collateral and Other Credit Enhancements

The Bank adopts 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 considering 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 Testing and 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 RiskCom.

MARKET RISK MANAGEMENT

Market Risk Management Framework

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

The Bank uses a combination of risk sensitivities, Value-at-Risk (VaR), stress testing, Common Equity Tier 1 (CET1) ratio and capital metrics to manage market risks and establish limits. The LANDBANK Board, RiskCom and the Asset and Liability Committee (ALCO), define and set the various market risk limits for each trading portfolio. The Treasury and Investment Banking Sector (TIBS), particularly the Financial Markets Group (FMG) which manages the Bank's trading units as well as the Asset and Liability Management Group (ALMG) which manages the liquidity and reserve positions, conducts risk-taking activities within limits and ensures that breaches are escalated to the Senior Management for appropriate action.

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

Market Risk Weighted Assets

As of Dec. 31, 2020, the LANDBANK's Total Market RWA stood at P15,381 million, broken down as follows:

In P million

PARTICULARS	Amount
Interest Rate Exposure	1,107
Equity Exposure	297
FX Exposure	2,027
Options	11,950
Total Market RWA	15,381

The Total Market RWA represents 1.64% of the Bank's Aggregate RWA of P940,041 million.

Managing Market Risk Components

Market Risk is associated to earnings arising from changes in interest rate, FX rates, equity and in their implied volatilities. Market risk arises in trading as well as non-trading portfolios.

The Bank manages the following key market risk components using its internal risk mitigation techniques:

1. Interest Rate Risk in the Trading Book

Interest Rate Risk represents exposures to instruments whose values vary with the level or volatility of interest rates as a result of market

making and portfolio taking. LANDBANK continues to manage interest rate risk in trading activities through factor sensitivities and the use of an effective and independently validated VaR methodology and stress testing. Government Securities (GS) and Foreign Securities (FS) are subject to daily mark-to-market and controlled through risk limits such as position, VaR, MATs and Stop Loss.

PARTICULAR	DAILY LIMIT		MA _t	STOP loss
	POSITION	VAR		
Government Securities	P20,000.00 M	P150.00 M	YTD Gain Erosion	P215.00 M
Foreign Securities	\$20.00 M	\$0.20 M	Group Target	\$0.64 M

YTD: Year-to-Date

The Foreign Exchange Risk in FS are accounted under Foreign Exchange Risk Management.

2. Equity Price Risk Management

LANDBANK is exposed to equity price risk resulting from changes in the levels of volatility of equity prices, which in turn affect the value of equity securities and impacts on profit and loss of the Bank. Equities are subject to daily mark-to-market and controlled through risk limits such as position, VaR, MATs and Stop Loss.

In P million

PARTICULAR	DAILY LIMIT		MA _t	STOP LOSS
	POSITION	VAR		
Equity	1,000.00	15.00	YTD Gain Erosion Group Target	25.00

3. FX Risk Management

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in FX rates. Using the Philippine peso as the functional currency, the Bank monitors daily the currency positions to ensure that these are within established limits.

The following limits are set for foreign-currency related transactions:

In \$ million

PARTICULAR	Daily Limit		MAt	STOP LOSS
	POSITION	VAR		
FX Trading	50.00	0.36	YTD Gain Erosion	65.00
FS	20.00	0.20		0.64
Derivatives	30.00	0.226	Group Target	200.00

\$3,230,413,000 Total Gross FX Assets

LANDBANK had the following significant exposures denominated in foreign currencies as of Dec. 31, 2020:

In \$ thousand

Particular	USD	JPY	EUR	AUD	Others	Total
Assets						
Fx Currency Notes & Coins on Hand (FCNCH)/ Cash and Other Cash Items (COCI)	28,700	782	446	107	870	30,905
Due from Banks	140,884	597	1,361	46	988	143,876
Held for Trading	11,370	0	0	0	0	11,370
Available for Sale Investment	1,624,909	0	1	0	38,447	1,663,357
Investments in Bonds and Other Debt Instruments (IBODI)	565,904	0	0	0	0	565,904
Interbank Loans Receivable	220,003	0	0	0	0	220,003
Loans & Receivables	532,099	33,999	0	0	0	566,098
Other Assets	26,466	621	1,022	0	791	28,900
Gross FX Assets	3,150,335	35,999	2,830	153	41,096	3,230,413
Liabilities						
Deposit Liabilities	2,338,473	448	19	0	0	2,338,940
Bills Payable	253,456	0	0	0	0	253,456
Other Liabilities	120,482	253,383	30,324	0	790	404,979
Gross FX Liabilities	2,712,411	253,831	30,343	0	790	2,997,375

Market Risk Measurement and Validation Tools

VaR Analysis

VaR is a statistical approach for measuring the potential variability of trading revenue. It is used to measure market risk in the trading book under normal conditions, estimating the potential range of loss in the market value of the trading portfolio, over a one-day period, at 99.0% confidence level, assuming a static portfolio.

The Bank uses internally developed Historical Simulation Model in computing VaR of Equities, FS, GS, and FX trading portfolios as well as FX Net Open Position which is acceptable to BSP. Moreover, the Bank continuously pursues initiatives to improve its processes. The VaR disclosure is intended for external disclosure and for regulatory purposes.

The VaR both at portfolio and across portfolio level are monitored. Daily VaR calculations are compared against VaR limits which is the monetary amount of risk deemed tolerable by Management. The over-all VaR limit for the Treasury trading activities was set at P202 million throughout 2020. The Bank also determines Diversified VaR that considers the diversification effect in which all losses in all securities in a portfolio are imperfectly correlated.

1. 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 an 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 CET1 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 2020.

2. Back-Test

LANDBANK adopts back-testing as the basic technique in verifying the quality of risk measures used by comparing actual trading results with model-generated risk measures.

Under the back-testing process, exception occurs if mark-to-market (MTM) and trading loss exceeds the result of the model-generated risk measure. The number of exceptions is noted, and the model is classified into one of the three zones as follows:

Zone classification	Number of exceptions
safe/green zone	zero to four exceptions
non-conclusive/yellow zone	five to nine 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.

3. 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 RiskCom for approval of the LANDBANK Board of Directors. The basic liquidity policy of the Bank is to always maintain fund availability and hence, to be able 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 Bank Board exercises oversight through RiskCom and has delegated the responsibility of managing the overall liquidity of the Bank to the ALCO. The ALCO and the Treasury and Investment Banking Sector (TIBS) are responsible for the daily implementation and monitoring of relevant variables affecting Bank's liquidity position. The ALCO reviews the assets and liabilities position on a regular basis and, in coordination with the TIBS, recommends measures to promote diversification of its liabilities according to source, instrument and currency to minimize liquidity risks resulting from concentration in funding sources.

The ALCO meets 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 RiskCom 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 (LGR)

The Bank conducts liquidity gap analysis using the LGR. This risk measurement tool is used in identifying the current liquidity position and the Bank's ability to meet future funding needs. It categorizes balance sheet items according to estimated maturities of assets and liabilities to determine any future mismatch such as long-term assets growing faster than long term liabilities.

With the implementation of the Asset-Liability and Risk Management System (ALRMS), TRMD prepares RBU (Peso and FX Regular), FCDU, Solo

(Parent) LGR on a weekly and monthly basis to ALCO and RiskCom, respectively. Parent and Subsidiary LGR is prepared in a quarterly basis. ALCO reviews the Bank's assets and liabilities position on a regular basis and recommends

measures to promote diversification of its liabilities according to sources, instruments, and currencies to minimize liquidity risks resulting from concentration in funding sources.

The table presents the assets and liabilities based on actual amortization schedule:

In P thousand

Particulars	LANDBANK					
	2020 ^{1/}			2019		
	Due within 1 year	Due > 1 year	Total	Due within 1 year	Due > 1 year	Total
Assets						
Cash & Other Cash Items	48,370,497	0	48,370,497	37,955,764	0	37,955,764
Due from BSP	272,358,986	184,769,152	457,128,138	380,699,212	0	380,699,212
Due from Other Banks	10,431,714	0	10,431,714	10,759,980	2,582,225	13,342,205
Interbank Loan Receivable	26,711,470	6,341,038	33,052,509	17,933,555	0	17,933,555
Security Purchased Under Agreement to Resell	15,823,492	0	15,823,492	38,107,761	0	38,107,761
Loans & Receivables	358,569,916	590,252,215	948,822,131	359,903,198	466,572,572	826,475,770
Investments	332,096,633	770,545,374	1,102,642,007	140,802,446	551,868,209	692,670,655
Other Assets	2,328,153	3,180,366	5,508,519	2,679,679	24,996,507	27,676,186
Total Assets	1,066,690,861	1,555,088,145	2,621,779,006	988,841,595	1,046,019,513	2,034,861,108
Liabilities						
Deposits						
Demand	105,998,621	963,824,952	1,069,823,573	884,597,245	0	884,597,245
Savings	419,615,249	526,699,786	946,315,036	813,555,891	0	813,555,891
Time	93,863,995	151,734	94,015,728	74,947,004	3,976,037	78,923,041
LTNCD	6,112,500	0	6,112,500		6,000,000	6,000,000
Bills Payable	3,667,287	24,909,623	28,576,910	2,242,579	25,295,928	27,538,507
Unsecure Subordinated Debt	0	0	0	0	0	0
Due to BTr, BSP, & MCs/PCIC	1,867,772	566,569	2,443,341	2,180,002	598,447	2,778,449
Due to Local Banks	0	0	0	0	0	0
Other Liabilities & Payable	50,094,199	18,682,928	68,777,127	658,003	71,892,813	72,550,816
Total Liabilities	681,228,623	1,534,835,592	2,216,064,215	1,778,180,724	107,763,225	1,885,943,949

^{1/} Using ALRMS computation

The Bank also prepares on a quarterly basis the Consolidated LGR (Parent 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 as of Dec. 31, 2020 based on actual amortization schedule 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
Financial Assets						
Cash & Due from Banks	326,800	2,128	2,233	184,769	0	515,930
Total Loans	215,062	104,002	82,041	395,008	201,585	997,698
Total Investments	119,822	105,847	106,428	486,394	284,152	1,102,643
Other Assets	158	9	2,161	2,921	259	5,508
Total Assets	661,842	211,986	192,863	1,069,092	485,996	2,621,779
Financial Liabilities						
Deposits	566,635	30,838	28,118	1,490,676	0	2,116,267
Borrowings	3,515	792	1,237	8,850	16,626	31,020
Other Liabilities & Unsecured Subordinated Debt	20,007	800	29,287	18,110	573	68,777
Total Liabilities	590,157	32,430	58,642	1,517,636	17,199	2,216,064
Gap Position	71,685	179,556	134,221	(448,544)	468,797	

As of Dec. 31, 2020, 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. Net gap is positive in all buckets except in the "more than 1 year to 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 Bank 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 the Bank's liquidity ratios as of the dates indicated:

In million except when expressed in percentage

Particulars	December 31			
	2020 (Audited)	2019 (Audited)	2018 (Restated)	2017(Audited)
Liquid Assets	P 1,474,378 ^{1/}	P 1,105,321 ^{1/}	P 1,032,595 ^{2/}	P 972,283 ^{2/}
Financial Ratios:				
Liquid Assets to Total Assets	62.36%	54.32%	55.01%	59.88%
Liquid Assets to Total Deposits	70.39%	61.99%	62.35%	68.21%

^{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 | 3. Government Securities |
| 2. Interbank Loans | 4. Tradable non-Government securities and commercial paper |

3. Liquidity Stress Test

The Bank conducts regular stress testing and scenario analysis to further assess the Bank's vulnerability to liquidity risk. This activity supplements the risk models used by the Bank which simulates various probable to worst-case scenarios happening in the industry that would

affect LANDBANK. The following are the stress testing conducted by the Bank:

- Liquidity Stress Test/Scenario Analysis
- Fund Source Stress Test
- FX Regular Stress Test
- Foreign Currency Deposit Unit (FCDU) Stress Test

4. Liquidity Coverage Ratio (LCR)

The LCR is reported monthly to BSP to ensure that the Bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLA) to meet liquidity needs for a 30 calendar-day liquidity stress scenario.

The Bank computes the LCR using the BSP prescribed formula:

$$\text{LCR} = \frac{\text{(Stock of HQLA)}}{\text{(Total Net Cash Outflow over the next 30 calendar days)}}$$

Where:

HQLA - Refer to assets that can be converted easily and immediately into cash at little or no loss of value in private markets to meet the Bank's liquidity needs during times of stress

Total Net Cash Outflows - Pertains to the sum of the stressed outflow amounts less the sum of the stressed inflow amounts, with the inflow amounts limited to 75% of outflow amounts.

PARTICULARS	December 31 (In P Million)	
	2020	2019
High Quality Liquid Assets	1,474,378	1,105,321
Total Net Cash Outflows	677,929	516,915
LCR	217.48%	213.83%

As of Dec. 31, 2020, the Bank's LCR is higher than the 100% minimum requirement for the calendar year 2020.

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.

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, RiskCom and the LANDBANK Board of Directors. On the economic value-based measure, the Bank compares the Equity level under various rate scenarios to the Equity 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.

LAG 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 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 end-2020, the Bank 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:

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 Dec. 31, 2020, 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
Financial Assets						
Liquid Assets	0	207,041	0	0	0	0
Total Investments	0	36,902	72,704	111,851	88,311	11,911
Total Loans	0	225,181	315,953	71,878	19,236	15,958
Other Assets	0	22	156	8	10	12
Total Financial Assets	0	469,146	388,812	183,738	107,558	27,881
Financial Liabilities						
Deposits	0	334,932	231,703	36,654	10,034	12,267
Bills Payable	0	1,144	2,250	12,644	429	171
Others	0	0	0	0	0	0
Total Financial Liabilities	0	336,076	233,952	49,299	10,463	12,438
Off-Balance Sheet						
Commitments	0	0	0	0	0	(1,708)
Total Off-Balance Sheet	0	0	0	0	0	(1,708)
Re-pricing Gap	0	133,070	154,860	134,439	97,095	13,734

Change in Interest Rates - in basis points (bps)

In P million

EaR	-300	-200	-100	-50	+50	+100	+200	+300
	(11,362)	(7,575)	(3,787)	(1,894)	1,894	3,787	7,575	11,362

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	BIS-IRRBB Calculation	+267	+200	21,705
	5-year Historical Data (Year-on-Year Change on Average Rates at 99% Level Confidence Level)	+179	+100	14,954
	5-year Historical Data (Year-on-Year Change on Average Rates at 95% Level Confidence Level)	+127	+100	9,433
Parallel Shift - Down	Market Sentiment	-75	-75	-4,851
	Market Sentiment	-200	-100	-15,996
	5-year Historical Data (Year-on-Year Change on Average Rates at 95% Level Confidence Level)	-127	-100	-8,964
	5-year Historical Data (Year-on-Year Change on Average Rates at 99% Level Confidence Level)	-179	-100	-13,439
	BIS-IRRBB Calculation	-267	-200	-10,563
Non-parallel Shift	Flattener			23,384
	Steepener			-17,067
	Short Rate Up			25,988
	Short Rate Down			1,353

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 RiskCom on a weekly and monthly basis, respectively.

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

Term Deposits 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 Operational Risk Management (ORM) system of the Bank underwent a thorough review and validation to ensure adherence 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 ORM 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 risk management culture of the Bank is further reinforced with the conduct of risk awareness cascading and sharing sessions on ORM, BCM, IT and Information Security. Dissemination of operational risk management programs are clearly communicated through continued briefings and seminars using various channels and platforms available in the Bank. Intensive workshops and technical working group discussion reinforces the awareness and learning avenues conducted to all employees of the Bank and subsidiaries for them to effectively perform their duties in managing operational risks.

The ORM function is strengthened 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 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 emphasizes 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. Lessons learned and best practices implemented during the onslaught of Typhoons Rolly and Ulysses were considered in the review and updating of the Business Continuity Plans.

Despite the threat of the COVID-19 pandemic, the Bank was able to continuously provide its services while ensuring the health and safety of its personnel and clients. Various emergency preparedness and business continuity measures consistent with the Bank's BCP were implemented. The challenges encountered by business units nationwide and the lessons learned during the unprecedented pandemic were also considered in the review and enhancement of the Bank's BCP.

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 supports the continuing education of officers and staff of Risk Management Group (RMG) through certification programs where employees were licensed as Certified Risk Analysts (CRAs), Certified Risk Manager (CRM) and Bank Risk Management certification exams 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 escalates to Senior Management and RiskCom the results of 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 Dec. 31, 2020, the Bank's Total Operational RWA using the Basic Indicator Approach was P98,377 million or 10.5% of the Bank's Aggregate RWA of P940,041 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/ Info Sec, event and legal risks) shows that the total

estimated loss is way below the Total Operational RWA under the Basic Indicator Approach.

LANDBANK is firm in its resolve to fortify operational risk management system including the development of an internal economic capital measurement model to better capture the Bank's operational vulnerabilities and be able to provide a more reliable support for the overall strategic objectives of the Bank.

Based on an intensive self-assessment on the readiness of LANDBANK to adopt the Basel Committee on Banking Supervision (BCBS) d424 Basel III: Finalizing Post-Crisis Reforms for measuring operational risk capital charge under the Standardized Measurement Approach (SMA), the Bank put in place the enhanced operational risk framework, loss data gathering, models and processes including the adoption of the SMA for Pillar 1 capital charge and enhanced internal model for calculating operational risk weighted assets using the Advanced Measurement Approach (AMA)-based Internal Capital Assessment (ICA) for Pillar 2 capital assessment. The Bank has also engaged the services of a third-party professional consultant to validate these endeavors.

The results of these capital exercises further ratify that the actual operational risk of the Bank is much lower than what it currently charges for its Pillar 1 capital as both models have consistently resulted in lower figures than the BIA.

INFORMATION SECURITY AND TECHNOLOGY RISK MANAGEMENT

Information is one of the important assets of the Bank, and preserving the confidentiality, integrity, and availability of information assets is one of the essential responsibilities of the Bank to uphold the trust of its clients and stakeholders.

The Bank employs a holistic approach to information security and technology risk management through implementation and continuous enhancement of organizational, technical, and physical controls aligned with strategic objectives, business

processes, legal and regulatory requirements, global standards, and industry best practices.

Major accomplishments and improvements include:

- Adoption and approval of the new Information Security Policy Framework (ISPF) with the revised Information Security Risk Management (ISRM) and Information Technology Risk Management (ITRM) frameworks, aligned with regulatory requirements and global standards
- Formulation, development, review, updating, and issuance of documented procedures to guide employees on the Bank's security controls, practices, and measures
- Conduct of internal and external security reviews such as vulnerability assessment and penetration testing, Payment Card Industry Data Security Standards assessment to measure the Bank's security posture and ensure that noted vulnerabilities are addressed
- Conduct of campaigns to promote risk management culture and intensify awareness on information security, IT security, cyber security, and data privacy for Bank employees, third-party service providers, clients, and the public through various activities, methodologies, and channels, including official social media accounts
- Use of tools, devices, and solutions to identify, assess, measure, control, mitigate, monitor, and report risks associated with the use and management of information and technology resources
- Implementation of multi-layered network security systems, deployment of solutions and subscription to third party services for a highly redundant and secured IT infrastructure
- Continuous upgrading of IT infrastructure and electronic banking channels

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS CULTURE (ICAAP)

LANDBANK as one of the major players in the banking industry annually conducts a thorough and comprehensive Internal Capital Adequacy Assessment Process (ICAAP) and Recovery Plan 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
- Enhanced the articulation of bases of assumptions for the quantification of Pillar 1 and Pillar 2 risks

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 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 2020, 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 2020 year-end Common Equity Tier CET 1 ratio at **11.63%** versus the 11.00% minimum regulatory requirement for CET 1 ratio.

The actual CET 1 ratio recorded as of Dec. 31, 2020 was **15.36%** implying an objective risk assessment and capital planning for the year. The CET 1 ratio of 15.36% of the Bank was above the BSP minimum requirement of **11.00%** CET 1 ratio and was compliant with Basel III requirements.

LANDBANK always maintains a strong capital base 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 its enterprise-wide risk management system. It identifies, measures, monitors, and controls consumer protection risk 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 LANDBANK’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 cover (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.

Board-Level Committee including Membership and Functions

As of Dec. 31, 2020

Committee: Risk Oversight Committee (RiskCom)

Duties and Functions:

1. The Board-level Risk Oversight Committee (RiskCom) 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.
2. The RiskCom 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 RiskCom is composed of the following:

Chairperson	Director Jaime L. Miralles
Vice-Chairperson	Deputy Treasurer Erwin D. Sta. Ana (Representative of Treasurer Rosalia V. de Leon Alternate of DOF Secretary Carlos P. Dominguez)
Member/ Independent Director	Director Nancy D. Irlanda
Member/ Independent Director	Director Jesus V. Hinlo, Jr.
Member/ Ex-Officio Director	Secretary William D. Dar Department of Agriculture

The RiskCom meets at least **once a month** and held a total of **13** meetings in 2020 including **one** Joint Management Committee (ManCom) and RiskCom meeting for the approval of 2020 LANDBANK ICAAP Document and Recovery Plan.

The Committee approved, noted, or confirmed 310 regular risk reports and 27 special reports comprising of frameworks, plans, programs, policies, and procedures and 28 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.

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

Credit RM
<ol style="list-style-type: none"> 1. Calibrated CRES Cooperative Scoring Facility - 2019 Commitment to Governance Commission for GOCCs 2. Proposed Enhancement in the Credit Risk Engine System (CRES) Scoring Facilities Guidelines 3. Proposed Enhancement of Business Rules in the Credit Risk Engine System (CRES) Scoring Facilities 4. Proposed Enhancement on Credit Rating System for Universal, Commercial, Offshore and Foreign Banks 5. Proposed Amendment to Business Rules in Credit Rating System (CRS)
Treasury-related (Market, Liquidity, IRRBB, Counterparty Credit) RM
<ol style="list-style-type: none"> 1. Review of the Bank's Trading Limits 2. Asset and Liability Risk Management System (ALRMS) – IT System Prioritization Level 3. Valuation Model per Investment in Non-Marketable Equity Securities (INMES) Account 4. 2020 Asset-Liability Management Strategies 5. Updating of Pre-Settlement Risk (PSR) Weights 6. Guidelines for the Preparation of Liquidity Gap Report (Version 8) 7. Guidelines for the Preparation of the Repricing Gap/Earnings-at-Risk (Version 7) 8. Guidelines on Back-testing of Results of Model-Generated Risk Measures (Version 3) 9. Guidelines for the Preparation of the Economic Value of Equity-at-Risk
Operational RM
<ol style="list-style-type: none"> 1. Revised Consumer Protection Risk Management System (CPRMS) 2. Proposed Guidelines in Operational Risk Capital Charge Calculation Using Standardized Measurement Approach (SMA) and Advanced Measurement Approach (AMA)-based Internal Capital Assessment (ICA) 3. Revised IT Systems Prioritization List 4. Operational Risk Threshold for Business Units
Information Security and Technology RM
<ol style="list-style-type: none"> 1. Information Security Awareness 2. ISRM and ITRM Framework 3. Guidelines on Vulnerability Management of the Bank's Information Technology (IT) Systems 4. Proposed Revisions to Guidelines on Monitoring and Reporting of Activity Logs of Information Technology (IT) Administrators 5. Information Security Policy Framework
Enterprise RM
<ol style="list-style-type: none"> 1. Updated RiskCom Charter 2. Amended RiskCom Charter 3. Guidelines on the Conduct of Stress Testing Exercises for LANDBANK
Other Items approved by RiskCom
<ol style="list-style-type: none"> 1. Updated Risk Dictionary 2. Update on BSP Presentation on LANDBANK's ORWA Initiative 3. Result of Asset and Liability Committee Liquidity Contingency Plan Call Tree Testing

The overall 2020 performance rating of the RiskCom is 97.50% or Superior based on the parameters: Function and Responsibilities, Structure, Process and Performance.

COMPLIANCE MANAGEMENT

Maintaining a cooperative and constructive working relationship with various regulatory agencies

In 2020, 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 compliance risk 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 compliance with applicable laws, rules and regulations, among others, has further strengthened the Bank's compliance management system and boosted its corporate governance level.

To continuously achieve this, all CMG personnel attended various on-line/virtual 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 to incorporate new or updates to laws, rules and regulations and standards applicable and relevant to the Bank's operations. This was approved by the LANDBANK Board of Directors in August 2020. The Compliance Program sets out the planned activities such as the identification and assessment of new laws, rules and regulations and requirements including those related to AML/CFT; constructive

working relationship with various regulatory agencies and Business Units (BUs); communication and training of Bank personnel on regulations and compliance matters; compliance monitoring and testing; and reporting to Senior Management (SM) and the 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 BUs were required to submit actions taken or 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 the 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 review of areas/activities identified to be exposed or vulnerable to high compliance risk. Continuous enhancement of compliance testing tools and techniques is among the CMG's plans and programs for the ensuing year. Furthermore, CMG conducts review of internal policy guidelines to ensure that the same are in accordance and compliant with requirements of laws, rules, and regulations.

The Compliance Rating for Head Office Units as an additional Key Result Area in the Office Performance Commitment and Review Form was approved by the Management Committee (ManCom) on Dec. 14, 2020.

The CCO reports at least once a month to the AML Committee (AMLCom), ManCom and to the LANDBANK Board through the AC Com. Reports include among others, new laws, rules, and regulations relevant to business operations,

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.

Moreover, in 2020, the LBP Group Centralized Compliance Management Framework (CCMF) was developed. Under the CCMF, the compliance functions of the LANDBANK subsidiaries shall be centralized/handled by the LANDBANK-CMG. The CCMF sets out the principles and standards for the compliance management function of the LBP Group. The CCMF was approved by the LANDBANK Board on Sept. 23, 2020.

Training and Communication

To continuously embed compliance culture among Bank personnel, appropriate training programs were adopted to expand their knowledge on regulatory compliance. During the COVID-19 pandemic, on-line/virtual training sessions were conducted on various regulatory issuances including AML/CFT to enhance employees' vigilance against the latest risks, faced by the Bank and their role in mitigating these risks.

Compliance advisories/bulletins which include Compliance Nuggets, an easy-to-read tidbit of information on new or significant regulations including AML/CFT, were regularly issued through the intranet system of the Bank.

The Compliance Function Database, the repository or central record of regulations which are accessible to Bank employees, was kept updated.

To continuously build and strengthen the working relationship with BUs, periodic meetings with the designated Compliance Coordinators were held. Advisory service and guidance in managing compliance issues were also provided. CMG participated in various Committees and Technical Working Groups for the preparation of guidelines implementing the regulations.

Constructive Working Relationship with Various Regulatory Agencies

The Bank maintains a cooperative and constructive working relationship with various regulatory agencies. Open and transparent communication, frequent dialogues, and consultations to clarify specific concerns on regulations have strengthened and broadened the relationship. Documents/information and ad hoc reports requested by the regulatory agencies were closely coordinated with various BUs concerned and monitored its timely submission.

Anti-Money Laundering (AML)/Combating Financing of Terrorism (CFT) Governance, Culture and Overall Money Laundering (ML)/Terrorist Financing (TF) Risk Management Framework

LANDBANK has developed a sound risk management policies and practices to ensure that risks associated with ML/TF/Proliferation Financing (PF) 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 activities or to facilitate or finance terrorism.

The four areas of sound risk management practices are as follows:

1. Board and Senior Management Oversight

It is the responsibility of the Board of Directors, through the AC Com, to provide oversight in the implementation of the AML/CFT/CFP policy and ensure that AML/CFT/CFP compliance issues are resolved expeditiously.

On the other hand, the SM oversees the day-to-day management of ML/TF/PF risks and ensures the effective implementation of the Board-approved AML/CFT/CFP policies and alignment of the Bank activities with the strategic objectives. Through the 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 the Bank's Money Laundering and Terrorist Financing Prevention

Program (MTPP) Manual. AMLCom also provides oversight over the AML/CFT/CFP-related policy development and ensures that the Bank has sufficient policies and controls in place to protect the Bank against ML/TF/PF.

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/CFP compliance and reports the significant issues to the AMLCom, ManCom and to the Board through the AC Com.

The AMLD, under CMG, assists in the bankwide oversight to ensure proper implementation of MTPP and compliance with AML/CFT laws, rules, and regulations. Among AMLD's functions is to conduct AML Compliance Testing (ACT) which involves checking of compliance with AML/CFT laws, rules, regulations, and internal policies. The ACT Program which was further enhanced and revised was approved by AMLCom on June 17, 2020. Various BUs were subjected to off-site ACT in 2020. In September 2020, the AML Compliance Self-Assessment (ACSA) was introduced to complement the ACT on Head Office Units and Subsidiaries. The results of the ACT and the noted breaches or deviations were immediately discussed with the concerned BUs for corrective or appropriate action. The ACT results were reported quarterly to AMLCom and to the LANDBANK Board through AC Com.

Other AMLD'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 all BUs concerned, Management and LANDBANK Board; development of AML/CFT/CFP Training Program; monitoring of the corrective actions taken on the regulatory findings; reporting of AML/CFT/CFP compliance issues to the Management and LANDBANK Board, through AC Com; and handling the reporting of covered and suspicious transactions to AMLC.

Regarding the conduct of institutional ML/TF/PF Risk Assessment (RA), the Bank subscribed to the Association of Certified AML Specialists

(ACAMS) ML/TF/PF Automated RA Tool to further improve the conduct of RA, which was on-boarded on Oct. 16, 2020. The RA covers the risks on customers, products/services, delivery channel and geographical location. Based on the results of RA, the Bank shall take appropriate measures to address, manage and mitigate the identified gaps.

On screening and recruitment of personnel, the Bank ensures that only qualified personnel who have no criminal record are employed to assume banking functions. Once employed, the Bank shall make necessary steps to ensure that its employees are adequately trained which includes training on AML/CFT/CFP.

2. 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/P activities.

The updated MTPP, consistent with the AML/CFT laws, rules and regulations was approved by the AML Committee on Dec. 16, 2020.

The MTPP includes the detailed procedures on customer identification, periodic updating of customer information, watchlists screening, transaction monitoring, alert investigation, covered and suspicious transaction reporting, record keeping and retention, and training. The Bank has a continuous AML/CFT/CFP Training Program to ensure that the LANDBANK Board, Management and all employees are informed of the ML/TF/PF risks and regularly updated of the new regulatory issuances and be constantly reminded of their respective responsibilities. AML/CFT/CFP lectures were conducted through the LANDBANK in Perspective Program for new hires. AML/CFT/CFP 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 AML/CFT/CFP training prior to the opening of deposit accounts of its employees. Compliance with AML/CFT/CFP training requirements for LANDBANK's Subsidiaries is likewise monitored.

The provisions of the MTPP are being implemented on a group-wide basis encompassing the Bank's branches, offices, and subsidiaries.

To properly guide all Bank's employees on the Bank's AML/CFT/CFP 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.

3. Monitoring and Reporting Tools/Management Information System

The Bank adopts both manual and electronic monitoring system of customers' transactions. As part of the Bank's internal processes, the BUs 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 generate Covered Transaction Reports for submission to AMLC. The system also generates aggregate transactions of customers with multiple accounts and customer transaction alerts for checking and investigation of BUs for possible reporting of suspicious transactions to AMLC.

Enhancements of the AML System are continuously being made to ensure compliance with the required functionalities and new requirements of AMLC.

In 2020, the Bank introduced Data Analytics utilizing the Audit and Command Language in analyzing certain types of transactions to determine red flag indicators as basis in the prioritization of alerts for checking and

investigation of the BUs for possible reporting of suspicious transactions to AMLC.

AML/CFT/CFP-related issues/matters are reported monthly to AMLCom and AC Com, and to ManCom and the LANDBANK Board, as necessary.

4. Internal Control and Audit

Internal Audit Group (IAG), which functionally reports to the LANDBANK Board through the AC Com 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/CFP, among others.

Audit findings and observations related to AML/CFT/CFP form part of the Audit Report on BUs issued to the Board through AC Com and Senior Management. The same is likewise communicated by IAG to AMLD for monitoring of corrective actions and reporting to AMLCom.

Sustainable Finance Framework

As part of the Project Working Team created on Dec. 21, 2020, CMG will conduct periodic compliance testing to check the status of Bank's compliance with the regulatory requirements of BSP Circular 1085 Series of 2020 on the Sustainable Finance Framework.

The scope of the compliance testing to be conducted will include the Bank's Transition Plan to ensure implementation of the Board-approved strategies and policies integrating sustainability principles into the Bank's corporate governance and risk management frameworks, as well as its strategic objectives and operations.

Details on the roles of the Risk Management Group and Compliance Management Group in the Bank's Sustainable Finance Framework are on pages 32 to 39.

HUMAN RESOURCE MANAGEMENT

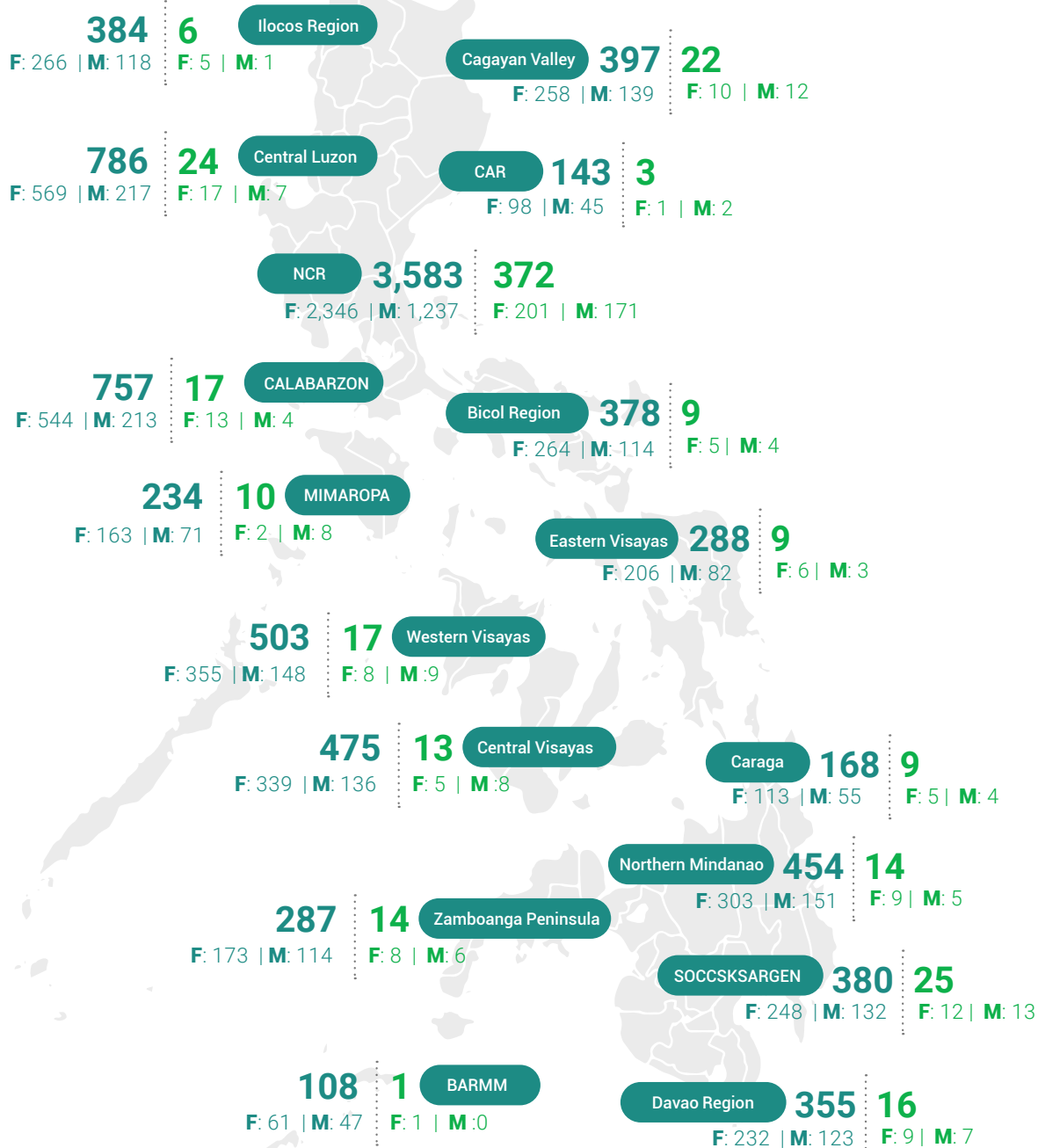
THE LANDBANK WORKFORCE

Regular

M - Male

Contractual

F - Female



Total regular employees:

9,680

F: 6,538 | M: 3,142

Total contractual employees:

581

F: 317 | M: 264

Grand total employees:

10,261

By Employment Contract

Regular	
Co-terminous	43
Permanent	9,636
Temporary	1
Contractual	581
Grand Total	10,261

By Age Group

Age	Regular	Contractual
25 & below	1,358 F: 965 M: 393	224 F: 141 M: 83
26-35	3,267 F: 2,205 M: 1,062	278 F: 159 M: 119
36-45	1,861 F: 1,296 M: 565	44 F: 8 M: 36
46-49	832 F: 578 M: 254	8 F: 2 M: 6
50-55	1,551 F: 1,032 M: 519	21 F: 5 M: 16
56-59	662 F: 384 M: 278	2 F: 1 M: 1
60 & above	149 F: 78 M: 71	4 F: 1 M: 3
Grand total	9,680 F: 6,538 M: 3,142	581 F: 317 M: 264

New Hires

AGE GROUP	Female	Male	Total
25 & below	215	101	316
26-35	126	78	204
36-45	4	10	14
46-49	3		3
50-55	2		2
Grand Total	350	189	539

Separation

Region	Female	Male	Total
NCR	36	28	64
CAR	1		1
Ilocos Region	2	2	4
Cagayan Valley		1	1
Central Luzon	9	6	15
CALABARZON	10	2	12
MIMAROPA	1	1	2
Bicol Region	6	8	14
Western Visayas	5	1	6
Central Visayas	5	3	8
Eastern Visayas	1	2	3
Zamboanga Peninsula	3	2	5
Northern Mindanao	3	2	5
Davao Region	1	2	3
SOCCSKSARGEN	1	2	3
BARMM	2		2
Caraga	1		1
Grand Total	87	62	149

AGE GROUP	Female	Male	Total
25 & below	9	6	15
26-35	33	21	54
36-45	15	10	25
46-49	8	3	11
50-55	15	8	23
56-59	2	10	12
60 & above	5	4	9
Grand Total	87	62	149

2020 TURNOVER RATE
1.57%

LANDBANK, as a government financial institution, is a big family with a diverse human resource. The Bank adheres to the Equal Employment Opportunity Principle mandated by the Civil Service Commission in all of its HR systems, namely, Recruitment, Selection and Placement, Learning and Development, Performance Management, and Rewards and Recognition.

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 Appointments and Other Human Resource Actions (ORAOHRA).

Further, the Bank adheres to the Equal Employment Opportunity Principle (EEOP) in all its human

resource systems 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 is 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 that 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 a 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 favorable, the hiring unit will submit a proposal to PAD for evaluation and position validation. The candidate will then be provided with the list of 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 with 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 Bank's 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 2).

Once the SB II decides to favorably endorse the candidate, the proposal will be submitted by PAD to the Corporate Governance Committee (CG Com) and LANDBANK Board of Directors for approval. Approval from both authorities shall allow the candidate to assume duty on the first working day of the following month. 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's approval of the hiring.

TALENT DEVELOPMENT

Talent Development

Implementation of Competency Framework

As part of continuing review of the LANDBANK's Competency Framework, our model that broadly defines the blueprint for excellent performance within the Bank, respective Subject Matter Experts enhanced the Position Competency Profiles (PCPs) through a series of workshops facilitated by the ODD. The PCPs contain the required knowledge and skills, both functional and leadership, as well as the proficiency level for positions in all Bank units.

The enhanced PCPs, as approved by the LANDBANK Board of Directors, have been incorporated in the Competency Framework and used in an online competency assessment aimed at determining the baseline competency level of the Bank. Competency gaps arising from the assessment will be communicated to Bank units for the identification of appropriate L&D interventions, following the 70-20-10 learning principle. These interventions shall be documented in a Competency-based Individual Development Plan and will serve as inputs in the 2021 L&D Calendar.

In promoting the Bank's core values, namely: Innovation, Accountability, Collaboration, Customer Focus, Excellence and Social Responsibility, institutional programs are continuously being implemented. Prior to and during the pandemic, all new hires attended a Values Integration Program, almost 900 participants (including new hires) for Take the L.E.A.D. in Customer Service, a program for Customer Focus, and 553 participants for Financial Literacy in support of Accountability.

Employee Learning and Development

As a precautionary measure against the COVID-19 transmission, the Bank implemented a number of alternative L&D methodologies and platforms in lieu of classroom or face-to-face trainings. Guidelines on participation to webinars or online courses were put into place. The LANDBANK e-Learning Access Portal

(LEAP) was maximized in disseminating knowledge of general information. The culture of coaching and mentoring was strengthened with the supervisors providing On-the-Job Training on functional competencies while Managerial Coaching for leadership and supervisory competencies. Almost all employees were provided with L&D programs, most of whom had two or more.

The Management approved the revisions and the Omnibus Guidelines on the Bank's Management and Leadership Development Programs. In the Bank's first virtual graduation, Batch 5 of the Branch Officers Development Program, with 37 participants, concluded on Sept. 18, 2020. Batch 13 of the Leadership Development Program commenced on Nov. 20, 2020, with 29 Heads of Units participating.

In GROWing NxtGen Leaders, the Bank's Mentoring Program, the pandemic did not prevent the mentors and mentees in pursuing mentoring activities to realize their agreed objectives. Exemplifying leadership in times of adversity, mentors maximized technology to reach out to their mentees.

The Bank has been nominating officers and supervisors to the Senior Executives Class (SEC) and Middle Managers Class (MMC), scholarship programs under the Public Management Development Program being implemented by the Development Academy of the Philippines. SEC Batch 8 concluded in June 2020, with one of our scholars graduated as Class Valedictorian. On the other hand, MMC Batch 21 concluded in September 2020 with one of our scholars graduating with honors.

On Graduate Education Program (GEP), the Bank's scholarship program, 111 employees obtained their graduate degrees. Of the 150 active scholars, 55 employees are awaiting graduation. The pilot batch of the in-house Master of Business Administration for non-supervisors is ongoing, with 35 participants.

To serve as an alternative delivery channel for L&D during the pandemic, ODD created Learning Curve, a public page in Workplace by Facebook on April 27, 2020. A total of 227 infographics on behavioral, leadership, and functional areas sourced from existing L&D presentation materials, publications, webinars, and other online sources were posted.

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), CSC, and GCG.

Remuneration Policy for Executive Officers/Senior Management

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 likewise 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 MANAGEMENT

Performance Assessment Program

LANDBANK has established and implemented its own Strategic Performance Management

System (SPMS), which ensures adherence to the principles of merit, fitness and equality and in which ratings are based on actual accomplishments and competencies to perform the duties and responsibilities of the position. The policy was adopted as reflected in the revised Implementing Guidelines via LBP Administrative Order No. 072, series of 2018, pursuant to CSC MC No. 6, series of 2012 and CSC Resolution No. 1200481. LANDBANK observes equal opportunity in rating employees regardless of gender, age, civil status, disability, religion, ethnicity, political affiliation, tenure or any prejudicial basis of classification. 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 guidelines cover all full-time Bank officers and staff, whether permanent, temporary or co-terminus and all the Bank Units, subject to the full performance management cycle, which includes Performance Planning and Commitment, Performance Monitoring and Coaching, Performance Review and Evaluation, and Performance Rewarding and Development Planning.

EMPLOYEE HEALTH AND WELL-BEING

The preservation of employee health, safety and well-being takes precedence to ensure LANDBANK's viability, continuity, and resiliency. The Bank has implemented new policies and has been extending occupational health and safety services not only for the benefit of our organic employees but for the other members of the workforce as well. The Enhanced COVID-19 Risk Mitigating Protocols were issued to emphasize the importance of observing the minimum health standards and to guide them on what actions to take should they be exposed to or contract the disease.

While the Bank strongly supports the expanded targeted testing strategy of the health department, it provides subsidy to the cost of Reverse Transcription-Polymerase Chain Reaction (RT-PCR) or swab testing to its personnel who are exposed to a confirmed COVID-19 case in the workplace.

To ensure that those who report physically for work and those who transact business with us are on

tip-top condition, the LANDBANK Employee Health Status Survey and the LANDBANK Customer/Service Provider/Visitor Health Status Questionnaire were developed and implemented.

HRMG partnered with the Facilities and Procurement Services Group and other Bank units concerned in the provision of new essentials to our workforce including face masks, alcohol and hand sanitizers, and other hygiene products. Regular disinfection of facilities, furniture, fixtures, and equipment is being undertaken as a precautionary measure against infection from the disease.

The Bank's in-house Medical Team, in partnership with MediCard Philippines, has been providing onsite services through the Medical Clinic and remote consultations with our own health practitioners.

To help our employees cope with the change in work culture due to the adoption of alternative work arrangements, stringent social distancing measures, and emerging individual concerns affecting overall mental health and well-being, the LANDBANK Wellness Line has grown to become more relevant than ever in providing psychosocial support during this unprecedented time.

The HR advisories posted in the Workplace by Facebook continue to serve as HRMG's primary communication channel in informing and educating people on HR policies, COVID-19-related topics and tips to weather and survive the pandemic.

Employee Wellness Program

LANDBANK promotes the holistic wellness of employees, i.e., addressing physical, mental, social, financial, and spiritual dimensions of health, through the bank-wide implementation of the ILiveWellness Program.

Sports and Recreation Program

Prior to the pandemic, competitive sports events (e.g., bowling, basketball, chess, darts, table tennis, billiards, volleyball, and badminton) in the Head Office were held year-round either at the LANDBANK Recreation Center and in nearby sports facilities outside the LANDBANK Plaza. Field units had the option where to conduct their sporting events, if any.

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 athlete-delegates.

Employee clubs served as venues for pursuing and honing specific hobbies or interests. The Bank supports several employee interest clubs for employees to express their creativity or even engaged in sports events that foster employee well-being and camaraderie.

Under the ILiveWellness Program, fellowships, and family-oriented activities such as Officers' Night, ballroom dancing sessions, and personality development summer workshops and annual Christmas Party for the children and other young relatives of employees were also conducted.

The implementation of in-person wellness activities has been temporarily suspended starting March 2020 in view of the National Government's imposition of community quarantine due to the pandemic and strict observance of government regulations prohibiting physical gatherings to avoid the spread of the COVID-19.

Spiritual Wellness at Work

Regular worship services and spiritual counseling were made at the LANDBANK Chapel in coordination with the Roman Catholic employee community. Other religious denominations such as the Christian Fellowship Community and the Iglesia ni Cristo also held regular services to promote spirituality in the workplace.

Since physical liturgical and worship services have likewise been held in abeyance in view of the pandemic, religious groups have resorted to technology to cultivate spiritual wellness among their peers.

Before the declaration of the global health crisis, LANDBANK had the opportunity to celebrate the National Bible Month in January 2020 with the installation of a Bible Display and Museum in the LANDBANK Plaza. Employees' strong support was also evident through their donation of a portion of

their contributions under the “Hour Time to Share” fund generation campaign to the “May They Be One” ecumenical Bible advocacy of the Philippine Bible Society.

GENDER AND DEVELOPMENT

Major Steps in Gender Mainstreaming

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 Regional GAD Focal Point Systems, and capability building of key personnel in 2020.

Among the gender mainstreaming initiatives conducted in 2020 was the identification of pilot groups and their training on Gender Analysis with the use of the Harmonized Gender and Development Guidelines (HGDG) tool. The groups evaluated lending programs of LANDBANK that significantly contributed to the advancement of GAD in the various segments of society. Full scale capability building initiatives have been scheduled in 2021.

LANDBANK’s GAD Agenda and Strategic Plan have been drafted for approval of the Management in 2021 to ensure the institution’s compliance with the requirements of Republic Act No. 9710, the Magna Carta of Women.

Protection of Employees against Gender-Based Sexual Harassment

LANDBANK supports the implementation of Republic Act No. 11313, The Safe Spaces Act, through zero-tolerance of gender-based sexual harassment in the workplace and other public areas. Information campaign was undertaken, using different communication channels (i.e., LBP Notes, i-Notes, Workplace by Facebook, and bulletin boards), to educate employees on the relevant provisions of the Act, effectively prevent incidences of sexual harassment, and maintain a safe and secure workplace.

LANDBANK has an existing and functioning Committee on Decorum and Investigation (CODI)

that investigates sexual harassment cases in the workplace in compliance with pertinent laws, rules and regulations.

GAD Advocacy Activities

In support of the National Women’s Month Celebration in March, LANDBANK has been adopting activities recommended by the Philippine Commission on Women such as “Purple Fridays” and “Juana Says” in support of the cause for promoting understanding of the importance of GAD. LANDBANK also actively participated in the GAD activities of its mother agency, the Department of Finance, together with the bureaus and agencies attached to the said department.

The 18-Day Campaign to End Violence against Women (VAW) from Nov. 25 to Dec. 12, 2020 was actively supported by LANDBANK through the “Orange Your Icon” Campaign as well as the dissemination of information, education and promotion materials that uphold women’s rights and raise awareness about VAW through various communication channels.

LANDBANK Day Care Center

Since 2005, a worksite day care center for employees’ children with ages three to 12 years old has been operating to assist employees in maintaining a work-life balance and help resolve GAD issues related to childcare and parenting. The LANDBANK Day Care Center implements a 10-month Early Childhood Care and Development Program accredited by the Department of Social Welfare and Development with an outstanding rating of 5-star or Level 3 compliance. In 2019-2020, there were 23 children who attended the regular program which benefited 25 employee-parents. From January to March 2020, a total of 25 walk-in attendees availed of the LBDCC service benefiting 25 employee parents.

The program implementation was put on hold because of the COVID-19 community quarantine which was imposed by the government in the middle of March 2020. LANDBANK held a Virtual Moving Up Ceremony for completers to end the

program for that school year. A Distance Learning Program is being developed by the LANDBANK Day Care Center to continually implement the program even on a modular approach is being developed by the LANDBANK Day Care Center to continually implement the program even on a modular approach.

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 even in the midst of the pandemic. A total of 53 personnel accessed the facility in 2020 from January 1 to March 15 before the implementation of the community quarantine. With the reduction of onsite work force from March 16 to the end of 2020, the number of users was reduced to an average of five per month.

To further motivate employees, several "Health Notes" were posted/released to the Bank's online platforms promoting exclusive breastfeeding and its importance to the health and well-being of their babies. A post was also made on the promotion of the "National Breastfeeding Awareness Month" in August.

Administration of Leave Benefits under the Magna Carta of Women

LANDBANK has granted a total of P34.15 million in leave benefits under the Magna Carta of Women in 2020, benefiting a total of 408 employees nationwide (78 male and 330 female employees).

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 P7.91 million financial assistance was granted by the Bank through its Relief and Disaster Assistance Fund (RDAF) in 2020 to 956 personnel whose residential houses were damaged by various calamities and disasters, namely "Typhoon Ambo", "Typhoon Quinta", "Typhoon Rolly", "Typhoon Ulysses", the Taal Volcano eruption, and different fire incidents during the said year.

In March 2020, the LANDBANK Board of Directors approved the expansion of the RDA Program in response to the effects of COVID-19 to the Bank's workforce. Supplemental guidelines to the RDA Program were issued the following month aimed at providing Financial Assistance to the Bank's employees, service company workers and other outsourced personnel (i.e., drivers, janitorial/maintenance personnel, and security guards) to help alleviate the burden of the effects of the COVID-19 pandemic.

The RDA Program has been institutionalized since 1991 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 had been adopted for period 2018 to 2020. The CNA embodies the intent and purpose of Management and employees to promote and improve industrial relations. The Agreement embodies the 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. A new CNA was proposed by the LBPEA before the expiration of the Bank's 6th CNA and negotiations are ongoing.

ORIENTATION AND EDUCATION PROGRAM FOR DIRECTORS AND SENIOR MANAGEMENT

The LANDBANK Board of Directors were provided with updates on anti-money laundering and corporate governance to strengthen their oversight functions. They also attended webinars

on functional/technical operations as part of their continuing education.

On the other hand, the Bank's senior officers enhanced their leadership and functional/technical competencies through webinars. On employee development, they continue with their mentoring activities amidst the pandemic, maximizing the power of technology, under the Bank's mentoring program, GROWing NxtGen Leaders. They covered topics on leadership and functional/technical areas.



THE BANK'S SENIOR OFFICERS ENHANCED THEIR LEADERSHIP AND FUNCTIONAL/ TECHNICAL COMPETENCIES THROUGH WEBINARS.

On employee development, they continue with their mentoring activities amidst the pandemic, maximizing the power of technology.

The Learning and Development programs they had in 2020 are listed below:

Director	Trainings Attended	Start Date	End Date	Days	Hours	Providers
Dir. Jesus V. Hinlo, Jr.	Updates on Anti-Money Laundering Act	12/1/2020	12/1/2020	1	2	AMLC
Dir. Jaime L. Miralles	Updates on Anti-Money Laundering Act	12/1/2020	12/1/2020	1	2	AMLC
Dir. Nancy D. Irlanda	Survive and Thrive: Building Business Resilience in the Corporate Strategy	6/29/2020	6/29/2020	1	3	ICD
	Survive and Thrive: Digital Transformation Necessary in the New Normal	7/7/2020	7/7/2020	1	4	ICD
	Revised Corporation Code	7/30/2020	7/30/2020	1	2	Ateneo LAA
	Electronic Evidence and the New Rules on Evidence	8/6/2020	8/6/2020	1	1.5	Disini Law
	Data Governance: Privacy and Security	8/13/2020	8/13/2020	1	1.5	Disini Law
	The Future of Finance: The Blockchain and Digital Assets	9/10/2020	9/10/2020	1	1.5	Disini Law
	Updating on Anti-Money Laundering	12/1/2020	12/1/2020	1	2	AMLC

LIST OF TRAININGS FOR EXECUTIVE OFFICERS AND SENIOR MANAGERS

	Executive Officer/ Senior Manager	Trainings Attended	Start date	End date	Days	Hours	Providers
1	Cecilia C. Borromeo President and CEO	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
2	Alan V. Bornas Executive Vice President Operations Sector	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
3	Julio D. Climaco, Jr. Executive Vice President Branch Banking Sector	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
4	Carel D. Halog Executive Vice President Treasury and Investment Banking Sector	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		FMAP Annual Convention	28/02/2020	01/03/2020	3	24	FMAP 2010
5	Alex A. Lorayes Senior Vice President Corporate Services Sector	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		Seminar on 2016 IRR of RA 9184	20/02/2020	21/02/2020	2	15	R.A. 9184

6	Alden F. Abitona Senior Vice President Technology Management Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
7	Amelia S. Amparado Senior Vice President Compliance Management Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		Competency Assessment Rater's Orientation	20/10/2020	20/10/2020	1	2	COMPETENCY1
		Best Practices to Manage MI/TF Risks	26/08/2020	26/08/2020	1	2	ABCOMP2
8	Annalene M. Bautista Senior Vice President Controllership Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		CES Lifelong Learning for Leadership Congress	24/11/2020	27/11/2020	4	14	CESB
9	Ma. Celeste A. Burgos Senior Vice President Corporate Banking Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
10	Charlotte I. Conde Senior Vice President Mindanao Lending Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		CES Lifelong Learning for Leadership Congress	24/11/2020	27/11/2020	4	14	CESB
11	Leila C. Martin Senior Vice President Strategic Initiatives Office	Updates On Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		FIS Insights 2020	14/07/2020	15/07/2020	2	2.5	FIS CONNECT
12	Filipina B. Monje Senior Vice President Northern and Central Luzon Lending Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		CES Lifelong Learning for Leadership Congress	24/11/2020	27/11/2020	4	14	CESB
13	Ramon R. Monteloyola Senior Vice President South NCR Branches Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		Competency Assessment Rater's Orientation	20/10/2020	20/10/2020	1	2	COMPETENCY1
14	Elsie Fe B. Tagupa Senior Vice President Visayas Lending Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		CES Lifelong Learning for Leadership Congress	24/11/2020	27/11/2020	4	14	CESB

15	Lucila E. Tesorero Senior Vice President Southern Luzon Lending Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		CES Lifelong Learning for Leadership Congress	24/11/2020	27/11/2020	4	14	CESB
16	Marilou L. Villafranca Senior Vice President North NCR Branches Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		CES Lifelong Learning for Leadership Congress	24/11/2020	27/11/2020	4	14	CESB
		FIS Insights 2020	14/07/2020	15/07/2020	2	2.5	FIS CONNECT
17	Lolita M. Almazar First Vice President Trust Banking Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		The State of Open Banking in the Philippines	17/09/2020	17/09/2020	1	1.5	FMAP
18	Reynaldo C. Capa First Vice President Banking Services Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		Competency Assessment Rater's Orientation	20/10/2020	20/10/2020	1	2	COMPETENCY1
		Seminar on 2016 IRR of RA 9184	20/02/2020	21/02/2020	2	15	R.A. 9184
19	Maria Edelwina D. Carreon First Vice President Internal Audit Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		Competency Assessment Rater's Orientation	20/10/2020	20/10/2020	1	2	COMPETENCY1
		ISACA Annual Conference	13/08/2020	14/08/2020	2	12	ISACA
20	Winston Rochel L. Galang First Vice President Banking Operations Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
21	Ma. Elizabeth L. Gener First Vice President Treasury Support Department	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		Competency Assessment Rater's Orientation	20/10/2020	20/10/2020	1	2	COMPETENCY1
		Trainor's Training on LWRT	18/06/2020	18/06/2020	1	2	LWRT
		Booking on Foreign Exchange Risk Cover	29/01/2020	29/01/2020	1	4	FXRC
22	Cielito H. Lunaria First Vice President Retail and Mid-Market Lending Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		CES Lifelong Learning for Leadership Congress	24/11/2020	27/11/2020	4	14	CESB

23	Dina Melanie R. Madrid First Vice President Facilities and Procurement Services Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		CES Lifelong Learning for Leadership Congress	24/11/2020	27/11/2020	4	14	CESB
		Competency Assessment Rater's Orientation	20/10/2020	20/10/2020	1	2	COMPETENCY1
		Seminar on 2016 IRR of RA 9184	20/02/2020	21/02/2020	2	15	R.A. 9184
24	Noel B. Marquez First Vice President Legal Services Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
25	Randolph L. Montesa First Vice President Card and Electronic Banking Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		FIS Insights 2020	14/07/2020	15/07/2020	2	2.5	FIS CONNECT
26	Elcid C. Pangilinan First Vice President Strategy and Knowledge Management Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
27	Emellie V. Tamayo First Vice President Lending Program Management Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
28	Ma. Francia O. Titar First Vice President Financial Markets Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		Competency Assessment Rater's Orientation	20/10/2020	20/10/2020	1	2	COMPETENCY1
		Booking on Foreign Exchange Risk Cover	29/01/2020	29/01/2020	1	4	FXRC
29	Joselito B. Vallada First Vice President Human Resource Management Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		Competency Assessment Rater's Orientation	20/10/2020	20/10/2020	1	2	COMPETENCY1
		Web: Public Sector Leaders and HR Forum	10/09/2020	10/09/2020	1	7	CSC8
		Web: Rapid Resilience For Leaders & Teams	14/08/2020	14/08/2020	1	2.5	PAULRUIZ
30	Rosanna F. Berones Vice President Enterprise Systems Department	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		Competency Assessment Rater's Orientation	20/10/2020	20/10/2020	1	2	COMPETENCY1

31	Maria Aurora R. Bocato Vice President Credit Risk Management Department	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		Competency Assessment Rater's Orientation	22/10/2020	22/10/2020	1	2	COMPETENCY1
32	Emma M. Brosas Vice President Corporate Banking Department I	Asset Liability Management	14/08/2020	14/08/2020	1	2	ASSET/LIABIL
		Trainors' Training on Basic Credit Management	27/02/2020	28/02/2020	2	18	ADLS Program
33	Cesar S. Cabañes Vice President Banking Legal Services Department	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		Competency Assessment Rater's Orientation	20/10/2020	20/10/2020	1	2	COMPETENCY1
		IT Briefing For Executives	14/09/2020	16/09/2020	3	9	IT BRIEFING2
34	Marietta B. Cajuguiran Vice President Corporate Banking Department II	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		Competency Assessment Rater's Orientation	20/10/2020	20/10/2020	1	2	COMPETENCY1
		Trainors' Training on Basic Credit Management	27/02/2020	28/02/2020	2	18	ADLS Program
35	Vivian M. Cañonero Vice President Corporate Affairs Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		Competency Assessment Rater's Orientation	20/10/2020	20/10/2020	1	2	COMPETENCY1
		Strategic Communication Planning Workshop	28/01/2020	29/01/2020	2	16	STRAT COMM
		Business Continuity Mgt Awareness (LEAP)	15/01/2020	15/01/2020	1	4	ORMD
36	Marjorie R. Cortez Vice President Operational Risk Management Department	Competency Assessment Rater's Orientation	20/10/2020	20/10/2020	1	2	COMPETENCY1
37	Arthur E. Dalampan Vice President Electronic Banking Systems Department	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		Competency Assessment Rater's Orientation	20/10/2020	20/10/2020	1	2	COMPETENCY1
38	Grace Ofelia Lovely V. Dayo Vice President Retail Banking Systems Department	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		Competency Assessment Rater's Orientation	20/10/2020	20/10/2020	1	2	COMPETENCY1

39	Pacifico C. De Paz, Jr. Vice President Electronic Products Department	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		Competency Assessment Rater's Orientation	20/10/2020	20/10/2020	1	2	COMPETENCY1
40	Emmanuel G. Dimaano Vice President Capital Markets Trading Department	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		Competency Assessment Rater's Orientation	20/10/2020	20/10/2020	1	2	COMPETENCY1
		FMAP Annual Convention	28/02/2020	01/03/2020	3	24	FMAP 2010
41	Emmanuel G. Hio, Jr. Vice President Organization Development Department	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		PSTD 45th National Convention	16/11/2020	18/11/2020	3	15	PSTD 7
		Learning Session: Essential Leadership Skills	01/10/2020	01/10/2020	1	2	ELS
		Web: Rapid Resilience for Leaders and Teams	14/08/2020	14/08/2020	1	2.5	PAULRUIZ
		Seminar on 2016 IRR of RA 9184	20/02/2020	21/02/2020	2	15	R.A. 9184
42	Esperanza N. Martinez Vice President Public Sector Department	Seminar on 2016 IRR of RA 9184	20/02/2020	21/02/2020	2	15	R.A. 9184
43	Adelfa R. Masacupan Vice President Asset and Liability Management Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		Competency Assessment Rater's Orientation	20/10/2020	20/10/2020	1	2	COMPETENCY1
		Economic Outlook For 4Q 2020 Onwards	27/08/2020	27/08/2020	1	3	ACI PH
		Intraday Liquidity	13/02/2020	13/02/2020	1	3	LIQUIDITY
44	Merceditas N. Oliva Vice President Financial Accounting Department	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		Competency Assessment Rater's Orientation	20/10/2020	20/10/2020	1	2	COMPETENCY1

45	Myra-Lyn S. Peñalosa Corporate Secretary Office of the Corporate Secretary	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		Related Party Transactions	23/10/2020	23/10/2020	1	3	BAIPHIL29
		Competency Assessment Rater's Orientation	20/10/2020	20/10/2020	1	2	COMPETENCY1
		Code of Conduct (LEAP)	24/02/2020	24/02/2020	1	4	ERD
		Business Continuity Management Awareness (LEAP)	15/01/2020	15/01/2020	1	4	ORMD
46	Elenita C. Rapanut Vice President Branch Banking Support Department	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		Competency Assessment Rater's Orientation	20/10/2020	20/10/2020	1	2	COMPETENCY1
		Seminar on 2016 IRR of RA 9184	20/02/2020	21/02/2020	2	15	R.A. 9184
47	Ivy C. Sacramento Vice President Balance Sheet Management Department	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		Competency Assessment Rater's Orientation	20/10/2020	20/10/2020	1	2	COMPETENCY1
		Economic Outlook For 4Q 2020 Onwards	27/08/2020	27/08/2020	1	3	ACI PH
48	Roderick P. Sacro Vice President Asset Recovery Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
49	Enrique L. Sazon, Jr. Vice President Network Operations Department	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		Competency Assessment Rater's Orientation	20/10/2020	20/10/2020	1	2	COMPETENCY1
50	Rose Marie E. Sotelo Vice President Risk Management Group	Updates on Anti-Money Laundering Act	01/12/2020	01/12/2020	1	2	AMLC
		Competency Assessment Rater's Orientation	21/10/2020	21/10/2020	1	2	COMPETENCY1
		Webinar: Pandemic PFRS9 Implementation	19/08/2020	19/08/2020	1	1.5	PFRS9 IMP

LIST OF EXECUTIVE OFFICERS AND SENIOR MANAGERS (VP and up) AND THEIR RELEVANT QUALIFICATIONS AND EXPERIENCES

As of December 31, 2020

	NAME	RELEVANT QUALIFICATIONS/EXPERIENCE
1	Cecilia C. Borromeo President and Chief Executive Officer 61 years old, Filipino	<ul style="list-style-type: none"> March 1, 2019 to present – Land Bank of the Philippines; in present position since March 1, 2019 January 4, 2017 to February 28, 2019 – President and CEO - Development Bank of the Philippines April 5, 1989 to January 3, 2017 – Land Bank of the Philippines March 16, 1988 to April 4, 1989 – Trade and Industry Development Specialist - Department of Trade and Industry January 1, 1983 to July 31, 1987 – Chief Financial Specialist - KKK National Secretariat September 1, 1981 to December 31, 1982 – Development Management Officer – Human Settlements Development Corp. March 1, 1981 to August 31, 1981 – Project Officer – University of Life January 2, 1980 to February 28, 1981 – Settlements Assistant - Ministry of Human Settlement
2	Carel D. Halog Executive Vice President Treasury and Investment Banking Sector 56 years old, Filipino	<ul style="list-style-type: none"> Geodetic Engineer Master of Business Administration March 16, 1988 to present – Land Bank of the Philippines; in present position since July 3, 2017 July 11, 1985 to March 15, 1988 – Geodetic Engineer – Bureau of Mines and Geosciences
3	Alan V. Bornas Executive Vice President Operations Sector 54 years old, Filipino	<ul style="list-style-type: none"> April 5, 1988 to present – Land Bank of the Philippines; in present position since July 3, 2017 June 16, 1987 to December 15, 1987 – Instructor – AMA Computer Learning Center
4	Julio D. Climaco, Jr. Executive Vice President Branch Banking Sector 63 years old, Filipino	<ul style="list-style-type: none"> December 7, 1993 to present – Land Bank of the Philippines; in present position since May 2, 2014 July 1, 1991 to December 6, 1993 – Managing Consultant - Joaquin Cunanan and Company/Price Waterhouse July 1, 1990 to June 30, 1991 – Supervising Consultant - Joaquin Cunanan and Company/Price Waterhouse December 1, 1988 to June 30, 1990 – Senior Consultant - Joaquin Cunanan and Company/Price Waterhouse

		<ul style="list-style-type: none"> • November 16, 1987 to November 30, 1988 – Staff Officer - The Hongkong and Shanghai Banking Corporation • May 1, 1985 to November 15, 1987 – Market Analyst - The Hongkong and Shanghai Banking Corporation • October 1, 1981 to April 30, 1985 – Research Associate - Center for Research and Communication • January 1, 1981 – August 31, 1981 – Purchasing Officer - Castilex Industrial Corporation
5	Liduvino S. Geron Executive Vice President Agricultural and Development Lending Sector/Detailed at UCPB 56 years old, Filipino	<ul style="list-style-type: none"> • July 2, 2020 to present – Detailed at UCPB • June 20, 1994 to July 1, 2020 – Land Bank of the Philippines; in present position since July 3, 2017 • May 7, 1985 to June 30, 1989 – Research Assistant – National Post-Harvest Institute for Research and Extension • July 1, 1989 to May 12, 1992 – Project Development Officer - National Post-Harvest Institute for Research and Extension • May 13, 1992 to June 19, 1994 – Division Chief - National Post Harvest Institute for Research and Extension
6	Alex A. Lorayes Senior Vice President Corporate Services Sector 58 years old, Filipino	<ul style="list-style-type: none"> • Civil Engineer • Geodetic Engineer • December 26, 1988 to present – Land Bank of the Philippines; in present position since September 1, 2015 • June 1, 1985 to November 30, 1988 – Reviewer - Besevilla Engineering Review Center • June 1, 1985 to November 30, 1988 – Lecturer - Divine Word College of Legazpi • May 15, 1982 to December 31, 1983 – Survey Returns Verifier - Bureau of Lands
7	Ma. Celeste A. Burgos Senior Vice President Agricultural and Development Lending Sector 56 years old, Filipino	<ul style="list-style-type: none"> • Certified Public Accountant • February 10, 1986 to present – Land Bank of the Philippines; in present position since October 3, 2016
8	Filipina B. Monje Senior Vice President Northern and Central Luzon Lending Group 59 years old, Filipino	<ul style="list-style-type: none"> • Certified Public Accountant • November 3, 1983 to present – Land Bank of the Philippines; in present position since October 3, 2016 • June 1, 1983 to October 31, 1983 – Accounting Instructor - Luzon Colleges • July 1, 1982 to November 30, 1983 – Clerk/Bookkeeper - Ministry of Human Settlements

9	Ramon R. Monteloyola Senior Vice President South NCR Branches Group 59 years old, Filipino	<ul style="list-style-type: none"> • Certified Public Accountant • November 21, 1983 to present – Land Bank of the Philippines; in present position since October 3, 2016 • October 16, 1983 to November 20, 1983 – BWP Assistant - Bureau of Forest Development • September 28, 1979 to October 15, 1983 – Clerk Typist - Bureau of Forest Development
10	Leila C. Martin Senior Vice President Strategic Initiatives Office 59 years old, Filipino	<ul style="list-style-type: none"> • May 5, 1982 to present – Land Bank of the Philippines; in present position since July 3, 2017
11	Annalene M. Bautista Senior Vice President Controllershship Group 57 years old, Filipino	<ul style="list-style-type: none"> • Certified Public Accountant • PD 907 (Cum Laude) • January 6, 1986 to present – Land Bank of the Philippines; in present position since April 16, 2018 • April 1, 1985 to September 30, 1985 – Bookkeeper - Faith Insurance Services • December 1, 1984 to March 31, 1985 – Instructress - Amadeo Western Cavite Institute
12	Elsie Fe B. Tagupa Senior Vice President Visayas Lending Group 60 years old, Filipino	<ul style="list-style-type: none"> • April 25, 1983 to present – Land Bank of the Philippines; in present position since January 10, 2019
13	Lucila E. Tesorero Senior Vice President Southern Luzon Lending Group 57 years old, Filipino	<ul style="list-style-type: none"> • July 2, 1985 to present – Land Bank of the Philippines; in present position since January 10, 2019
14	Amelia S. Amparado Senior Vice President Compliance Management Group 63 years old, Filipino	<ul style="list-style-type: none"> • Certified Public Accountant • PD 907 (Cum Laude) • July 1, 2014 to present – Land Bank of the Philippines; in present position since March 2, 2020 • February 1, 2010 to June 30, 2014 – 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

15	Althon C. Ferolino Senior Vice President Southeast Luzon Branches Group 54 years old, Filipino	<ul style="list-style-type: none"> • Master of Business Administration; PD 907 (Cum Laude) • June 21, 1991 to present – Land Bank of the Philippines; in present position since March 2, 2020 • January 1, 1990 to February 28, 1991 – Irrigator's Development Officer – National Irrigation Administration • June 1, 1989 to October 30, 1989 – Instructor – Iligan Medical Center Colleges and Mindanao State University
16	Khurshid U. Kalabud Senior Vice President East Visayas Branches Group 52 years old, Filipino	<ul style="list-style-type: none"> • Master of Public Administration • June 18, 1990 to present – Land Bank of the Philippines; in present position since March 2, 2020 • September 1, 1989 to June 2, 1990 – Broadcast Program/Producer/Announcer – Bureau of Broadcast Services • January 15, 1989 to August 31, 1989 – Radio Announcer – DXMM Sulu Tawi Broadcasting Foundation
17	Camilo C. Leyba Senior Vice President East Mindanao Branches Group 58 years old, Filipino	<ul style="list-style-type: none"> • Certified Public Accountant • Master of Business Administration • November 19, 1984 to present – Land Bank of the Philippines; in present position since March 2, 2020 • June 15, 1984 to November 18, 1984 – Junior Auditor - Golden Farms, Inc.
18	Marilou L. Villafranca Senior Vice President North NCR Branches Group 52 years old, Filipino	<ul style="list-style-type: none"> • PD 907 (Cum Laude) • Masters in Development Management • March 16, 1992 to present – Land Bank of the Philippines; in present position since March 2, 2020 • March 1, 1992 to March 15, 1992 – Acting Administrative Officer – Lumang Bayan Realty Development Corporation • January 21, 1991 to February 29, 1992 – Executive Secretary – Lumang Bayan Realty Development Corporation • July 17, 1989 to October 15, 1990 – Legal Secretary – OTE Law Offices
19	Alden F. Abitona Senior Vice President Technology Management Group 50 years old, Filipino	<ul style="list-style-type: none"> • September 24, 1991 to present – Land Bank of the Philippines; in present position since August 3, 2020
20	Charlotte I. Conde Senior Vice President Mindanao Lending Group 55 years old, Filipino	<ul style="list-style-type: none"> • Certified Public Accountant • Master of Business Administration • August 15, 1988 to present – Land Bank of the Philippines; in present position since August 3, 2020 • April 1, 1987 to October 31, 1987 – Accounting Clerk – EMCOR, Incorporated

21	Delma O. Bandiola First Vice President West Visayas Branches Group 50 years old, Filipino	<ul style="list-style-type: none"> • Certified Public Accountant • Master of Business Administration • September 16, 1992 to present - Land Bank of the Philippines; in present position since April 16, 2018 • January 8, 1992 to March 31, 1992 – Bookkeeper – Surge Multi-Resources Trading Corporation
22	Winston Rochel L. Galang First Vice President Banking Operations Group 57 years old, Filipino	<ul style="list-style-type: none"> • Civil Engineer • November 12, 1990 to present – Land Bank of the Philippines; in present position since April 16, 2018
23	Ma. Elizabeth L. Gener First Vice President Treasury Support Department 58 years old, Filipino	<ul style="list-style-type: none"> • Certified Public Accountant • September 1, 1983 to present – Land Bank of the Philippines; in present position since April 16, 2018
24	Sylvia C. Lim First Vice President Central Luzon Branches Group 53 years old, Filipino	<ul style="list-style-type: none"> • Master of Business Administration • PD 907 (Cum Laude) • November 23, 1987 to present – Land Bank of the Philippines; in present position since April 16, 2018
25	Ma. Francia O. Titar First Vice President Financial Markets Group 50 years old, Filipino	<ul style="list-style-type: none"> • PD 907 (Cum Laude) • August 10, 1992 to present – Land Bank of the Philippines; in present position since April 16, 2018
26	Ma. Belma T. Turla First Vice President North Luzon Branches Group 53 years old, Filipino	<ul style="list-style-type: none"> • Certified Public Accountant • April 3, 1989 to present – Land Bank of the Philippines; in present position since April 16, 2018 • November 1, 1987 to April 2, 1989 – Personal Assistant - Atty. Arnulfo P. Fuentebella Law Office
27	Ma. Cielito D. Valdivia First Vice President Southwest Luzon Branches Group 56 years old, Filipino	<ul style="list-style-type: none"> • September 8, 1987 to present – Land Bank of the Philippines; in present position since April 16, 2018 • June 1, 1986 to March 31, 1987 – High School Teacher - Liceo de Paete • September 1, 1985 to April 30, 1986 – Research Assistant - Forest Research Institute
28	Maria Edelwina D. Carreon First Vice President Internal Audit Group 60 years old, Filipino	<ul style="list-style-type: none"> • Certified Public Accountant • Master of Business Administration • July 11, 1988 to present – Land Bank of the Philippines; in present position since March 2, 2020 • February 13, 1981 to July 8, 1988 – Section Chief – Great Pacific Life • January 6, 1981 to February 12, 1981 – Accounting Clerk – Peace Advertising Corporation

29	Joselito B. Vallada First Vice President Human Resource Management Group 49 years old, Filipino	<ul style="list-style-type: none"> • Bar Passer/Lawyer • April 1, 2003 to present – Land Bank of the Philippines; in present position since March 2, 2020 • November 1, 2000 to March 30, 2003 – Associate – Peña Sanchez Lacson Mison and Figueroa Law Offices • October 1, 1999 to August 31, 2000 – Figueroa and Associates Law Office
30	Reynaldo C. Capa First Vice President Banking Services Group 57 years old, Filipino	<ul style="list-style-type: none"> • Master of Business Administration • March 7, 1988 to present – Land Bank of the Philippines; in present position since August 3, 2020 • January 1, 1985 to January 1, 1986 – Proof Settling Clerk – Manila Bank
31	Cielito H. Lunaria First Vice President Retail and Mid-Market Lending Group 57 years old, Filipino	<ul style="list-style-type: none"> • Chemical Engineer • May 23, 1994 to present – Land Bank of the Philippines; in present position since August 3, 2020 • October 1, 1992 to July 31, 1993 – Junior Processing Engineer – P.T. Astra Microtronics Technology • August 15, 1988 to August 31, 1991 – Technical Sales Supervisor – Accord International, Incorporated • January 2, 1987 to January 31, 1988 – Feature Writer – Line Publications Mapua Ches.-Chem. Alumni • January 2, 1986 to August 14, 1988 – Sales Engineer – Cougar Resources Corporation
32	Lolita M. Almazar First Vice President Trust Banking Group 56 years old, Filipino	<ul style="list-style-type: none"> • Masters of Business Administration • October 1, 2019 to present - FVP/Trust Officer, Trust Banking • July 17, 2013 to September 30, 2019 - Treasury • March 16, 1987 to July 16, 2013 - Branch Banking • January 7, 1986 to March 15, 1987 - Lending • BSP Conferred Trust Officer • Certified Unit Investment Trust Fund Sales Person (CUSP) • Certified Treasury Professional (CTP) • Fixed-Income Market Salesman (FIMS)

33	Dina Melanie R. Madrid First Vice President Facilities and Procurement Services Group 58 years old, Filipino	<ul style="list-style-type: none"> • Certified Public Accountant • Master of Business Administration • May 23, 1989 to present – Land Bank of the Philippines; in present position since November 16, 2020 • July 1, 1986 to May 22, 1989 – Accountant – Solidphil Security Services, Incorporated • July 1, 1984 to June 30, 1986 – Cost Accounting Clerk – Graphic Arts Service, Incorporated • January 1, 1984 to June 30, 1984 – Accounting Clerk – Vintas International, Incorporated
34	Gonzalo Benjamin A. Bongolan First Vice President Investment Banking Group 55 years old, Filipino	<ul style="list-style-type: none"> • January 24, 2018 to present – Land Bank of the Philippines; in present position since January 24, 2018 • January 1, 2011 to January 31, 2018 – Vice President – Philippine Commercial Capital, Incorporated (PCCI) • May 1, 2001 to May 31, 2010 – Manager – Home Guaranty Corporation • September 1, 1998 to May 31, 2001 – Assistant Vice President - PCCI Securities Brokers Corporation • May 1, 1998 to September 30, 1998 – Manager – First Metro Investment Corporation • January 1, 1997 to March 31, 1998 – Manager – Belson-Prime East Asia Capital, Incorporated • June 1, 1996 to January 31, 1997 – Senior Economist – Banque Nationale de Paris-PrimeEast • July 1, 1995 to May 31, 1996 – Legislative Staff Officer – House of Representatives • June 1, 1993 to October 31, 1994 – Teaching Fellow – UP School of Economics • March 1, 1990 to June 30, 1995 – Research Fellow – Philippine Center for Policy Studies • June 1, 1987 to October 31, 1988 – Teaching Fellow – UP School of Economics
35	Noel B. Marquez First Vice President Legal Services Group 59 years old, Filipino	<ul style="list-style-type: none"> • Bar Passer/Lawyer • December 18, 1990 to present – Land Bank of the Philippines; in present position since July 3, 2017 • May 1, 1989 to January 31, 1990 – Associate Lawyer – Bengzon Law Office • March 1, 1983 to April 30, 1989 – Cargo Representative – Philippine Airlines

36	Randolph L. Montesa First Vice President Card and Electronic Banking Group 53 years old, Filipino	<ul style="list-style-type: none"> • Master of Business Administration • August 1, 2003 to present – Land Bank of the Philippines; in present position since July 1, 2015 • April 1, 2000 to November 30, 2002 – Project Manager – IBM Philippines • February 16, 1998 to May 31, 1999 – Technical Support Analyst – Oracle Systems (Philippines) • August 1, 1988 to February 15, 1998 – System Manager – Philippine Airlines, Incorporated
37	Elcid C. Pangilinan First Vice President Strategy and Knowledge Management Group 52 years old, Filipino	<ul style="list-style-type: none"> • 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 – Programme 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
38	Emellie V. Tamayo First Vice President Lending Program Management Group 53 years old, Filipino	<ul style="list-style-type: none"> • Certified Public Accountant • PD 907 (Cum Laude) • Master of Business Administration • August 21, 1989 to present – Land Bank of the Philippines; in present position since March 1, 2018 • January 1, 1987 to August 20, 1989 – Audit Staff - Sycip, Gorres, Velayo and Co.
39	Rossana S. Coronel Relationship Officer South NCRBG Cluster A 57 years old, Filipino	<ul style="list-style-type: none"> • Certified Public Accountant • Master of Development Management • April 4, 1989 to present – Land Bank of the Philippines; in present position since November 2, 2016 • January 1, 1988 to April 3, 1989 – Budget Examiner – Department of Health (DOH) • November 5, 1985 to December 31, 1987 – Budget Aide – DOH

40	Pacifico C. De Paz, Jr. Vice President Electronic Products Department 59 years old, Filipino	<ul style="list-style-type: none"> • Civil Engineer • July 1, 1993 to present – Land Bank of the Philippines; in present position since November 2, 2016 • January 16, 1993 to June 30, 1993 – Account Management Specialist – Development Bank of the Philippines • July 31, 1991 to January 15, 1993 – Appraiser – Development Bank of the Philippines • June 1, 1990 to July 30, 1991 – Office Engineer – Fisher Engineering and Maintenance Company • February 1, 1989 to May 31, 1990 – Project Engineer – Federal Builders • September 16, 1987 to December 31, 1987 – Formwork Engineer – KJS Construction • January 16, 1987 to September 15, 1987 – Project Engineer – Unimasters Conglomerate, Incorporated • September 1, 1986 to January 15, 1987 – Office Engineer Estimator - Unimasters Conglomerate, Incorporated • December 16, 1984 to August 15, 1986 – Assistant Project Engineer – Unimasters Conglomerate, Incorporated • September 1, 1984 to December 15, 1984 – Civil Engineer Aide – Provincial Government of Leyte
41	Elenita C. Rapanut Vice President Branch Banking Support Department 57 years old, Filipino	<ul style="list-style-type: none"> • Certified Public Accountant • January 30, 1989 to present – Land Bank of the Philippines; in present position since November 2, 2016 • July 1, 1988 to January 29, 1989 – Financial Analyst – Concepcion Industries, Incorporated • February 1, 1984 to June 30, 1988 – Clerk – Philippine Cotton Corporation
42	Emma M. Brosas Vice President Corporate Banking Department I 54 years old, Filipino	<ul style="list-style-type: none"> • Certified Public Accountant • July 17, 1989 to present – Land Bank of the Philippines; in present position since December 1, 2016 • February 16, 1989 to April 15, 1989 – Audit Staff – SGV and Co.
43	Merceditas N. Oliva Vice President Financial Accounting Department 63 years old, Filipino	<ul style="list-style-type: none"> • Certified Public Accountant • Master of Business Administration • August 23, 1982 to present – Land Bank of the Philippines; in present position since July 3, 2017 • April 1, 1979 to August 22, 1982 – Accounting Clerk – Oriental Media, Incorporated • February 1, 1978 to March 31, 1978 – Accounting Clerk – Quadratic Construction, Incorporated

44	Eduardo N. Reyes, Jr. Vice President Nueva Ecija Lending Center 56 years old, Filipino	<ul style="list-style-type: none"> • Master of Arts in Public Management; PD 907 (Cum Laude) • August 1, 1988 to present – Land Bank of the Philippines; in present position since July 3, 2017 • February 16, 1987 to July 31, 1988 – Economic Researcher – Office of the Provincial Agriculturist – Nueva Ecija • October 1, 1986 to February 15, 1987 – Extension Services Technologist – Office of the Provincial Agriculturist – Nueva Ecija • October 28, 1984 to October 31, 1985 – Project Research Assistant – University of Life/Ministry of Human Settlement
45	Ivy C. Sacramento Vice President Balance Sheet Management Department 55 years old, Filipino	<ul style="list-style-type: none"> • March 21, 1990 to present – Land Bank of the Philippines; in present position since July 3, 2017 • June 16, 1987 to February 28, 1990 – Cashier – San Lorenzo Freezing Point • January 1, 1987 to June 15, 1987 – Executive Secretary – Link Management and Services, Incorporated
46	Bernardo B. Bayangos Vice President Southern Isabela Lending Center 57 years old, Filipino	<ul style="list-style-type: none"> • Certified Public Accountant • December 14, 1987 to present – Land Bank of the Philippines; in present position since March 1, 2018 • September 9, 1986 to December 13, 1987 – Administrative Assistant – Ayala Agricultural Development Corporation • April 1, 1985 to August 31, 1986 – Senior Auditor – Santiago, Cruz and Company CPAs
47	Allan R. Bisnar Vice President Cebu South Lending Center 52 years old, Filipino	<ul style="list-style-type: none"> • Masters in Management; PD 907 (Cum Laude) • September 1, 1989 to present - Land Bank of the Philippines; in present position since March 1, 2018
48	Marietta B. Cajuguiran Vice President Corporate Banking Department II 55 years old, Filipino	<ul style="list-style-type: none"> • Master of Business Administration • November 2, 1988 to present – Land Bank of the Philippines; in present position since March 1, 2018 • December 1, 1986 to January 31, 1988 – Supervisor – B.I. Cottonhouse Philippines, Incorporated
49	Arthur E. Dalampan Vice President Electronic Banking Systems Department 48 years old, Filipino	<ul style="list-style-type: none"> • Associate Electrical Engineer • April 15, 1996 to present – Land Bank of the Philippines; in present position since March 1, 2018 • September 1, 1994 to March 31, 1995 – Programmer Trainee – NETCOR
50	Emmanuel G. Hio, Jr. Vice President Organization Development Department 48 years old, Filipino	<ul style="list-style-type: none"> • Master of Business Administration; PD 907 (Cum Laude) • September 1, 1994 to present – Land Bank of the Philippines; in present position since March 1, 2018 • June 1, 1992 to August 31, 1994 – Faculty Teacher – De La Salle University

51	<p>Maria Aurora R. Bocato Vice President Credit Risk Management Department 55 years old, Filipino</p>	<ul style="list-style-type: none"> • Certified Public Accountant • Master of Business Administration; PD 907 (Cum Laude) • July 5, 2017 to present – Land Bank of the Philippines; in present position since October 1, 2018 • January 1, 2006 to July 3, 2017 – Sr. Assistant Vice President – Philippine National Bank (PNB) – Market and ALM Division • August 7, 2003 to December 31, 2005 – Manager/Risk Management Officer – PNB Risk Management Group • December 29, 1994 to August 6, 2003 – Sr. Assistant Manager/Risk Management Officer – PNB Credit Policy and Risk Control Division • July 11, 1994 to December 28, 1994 – Bank Executive Officer – PNB Credit Department • February 16, 1992 to July 10, 1994 – Loans and Discounts Officer – PNB • December 18, 1990 to February 15, 1993 – Loans Analyst – PNB • March 1, 1990 to December 17, 1990 – Financial Analyst/ Acting Accountant – PNB • August 1, 1988 to February 28, 1990 – Bank Teller – PNB • October 12, 1987 to July 31, 1988 – Accounting Clerk – PNB
52	<p>Marjorie R. Cortez Vice President Operational Risk Management Department 51 years old, Filipino</p>	<ul style="list-style-type: none"> • Certified Public Accountant • November 18, 1991 to present – Land Bank of the Philippines; in present position since October 1, 2018 • July 1, 1991 to November 16, 1991 – Account Management Trainee – Dasmariñas Garments Corporation • November 1, 1990 to June 30, 1991 – Secretary/Land Researcher – Cortez Survey Office • February 1, 1988 to November 30, 1989 – Compiler/ Researcher – ANAP Research Services Foundation, Incorporated
53	<p>Grace Ofelia Lovely V. Dayo Vice President Retail Banking Systems Department 48 years old, Filipino</p>	<ul style="list-style-type: none"> • June 25, 1998 to present – Land Bank of the Philippines; in present position since October 1, 2018 • July 1, 1996 to March 31, 1998 – Science Research Specialist – University of the Philippines Solar Laboratory • January 3, 1996 to June 30, 1996 – Science Research Analyst - University of the Philippines Solar Laboratory

54	Emmanuel G. Dimaano Vice President Capital Markets Trading Department 59 years old, Filipino	<ul style="list-style-type: none"> • Certified Public Accountant • June 3, 1991 to present – Land Bank of the Philippines; in present position since October 1, 2018 • November 1, 1989 to May 31, 1991 – Audit Examiner – Boston Bank of the Philippines • May 1, 1989 to October 31, 1989 – Internal Auditor – Drugmakers Laboratories, Incorporated • September 1, 1986 to August 31, 1988 – Branch Accountant – Manila Banking Corporation • May 16, 1983 to August 31, 1986 – Audit Examiner – Manila Banking Corporation • May 8, 1982 to May 15, 1983 – Accountant – Scannex Corporation
55	Eulalio G. Lagapa, Jr. Vice President Cebu North Lending Center 50 years old, Filipino	<ul style="list-style-type: none"> • Agricultural Engineer • Master of Business Administration; PD 907(Cum Laude) • October 8, 1991 to present – Land Bank of the Philippines; in present position since October 1, 2018
56	Esperanza N. Martinez Vice President Public Sector Department 53 years old, Filipino	<ul style="list-style-type: none"> • Certified Public Accountant • June 1, 1990 to present - Land Bank of the Philippines; in present position since October 1, 2018 • February 1, 1989 to April 30, 1990 – Accountant – Solid Business Machines Center, Incorporated
57	Virgilio C. Paranial Vice President Buendia Branch 58 years old, Filipino	<ul style="list-style-type: none"> • Certified Public Accountant • October 19, 1987 to present – Land Bank of the Philippines; in present position since October 1, 2018 • August 14, 1987 to October 14, 1987 – Accounting Clerk – Woodstown Condominium Corporation October 16, 1984 to November 30, 1986 – Clerk – Mariano Marcos State University
58	Enrique L. Sazon, Jr. Vice President Network Operations Department 51 years old, Filipino	<ul style="list-style-type: none"> • Electronics and Communications Engineer • July 16, 1992 to present – Land Bank of the Philippines; in present position since October 1, 2018 • September 1, 1996 to January 31, 1997 – Assistant Manager – Banco de Oro • December 1, 1994 to August 31, 1996 – Information Technology Specialist – Duty Free Philippines • December 3, 1993 to November 30, 1994 – Communication Specialist – Duty Free Philippines

59	<p>Rose Marie E. Sotelo Vice President Risk Management Group 58 years old, Filipino</p>	<ul style="list-style-type: none"> • PD 907 (Cum Laude) • June 21, 1993 to present – Land Bank of the Philippines; in present position since October 1, 2018 • October 1, 1989 to June 14, 1993 – Supervising TLO Officer – Technology and Livelihood Research Center (TLRC) • October 1, 1989 to October 1, 1989 – Project Disbursement Head – TLRC • July 1, 1989 to September 30, 1989 – Senior TLO Officer – TLRC • November 2, 1987 to June 30, 1989 – Project Evaluation Officer II – TLRC • March 3, 1986 to July 31, 1987 – Senior Project Specialist – KKK National Secretariat • October 1, 1985 to March 1, 1986 – Senior Technical Specialist – KKK National Secretariat • October 1, 1983 to September 30, 1985 – Investment Analyst – KKK National Secretariat • November 1, 1982 to September 30, 1983 – Financial Analyst – MHS Livelihood Development Group
60	<p>Vivian P. Bisnar Vice President Plaza Independencia Branch 61 years old, Filipino</p>	<ul style="list-style-type: none"> • Certified Public Accountant • PD 907 (Cum Laude) • October 1, 1991 to present – Land Bank of the Philippines; in present position since January 10, 2019 • January 1, 1990 to September 20, 1991 – Internal Auditor – Central Philippines Marketing Corporation • January 1, 1988 to December 31, 1989 – Assistant Accountant - Central Philippines Marketing Corporation • January 1, 1986 to December 31, 1987 – Bookkeeper - Central Philippines Marketing Corporation • January 1, 1984 to December 31, 1985 – Accounting Staff - Central Philippines Marketing Corporation • January 1, 1982 to December 31, 1983 – Accounts Receivable Clerk - Central Philippines Marketing Corporation • January 1, 1982 to December 31, 1983 – Accounts Receivable Clerk - Central Philippines Marketing Corporation

61	Francisco E. Burgos Jr. Vice President North NCRBG Cluster C 60 years old, Filipino	<ul style="list-style-type: none"> • Medical Technologist • June 21, 1983 to present – Land Bank of the Philippines; in present position since January 10, 2019
62	Mylene B. Macapagal Relationship Officer South NCRBG Cluster B 55 years old, Filipino	<ul style="list-style-type: none"> • Master of Business Administration • June 29, 1989 to present – Land Bank of the Philippines; in present position since January 10, 2019
63	Ma. Elenita N. Manucom Relationship Officer North NCRBG Cluster B 53 years old, Filipino	<ul style="list-style-type: none"> • Certified Public Accountant • August 16, 1989 to present – Land Bank of the Philippines; in present position since January 10, 2019 • February 6, 1989 to August 15, 1989 – Accounting Clerk - Stateland Investment Corporation
64	Ma. Elena A. Balassu Relationship Officer North NCRBG Cluster A 54 years old, Filipino	<ul style="list-style-type: none"> • March 7, 1990 to present – Land Bank of the Philippines; in present position since January 10, 2019 • March 3, 1988 – February 28, 1990 – Data Validator- Infosearch International • June 1, 1987 – November 30, 1987 – Tabulator – Dealer Pulse
65	Rosanna F. Berones Vice President Enterprise Systems Department 58 years old, Filipino	<ul style="list-style-type: none"> • Master of Business Administration • December 2, 2004 to present – Land Bank of the Philippines; in present position since September 2, 2019 • April 3, 2000 to August 31, 2004 – Area Info. And Communication Manager – The Church of Jesus Christ of Latter Day Saints • September 6, 1988 to March 1, 2000 – Land Bank of the Philippines (Bank Executive Officer last position held) • January 1, 1988 to August 31, 1988 – Programmer – Sterling Paper Products • June 1, 1984 – March 30, 1985 – Math Instructor – AMA Computer College
66	Cesar S. Cabañes Vice President Banking Legal Services Department 46 years old, Filipino	<ul style="list-style-type: none"> • Bar Passer/Lawyer • December 1, 2003 to present – Land Bank of the Philippines; in present position since September 2, 2019 • September 1, 2003 to November 14, 2003 – Associate Lawyer – Cortes Rodrigo and Cinco Law Firm • April 1, 2002 – December 31, 2002 – Associate Lawyer – Zambrano and Gruba Law Offices

67	Roderick P. Sacro Vice President Asset Recovery Group 48 years old, Filipino	<ul style="list-style-type: none"> • Bar Passer/Lawyer • Certified Public Accountant • Master of Business Administration • August 14, 1995 to present – Land Bank of the Philippines; in present position since September 2, 2019 • May 3, 1995 to July 24, 1995 – Data Control Clerk – PCI Bank • November 3, 1994 to April 30, 1995 – Audit Assistant – ALC Group of Companies
68	Jose Enedicto G. Faune Vice President Davao Lending Center 56 years old, Filipino	<ul style="list-style-type: none"> • Civil Engineer • Junior Geodetic Engineer • Master of Business Administration • June 15, 1992 to present – Land Bank of the Philippines; in present position since March 2, 2020 • October 1, 1991 to June 14, 1992 – Appraiser – Development Bank of the Philippines Services Corporation • May 1, 1988 to December 31, 1990 – Assistant Project Engineer – JTC Construction and Supplies
69	Lina K. Pacio Vice President West Mindanao Branches Group 57 years old, Filipino	<ul style="list-style-type: none"> • Master of Business Administration • September 1, 1988 to present – Land Bank of the Philippines; in present position since March 2, 2020 • July 1, 1984 to April 30, 1985 – Board Secretary – United Worker's Development and Trading Corporation • March 1, 1984 to June 30, 1984 – Savings Counselor – Prime Savings Co.
70	Myra-Lyn S. Peñalosa Corporate Secretary Office of the Corporate Secretary 48 years old, Filipino	<ul style="list-style-type: none"> • Bar Passer/Lawyer • July 1, 2004 to present – Land Bank of the Philippines; in present position since March 2, 2020 • August 27, 2001 to December 31, 2002 – Vice President – Corporate Investment Philippines, Inc. • December 1, 2000 to August 26, 2001 – Securities Counsel – Securities and Exchange Commission • July 1, 1997 to November 30, 2000 – Attorney - Securities and Exchange Commission
71	Jesse J. Calibuso Vice President Cavite Lending Center 53 years old, Filipino	<ul style="list-style-type: none"> • Certified Public Accountant • PD 907 (Cum Laude) • August 8, 1988 to present – Land Bank of the Philippines; in present position since August 3, 2020

72	Eden B. Japitana Vice President General Santos Lending Center 51 years old, Filipino	<ul style="list-style-type: none"> • March 15, 1995 to present – Land Bank of the Philippines; in present position since August 3, 2020 • September 1, 1994 to March 14, 1995 – Business Assistance and Development Officer – Butuan City Chamber of Commerce Ind. Found. Inc. • April 1, 1991 to May 2, 1993 – Prawn Farm/Hatchery Technician – Quezon Aquatic Hatchery's Nursery Center • April 15, 1990 to March 31, 1991 – Prawn Farm Technician – Jenny Agri-Marine Corporation
73	Vivian M. Cañonero Vice President Corporate Affairs Group 56 years old, Filipino	<ul style="list-style-type: none"> • Certified Public Accountant • Masters in Management (Business Management) • February 13, 1996 to present – Land Bank of the Philippines; in present position since September 1, 2020 • July 1, 1992 to December 31, 1995 – Finance Officer/Acting Comptroller – AFC Fertilizer and Chemicals • May 1, 1986 to June 30, 1992 – Last position held Chief Accountant – AFC Agri-Business Corp.
74	Romulo E. Sapitula Vice President Security Department 57 years old, Filipino	<ul style="list-style-type: none"> • Police Officer • June 1, 2002 to present - Land Bank of the Philippines; in present position since September 1, 2020 • June 11, 2011 to April 25, 2019 – Police Chief Superintendent – Philippine National Police (PNP) • June 24, 2010 to May 31, 2011 – Police Senior Superintendent – PNP • January 1, 2001 to March 4, 2010 – Police Superintendent – PNP • May 1, 1984 to December 31, 1999 – Police Chief Inspector - PNP
75	Adelfa R. Masacupan Vice President Asset and Liability Management Group 47 years old, Filipino	<ul style="list-style-type: none"> • Master of Business Administration • February 3, 2003 to present – Land Bank of the Philippines; in present position since November 16, 2018 • April 1, 2001 to February 2, 2003 – Researcher/Special Assistant – Department of Environment and Natural Resources • April 1, 2001 to August 30, 2001 – Foreign Exchange Trader – Belkin Management Consultancy • July 1, 1998 to March 31, 2001 – Researcher/Special Assistant – Office of Congressman Heherson Alvarez • May 27, 1993 to June 30, 1998 – Legislative Staff Officer – Office of Senator Heherson Alvarez

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 the 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.

Programs aimed at developing a highly trained and qualified management pool such as the Management and Leadership Development Program (MLDP) and the GROWing NxtGen Leaders, the Bank's Mentoring Program, are premier training programs which are geared to support the Bank's succession planning effort.

RETIREMENT POLICY

LANDBANK's Retirement Program complies 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.



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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.

FINANCIAL CONSUMER PROTECTION (FCP)

As a BSFI, LANDBANK is consistently conforming with the Financial Consumer Protection (FCP) framework, laws and regulations that aim to safeguard consumers in the financial marketplace. Aligned with BSP Circular No. 857, s 2015, LANDBANK crafted its own FCP framework and guiding principles to ensure that the Bank's financial consumers receive appropriate information to allow them to make informed decisions; are not subject to unfair or deceptive practices; and have access to recourse mechanisms to address complaints and resolve disputes.

In December 2019, BSP Circular 1084 was issued to amend BSP Circular No. 857 and strengthen institutionalization of consumer protection as an integral component of corporate governance and culture and, manage risks that may be associated with BSFI's daily business operations like risk to compliance, reputational, legal, operational and credit, among others.

The continuous support and cooperation of all LANDBANK personnel, from top Management to individual employees and stakeholders helped the Bank sustain the efficient delivery of relevant Bank products and services to its financial clients during the pandemic in 2020.

A. Oversight function/Roles and Responsibilities

The LANDBANK Board

Under Circular No. 1084, the LANDBANK Board continues to hold the primary responsibility of approving and overseeing the implementation and updating of the Bank's FCP Framework, FCP policies, programs, processes, systems and practices, Consumer Risk Management System (CPRMS) and Consumer Assistance Management mechanism (CAMS).

Detailed responsibilities under the new Circular include the following:

1. Approve the CPRMS and consumer assistance mechanism (CAM) that takes into consideration the BSFI's business model, market, product lines, and relationships with third parties that may give rise to consumer protection risks;
2. Promote a culture of ethical behavior and adherence to the highest standards of fair and responsible dealing with consumers;
3. Ensure that adequate information and actions taken are reported on a regular basis in terms of the measurement of consumer protection related risks, reports from the CAM, as well as other material consumer related developments that will impact the BSFI;
4. Ensure the adequate provision of resources and effective implementation of personnel training and competency requirements;
5. Approve remuneration and compensation packages structured to encourage responsible business conduct, fair treatment, and avoidance/mitigation of conflicts of interest; and
6. Review periodically the implementation and effectiveness of the CPRMS including how findings are reported and whether the audit mechanisms are in place to enable adequate oversight and put in place a regular mechanism to review the relevance of the CPRMS in case of changes in the BSFI business model and/or operating environment.

The Senior Management

The Senior Management is on top of ensuring the alignment of LANDBANK's Board-approved FCP Framework, consumer protection policies, various programs, systems, practices, and risk management system across all operations of the Bank. The Senior Management through the LANDBANK FCP Working Team remain to be responsible for the formulation, updating and reporting/monitoring of all policies, systems, required under the new BSP Circular No. 1084.

In this regard, the Senior Management shall:

1. Ensure that approved CPRMS and CAM policies and procedures are clearly documented, properly understood and appropriately implemented across all levels and business units.
2. Establish an effective monitoring and management information system to regularly measure, aggregate, and analyze consumer related issues to determine the level of consumer protection risk. An appropriate and clear reporting and escalation mechanism should also be integrated in the risk governance framework. The management information system should be able to:
 - a. Provide adequate information on the performance and quality of the BSFI's CAM that allows for identification of emerging consumer issues and root cause analysis;
 - b. Determine the level of consumer protection risk exposure through assessment of its implementation of the Consumer Protection Standards of Conduct (i.e., transparency and disclosure, protection of client information, fair treatment, effective recourse and financial learning and awareness);
 - c. Identify and monitor, in a timely manner, consumer protection risk exposures approaching risks of loss to financial consumers, legal and reputational risk, as well as other related risks;
 - d. Identify and assess emerging or increasing consumer risks that affect the BSFI such as through social media monitoring and market monitoring;
3. Ensure that adequate systems and controls are in place to promptly identify issues that affect the consumer across all phases of the relationship with the consumer;
4. Ascertain that weaknesses in the consumer protection practices or consumer protection emerging risks are addressed, and corrective actions are taken in a timely manner; and

5. Ensure observance of expectations and requirements prescribed under relevant regulations on compliance and internal audit.

B. Consumer Protection Risk Management System (CPRMS)

BSP Circular No. 1084 requires integration of the CPRMS in the enterprise-wide risk management processes and risk governance framework. As part of the bank-wide risk management system, the CPRMS serves as a tool for the identification, measurement, monitoring, controlling, and mitigating consumer protection risks inherent to LANDBANK operation, products, services, and systems. In this way, risks are properly identified and managed.

On Dec. 17, 2020, the updated LANDBANK CPRMS was presented to and approved by the Risk Management Committee.

C. Consumer Assistance Management System (CAMS)

LANDBANK CAMS is managed and handled by the Customer Care Department (CuCD) under the Corporate Affairs Group (CAG). Through CAMS, the Bank aims to further enhance and strengthen its thrust in providing excellent customer service through the proper handling of inquiries, concerns, requests, or complaints as well as continuous improvement in service delivery. To efficiently implement CAMS, the CuCD:

- a. Receives, acknowledges, documents, and provides feedback to customer inquiries and complaints received from various internal and external channels, such as LANDBANK Phone Access, LANDBANK electronic mail, BSP Consumer Affairs, 8888 Citizens' Complaint Hotline, etc.
- b. Consolidates all complaints reports received from all customer touch points which include Customer Care Department (CuCD), branches, lending centers, social media, and other customer-facing units of the Bank, after which, CuCD provides analysis of the complaints data, and the CAG Head presents recommendations to the ManCom.

- c. Ensures competency and quality in the delivery of services through provision of trainings and seminars on excellent customer service and other relevant development workshops, in coordination with ODD.
- d. Provides dedicated and organic teams that ensure quality service through its Customer Assistance Management Unit which handles process improvement, call quality assurance, complaints management, and Management Information System (MIS)/Feedback Management.

D. Consumer Protection Programs

1. Consumer Protection Compliance Program

LANDBANK maintains and regularly updates its Consumer Protection Compliance Program to reinforce control over business risks and ensure adherence of the Bank to laws and regulations.

2. Consumer Protection Internal Audit Program

Adherence to consumer protection laws, internal policies and guidelines shall coincide with IAG's regular audit schedule for the Bank. Results and recommendations for improvement shall be presented to the AC Com for notation and further instruction.

During the community quarantine in 2020, operational audits were conducted via remote to selected field units to minimize personal contacts while doing regular functions without compromising health and safety of auditor and auditees.

3. Consumer Protection Training Program

To ensure that LANDBANK personnel are equipped with appropriate knowledge and skills to respond to the dynamic needs of the Bank's financial consumers, ODD takes the lead in undertaking training initiatives and in determining the competency interventions they require.

The alternative work arrangements implemented in 2020 due to the pandemic did not hinder the Bank from fulfilling its thrust of continuously developing and nurturing its human resource. LANDBANK's electronic Learning Access Portal (LEAP) and Cisco Webex served as the main learning platform for employees.

E. FCP Accomplishments in 2020

1. As part of the transitory provision of Circular No. 1084, the Bank, through the FCP WT performed a gap analysis of its current consumer protection practices vis-à-vis requirements of the Circular.
2. The Bank's FCP action plan to achieve full compliance with the requirements of Circular No. 1084 was successfully proposed to and approved by the LANDBANK Board.
3. The updated CPRMS was proposed and approved by the RiskCom on Dec. 17, 2020.



LANDBANK IS CONSISTENTLY CONFORMING WITH THE FINANCIAL CONSUMER PROTECTION (FCP) FRAMEWORK,

laws and regulations that aim to safeguard consumers in the financial marketplace

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 a 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 provides money market, trading and treasury services as well as the management of LANDBANK's funding operations by use of treasury bills, government securities and placements and acceptances with other banks, through treasury and wholesale/corporate banking.
- d. **Others** – consists of LANDBANK's other sectors, and various support units.

Segment revenues and expenses that are directly attributable to the business segment and the relevant portion of LANDBANK's revenues and expenses that can be allocated to that business segment are accordingly reflected as revenues and expenses of that business segment.

Summary of Financial Performance of the Business Segments

The Bank's total revenues declined by 5.2% in 2020 due to the anemic economic environment brought about by the pandemic. Due to the depressed lending condition, Corporate Banking suffered a 16.5% decline while Retail Banking registered a relatively flat growth rate of only 1.4%. Treasury and Investment Banking compensated for the lower revenue contribution of the Bank's lending operations by sustaining its higher revenue contribution with 10.7% increase for the year.

Overall, Corporate Banking remains the biggest revenue contributor at 50.3%, although its share declined from 57.0% the previous year. Treasury and Investment Banking increased its share of income contribution to 43.8% from 37.5% in 2019.

Contribution of Business Segments and Significant Developments and Future Plans and Targets

Corporate Banking

The Corporate Banking Group (CBG) caters to corporate clients based in Metro Manila. It is comprised of the Corporate Department I (CBDI), the Corporate Banking Department II (CBDII), 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.

CBG's total outstanding loans stood at P418.45 billion accounting for 52.75% of the total ADLS loans, of which P402.97 billion are loans to the Priority Sector. Further, CBG extended a total of P65.71

billion and P337.26 billion worth of loans for projects Supporting Agriculture and Fisheries and Loans Supporting Government Projects, respectively. By the end of 2020, the Group's Gross Income reached P18.79 billion.

With the onslaught of the pandemic that adversely affected many businesses in the country, CBG remained steadfast in providing financial support to its customers through deferment of dues and provision of specialized credit facilities that bridged financial gaps in their businesses. The new strategy hinged on continued service to clients to help them recover and grow during the challenging times.

The foundation for these efforts rests on CBG's stability and capability to expand via extensive marketing, partnerships with other government agencies, loan syndications with other banks and improved business processes, while effectively managing its risks.

The Group will continue to strongly align with the Bank's strategic direction by serving its clients efficiently so they will continue to thrive and achieve sustainable recovery and growth beyond the crisis.

Retail and Mid-market Lending

The 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 oversees 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 oversees MSME accounts located in the northern part of Metro Manila while SME-MLD II handles the southern part of Metro Manila. Both departments manage accounts with asset size up to P1 billion (net of land). Further, MBD I is responsible for the administration, monitoring and management of housing and mortgage loan accounts of clients in the north of the National Capital Region (NCR) while MBD II covers clients in the south of the NCR.

RMLG assisted 115 micro, small, and medium enterprises (MSMEs), 102 other entities involved in various business activities which push economic growth, 12 hospitals and 2,194 individuals with dreams of owning their homes, 36% of whom are Overseas Filipino Workers. The total loan portfolio during the year amounted to P17.43 billion.

In 2020, RMLG generated a gross income of P1.08 billion and posted a past due ratio and non-performing loan ratio of 1.27% and 4.74%, respectively.

For 2021, the Group aims to:

1. Increase its loan portfolio while maintaining asset quality amidst COVID-19 pandemic; and
2. Broaden reach to MSMEs and target 100 new SMEs and as well as assists more than 200 individuals in owning their dream houses.

Treasury and Investment Banking

The world economy was forced to a halt in 2020 amid restrictions implemented globally to contain the spread of COVID-19. The situation in the Philippines was made even worse by natural calamities, including the eruption of Taal Volcano at the start of the year and the onslaught of typhoons and tropical storms in the fourth quarter. Apart from claiming millions of lives, nature's fury ended a long period of growth, leaving the Philippine economy down by 9.5% year-on-year and causing global output to contract by 3.5% for the same period. The deterioration in the economic environment prompted massive fiscal and monetary stimulus measures from various governments worldwide. The Bangko Sentral ng Pilipinas aggressively cut policy rates and the reserve requirement ratio by 200 basis points. These measures, however, were not enough to shield financial markets. The local stock index fell by 7.8% year-on-year, the US dollar's value against the Philippine peso plunged by P2.662, while the 10-year GS, ROP, and US Treasury yields declined by 147 bps, 90 bps, and 100 bps, respectively. Progress on the development of COVID-19 vaccines provided a light at the end of the tunnel, although the birth of new virus strains tempered market optimism.

Investments and Trading

The Bank's investment portfolio grew by 44% from P641.68 billion in 2019 to P922.11 billion in 2020 because of its deliberate strategy to compensate with volume for the decline in yields and the low loan demand arising from business disruptions brought about by the localized lockdowns.

Income from investments grew by 24% from P26.15 billion in 2019 to P32.32 billion in 2020 as excess funds were placed in investments due to weak loan demand brought about by the pandemic. LANDBANK also rebalanced its portfolio to augment interest income.

The Bank also earned P2.623 billion in trading income by riding the yield curve and taking advantage of the declining interest rate.

Investment Banking and Capital Markets

LANDBANK's Investment Banking Group (IBG) has maintained its strong track record in financial advisory as well as in arranging and managing various types of debt finance transactions for government and private entities. This includes projects in financial valuation, business rehabilitation, liability management, securitization, corporate note issuance, 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 23rd Tranche of the 3-year Retail Treasury Bonds (RTBs) issued in January 2020, which raised P310.8 billion for the National Government. The issuance is the Government's first RTB offering with an exchange offer component. LANDBANK also acted as Lead Issue Manager for BTr's 5-year RTB, the RTB-24 or the PROGRESO Bonds with Exchange Offer which raised P516.3 billion in July 2020.

LANDBANK, still as Lead Issue Manager, successfully managed the BTr's Premyo Bonds 2, which raised P6.560 billion for the government in November 2020. RTB 23, RTB 24, and Premyo Bond 2 offerings were met with strong market demand, most especially from the individuals and retail investing public, as sales were made accessible online through the RTB Online platform.

LANDBANK bagged two awards in the 5th Investment House Association of the Philippines Awards, namely: the Best Project Finance Deal of the Year, for being one of the Arrangers for Atlantic Aurum Investments Philippines Corporation's P41.2 billion Corporate Notes Facility, and the Best Fixed Income Deal of the Year under the Small-Mid Cap Category, for being the Sole Arranger and Underwriter for the National Home Mortgage Finance Corporation's P270.25 million BALAI (Building Adequate Livable Affordable and Inclusive Filipino Communities) Bonds 1 issuance.

LANDBANK also received the "Innovative Deal of the Year" and "Corporate Client Initiative of the Year" Awards in the first digital award ceremony for Corporate and Investment Banking Awards held by Asian Banking and Finance (ABF) for the BTr's Premyo Bonds and NHMFC's BALAI Bonds 1, respectively.

The Bank also acted as the Sole Arranger and Underwriter for the National Home Mortgage Corporation's P319.32 million BALAI Bonds 2 Issuance.

For the Bank's participations in private corporate transactions, LANDBANK participated as Joint Lead Arranger and Underwriter for Puregold Price Club Inc.'s 12.0 billion PHP-Denominated Syndicated Corporate Notes Facility. Lastly, LANDBANK was also part of Alsons Consolidated Resources' and NLEX Corporation's Syndicated Corporate Notes Facilities that amounted to P6.0 billion and P20.0 billion, respectively.

Investment Sales and Distribution

LANDBANK served as the Lead Issue Manager and selling agent for the following BTr's issuances: RTB Tranche 23, RTB Tranche 24 (PROGRESO Bond), and Premyo Bonds 2. It sold P24.919 billion (8% of the total issue size), P35.528 billion (7% of the total issue size), and P3.418 billion (52% of the total issue size), respectively.

It was also a selling agent for the major corporate issuances of various private companies – San Miguel Food and Beverages, SM Prime Holdings, Ayala Land, among others, and of LANDBANK's maiden Sustainability Bonds.



LANDBANK HAS BECOME A KEY INSTITUTION IN THE COUNTRY'S PUSH FOR ECONOMIC RECOVERY AMID THE COVID-19 PANDEMIC.

Despite the unprecedented threats that unfolded in 2020, the Bank maintained its strong financial position while resolutely delivering its financial services, especially to those adversely affected sectors of the country.

FINANCIAL HIGHLIGHTS (GROUP)

P20.83 B

Net Income
as of Dec. 31, 2020



5.98% increase
vs. P19.65 B in 2019

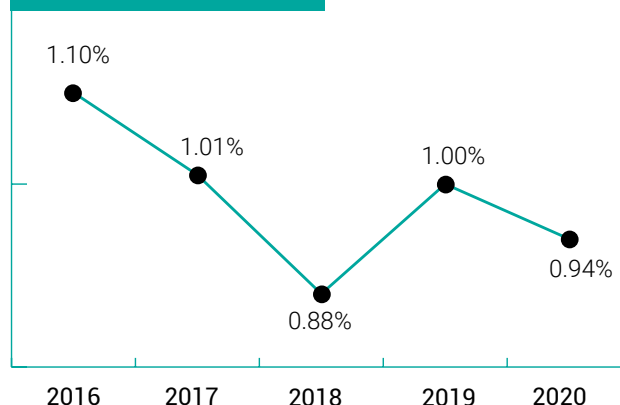
RESULTS OF OPERATION

LANDBANK has become a key institution in the country's push for economic recovery amid the COVID-19 pandemic. Despite the unprecedented threats that unfolded in 2020, the Bank maintained its strong financial position while resolutely delivering its financial services, especially to those adversely affected sectors of the country.

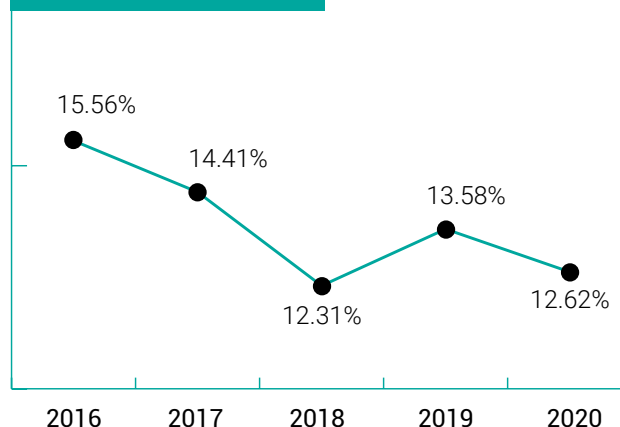
As of end-December 2020, LANDBANK retained its position as one of the Philippines' biggest banks by remaining the second largest, next to BDO Unibank, in terms of deposits and assets, and fourth in terms of loans and capital. Despite the impact of COVID-19 pandemic, the Bank's net income grew by 5.98% to reach P20.83 billion in 2020 from P19.65 billion in 2019. This translated to a return on equity of 12.62% and return on assets of 0.94%, which are higher than the industry averages of 6.61% and 0.82%, respectively.

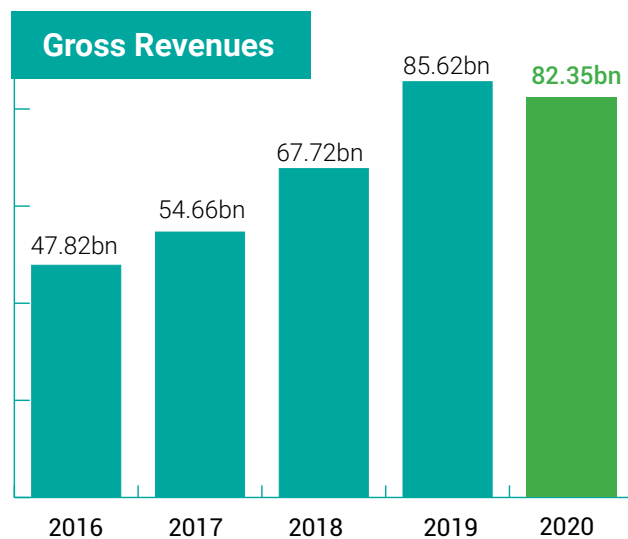
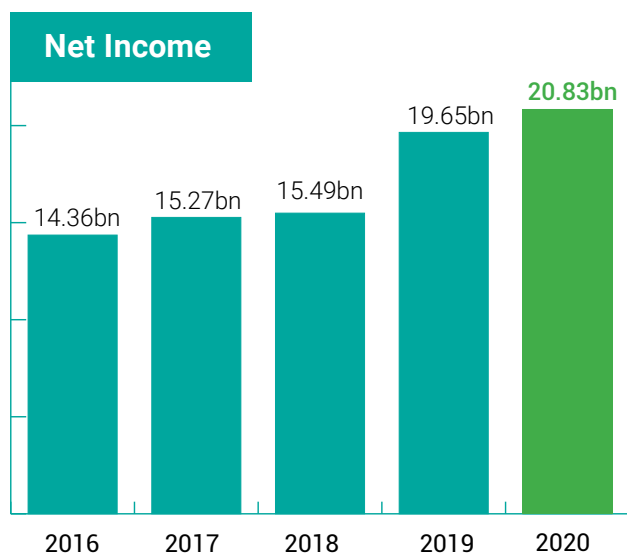
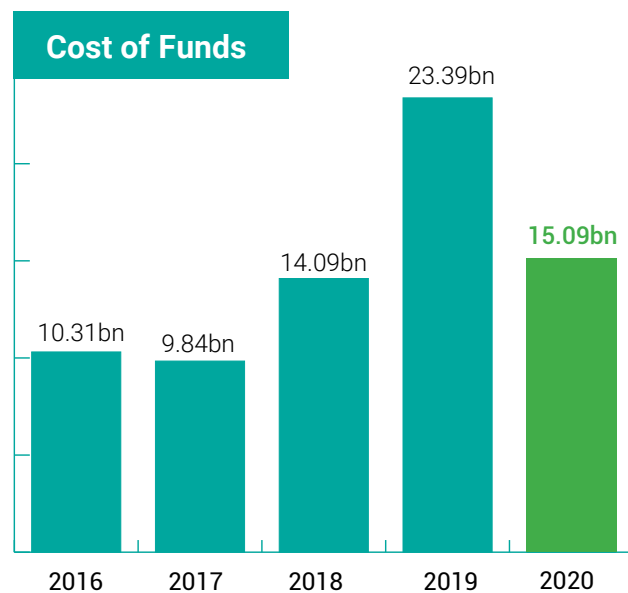
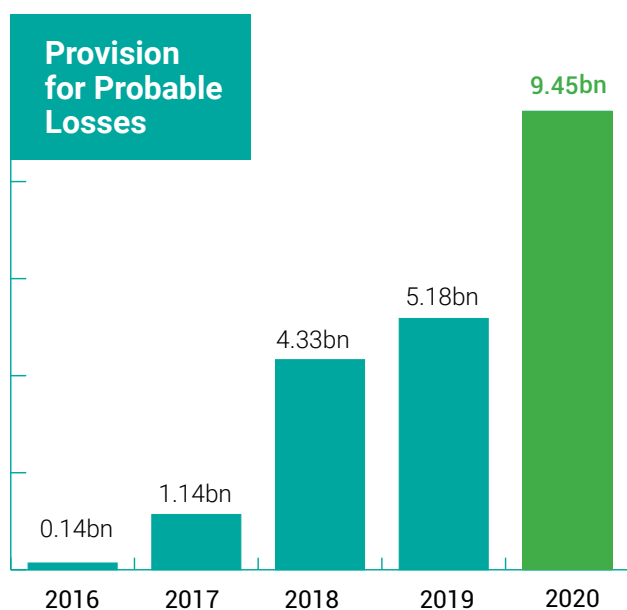
Net interest income has improved by P5.51 billion due to the significant decline in cost of funds from P23.39 billion in 2019 to P15.09 billion in 2020. Operating expenses were effectively managed, through various alternative working arrangements during pandemic, rising by only P900 million. Thus, despite the Bank's record-high provisioning in 2020 amounting to P9.45 billion, the Bank was able to improve its net income.

Return on Assets



Return on Equity





Gross revenues slightly dipped by 3.81% to P82.35 billion in 2020, from P85.62 billion in 2019 mainly due to lower yields from loans and slower lending operations. Income from loans still has the biggest share of gross revenue at 53.22% amounting to

P43.83 billion from P52.02 billion last year, while income from investment amounting to P27.15 billion contributed 32.97%. Other interest income amounted to P3.33 billion in 2020, improved significantly by 66.55% than in 2019 amounting to P2.0 billion.

Financial Summary (In PhpM)

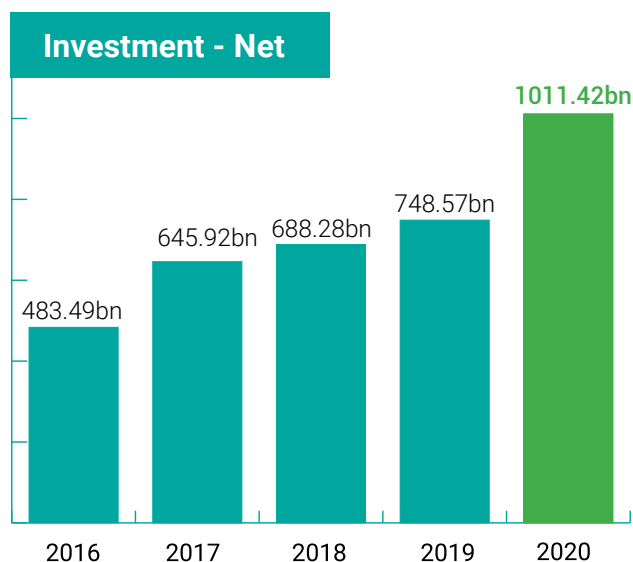
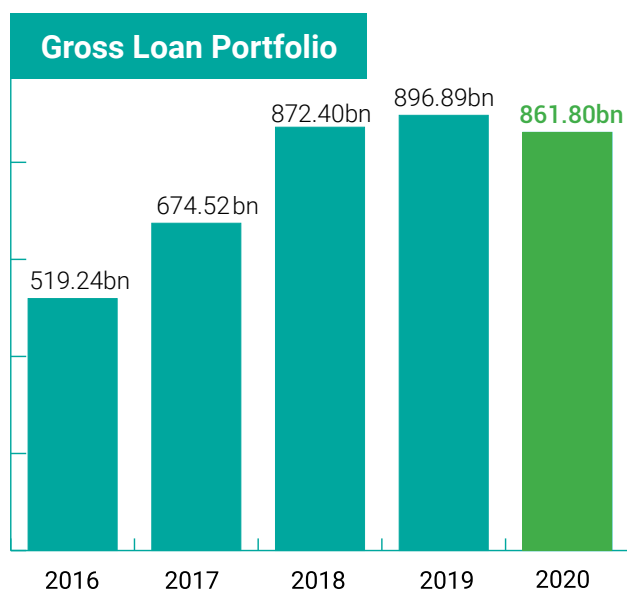
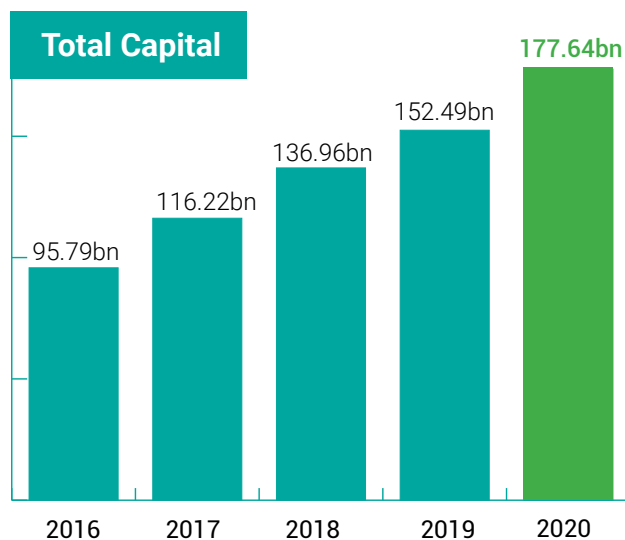
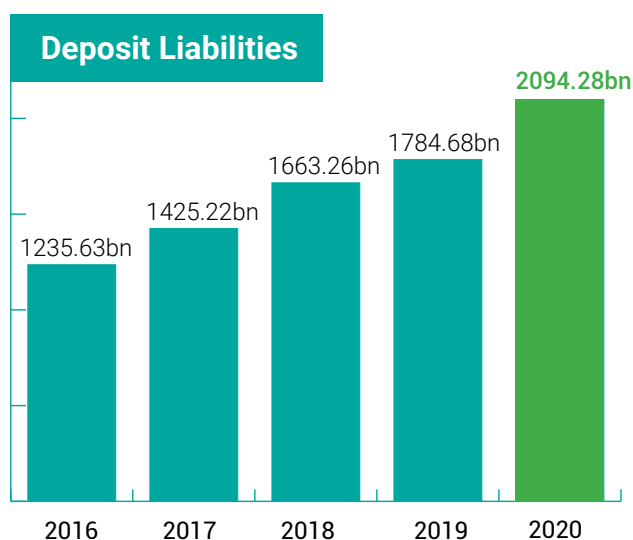
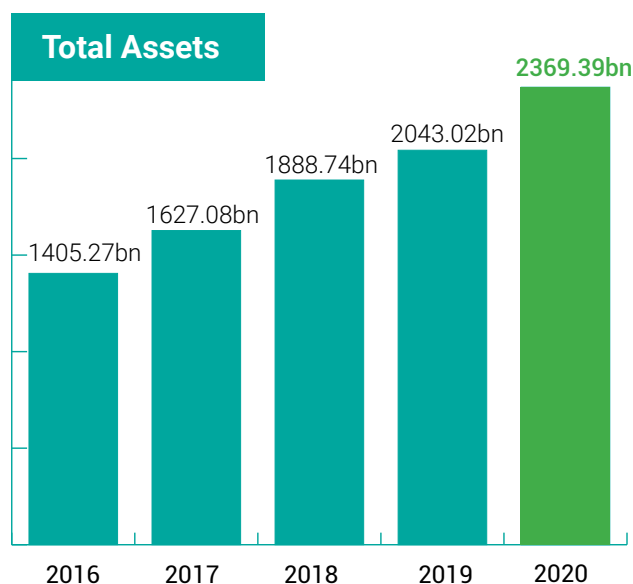
Minimum Required Data	Group ¹		Parent	
	2020	2019 As Restated	2020	2019 As Restated
Profitability				
Total Net Interest Income	59,215.90	53,705.27	58,923.28	53,377.38
Total Non Interest Income	8,039.65	8,522.08	7,024.48	8,151.63
Total Non Interest Expenses	36,562.62	35,662.38	35,957.57	34,952.60
Pre-provision Profit	30,692.93	26,564.97	29,990.19	26,576.41
Provision for Credit/Impairment Losses/Income Tax	9,865.77	6,912.95	8,595.53	7,888.46
Net Income	20,827.16	19,652.02	21,394.66	18,687.95
Selected Balance Sheet Data				
Liquid Assets	1,487,181.21	1,124,281.02	1,485,527.09	1,123,083.03
Gross Loans	861,802.38	896,894.26	859,339.09	891,799.66
Total Assets	2,369,393.40	2,043,018.76	2,364,374.14	2,034,860.52
Deposits	2,094,280.11	1,784,679.63	2,094,645.21	1,783,076.18
Total Equity	177,642.73	152,491.80	174,679.51	148,917.16
Selected Ratios				
Return on Equity (ROE) ^{2/}	12.62%	13.58%	13.22%	13.19%
Return on Assets (ROA) ^{2/}	0.94%	1.00%	0.97%	0.96%
CET 1 capital ratio	15.36%	12.88%	15.17%	12.74%
Tier 1 capital ratio	15.36%	12.88%	15.17%	12.74%
Capital Adequacy Ratio	16.24%	13.78%	16.05%	13.64%
BASEL III Leverage Ratio	6.02%	5.72%	5.94%	5.63%
Per common share data				
Net Income per share:				
Basic				
Diluted				
Book value				
Others			0	0
Cash dividends declared				
Headcount				
Officers				
Staff				

¹ Consolidated Amount of Parent and Subsidiaries

² Parent's ROE and ROA as reflected in the notes to F/S were computed as Total Equity and Average Total Assets are equal to sum of January to December outstanding balance ÷ 12.

FINANCIAL CONDITION

The Bank's total assets of P2,369.39 billion in 2020 grew by 15.98% from the P2,043.02 billion in 2019. Gross loan portfolio declined to P861.81 billion in 2020 from P896.89 billion in 2019 mainly due to continued anemic economic environment. Loans to priority sectors slightly increased by P1.47 billion to reach P778.54 billion. With the depressed lending condition, investment portfolio expanded to P1,011.42 billion or 42.69% of total assets in 2020, 35.11% higher than P748.57 billion the previous year.



The Bank's total deposits amounted to P2,094.28 billion to breach the two-trillion mark, 17.35% higher than P1,784.68 billion in 2019. Growth in deposits was attributable to the significant expansion in private deposits that reached P777.28 billion in 2020 from P605.47 billion in 2019, and likewise increased

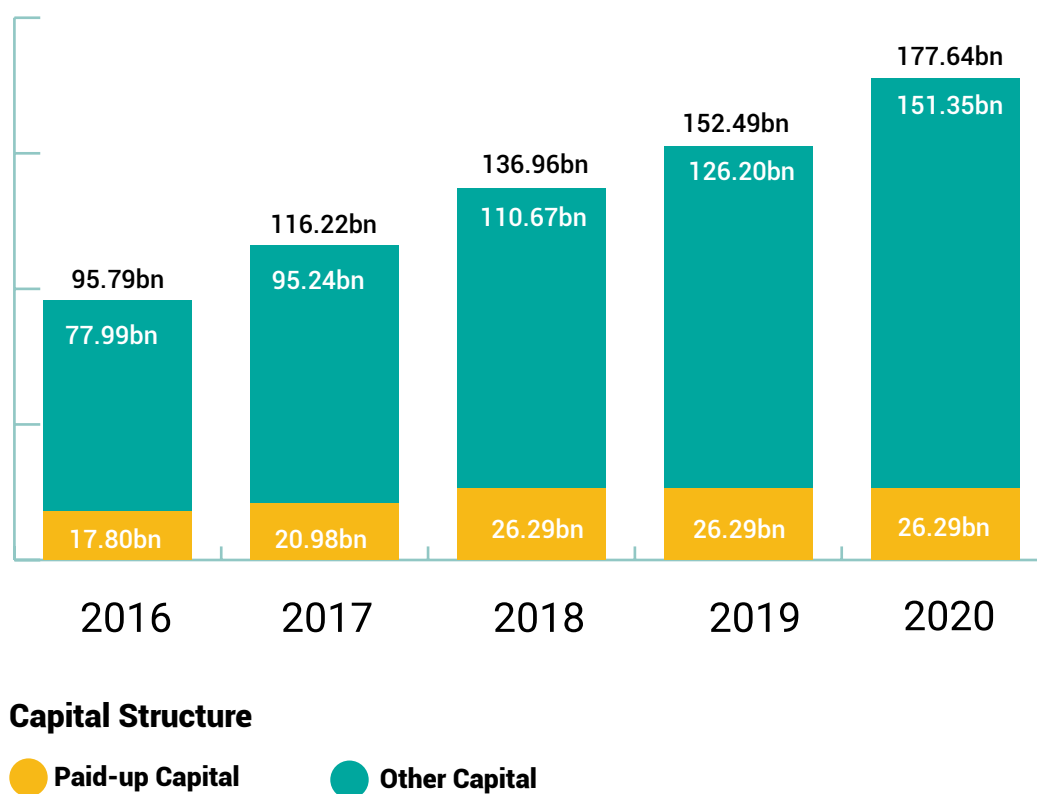
its share to 37.11% from 33.93% the previous year. It should be noted, however, that government deposits still account for 62.89% or P1,317.00 billion of the deposit liabilities.

CAPITAL AND CAPITAL RATIOS

As of Dec. 31, 2020, LANDBANK's total capital improved to P177.64 billion or 16.49% higher than P152.49 billion in 2019, to sustain its upward trend of more than ten years. LANDBANK's paid-up capital remains at P26.29 billion from P200.00 billion total authorized capital. An equity infusion amounting

to P27.50 billion was approved by the Office of the President on Dec. 17, 2020, to support the loan program for beneficiaries affected by the COVID-19 pandemic pursuant to Republic Act (RA) No. 11494, Bayanihan to Recover As One Act. This equity infusion would increase the Bank's paid-up capital to P53.79 billion in 2021.

Figure No. 1. Breakdown of LANDBANK Capital 2016 to 2020



Consistent with Basel III and BSP requirements, contained in the 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 2020 and 2019 (except for the ratios, all amounts in Million Pesos).

		GROUP ¹		PARENT	
		Dec. 2020	Dec. 2019	Dec. 2020	Dec. 2019
Tier 1 Capital					
Common Equity Tier (CET) 1 Capital					
	Paid-up Common Stock	26,290.78	26,290.78	26,290.78	26,290.78
	Retained Earnings	105,581.49	88,223.12	105,581.49	88,223.12
	Undivided Profits	18,154.64	18,126.65	17,138.36	18,513.08
	Other Comprehensive Income	14,204.52	10,879.76	14,204.52	10,879.76
Sub-Total - Tier 1 Capital		164,231.43	143,520.31	163,215.15	143,906.74
Regulatory Adjustments to CET 1 Capital					
a.	Unsecured DOSRI Loans	15.66	4,307.38	15.66	4,307.38
b.	Deferred Income Tax	628.14	520.85	441.26	441.26
c.	Other Intangible Assets	1,131.89	1,145.53	1,124.73	1,137.47
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)	-	-	1,801.54	2,985.97
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)	1,187.73	1,113.43	1,113.41	1,051.24
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)	1,249.32	894.99	1,064.05	786.41
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)	374.88	578.60	321.32	537.55
h.	Other equity investments in non-financial allied undertakings and non-allied undertakings	15,226.58	16,986.67	15,207.00	16,945.52
Total		19,814.20	25,547.45	21,088.97	28,192.80
Net CET 1 Capital		144,417.23	117,972.86	142,126.18	115,713.94
Additional Tier 1 Capital		-	-	-	-
Total Tier 1 Capital		144,417.23	117,972.86	142,126.18	115,713.94
Tier 2 Capital					
	General Loan Loss Provision	8,284.73	8,187.78	8,263.72	8,121.81
Total Tier 2 Capital		8,284.73	8,187.78	8,263.72	8,121.81
Total Qualifying Capital		152,701.96	126,160.64	150,389.90	123,835.75

¹Consolidated with Subsidiaries

The Bank's total CET 1 capital improved in 2020 mainly due to the increase in retained earnings and higher other comprehensive income.

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):

Account Description	GROUP ¹					
	2020			2019 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	105,581.50	8,737.07	114,318.57	88,223.12	6,572.96	94,796.08
Revaluation Increment		61.20	61.20		61.20	61.20
Undivided profits	18,154.64	2,672.52	20,827.16	18,126.65	1,525.37	19,652.02
Other Comprehensive Income						
Net unrealized gains or losses on AFS securities	14,226.82	1,930.15	16,156.97	10,684.89	808.19	11,493.08
Remeasurement of retirement benefit obligation		(12.92)	(12.92)		(10.46)	(10.46)
Currency Translation Difference and Others	(22.30)	(77.83)	(100.13)	194.87	(86.87)	108.00
Deductions	(19,814.21)	19,814.21		(25,547.45)	25,547.45	
Tier I (CET 1) capital/Total equity	144,417.23	33,225.50	177,642.73	117,972.86	34,518.94	152,491.80
Tier 2 Capital	8,284.73	(8,284.73)	-	8,187.78	(8,187.78)	-
Total Qualifying Capital/Total equity	152,701.96	24,940.77	177,642.73	126,160.64	26,331.16	152,491.80

¹Consolidated with Subsidiaries

Account Description	PARENT					
	2020			2019 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	105,581.49	5,310.06	110,891.55	88,223.12	4,064.74	92,287.86
Undivided profits	17,138.36	4,256.30	21,394.66	18,513.08	174.87	18,687.95
Other Comprehensive Income						
Net unrealized gains or losses on AFS securities	14,226.82	1,874.73	16,101.55	10,684.89	755.99	11,440.88
Currency Translation Difference and Others	(22.30)	(77.83)	(100.13)	194.87	(86.86)	108.01
Deductions	(21,088.97)	21,088.97		(28,192.80)	28,192.80	
Tier I (CET 1) capital/Total equity	142,126.18	32,553.33	174,679.51	115,713.94	33,202.64	148,916.58
Tier 2 Capital	8,263.72	(8,263.72)	-	8,121.81	(8,121.81)	-
Total Qualifying Capital/Total equity	150,389.90	24,289.61	174,679.51	123,835.75	25,080.83	148,916.58

		GROUP		PARENT	
		Dec. 2020	Dec. 2019	Dec. 2020	Dec. 2019
Risk-Weighted Assets					
Credit Risk-Weighted Assets					
-	RW On-Balance Sheet Assets	783,398.01	775,690.12	781,886.08	769,732.11
-	RW Off-Balance Sheet Assets	44,168.44	42,794.34	43,579.32	42,155.95
-	Counterparty RW Assets in the Banking Books	580.95	-	580.95	-
-	Counterparty RW Assets in the Trading Books	325.26	293.30	325.26	293.30
		828,472.66	818,777.76	826,371.61	812,181.36
	Less: Gen. Loan Loss Provision (in excess of the amount permitted in Tier 1 Capital)	2,189.89	2,120.82	2,018.51	2,160.41
Total Credit Risk-Weighted Assets		826,282.77	816,656.94	824,353.10	810,020.95
Market Risk-Weighted Assets					
-	Interest Rate Exposure	1,106.55	846.67	1,106.55	846.67
-	Equity Exposure	297.14	737.92	297.14	737.92
-	Foreign Exchange Exposure	2,026.70	2,098.77	2,026.70	2,098.77
-	Options	11,950.11	13,009.60	11,950.11	13,009.60
Total Market Risk-Weighted Assets		15,380.50	16,692.96	15,380.50	16,692.96
Total Operational Risk-Weighted Assets		98,377.84	82,446.69	97,189.39	81,454.13
Total Risk-Weighted Assets		940,041.11	915,796.59	936,922.99	908,168.04

There is a slight 2.65% increase in total risk-weighted assets (RWA) from P915.80 billion to P940.04 billion, mainly due to significant increase in operational risk-weighted assets from higher revenues the previous years.

The major increase in CET 1 ratio to 15.36% in 2020 from 12.88% the previous year is due to a combination of higher CET 1 capital and lower regulatory adjustments. With no outstanding AT1 capital, Tier 1 capital ratio likewise stood at 15.36% which is well above the BSP requirement.

		GROUP		PARENT	
		Dec. 2020	Dec. 2019	Dec. 2020	Dec. 2019
CET 1 Ratio		15.36%	12.88%	15.17%	12.74%
	Capital Conservation Buffer	9.36%	6.88%	9.17%	6.74%
Tier 1 Capital Ratio		15.36%	12.88%	15.17%	12.74%
Risk-Based Capital Adequacy Ratio (CAR)		16.24%	13.78%	16.05%	13.64%

LANDBANK's Capital Adequacy Ratio (CAR) improved to 16.24% in 2020 from 13.78% in 2019, which is comfortably above the BSP requirement of 11.0%.

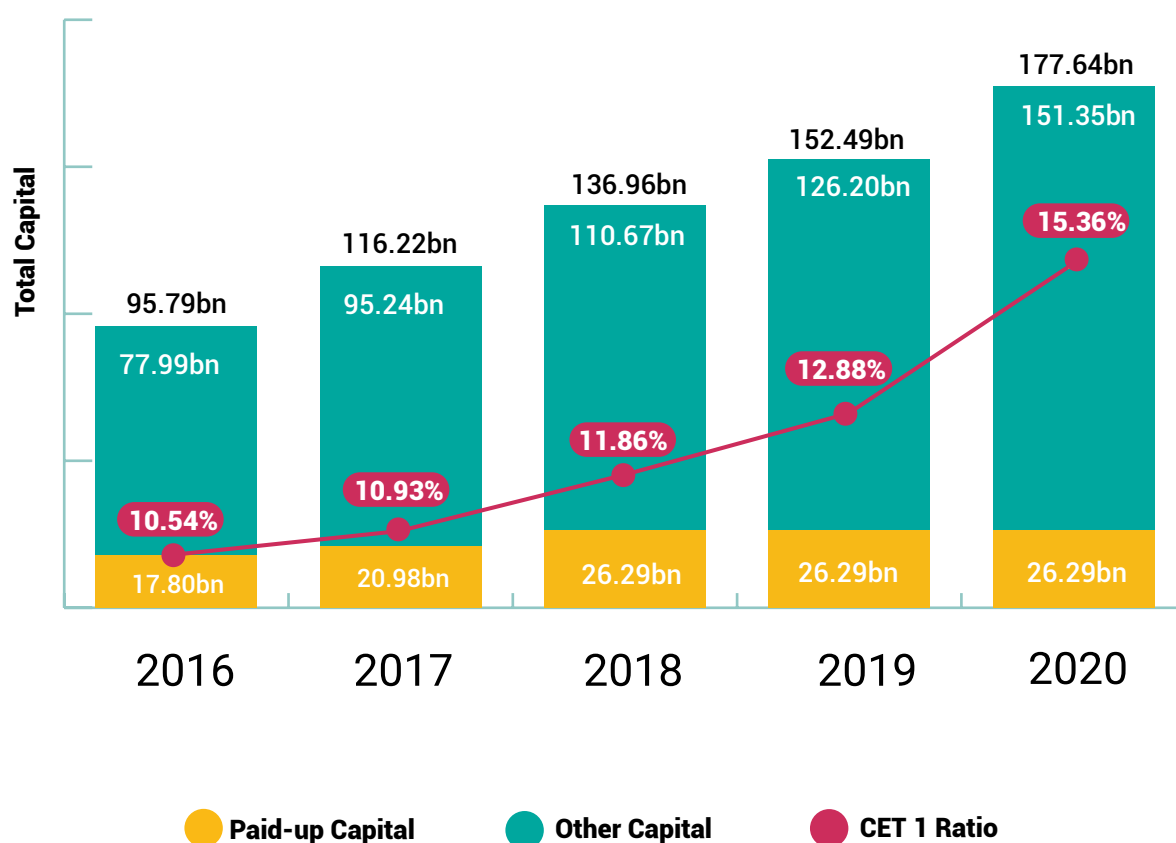
16.24% 2020 Capital Adequacy Ratio

LANDBANK DIVIDEND

Under the current administration, LANDBANK's paid-up capital improved with an aggregate of P9.0 billion equity infusion from the NG in 2016 and 2017, and another P5.3 billion equity from the closure of National Livelihood Development Corporation in 2018.

Moreover, the Bank was granted with dividend relief in years 2016, 2018 and 2019, and a reduced dividend rate in 2017 at only 10% amounting to P1.96 billion. With the dividend rate adjustments coupled with the multiple equity infusions, LANDBANK's total capital almost doubled from P95.79 billion in 2016 to P177.64 in 2020, while the Bank's CET 1 ratio significantly improved from 10.54% in 2016 to 15.36% in 2020.

Figure No. 2. Capital and Capital Ratios, 2016 to 2020



FEATURE STORY

MAKING A DIFFERENCE IN THE COMMUNITY

CEBU PEOPLE'S MULTI-PURPOSE
COOPERATIVE
Cebu City



The **Cebu People's Multi-Purpose Cooperative (CPMPC)** started with a vision to make a difference in the lives of people. Organized in 1972 by the Scarborough fathers through the efforts of VICTO, the cooperative started with 27 members with a total initial share capital of P2,175.55.

Back then, there were several other cooperatives operating in the City of Cebu. With no desire to compete against other cooperatives, CPMPC members asked amongst themselves, "who do we seek to serve?"

The question sparked a movement within the Cooperative that they began to focus their service to the people from their community whom other cooperatives did not take in -- the unemployed and the underemployed.

To assist their constituents, they rolled out programs specifically catered to them, with emphasis on savings mobilization. They also developed programs to help their members start their own businesses. CPMPC CEO Macario J. Quevedo shared that most of their members don't have the basic requirements or documents for setting up a business such as Tax Identification Number or TIN but the Cooperative assisted them in their entrepreneurial journey.

Today, the Cooperative is operating nationwide with 17 branches in areas including Davao City, Butuan City, Quezon City, and Nueva Vizcaya, as well as 15 satellite offices going as far as Bacolod. A large part of the Cooperative's membership is composed of micro, small, and medium entrepreneurs, and small farmers and fishers.

The Cooperative's journey was not without its ups and downs. In 2003, it experienced high delinquency rate and its performance was erratic and unpredictable. At that time, they reached out to LANDBANK for financial support. CPMPC was able to secure an initial loan of P3 million which helped augment its working capital via rediscounting of eligible sub-borrowers Promissory Notes (PN), including salary-based general purpose consumption loans.

"Hindi kami bago sa LANDBANK. Prior to financial support, LANDBANK has already been part of our operation through giving us technical support, guidance for financial management, at 'yung lahat ng training namin through LANDBANK foundation," Quevedo said.

He added that LANDBANK has certainly left a mark on the growth and development of the organization, *"Sa pangangailangan ng ating mga members, it is really LANDBANK that supported us."*

Recently, CPMPC availed of a P90.25-million loan under the SPEED-PUV for the purchase of 50 new units of modern jeepneys that now ply different routes in Metro Cebu.

The Cooperative also availed of a P100-million loan under the I-RESCUE Program of the Bank, which greatly helped 11,035 MSMEs and 6,924 farmers and fishers who were affected by the pandemic, giving them and their businesses a chance to recover by providing them fresh liquidity and flexible loan term.

The Cooperative has grown and expanded in membership, reach, and services, but it continues to pursue its goal of helping its members and communities grow and develop.



"PRIOR TO EXTENDING FINANCIAL SUPPORT, LANDBANK HAS ALREADY BEEN PART OF OUR OPERATION THROUGH GIVING US TECHNICAL SUPPORT, GUIDANCE FOR FINANCIAL MANAGEMENT, AT 'YUNG LAHAT NG TRAINING NAMIN THROUGH LANDBANK FOUNDATION."

Macario J. Quevedo
CEBU PEOPLE'S MULTI-PURPOSE
COOPERATIVE CEO

LANDBANK FOUNDATION AND SUBSIDIARIES



LANDBANK COUNTRYSIDE DEVELOPMENT FOUNDATION, INC. (LCDFI)

The LANDBANK Countryside Development Foundation, Inc. (LCDFI) is a non-stock, non-profit corporate foundation of LANDBANK established in March 1983. The Foundation embodies LANDBANK's commitment to spur development in the countryside particularly among its priority sectors such as the small farmers and fishers, agrarian reform beneficiaries, countryside financial institutions, small and medium enterprises, and overseas Filipino workers.

In 2013, it was classified by the Governance Commission for GOCCs as a government-owned and controlled corporation (GOCC), and as such, LCDFI endeavors to comply with all pertinent rules and regulations governing GOCCs and government entities.

Financial Highlights (in Millions)

	2020 (UNAUDITED)	2019 (AUDITED)	Growth Rate (%)
Assets	88.73	94.25	-6%
Liabilities	2.07	2.81	-26%
Fund Balance/Equity	86.67	91.44	-5%
Revenue	26.84	28.09	-4%
Expenses	32.88	35.29	-7%
Net Surplus (Deficit)	-6.04	-7.19	-16%

In 2020, LCDFI's total gross revenue is P26.84 million, a decrease of 4% compared to last year's P28.09 million. This was mainly due to the decrease in the Interest and Miscellaneous Income.

Meanwhile, the total expenses decreased by 7% from P35.29 million in 2019 to P32.88 million in 2020.

Financial Literacy Program

In 2020, LCDFI provided Financial Literacy Training to individual farmers, fishers and other farm workers to uplift their socio-economic condition by making them productive and bankable. LCDFI targeted to reach 218 unbanked municipalities in 50 provinces and to provide trainings on sound financial and income management, responsible credit management, value chain analysis of their crops, basic entrepreneurial skills or “agripreneurship”, and risk management in crops (crop insurance) to 523,200 small farmers, fishers and farm laborers.

The Program featured a collaborative and holistic intervention. To contribute to the increased and stable household incomes and improved access to economic, social and financial services, LCDFI partnered with government institutions for the identification and mobilization of farmers, fishers and other farm laborers and with State Universities and Colleges, and Class A Cooperatives with the capacity to train for the provision of Financial Literacy Training in the unbanked municipalities. The Program went in full motion in January 2020 and in less than a month, four institutions have inked a Memorandum of Agreement with LCDFI: Biliran Province State University, Romblon State University, the Philippine Federation of Credit Cooperatives Mindanao League (PFCCML) and Camiguin Polytechnic State College to conduct Financial Literacy Trainings in Biliran, Romblon, Misamis Oriental and Camiguin, respectively. However, the pandemic caused by COVID-19 delayed if not prevented further activities. Nueva Vizcaya State University, SRT Palawan, LAMAC MPC, and Negros Oriental State University formally requested to postpone the partnership to 2021. In the last quarter of the year, the twin onslaught of typhoons Rolly and Ulysses have brought to a halt all training activities for Central Bicol SUA, Catanduanes SU, and Isabela SU. The training will resume for these provinces in 2021.

In July 2020, the LANDBANK Board approved the re-calibration of LCDFI targets to cope with the “new normal” and the guidelines prescribed by the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF). For the remaining months of 2020, LCDFI was expected to (1) establish program partnership evidenced by 27 Memoranda (MOAs) with SUCs/ Training Partners; (2) reach 158 unbanked municipalities; and (3) train 161,063 small farmers, fishers, and farm laborers to become profitable and bankable.

As of Dec. 31, 2020, LCDFI has a total of 29 signed MOAs with SUC-Training Partners (107% of target) covering 33 provinces and 168 unbanked municipalities or 106% accomplishment of the set target. However, with five SUCs officially bowing out of training activities, the number of active MOAs were reduced to 24 and the coverage is reduced to 28 provinces equivalent to 152 unbanked municipalities.

Three SUC-Training Partners have reached the program target of farmers/ fishers in their respective province/ municipality within the year while the rest committed to deliver at least 40% of the annual target. For Luzon, the Ifugao State University finished the Program with 3,183 farmers/ fishers trained, reaching 101% of the target. In Mindanao, the Palimbang Entrepreneurs and Agrarian Reform Beneficiaries Cooperative (PEARBCo) trained 14,137 farmers/fishers with 141% accomplishment rate while the Mindanao State University – Lanao del Norte Agricultural College trained 27,500 farmers/fishers or 100% of its program target. A total of 110,704 farmers/ fishers were trained as of year-end 2020, translating to 69% of the recalibrated target of 161,063. The implementation of Stringent Social Distancing Measures and the varying quarantine protocols among the LGUs of the unbanked municipalities greatly affected the conduct of training and farmers/fishers' attendance.



Capacity Building Program

Training Implementation

The Foundation conducted 22 batches of trainings for the year 2020 or 59% accomplishment of the 37 recalibrated target due to restrictions on social gatherings and travel caused by the pandemic.

The trainings involved 782 participants from 179 LANDBANK Borrowing Cooperatives (BCs) including 150 farmers for Credit Worthiness and Financial Management training. Of the 179 BCs, 131 BCs were from Maturity level A and B, 38 BCs from maturity level C and D, 10 BCs from other categories.

With the proclamation of quarantine restrictions due to the pandemic, LCDFI has shifted its onsite trainings into e-Learning Trainings as an alternative approach to continuously provide capacity building services to LANDBANK BCs.

There were eight Priority Training Modules conducted for the period. Of the 22 training batches, 41% accounted for the module on Risk Self-Assessment (RSA), followed by Account Management and Credit Administration with 14% while other modules accounted for a combined total of 45%.

Training Modules	Total No. of Training Conducted
Risk Self-Assessment	9
CIBI and Appraisal	1
Entrepreneurial and Business Management	1
Strategic Planning	1
Internal Control	2
Financial Management	2
Account Management and Credit Administration	3
Policy Rules and Formulation	2
Credit Worthiness and Financial Management*	1
TOTAL	22

Module Development

For 2020, the Capacity Building Unit has developed five e-learning training modules on Account Management and Credit Administration, Risk Self-Assessment, Risk and Control Self-Assessment Remedial Management, and Credit Background Investigation and Appraisal. The training modules were conducted based on the training needs of LANDBANK BCs as requested by Lending Centers.

Training Monitoring and Evaluation

The Foundation conducted 10 batches of Monitoring and Evaluation of Training Programs in 2020. This Program seeks to evaluate the resource speakers and the actual conduct of trainings facilitated by the Capacity Building Officers (CBOs) of LCDFI. The training monitoring and evaluation activities covered three batches per LCDFI area, such as the Northern and Central Luzon, Southern Luzon and Bicol Region, and the Visayas and Mindanao.

Cooperative Operations Evaluation Review (CORE) Instrument

As a follow-through, LCDFI conducted the "Pilot Implementation of Cooperative Operations Review and Evaluation (CORE) Instrument" of four selected cooperatives to assess and review the non-financial aspects of operations of BCs that attended the previous LCDFI trainings and determine if the trainings helped address the needs, weaknesses, policies, systems and processes of LCDFI-Trained BCs. It also aimed to determine the level of compliance to the Action Plans prepared by the officers and staff who attended previous LCDFI trainings from January to December 2019.

Enterprise Development Program

Project Likas Saka

The Project Likas Saka typically covers vegetable-growing areas that are suitable for natural farming. The objectives of the project are: (1) to organize farmers into clusters as pre-coop stage, (2) to eventually become borrowers of LANDBANK, and (3) to develop relationships with LGU for a variety of service opportunities.

LCDFI conducted natural farming seminars that benefited cluster farmer-members and engaged Local Farm Technicians (LFTs), who served as farmer-leaders in each of the EDP site. Monitoring visits were also conducted to determine the needs of the participating farmer-clusters and to provide updates in the natural farming technology.

Under Phase 2 of the Project Likas Saka for Livestock Care, Management and Production, the trainings conducted equipped participants with knowledge on basic animal nutrition, feed milling, and first-hand experience in 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. Participants also had the opportunity to vaccinate poultry and hogs as well as piglet castration and duck sexing. LCDFI was also able to distribute organic farm inputs, such as multi-strain and multi species bio-fertilizer, and vegetables seed to all Project Likas Saka areas.

Project Coco BiNHi

LCDFI, through the Project Coco BiNHi and in partnership with the Philippine Coconut Authority-Zamboanga Research Center (PCA-ZRC), provided support for capacity building interventions such as technology transfer trainings on replanting, fertilization, and intercropping for coconut farmers in project sites.

Likewise, LCDFI partnered with the Allied Botanical Corp. for the distribution of organic fertilizers and joint-fertilization activity for the coconut farmer-beneficiaries to increase the yield nuts per coconut tree, thereby increasing income of coconut farmers.

The distribution of the hybrid and dwarf coconut seedlings to the cluster members started in San Narciso, Quezon. The PCA Region IV-A Office provides technical assistance to the EDP Site in transferring the seedlings from the nursery to individual farms including the pest management treatments.

CSR Program

The Foundation 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.

Gawad Patnubay Scholarship Program

As the Program Manager of Gawad Patnubay Scholarship Program, LCDFI handles the consolidation and management of the scholarship funds sourced from the annual voluntary donations of the LANDBANK employees which is invested and held in trust by the LANDBANK Trust Banking Group.

LCDFI also continues to sit in the Screening Committee of the Scholarship Program, together with representatives from the LBP Employees Association (LBPEA), Middle Management and Officers Association (MMOAI), and Senior Management in the selection of applicants for scholarship.

Plans and Programs for 2021

For 2021, LCDFI shall continue to conduct Financial Literacy Training to farmers and fishers in the unbanked municipalities and capacity building programs for LANDBANK BCs. Moreover, LCDFI shall continue to provide assistance to small household farmers through technology transfer of natural and organic farming systems and techniques.



LBP INSURANCE BROKERAGE, INC. (LIBI)

As a wholly owned subsidiary of LANDBANK established in October 1981, the LBP Insurance Brokerage, Inc. (LIBI) is engaged primarily in providing insurance requirements for the Bank, its employees, and its clients.

For 2020, LIBI achieved a Net Income After Tax of P145.23 million surpassing its P112.70 million target in 2020 by 28.86%. The Return on Equity (ROE) rose to 12.56% while the Return on Asset (ROA) reached 9.66%. Both ratios were higher by 11.05% and 7.33%, respectively compared to 2019 ROE of 11.31% and ROA of 9%. LIBI's per capita income recorded P2.69 million, 18.61% higher compared to P2.27 million in 2019.



P62.77 M

Total Cash Dividend remitted
to the National Government
30.12% increase from 2019

Financial Highlights (in Millions)

	2020 (UNAUDITED)	2019 (AUDITED)	Growth Rate (%)
Gross Income	243.85	218.94	11
Total Expenses	58.17	61.12	-5
Net Income After Tax	145.23	122.41	19
Total Resources	1,586.74	1,420.08	12
Total Liabilities	388.00	306.66	27
Total Equity	1,198.74	1,113.42	8

The net premium volume produced in 2020 reached P964.41 million, representing an increase of 15.50% from P834.96 million in 2019. Likewise, the 2020 net premium volume surpassed the target for the year of P826.53 million by 16.68% or P137.88 million.

The net commission in 2020 of P204.40 million registered 14.95% increase from P177.81 million in 2019 brought about by the 15.50% increase in net premium volume.

For 2020, LIBI remitted P62.77 million cash dividend to the National Government. This is P14.53 million or 30.12% higher compared to the cash dividend of P48.24 million paid in 2019.

The total manpower cost and operating expenses of P58.57 million for 2020 were lower by 20.50% compared to the P73.17 million budget for the year. This was due to the savings in overtime and other operating expenses, among others. Notwithstanding the unprecedented crisis brought about by the pandemic, LIBI managed to surpass all its financial targets while controlling its manpower and operating expenses. LIBI maintained its close coordination with LANDBANK, resulting in the acquisition of several big accounts for insurance coverage. Likewise, LIBI was able to re-engineer its insurance processes, enabling the company to provide an insurance quotation within the day (pre-bid arrangement), consistent with LIBI's new Citizen's Charter. This led to a significant increase in premiums for renewal businesses, which amplifies the fact that its customer satisfaction has greatly improved. The year 2020 is considered a banner year in the history of LIBI.



LBP LEASING AND FINANCE CORPORATION (LLFC)

LBP Leasing and Finance Corporation (LLFC) continues to complement the services of LANDBANK by providing various leasing and financial facilities that support priority sectors of the Bank. This was complemented by the execution of the Service Level Agreement with LANDBANK.

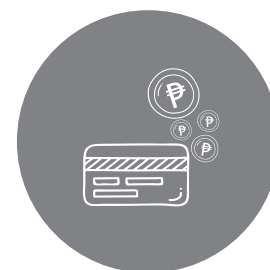
Financial Highlights

(in Millions)

	2020 (UNAUDITED)	2019 (AUDITED)	Growth Rate (%)
Gross Revenues	1,293.52	570.53	127
Total Expenses	905.26	527.39	72
Net Income After Tax	339.84	31.23	988
Total Resources	5,138.26	5,353.80	-4
Total Liabilities	3,320.17	3,805.56	-13
Total Equity	1,818.09	1,548.24	17

The year 2020 brought financial difficulty and uncertainty both to LLFC and its clients as a result of the pandemic. LLFC increased its provisioning during the year to cushion the impact of the effects of the pandemic on its business operations. For the year 2020, LLFC booked a total of P395.92 million additional allowance for credit losses. The windfall revenue of P752.24 million generated from the sale of LLFC property located in BGC Taguig mitigated the effect of the credit losses booking during the year. As of Dec. 31, 2020, LLFC realized Gross Revenues of P1.29 billion as against the P905.26 million in Total Expenses resulting to a Net Income after Tax of P339.84 million.

Total resources of the Corporation at year-end stood at P5.14 billion, which is P215.54 million or 4% lower than that of last year. The decrease in total resources was a result of the contraction in total portfolio during the year by 7.71% and the sale of the BGC property. Total portfolio for Priority Sectors is at P3.82 billion or 87% of the total portfolio as of year-end 2020. Identified Priority Sectors of LLFC included Medical and Social Services, Agri and Food Chain Enterprises, Government Accounts, Government Contractors and Suppliers and Enterprises engage in Energy and Environment related services, and the Transportation Services.



P3.82 B

Total Portfolio for Priority Sectors
87% of Total Portfolio

Plans and Programs for 2021

For the year 2021, LLFC's major plans and programs include: (1) Developing tie-up with vendors/suppliers that support the agricultural sector; (2) Increasing awareness about LLFC and its products and services in the countryside; (3) Generating more accounts from the government sector; and (4) Strengthening Service Level Agreement between LANDBANK and LLFC for business generation and operations.



LBP RESOURCES AND DEVELOPMENT CORPORATION (LBRDC)

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, messengerial and office-manpower services, among others.

Total construction revenue as of Dec. 31, 2020 reached P117.83 million, 6% higher than P110.55 million in 2019 due to the slight increase in gross revenue of renovation projects implemented and completed, as well as the slight increase in the number of projects endorsed during the period.

Manpower services income amounting to P404.65 million in 2020 showed a remarkable increase of P174.72 million or 76% from P229.93 million in 2019 due to the continuous implementation of extra services in housekeeping, sanitation and janitorial services, including the renewal of the one-year manpower services-contract with LANDBANK together with an increase in the compensation package and the implementation of new projects with LANDBANK and other government agencies.

Financial Highlights (in Millions)

	2020 (UNAUDITED)	2019 (AUDITED)	Growth Rate (%)
Gross Revenues	580.63	407.97	30
Total Expenses	535.47	352.89	52
Net Income After Tax	45.16	55.08	-18
Total Resources	766.76	690.18	11
Total Liabilities	142.33	81.35	75
Total Equity	624.33	608.83	3

The income from property management amounting to P25.33 million as of year-end 2020 decreased by P1.53 million or 6% compared with the P26.86 million in 2019 due to the sale and turn-over of some properties. In 2020, there were 72 accounts with caretakers deployed and 13 accounts with security guards.

The commission income realized in 2020 amounted to P1.90 million, higher by 53% from P1.24 million in 2019 primarily due to the increase in the sale of LANDBANK's ROPA.

Overall, LBRDC's net income after tax decreased by 18% from P55.08 million in 2019 to P45.16 million in 2020 despite the increase in revenues resulting in the significant increase of the operating expenses by 52% due to the pandemic.

Total resources increased by 11% from P690.18 million in 2019 to P766.76 million in 2020 due to increases in cash and cash equivalent of P16.30 million, receivables of P57.35 million and other assets of P2.93 million. On the other hand, the 75% increase in total liabilities of P60.98 million from P81.35 million in 2019 to P142.33 million in 2020 was due to the increase in payables. Stockholders' Equity slightly increased by 3% from P608.83 million in 2019 to P624.33 million in 2020 due to the cash dividend remittance of P28.78 million paid to the National Government on May 15, 2020.

Other Achievements

In 2020, LBRDC passed the Surveillance Audit 2 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.

Further, it obtained the one-year Outsourcing of Manpower Services project of LANDBANK with 1,000 deployed employees and a contract amount of P325.93 million. Another office-manpower services contract with the DOST- Food and Nutrition Research Institute in Taguig City with 250 employees deployed with a contract amount of P35.23 million for a period of five months.

LBRDC shall also procure and test the Inventory Management System which aims to manage more efficiently all its inventories. It has also started the process of digitizing its existing documents in preparation for the on-boarding of the digital archiving system.

Plans and Programs for 2021

LBRDC's major plans and programs for 2021 include the following: (1) business expansion for construction and manpower services to GOCCs and NGAs; (2) computerization of its payroll, accounting and procurement systems; and (3) provision of technical and office support manpower required by LANDBANK and other government agencies for relievers, project-based and non-permanent positions.



OVERSEAS FILIPINO BANK (OFBANK)

The Overseas Filipino Bank (OFBank) was created by virtue of Executive Order No. 44 signed by President Rodrigo Duterte on Sept. 26, 2017 which mandated the transfer of shares of the Philippine Postal Corporation and the Bureau of the Treasury with the Philippine Postal Savings Bank, Inc. (Postbank) to LANDBANK. The Postbank was then converted into the OFBank, a wholly owned subsidiary of LANDBANK, to cater to the banking needs of Overseas Filipino Workers (OFWs) and Overseas Filipinos (OFs). OFBank was officially launched on Jan. 18, 2018 in a ceremony led by President Duterte at the OFBank office in Liwasang Bonifacio, Manila that signaled the birth of a new Bank dedicated to provide quality and real-time bank products and remittance services to all foreign-based Filipinos and their families.

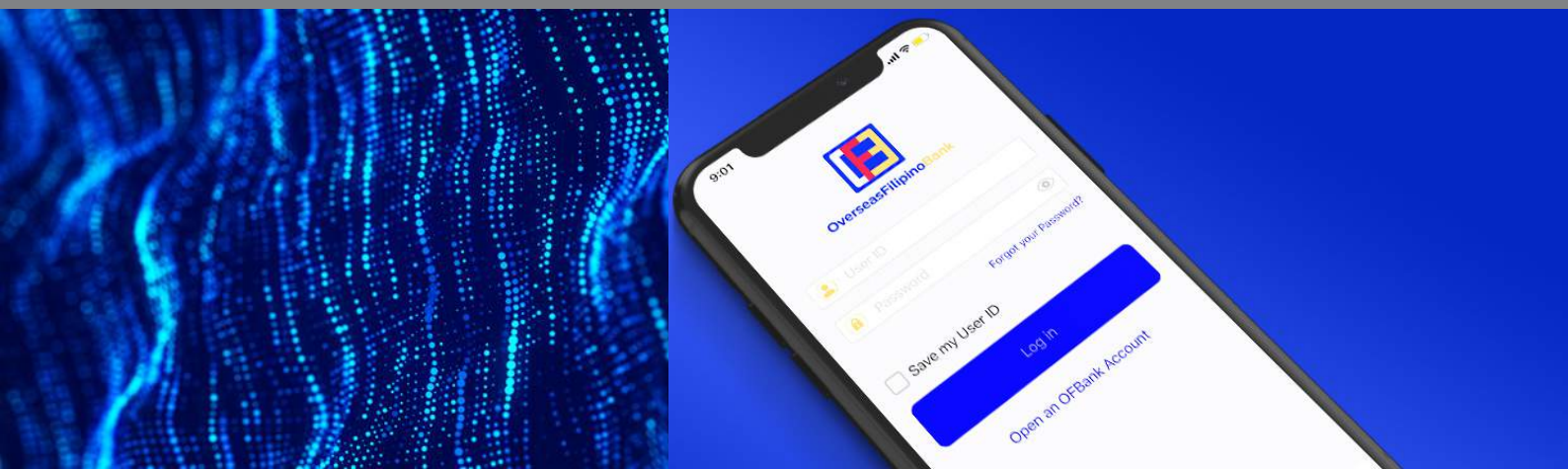
Financial Highlights (in Millions)

	2020 (UNAUDITED)	2019 (AUDITED)	Growth Rate (%)
Gross Revenues	137.1	282.1	-51.4
Total Expenses	265.1	888.7	-70.2
Net Loss	128.0	606.6	-78.9
Net Income/(Loss) After Other Comprehensive Income/(Loss) (if applicable)	(124.8)	(506.7)	-75.4
Total Resources	3,670.4	5,326.1	-31.1
Total Liabilities	2,761.7	4,316.5	-36.0
Total Equity	908.7	1,009.6	-10.0

OFBank started the year 2020 with a 2019 net loss of P606.6 million. As of end of 2020, the Bank was able to register a net loss of P126.4 million which is 79.2% lower than the 2019 year-end figure. Such was the result of proper use of resources, cost-cutting measures and various initiatives that greatly improved the bank's financial health as the bank gradually transitions to a branchless, digital-only bank. In turn, the closure of the branches associated with asset retirement and disposal, and the transfer of assets and liabilities to the parent bank decreased total resources and liabilities by 31.1% and 35.5% respectively. As such gross revenues of P137.5 million was 51.3% lower versus the previous year.

Other Achievements

OFBank was virtually launched amid the pandemic as the first branchless digital-only bank in the country on June 29, 2020.



As OFBank becomes fully digital, the Bank utilizes Digital Onboarding System with Artificial Intelligence (DOBSAI) to facilitate real-time account opening via the OFBank's Mobile Banking Application. The new digital account opening platform allows OFWs, OFs and their beneficiaries to securely and conveniently open an OFBank Visa Debit Card real-time using their mobile devices. As of year-end 2020, a total of 19,887 DOBSAI accounts have been opened with an outstanding balance of P104.37 million. Aside from deposit savings accounts, the OFBank's digital services also includes fund transfers, bills payments and applications for multi-purpose loans. The volume of OFBank's electronic banking inflows totaled to 45,997 accounts as of December 2020 amounting to P467 million, with outflows from 62,633 accounts of P372.41 million.

The OFBank's global digital reach spans 100 countries where clients can access online the services of 763 merchants onboarded in its mobile application via the LinkBiz.Portal. These merchants include 124 utility and service companies, 186 educational institutions, 277 government agencies and LGUs, 140 cooperatives/associations/foundations/corporations, 20 hospitals/healthcare/clinics, and 16 banks, credit card companies and insurance companies. For the period July to December 2020, OFBank was able to conduct 100 webinars on Financial Literacy to OFs and OFWs in close coordination with Philippine Embassies/Consulates and the LANDBANK's Overseas Remittance Group.

To increase its online presence and reach out to more Filipinos worldwide, OFBank introduced its modified website – www.ofbank.com.ph. The redesigned site contains key information about OFBank, list of products and services, and answers on Frequently Asked Questions (FAQs), among others. OFBank also launched its official Facebook page – @OFBank, as a tool to inform the public about the Bank's latest developments and as an additional channel to entertain and address client queries.

OFBank also participated in the Premyo Bonds second offering and the Retail Treasury Bond-25 issuance with a total of 3,517 transactions valued at P40.72 million and 380 transactions valued at P8.27 million respectively, that were all coursed through the mobile banking application.

Plans and Programs for 2021

Complementary to providing innovative financial products and services, OFBank shall support the National Government's programs for OFWs by partnering with OWWA, POEA, and DOLE. In particular, OFBank will collaborate with these government agencies in the issuance of OFW ID card bundled with ATM Card functionality and the provision of a Multi-Purpose loan for personal and business use of the OFWs and their beneficiaries. These initiatives are envisioned to strengthen the OFW eco-system.

OFBank will continue to collaborate with LANDBANK in streamlining business processes, developing and onboarding digital products and services and adopting a cross-channel synergy in marketing digital banking. To sustain profitable operations, OFBank will increase its deposits portfolio improving its share of the captured market and will also offer credit assistance to the target market via digital platform. Likewise, OFBank intends to maintain good capital level that will be indicative of its strength to support bank operations and attract more depositors.

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 transactions.

US Dollar Savings Account

An interest-bearing dollar savings account with a minimum initial deposit and required monthly 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 (minimum of 30 days) with Certificate of Time Deposit 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.

High Yield US Dollar Time Deposit (HYUSDTD)

A special time deposit account, with a minimum initial deposit of US \$2,000 for a two-year term and US \$10,000 for a three-year term, which earns higher interest than a regular savings account.

Auto-Save Deposit Account

A payroll-linked savings account for payroll account holders wherein 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

A deposit 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 Branch-Lites.

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	Fund Transfer	Bills Payment
Over-the-Counter	✓	✓			
ATM	✓	✓			
Cash Deposit Machine	✓				
Point-of-Sale			✓		
Internet Banking				✓	✓

Cashless purchases may be done through any Point-of-Sale (POS) terminal of partner merchants from department stores, supermarkets, and accredited establishments.

Current Account with ATM Access

A non-interest bearing peso savings account wherein deposit, withdrawals and cashless purchase can be done through following channels:

Transactions	Deposit	Withdrawal	Cashless Purchase	Fund Transfer	Bills Payment
Over-the-Counter	✓	✓			
ATM	✓	✓			
Cash Deposit Machine	✓				
Point-of-Sale			✓		
Internet Banking				✓	✓

Cashless purchases may be done through any POS terminal of partner merchants from department stores, supermarkets, and accredited establishments.

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	Fund Transfer	Bills Payment
Over-the-Counter	✓	✓			
ATM	✓	✓			
Cash Deposit Machine	✓				
Point-of-Sale			✓		
Internet Banking				✓	✓

Cashless purchases may be done through any 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/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 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.

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 conducted online 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.

BOC PAS5-Electronic Payment System (PAS5-EPS)

The Payment Application Secure Version 5 - 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 PAS5 of the Bureau of Customs (BOC) affords customers with a convenient online payment channel that is available seven days a week, including holidays, except during scheduled system maintenance.

LANDBANK Credit Card

The LANDBANK Credit Card provides the means for the cardholder to make cashless purchases conveniently and safely 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 account are eligible for MBA.

LANDBANK Link.BizPortal

The LANDBANK Link.BizPortal is a web-based electronic payment facility that allows clients to pay for various products and services 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 that expedites deposit transactions for customers who no longer have to wait in line for over-the-counter transactions.

weAccess (Institutional Internet Banking Facility)

The weAccess is an internet banking facility developed for the Bank's institutional clients, including private corporations and government agencies, which allows them to conduct selected banking transactions online anytime anywhere.

LANDBANK e-Card

The LANDBANK e-Card is an ATM deposit account which also serves as a company ID card for private and government organizations. It can be modified to meet the design and functional needs of the customer.

LANDBANK Institutional Cash Card

The LANDBANK Institutional Cash Card is an electronic debit card which functions as an ATM card and uses the stored value system.

LANDBANK ATM Regular Card

The LANDBANK ATM Regular Card is an interest-bearing peso savings account wherein deposits are made over-the-counter or through a cash deposit machine, and withdrawals are made 24 hours a day, seven days a week via ATM. During official banking hours/days, deposit and withdrawal transactions may be done over-the-counter. Withdrawals may also be conducted at any POS Cash Out terminal at partner merchants across the country. The LANDBANK ATM Regular Card enables customers to pay bills via the LANDBANK eBanking channels, and make over-the-counter purchases via POS BancNet terminals using funds in their bank account.

LANDBANK Visa Debit Card

The LANDBANK Visa Debit Card is an enhanced version of the LANDBANK ATM Card that provides international access to over two million ATMs worldwide that display the Visa logo and expands our merchant network through our partnership with Visa. It enables the customer to shop online, pay bills, and make mobile and in-store purchases using funds from their bank account.

LANDBANK Prepaid Card (LPC)

The LPC is a Mastercard-branded prepaid card that can be used in ATMs, POS terminal, and online purchases worldwide where Mastercard is accepted. The LPC supports tap-to-pay purchases with its contactless feature and card-not-present transactions protected by one-time password (OTP) via 3D Secure facility. The LPC has four main types: Travel Card, Gift Card, General Purpose Reloadable Card, and Agent Banking Card.

Easy Padala

Easy Padala is a web-based remittance system that processes incoming and outgoing remittances 24 hours a day, seven days a week, offering a quick and secure way of sending for OFWs to transmit their hard-earned money to their beneficiaries on a real time basis.

LANDBANK Phone Access

The LANDBANK Phone Access is a phonebanking facility that allows customers to make selected off-site bank transactions, financial, and non-financial, 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 Card (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.

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 No. 27, determining the value of remaining unvalued rice corn lands and providing the manner of payment by the farmer beneficiary and mode of compensation to the landowner.
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 No. 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:

- a. **Assignment** – transferring from an inscribed or bearer bond to named assignee/s.
- b. **Conversion** – changing of an inscribed bond to a bearer bond and vice-versa.
- c. **Exchange** – issuing one bond by consolidating two or more bonds and vice-versa.
- d. **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 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 seven 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 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 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 using 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 payment through the PARCS. It allows DAR and LANDBANK to interact with ARBs in a cost-effective and timely manner.

4. LOAN PRODUCTS

Agricultural Lending Programs (Legislated)

Agricultural Competitiveness Enhancement Fund (ACEF)

A credit window created pursuant to RA No. 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.

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

A program implemented pursuant to the Sugarcane Industry Development Act (SIDA) of 2015 or RA No. 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 No. 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.

Socialized Credit Facility to Qualified Agrarian Reform Beneficiaries (ARBs) and Small Farmers and Fisherfolk (SFF) through Qualified Partner Financial Institutions (PFIs)

This program aims to provide socialized credit facility to qualified small farmers and fishers, as well as the agrarian reform beneficiaries through qualified conduits or partner financial institutions, thereby expanding the Bank's outreach to the agricultural sector; and to comply with the provisions of RA No. 10878 and its related IRR per BSP Circular No. 1090, particularly on the socialized credit facility to qualified program beneficiaries.

Agricultural Lending Programs (in partnership with the National Government)

Expanded Assistance to Restore and Install Sustainable Enterprises for Agrarian Reform Beneficiaries and Small Farm Holders (E-ARISE-ARBs)

A joint program of DAR and LANDBANK which provides a contingent credit facility to Agrarian Reform Beneficiaries (ARB) Cooperatives and Farmers Associations, otherwise known as Agrarian Reform Beneficiaries Organizations (ARBOs), whose members were adversely affected by natural calamities/disasters, pest and diseases and viral infections/outbreaks.

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.

Enhanced Partnership Against Hunger and Poverty (EPAHP) Lending Program

A program aimed at providing credit assistance to qualified community-based organizations in support of the government's effort to address hunger, food and nutrition security, and poverty; and encourage community participation in government contracts.

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 at Mais ng Lalawigan Lending Program

A joint program of DA and LANDBANK that aims to provide credit assistance to Municipal, City and Provincial Local Government Units (LGUs) to purchase the palay and corn produced by local farmers, thus ensuring a ready market and steady price for palay and corn produce. LGUs can also avail of farm machineries and equipment (post-harvest facilities) to support their corn and buying activities.

Rural Agro-Enterprise Partnership for Inclusive Development (RAPID) and Growth Credit Facility (RAPID Growth Credit Facility)

A collaborative undertaking by the Bank and DTI that aims to increase the income of small farmers and unemployed rural men and women, initially in selected provinces of Region 8 and Mindanao. The market-driven and value chain-based RAPID intends to provide strategic business development interventions on cacao, coffee, coconut, and processed fruits and nuts farming, from nursery operation, production, processing to marketing.

Sikat Saka Program

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. The Program 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)

A program that provides 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).

Expanded SURE Aid and Recovery Project (SURE Aid COVID-19)

A program tie-up between DA-ACPC and LANDBANK which aims to finance the emergency and production capital requirements of small farmers and fishers whose sources of livelihood and income are affected by the COVID-19 pandemic, thereby helping them regain the capacity to continue their agricultural activities and contribute to sustained food production.

Upland Southern Mindanao Credit and Institutional Building Program (USM-CIBP)

A tie-up program between the DA-ACPC and LANDBANK which provides institutional capacity building and credit services to organizations/institutions serving the upland areas of Southern Mindanao, particularly in the identified USM-CIBP areas.

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.

Commercial Fishing Vessel Financing Program

A program aimed at providing credit assistance to commercial fishing operators in acquiring fishing vessels for domestic or overseas use in consonance with the policy of the government to liberalize vessel acquisitions.

Empowering Barangays In Remote Areas through Credit and Enterprises (EMBRACE)

A program 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

A program to promote farm tourism which is the practice of attracting visitors and tourists to farm areas for production, educational and recreational purposes involving any agricultural or fishery-based operation and/or a venue for outdoor recreation and accessible family outings.

Financing Program for Greenhouse Farming System

A program which 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 official development assistance (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

A program that primarily supports the poultry industry stakeholders such as cooperatives, individual/small and medium enterprises (SMEs), and agri-business enterprises and corporations.

Sugarcane Financing Program

A program which provides credit assistance to sugar industry stakeholders along the sugarcane value chain.

Sulong Saka Program (High-Value Crops Financing)

A program that 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)/ Pagsasakang Pantubig

A program which 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)

A program that 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.

Housing and Mortgage ProgramsHousing and Opportunities Made Easy (HOME) Program

The LANDBANK HOME Program is a lending program that caters to both homebuyers and home developers:

a. Easy Home Loan (EHL)

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)

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 Projects 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

A 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.

Salary LoanElectronic Salary Loan (eSL)

An 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, 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 email.

Programs for Partner Financial Institutions

Countryside Financial Institutions Enhancement Program 2020 Calamity Assistance Program (CFIEP-2020 CAP)

A program jointly implemented by the Bank with the Bangko Sentral ng Pilipinas and the Philippine Deposit Insurance Corporation that aims to assist eligible Countryside Financial Institutions (CFIs) adversely affected by natural calamities and man-made disasters, pests and diseases, viral infections/outbreak; and enhance and sustain CFI's long-term viability.

Partner Financial Institutions-Additional Credit for Countryside Outreach and Rural Development (PFI-ACCORD) Program

A program that provides short-term loan line to eligible partner financial institutions (cooperatives, rural/cooperative/thrift banks and non-government organizations with legal personality to borrow) to augment their credit funds for lending activities to small farmers and fishers, micro, small and medium enterprises, and agri-business enterprises.

Rehabilitation Programs

LANDBANK Calamity Rehabilitation Support (CARES) Program

A rehabilitation assistance program for various existing and new customers for them to recover from the destruction brought about by calamities that is made available within two years from the date the area is declared under the state of calamity by the Office of the President or by the Local Government Unit.

LANDBANK Interim REhabilitation Support to Cushion Unfavorably-affected Enterprises by COVID-19 (I-RESCUE) Lending Program

A support program for the MSMEs, cooperatives, MFIs, and large enterprises which are affected by the economic impact of the COVID-19 pandemic through provision of additional funds and loan restructuring under more flexible terms and conditions.

Interim REhabilitation Support to Cushion Unfavorably-affected Enterprises by COVID-19 for Better Urban Services (I-RESCUE BUS) Lending Program

LANDBANK's support program to provide interim measures for bus operators affected by the pandemic for the acquisition of modern Public Utility Buses.

Infrastructure Development Programs

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 the needed working fund in ensuring completion of awarded projects and/or pursue expansion of existing businesses.

LANDBANK Lending Program for Economic Zone Developers

A credit facility for developers of economic zones.

Local Government Unit (LGU) 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.

Restoration and Invigoration Package for a Self-Sufficient Economy towards UPgrowth for LGUs (RISE UP LGUs) Lending Program

Aims to support the LGUs in responding to the effects of COVID-19 pandemic and implement their economic recovery plan to revive the local economy.

Municipal Development Fund Office (MDFO) Assigned Loans

Pursuant to the RA No. 11494 and DOF Circular No. 006-2020, the unutilized or unreleased balance in the Municipal Development Fund (MDF) including investments and undrawn portions of all loans and outstanding loans as of Dec. 15, 2020 were transferred to LANDBANK.

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 to improve the quality of life in the city/highly urbanized LGUs and attain environmental sustainability and making the city economically competitive.

Power/Water/Health Sector Development and Environment Protection Programs

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

A financing assistance to qualified Electric Cooperatives and wholesale power aggregators that complements RA No. 9136 otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA Law) which provides for the promotion of rural electrification that would ensure quality, reliability, security and affordability of supply of electric power nationwide.

Renewable Energy Lending Program

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.

H2OPE (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

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):

a. PoA for Animal Waste (Piggery)

This 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.

b. PoA for Landfill Gas Recovery

The Program encourages Local Government Units and private operators to set up sanitary landfills in compliance with RA No. 9003 and further promote the construction of landfill gas management facilities. In this way, the PoA will reduce GHG emission from methane compared to the emission that would have occurred in the absence of the landfill gas management facilities. Hence, additional benefits in the form of revenues from carbon credits and power generation are achieved.

c. 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.

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-Progressive Lending for Upgraded Services Program (HEALTH-PLUS)

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)

A program in partnership with the Technology Application and Promotion Institute (TAPI) that aims to support Filipino innovation and the technology sector through providing funds for the commercial production of 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 aims to provide private businesses and government offices access to financing for energy solutions and/or packages.

LANDBANK-PNOC RC Go Green Program for LGUs

A program in partnership with PNOC Renewables Corporation (PNOC RC) that aims to provide accessible financing packages for energy-efficient solutions to LGUs.

LANDBANK Lending Program for Former Rebels

A program in support of the National Government's Enhanced Comprehensive Local Integration Program (E-CLIP) that aims to provide 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 an alternative to overseas employment.

Public Transport Financing Program

The result of the rationalization of existing lending programs that would cater to the credit requirements of the public transportation sector.

a. LANDBANK Special Package for Environment-friendly and Efficiently-Driven Public Utility Vehicles (SPEED-PUV) Program

A program launched by LANDBANK under the banner of the Public Transport Financing Program to support the National Government's Public Utility Vehicle Modernization Program (PUVMP) that aims to finance the acquisition of modern jeepneys for an effective and efficient transportation system for the convenience and safe mobility of the riding public.

b. LANDBANK Ferry Boat Inclusive Financing Program

A program that aims to promote financial inclusivity in providing financial assistance in the acquisition of modern, safe, and efficient ferry boats.

c. LANDBANK TeRrain And Naval Special Program On Reliable means of Transport (TRANSPORT) Financing Program

A financing program that aims to provide transport cooperatives or corporations valuable financing assistance to modernize their facilities, achieve effective fleet management and provide a convenient and safe public conveyance system.

d. Lending Program for Motor Vehicle Inspection Centers (MVIC)

A program that supports the National Government's effort in enforcing the standards for transport safety and efficiency by financing the establishment of a reliable, up-to-date, and adequately equipped Motor Vehicles Inspection Center.

Credit Programs for Educational Support

LANDBANK ACADEME (ACcess to Academic Development to Empower the Masses towards Endless Opportunities) Lending Program

A support program to the private education sector which aims to provide credit fund to Private/non-DepEd high schools, Private Technical-Vocational and Education Training (TVET) Institutions and Private Higher Education Institutions (HEIs) such as colleges and universities for the continuing education of their students by allowing them to enroll under a "study now, pay later" scheme.

Credit Facility for State Universities and Colleges (SUCs)

A lending program that 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.

Interim Students' Loan for Tuitions towards Upliftment of Education for the Development of the Youth (I-STUDY) Lending Program

This program aims to provide financial assistance to help parents adversely affected by the economic crisis brought about by the pandemic, to send their children to school by financing tuition fee requirements and gadgets needed as aids in the online learning system.

K-12 Bridge Financing Program

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

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.

Clearing of FX Check Drawn Against a Local Bank via Collection Letter Service

FX Checks drawn against the 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:

a. 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

b. Money Orders

Negotiable instruments issued by a bank in the form of a money order drawn against its depository bank or themselves

c. 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 bill/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.

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 service withdrawals from an FCDU deposit account where proceeds shall be converted into Philippine Peso.

FX Currency Purchase

Outright Purchase of FX Currencies

Refers to buying of foreign currency-denominated bills/notes and coins.

Outright Purchase of FX Instruments

a. 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

b. Company Check

Negotiable instruments issued by a company/firm to their client and drawn against their demand deposit account with a foreign bank

c. Via Postal Money Order

Negotiable instruments issued by a post office to a client and drawn against the demand deposit account with a

d. Via USTW Checks

Negotiable instruments issued by the US Treasury Department to a client

e. 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

f. 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.

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/EOD Netting/RTGS

Incoming fund transfers from a participating Philippine Domestic Dollar Transfer System (PDDTS) - Gross Settlement Real Time (GSRT)/End-Of-Day (EOD) Netting, Real Time Gross Settlement (RTGS) Mode local bank for credit to accounts 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

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 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 advice 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 a 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 before 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.

Import

Opening or Issuance of Foreign Commercial Letter of Credit (LC)

Bank issuance of 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 of the terms and conditions of the LC 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 as specific future date.

Documents Against Payment (D/P)

A mode of payment for a non-LC transaction whereby the original shipping documents are received from the seller 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 or Import Bills at a future date as agreed upon. LANDBANK is vested with the title or legal ownership of the goods although the importer has physical possession of the same.

Opening or Issuance of Domestic Commercial LC

Bank issuance charged to the client or local buyer account in favor of the local seller that authorizes the local seller to claim payments provided that all the terms and conditions of the LC 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 conditions requested by the client such as: (a) decrease in LC amount requires beneficiary's confirmation; and (b) change in beneficiary's name.

Issuance of Shipping Guarantee/Advance Release

Shipping guarantee issued by the Bank to the shipping line requesting the release of goods to the importer pending receipt of the original Bill of Lading and/or Airway Bill. The shipping guarantee issued should be canceled upon importer's receipt of the original Bill of Lading/Airway Bill.

Processing of Import Bills (IB)

Examination of shipping documents received from 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 authorization 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 a 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 if the client does not make good its obligation.

7. INVESTMENTS

TRUST PRODUCTS 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 (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 vehicle to participate in the financial markets.

a. **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.

b. **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.

c. **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.

d. **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 steady stream of income through a combination of investments in peso-denominated listed stocks and tradable fixed income securities.

e. **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.

f. 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 funds 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.

a. LANDBANK PERA Money Market Fund

A conservative fund designed for PERA Contributors who aim to retire and withdraw their investments within one to three years from placement. The fund aims to provide decent returns and minimal risk on the invested capital from placements in short-term investments.

b. LANDBANK PERA Bond Fund

A moderate fund designed for PERA Contributors who aim to retire in the next three years or more. The fund aims to achieve capital appreciation through investments in a portfolio of long-term fixed-income securities.

c. LANDBANK PERA Global \$ Fund

A dollar-denominated fund intended for PERA Contributors with moderate risk profile and are more than three 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 refers to trust arrangements where the trustor is a juridical entity (but not limited to corporations, institutions, organizations) or incorporated funds (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.

a. 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 or 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.

b. 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 under the RA No. 7641, the employer will have to top up on the retirement benefit of the employee.

c. 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 their 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 TBG 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

a. Mortgage Trust Indenture (MTI)

LANDBANK TBG holds a pool of properties, real estate, and/or chattel mortgage on behalf of creditors. Mortgage Participation Certificates are issued to represent the proportionate share of creditors on the collateral pool. TBG acts as an intermediary between the borrower and the creditors and among the creditors themselves in the administration of the loan agreement and the mortgaged properties.

b. Facility and Loan/Paying Agency

The LANDBANK TBG acts as an intermediary between the Borrower/Issuer and a syndicate of Lenders/Noteholders in accordance with 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 a 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.

a. 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 a 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 million or US \$20,000. 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.

b. 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 the BIR.

c. 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.

d. 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 the 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 facilitates 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.

**a. Personal Equity & Retirement
Account-Cash Custodianship**

The Bank, through its Third-Party Custodianship and Registry Department (TCRD), acts as PERA Cash Custodian to the Contributor's PERA pursuant to RA No. 9505 of 2008 (PERA Law). TCRD shall oversee the receipt, acknowledgment, and release of all funds in connection with PERA.

Safekeeping Services

LANDBANK TBG provides a complete range of custody and safekeeping solutions to meet the client's objectives. LANDBANK TBG receives, safekeeps, delivers, records, and preserves the properties consisting of non-marketable securities, titles, and other documents placed under safekeeping and deliver the same, upon instruction by the client.

**E. 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, UITFs, 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.

F. 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 cashflows generated by the underlying assets are then transferred to investors.

TREASURY PRODUCTS

A. Government Securities (GS)

Government Securities are debt instruments issued by the Republic of the Philippines via the Bureau of the Treasury to finance public expenditures. GS are scripless securities and are registered under the National Registry of Scripless Securities (NRoSS) system of the Bureau of the Treasury.

B. Corporate Securities

Corporate securities are medium to long-term 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 rates and provide higher yields compared to deposit products. These corporate securities may include senior unsecured bonds/corporate notes and subordinated notes.

C. LANDBANK Issues

Bank Bonds

Bank Bonds are fixed-income securities with stated interest rates and fixed dates for interest and principal payments.

INVESTMENT BANKING

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 the sale of securities and strong financial resources to deliver on its underwriting commitment in the event of under subscription.

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.

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 a syndicate of lenders led by LANDBANK (i.e., syndicated loan).

Privatization

Privatization covers financial advisory, arrangement, and underwriting services for various Government agencies which intend to raise funds via disposition of assets or shares. 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.

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.

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 using the Bank's armored car facilities and other authorized bank vehicles. A minimum Average Daily Balance of P1 million for NCR clients and P0.50 million for provincial clients is required to avail of this service.

Payroll Services

Payroll is facilitated by debiting the total payroll amount from the client firm's account and crediting each of the individual ATM accounts of employees on the payroll date. Clients such as government agencies and private corporations 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 periodically to the main account.

Safety Deposit Box

Boxes with different sizes are rented to selected clients of the Bank to keep their asset valuables and important documents

Dollar Demand Draft

Dollar 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 that are being sold by LANDBANK to clients. Manager's Check may be 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 may be deposited or encashed at any LANDBANK branch and may also be deposited in other banks subject to existing check clearing policies and procedures.

BOARD OF DIRECTORS

AS OF DECEMBER 31, 2020



Carlos G. Dominguez
Chairman
Secretary - Department of Finance



Cecilia C. Borromeo
Vice Chairperson
President and CEO



Atty. Silvestre H. Bello III
Secretary
Department of Labor and Employment



Atty. John R. Castriciones
Secretary
Department of Agrarian Reform



William D. Dar
Secretary
Department of Agriculture



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



LANDBANK

ALTERNATE MEMBERS OF THE BOARD

AS OF DECEMBER 31, 2020



Rosalia V. De Leon
Treasurer
Bureau of the Treasury



Atty. Erwin D. Sta. Ana
Deputy Treasurer
Bureau of the Treasury



Atty. Benjo Santos M. Benavidez
Undersecretary
Department of Labor and Employment



Atty. Alex V. Avila
Assistant Secretary
Department of Labor and Employment



Atty. Luis Meinrado C. Pañgulayan
Undersecretary
Department of Agrarian Reform



Jocelyn Alma R. Badiola
Executive Director, ACPC
Department of Agriculture

MANAGEMENT TEAM

AS OF DECEMBER 31, 2020



Cecilia C. Borromeo
President and CEO



Liduvino S. Geron
Executive Vice President*
Agricultural and Development Lending Sector



Julio D. Climaco, Jr.
Executive Vice President
Branch Banking Sector



Alan V. Bornas
Executive Vice President
Operations Sector



Carel D. Halog
Executive Vice President
Treasury and Investment Banking Sector



Alex A. Lorayes
Senior Vice President
Corporate Services Sector

**Seconded to United Coconut Planters Bank effective July 2, 2020*

AGRICULTURAL AND DEVELOPMENT LENDING SECTOR

AS OF DECEMBER 31, 2020



Ma. Celeste A. Burgos
Senior Vice President
Corporate Banking Group



Filipina B. Monje
Senior Vice President
Northern and Central Luzon Lending Group



Lucila E. Tesorero
Senior Vice President
Southern Luzon Lending Group



Elsie Fe B. Tagupa
Senior Vice President
Visayas Lending Group



Charlotte I. Conde
Senior Vice President
Mindanao Lending Group



Cielito H. Lunaria
First Vice President
Retail and Mid-Market
Lending Group



Emellie V. Tamayo
First Vice President
Lending Program
Management Group



Bernardo B. Bayangos
Vice President
Southern Isabela
Lending Center



Allan R. Bisnar
Vice President
Cebu South
Lending Center



Emma M. Brosas
Vice President
Corporate Banking
Department I



Marietta B. Cajuguiran
Vice President
Corporate Banking
Department II



Jesse J. Calibuso
Vice President
Cavite
Lending Center



Jose Enedicto G. Faune
Vice President
Davao
Lending Center



Eden B. Japitana
Vice President
General Santos
Lending Center



Eulalio G. Lagapa, Jr.
Vice President
Cebu North
Lending Center



Esperanza N. Martinez
Vice President
Public Sector
Department



Eduardo N. Reyes, Jr.
Vice President
Nueva Ecija
Lending Center

BRANCH BANKING SECTOR

AS OF DECEMBER 31, 2020



Marilou L. Villafranca
Senior Vice President
North NCR Branches Group



Ramon R. Monteloyola
Senior Vice President
South NCR Branches Group



Althon C. Ferolino
Senior Vice President
Southeast Luzon Branches Group



Khurshid U. Kalabud
Senior Vice President
East Visayas Branches Group



Camilo C. Leyba
Senior Vice President
East Mindanao Branches Group



Delma O. Bandiola
First Vice President
West Visayas
Branches Group



Sylvia C. Lim
First Vice President
Central Luzon
Branches Group



Randolph L. Montesa
First Vice President
Card and Electronic
Banking Group



Ma. Belma T. Turla
First Vice President
North Luzon
Branches Group



Ma. Cielito D. Valdivia
First Vice President
Southwest Luzon
Branches Group



Vivian P. Bisnar
Vice President
Plaza Independencia
Branch



Francisco E. Burgos, Jr.
Vice President
North NCRBG
Cluster C



Pacifico C. De Paz, Jr.
Vice President
Electronic Products
Department



Lina K. Pacio
Vice President
West Mindanao
Branches Group



Virgilio C. Paranal
Vice President
Buendia Branch



Elenita C. Rapanut
Vice President
Branch Banking Support
Department



Ma. Elena A. Balassu
Relationship Officer
North NCRBG
Cluster A



Rossana S. Coronel
Relationship Officer
South NCRBG
Cluster A



Mylene B. Macapagal
Relationship Officer
South NCRBG
Cluster B



Ma. Elenita N. Manucom
Relationship Officer
North NCRBG
Cluster B

CORPORATE SERVICES SECTOR

AS OF DECEMBER 31, 2020



Dina Melanie R. Madrid
First Vice President
Facilities and Procurement
Services Group



Atty. Joselito B. Vallada
First Vice President
Human Resource
Management Group



Vivian M. Cañonero
Vice President
Corporate Affairs
Group



Emmanuel G. Hio, Jr.
Vice President
Organization Development
Department

UNITS UNDER THE BOARD AND OFFICE OF THE PRESIDENT

AS OF DECEMBER 31, 2020



Amelia S. Amparado
Senior Vice President
Compliance Management Group



Lolita M. Almazar
First Vice President
Trust Banking
Group



Maria Edelwina D. Carreon
First Vice President
Internal Audit
Group



Atty. Noel B. Marquez
First Vice President
Legal Services
Group



Elcid C. Pangilinan
First Vice President
Strategy and Knowledge
Management Group



Maria Aurora R. Bocato
Vice President
Credit Risk Management
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Atty. Cesar S. Cabañes
Vice President
Banking Legal Services
Department



Marjorie R. Cortez
Vice President
Operational Risk
Management Department



Atty. Myra-Lyn S. Peñalosa
Corporate Secretary
Office of the Corporate
Secretary



Atty. Roderick P. Sacro
Vice President
Asset Recovery Group



Romulo E. Sapitula
Vice President
Security Department



Rose Marie E. Sotelo
Vice President
Risk Management Group

OPERATIONS SECTOR

AS OF DECEMBER 31, 2020



Alden F. Abitona
Senior Vice President
Technology Management
Group



Annalene M. Bautista
Senior Vice President
Controllership
Group



Reynaldo C. Capa
First Vice President
Banking Services
Group



Winston Rochel L. Galang
First Vice President
Banking Operations
Group



Rosanna F. Berones
Vice President
Enterprise Systems
Department



Arthur E. Dalampan
Vice President
Electronic Banking
Systems Department



Grace Ofelia Lovely V. Dayo
Vice President
Retail Banking Systems
Department



Merceditas N. Oliva
Vice President
Financial Accounting
Department



Enrique L. Sazon, Jr.
Vice President
Network Operations
Department

TREASURY AND INVESTMENT BANKING SECTOR

AS OF DECEMBER 31, 2020



Gonzalo Benjamin A. Bongolan
First Vice President
Investment Banking Group



Ma. Elizabeth L. Gener
First Vice President
Treasury Support Department



Ma. Francia O. Titar
First Vice President
Financial Markets Group



Emmanuel G. Dimaano
Vice President
Capital Markets Trading Department



Adelfa R. Masacupan
Vice President
Asset and Liability Management Group



Ivy C. Sacramento
Vice President
Balance Sheet Management Department

LANDBANK FOUNDATION AND SUBSIDIARIES

AS OF DECEMBER 31, 2020



Celestino R. Salinas
President and CEO
LANDBANK Countryside
Development Foundation, Inc.



Tomas T. De Leon, Jr.
President and CEO
LBP Insurance
Brokerage Inc.



Edward John T. Reyes
OIC - President and CEO
LBP Leasing and
Finance Corporation



Virgil G. Nery
President and CEO
LBP Resources and
Development Corporation



Leila C. Martin
President and CEO
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, 2020 and 2019, 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, 2020 and 2019, 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 audits 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 of the Parent Bank in accordance with the Revised Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, 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. 15-2010 in Note 26 and the Bangko Sentral ng Pilipinas (BSP) Circular No. 1074 in Note 32 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue, and complying with the BSP, respectively, and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management of the Parent and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

COMMISSION ON AUDIT


ROCHIE J. FELICES
Supervising Auditor

August 19, 2021



LAND BANK OF THE PHILIPPINES STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

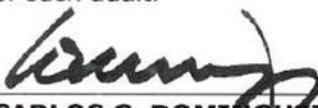
The management of **Land Bank of the Philippines and Subsidiaries (the Group)** and the **Land Bank of the Philippines (the Parent)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019 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.

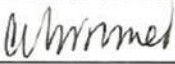
The Board of Directors is responsible for overseeing the Group's and the Parent's financial reporting process.

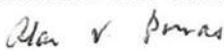
The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the regulators, creditors and other users.

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.


CARLOS G. DOMINGUEZ
Chairman of the Board




CECILIA C. BORROMEO
President and Chief Executive Officer


ALAN V. BORNAS
Executive Vice President/Head, Operations Sector

Signed this 19th day of August 2021

LAND BANK OF THE PHILIPPINES

STATEMENT OF FINANCIAL POSITION

For the years ended December 31, 2020 and 2019

(In Philippine Peso)

	NOTE	GROUP		PARENT	
		2020	2019	2020	2019
			As Restated		As Restated
ASSETS					
Cash and other cash items	5	47,532,026,956	37,957,408,722	47,530,891,956	37,955,763,738
Due from Bangko Sentral ng Pilipinas	6	446,673,817,261	382,533,984,798	444,197,646,081	380,699,211,607
Due from other banks	7	8,780,206,000	11,510,722,037	10,600,413,170	13,342,205,237
Interbank loans receivable	8	10,565,211,340	17,933,554,905	10,565,211,340	17,933,554,905
Securities purchased under agreements to resell	9	16,657,210,811	38,355,392,822	15,821,382,644	38,107,761,092
Fair value thru profit or loss	10	10,896,032,655	11,864,090,140	10,896,032,655	11,864,090,140
Fair value thru other comprehensive income	11	513,176,048,103	211,524,808,663	513,124,494,450	211,476,721,542
Hold to collect - net	12	460,123,074,314	468,890,003,524	459,177,614,567	467,745,040,153
Loans and receivables - net	13 & 21	821,664,141,343	832,775,491,350	818,560,468,950	826,537,978,983
Investments in subsidiaries	14	0	0	1,372,789,546	661,769,484
Investment in associates	15	1,064,051,112	786,412,611	1,064,051,112	786,412,611
Investment property - net	16	7,676,552,527	6,981,980,275	7,559,420,230	6,863,727,993
Property and equipment - net	17	10,668,890,454	10,830,182,708	10,292,234,440	10,418,071,840
Non-current assets held for sale		780,101,384	1,128,583,807	780,101,384	465,261,840
Other intangible assets - net	19	1,139,733,223	1,152,232,670	1,124,727,370	1,137,471,379
Other assets - net	20	4,720,053,447	4,559,581,104	4,595,481,276	4,691,510,805
Deferred income tax	25	7,276,252,024	4,234,326,627	7,111,184,519	4,173,970,307
TOTAL ASSETS		2,369,393,402,954	2,043,018,756,763	2,364,374,145,690	2,034,860,523,656
LIABILITIES AND EQUITY					
Liabilities					
Deposit liabilities	22	2,094,280,113,068	1,784,679,634,198	2,094,645,214,658	1,783,076,176,342
Bills payable	23	28,591,013,632	29,702,506,879	27,006,374,753	27,538,506,878
Bonds payable		5,000,324,175	0	5,000,324,175	0
Derivative liabilities		9,652,138	30,493,573	9,652,138	30,493,573
Treasurer's, Manager's and Cashier's checks		1,937,807,455	2,177,837,412	1,937,665,596	2,174,433,642
Payment order payable		8,104,912	58,080,009	8,104,912	58,080,009
Marginal deposits		1,142,955,511	6,041,469,237	1,142,955,511	6,041,469,237
Cash letters of credit		4,108,319,511	9,512,139,628	4,108,319,511	9,512,139,628
Other liabilities	18 & 24	56,672,382,312	58,324,794,790	55,836,022,840	57,512,649,380
Total Liabilities		2,191,750,672,714	1,890,526,955,726	2,189,694,634,094	1,885,943,948,689
Equity					
Common stock	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		28,521,500,725	21,479,783,286	26,464,102,845	20,342,413,733
Retained earnings reserve		85,797,066,472	73,316,294,322	84,427,443,865	71,945,444,322
Undivided profits		20,827,163,195	19,652,019,099	21,394,665,658	18,687,949,165
Revaluation increment		61,200,000	61,200,000	0	0
Other Comprehensive Income					
Net unrealized gains on securities available for sale		16,156,970,541	11,493,085,916	16,101,553,551	11,440,885,498
Remeasurement of retirement benefit obligation		(12,916,370)	(10,463,835)	0	0
Translation adjustment and others		(100,130,251)	108,006,321	(100,130,251)	108,006,321
Total Equity		177,642,730,240	152,491,801,037	174,679,511,596	148,916,574,967
TOTAL LIABILITIES AND EQUITY		2,369,393,402,954	2,043,018,756,763	2,364,374,145,690	2,034,860,523,656

The Notes on pages 250 to 310 form part of these financial statements.

LAND BANK OF THE PHILIPPINES

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019

(In Philippine Peso)

		GROUP		PARENT	
	NOTE	2020	2019 As Restated	2020	2019 As Restated
INTEREST INCOME					
Loans		43,825,742,707	52,018,129,233	43,520,373,791	51,620,601,565
Investments	36	27,154,784,274	23,076,706,959	27,153,687,607	23,024,355,780
Due from Bangko Sentral ng Pilipinas		3,301,400,365	1,891,298,804	3,249,471,443	1,838,640,479
Deposit in banks		28,463,433	105,901,853	50,091,741	116,156,267
Others		452,819	2,358,314	452,819	1,153,675
		74,310,843,598	77,094,395,163	73,974,077,401	76,600,907,766
INTEREST EXPENSE					
Deposit liabilities		13,874,235,484	22,043,899,801	13,905,200,068	21,965,091,743
Borrowed funds		1,058,194,536	1,178,461,305	969,101,935	1,089,048,692
Bonds payable		15,808,169	0	15,808,169	0
Others		146,700,510	166,761,571	160,682,286	169,384,596
		15,094,938,699	23,389,122,677	15,050,792,458	23,223,525,031
NET INTEREST INCOME		59,215,904,899	53,705,272,486	58,923,284,943	53,377,382,735
LOSSES	21	9,448,888,933	5,182,268,475	8,285,481,838	6,243,266,880
NET INTEREST INCOME AFTER PROVISION FOR CREDIT AND IMPAIRMENT LOSSES					
		49,767,015,966	48,523,004,011	50,637,803,105	47,134,115,855
OTHER OPERATING INCOME					
Dividends		1,081,982,686	1,191,152,436	1,081,982,686	1,191,152,436
Fees and commission		1,952,714,137	2,271,466,974	1,767,919,940	2,086,975,469
Gain from dealings in foreign currency		363,844,814	422,466,836	363,844,814	422,466,836
Gain from sale/redemption/reclass of non-trading of FA and Lie	36	1,789,642,014	865,426	1,789,642,014	865,426
Gain on financial assets at fair value thru profit or loss	36	652,108,390	2,639,484,089	652,108,390	2,668,148,793
Gain on financial assets & liabilities designated at FV thru P/L		83,135,780	90,515,144	83,135,780	90,515,144
Foreign exchange gains from revaluation		0	355,816,577	0	355,909,508
Miscellaneous income	35	2,116,221,442	1,550,307,540	1,285,844,918	1,335,596,610
		8,039,649,263	8,522,075,022	7,024,478,542	8,151,630,222
OTHER OPERATING EXPENSES					
Compensation and fringe benefits		13,518,487,531	13,170,585,719	13,388,832,681	12,952,800,224
Taxes and licenses		5,330,152,941	4,960,040,382	5,255,273,217	4,915,739,187
Depreciation and amortization		2,256,644,948	1,889,955,407	2,227,010,288	1,836,254,059
Rent		691,850,791	764,452,102	804,023,899	747,739,793
Foreign exchange loss from revaluation		334,632,786	0	334,633,829	0
Miscellaneous expenses	37	14,430,855,813	14,877,342,266	13,947,794,624	14,500,065,600
		36,562,624,810	35,662,375,876	35,957,568,538	34,952,598,863
INCOME BEFORE INCOME TAX		21,244,040,419	21,382,703,157	21,704,713,109	20,333,147,214
PROVISION FOR INCOME TAX	25	416,877,224	1,730,684,058	310,047,451	1,645,198,049
NET INCOME		20,827,163,195	19,652,019,099	21,394,665,658	18,687,949,165
OTHER COMPREHENSIVE INCOME					
Net unrealized gains (losses) on securities available for sale	33	4,663,884,625	(367,705,218)	4,660,668,053	(467,663,941)
Remeasurement of retirement benefit obligation		(2,452,535)	(6,318,497)	0	0
Translation adjustment and others		(208,136,572)	(320,487,877)	(208,136,572)	(320,487,877)
TOTAL COMPREHENSIVE INCOME		25,280,458,713	18,957,507,507	25,847,197,139	17,899,797,347

The Notes on pages 250 to 310 form part of these financial statements.

LAND BANK OF THE PHILIPPINES STATEMENTS OF CHANGES IN EQUITY - GROUP

For the years ended December 31, 2020 and 2019

(In Philippine Peso)

	Common Stock (Note 33) Shares	Amount	Paid-in Surplus	Retained Earnings Free	Retained Earnings Reserve (Note 33)	Undivided Profits	Revaluation Increment	Other Comprehensive Income (Loss) (Note 33)	TOTAL
Balance, December 31, 2018	262,907,777	26,290,777,778	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
Prior Period Adjustment on Equity Rental Payment of MRTC				(905,634,818)					(905,634,818)
Balance, December 31, 2018, as restated	262,907,777	26,290,777,778	101,098,220	27,124,342,385	54,697,680,262	15,492,386,059	61,200,000	12,285,139,994	136,052,624,628
Net income during the year, as restated						19,652,019,099			19,652,019,099
Net unrealized gain on securities, as restated								(367,705,218)	(367,705,218)
Re-measurement of retirement benefit obligation								(6,318,497)	(6,318,497)
Transfer to retained earnings free								0	0
Increase in retained earnings-reserve				15,492,386,059					15,492,386,059
Payment of Dividends				(19,723,913,509)					(19,723,913,509)
Adoption of PFRS 16 Right of Use Assets				(2,083,413,852)					(2,083,413,852)
Derecognition of FVOCI				(134,494,579)					(134,494,579)
Fixed Assets higher capitalization Threshold				(288,086,807)					(288,086,807)
Appropriation of ECL general provision				(50,860,931)					(50,860,931)
Prior period adjustment				1,105,299,449	(1,105,299,449)				0
Closure of excess book value over cost				41,293,946					41,293,946
of investment in subsidiaries				10					10
Currency translation difference and others, as restated				(2,768,885)				(320,487,877)	(323,256,762)
Balance, December 31, 2019, as restated	262,907,777	26,290,777,778	101,098,220	21,479,783,286	73,316,294,322	19,652,019,099	61,200,000	11,590,628,402	152,491,801,037
Net income during the year						20,827,163,195			20,827,163,195
Net unrealized gain on securities								4,663,884,625	4,663,884,625
Re-measurement of retirement benefit obligation								(2,452,535)	(2,452,535)
Transfer to retained earnings free								0	0
Increase in retained earnings-reserve				19,652,019,099					19,652,019,099
Payment of Dividends				(121,044,428)					(121,044,428)
BIR Audit Tax Deficiency				(114,745,075)					(114,745,075)
Adjustment of ECL general provision				338,703,035					338,703,035
Adoption of PFRS 16 Right of Use Assets				17,264,230					17,264,230
Realized Gain from MRT				9,128,631					9,128,631
Fixed Assets higher capitalization Threshold				61,560					61,560
Prior period adjustment				75,775,428					75,775,428
Currency translation difference and others				4,030,144				(208,136,572)	(204,106,428)
Balance, December 31, 2020	262,907,777	26,290,777,778	101,098,220	28,521,500,725	85,797,066,472	20,827,163,195	61,200,000	16,043,923,920	177,642,730,240

The Notes on pages 250 to 310 form part of these financial statements.

LAND BANK OF THE PHILIPPINES

STATEMENTS OF CHANGES IN EQUITY - PARENT

For the years ended December 31, 2020 and 2019
(In Philippine Peso)

	Common Stock (Note 33)	Paid-in Surplus	Retained Earnings Free	Retained Earnings Reserve	Undivided Profits	Other Comprehensive Income (Loss) (Note 33)	TOTAL
Shares	Amount						
Balance, December 31, 2018	262,907,777	26,290,777,708	26,226,881,161	53,412,530,262	15,990,292,652	12,337,043,637	134,358,623,640
Prior Period Adjustment on Equity Rental Payment of MRTC			(905,634,818)				(905,634,818)
Balance, December 31, 2018, as restated	262,907,777	26,290,777,708	25,321,246,343	53,412,530,262	15,990,292,652	12,337,043,637	133,452,988,822
Net income during the year, as restated					18,687,949,165		18,687,949,165
Net unrealized gain on securities, as restated					(15,990,292,652)	(467,663,941)	(467,663,941)
Transfer to retained earnings free			15,990,292,652				0
Increase in retained earnings-reserve			(19,638,213,509)	19,638,213,509			0
Payment of Dividends			(1,960,000,000)				0
Adoption of PFRS 16 Right of Use Assets			(134,494,579)				(1,960,000,000)
Derecognition of FVOCI			(288,086,807)				(134,494,579)
Fixed Assets higher capitalization Threshold			(50,860,931)				(288,086,807)
Appropriation of ECL general provision			1,105,299,449	(1,105,299,449)			(50,860,931)
Currency translation difference and others, as restated			(2,768,885)			(320,487,877)	0
Balance, December 31, 2019, as restated	262,907,777	26,290,777,708	20,342,413,733	71,945,444,322	18,687,949,165	11,548,891,819	148,916,574,967
Net income during the year					21,394,665,658		21,394,665,658
Net unrealized gain on securities						4,660,668,053	4,660,668,053
Transfer to retained earnings free			18,687,949,165		(18,687,949,165)		0
Increase in retained earnings-reserve			(12,820,702,578)	12,820,702,578			0
Adjustment of ECL general provision			338,703,035	(338,703,035)			0
Fixed Assets higher capitalization Threshold			61,560				61,560
BIR Audit Tax Deficiency			(114,745,075)				(114,745,075)
Realized Gain from MRT			9,128,631				9,128,631
Adoption of PFRS 16 Right of Use Assets			17,264,230				17,264,230
Currency translation difference and others			4,030,144			(208,136,572)	(204,106,428)
Balance, December 31, 2020	262,907,777	26,290,777,708	26,464,102,845	84,427,443,865	21,394,665,658	16,001,423,300	174,679,511,596

The Notes on pages 250 to 310 form part of these financial statements.

LAND BANK OF THE PHILIPPINES

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019

(In Philippine Peso)

	GROUP		PARENT	
	2020	2019 As Restated	2020	2019 As Restated
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	69,298,982,727	76,586,296,169	68,959,388,779	76,083,795,005
Interest paid	(15,943,719,899)	(23,135,905,626)	(15,889,462,662)	(22,966,167,153)
Fees and commission received	1,952,714,137	2,271,466,974	1,767,919,940	2,086,975,469
Gain on financial assets and liabilities-fair value thru P/L	652,108,390	2,639,484,089	652,108,390	2,668,148,793
Gain on financial assets and liabilities Designated at fair value thru P/L	83,135,780	90,515,144	83,135,780	90,515,144
Gain from dealings in foreign currency	363,844,814	422,466,836	363,844,814	422,466,836
Miscellaneous income	2,116,221,442	1,550,307,540	1,285,844,918	1,335,596,610
General and administrative expenses	(32,529,361,376)	(31,686,779,070)	(31,897,466,727)	(30,989,113,254)
Operating income before changes in operating assets and liabilities	25,993,926,015	28,737,852,056	25,325,313,232	28,732,217,450
Changes in operating assets and liabilities				
(Increase)/Decrease in operating assets				
Interbank loans receivable	7,360,236,350	162,223,650	7,360,236,350	162,223,650
Fair value thru profit or loss	970,231,593	(1,217,387,823)	970,231,593	(1,262,048,689)
Loans and receivable	5,866,458,110	(39,132,869,605)	3,135,174,248	(38,859,316,014)
Other intangible assets	(346,999,055)	(244,069,332)	(343,601,227)	(242,686,597)
Other assets	(213,322,409)	416,695,021	93,433,847	(1,073,300,989)
Deferred income tax	(3,041,925,397)	(750,733,939)	(2,937,214,212)	(754,996,503)
Increase/(Decrease) in operating liabilities				
Deposit liabilities	309,600,478,870	121,417,393,774	311,569,038,316	126,934,898,970
Derivative liabilities	(20,841,435)	27,167,123	(20,841,435)	27,167,123
Payment order payable	(49,975,097)	(8,417,429)	(49,975,097)	(8,417,429)
Marginal deposits	(4,898,513,726)	(6,222,624,102)	(4,898,513,726)	(6,222,624,102)
Cash letters of credit	(5,403,820,117)	3,213,327,508	(5,403,820,117)	3,213,327,508
Treasurer's, Manager's and Cashier's Checks	(240,029,957)	688,683,530	(236,768,046)	702,901,985
Other liabilities	(2,812,497,282)	17,588,108,724	(2,881,159,493)	17,471,990,202
Net cash generated from operations	332,763,406,463	124,675,349,156	331,681,534,233	128,821,336,565
Income taxes paid	(191,082,983)	(65,159,017)	0	0
Net cash generated from operating activities	332,572,323,480	124,610,190,139	331,681,534,233	128,821,336,565
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	(1,293,699,810)	(4,077,159,916)	(1,303,793,254)	(3,860,415,547)
Disposals of/(additions to) investment property	(1,210,341,775)	(1,403,935,015)	(1,210,341,776)	(1,647,120,405)
Additions to non-current assets held for sale	348,482,423	(388,937,478)	(314,839,544)	(130,358,552)
Dividends received	1,081,982,686	1,191,152,436	1,081,982,686	1,191,152,436
Gain from investment securities	1,789,642,014	865,426	1,789,642,014	865,426
Decrease/(increase) in:				
Fair value thru other comprehensive income	(295,887,526,898)	(99,688,326,028)	(295,887,323,605)	(100,217,085,154)
Hold to collect	8,607,363,443	28,361,674,953	8,410,310,774	28,303,722,746
Investment in subsidiaries	0	0	0	205,997,522
Investment in associates	(277,638,501)	(204,785,431)	(277,638,501)	(204,785,431)
Net cash used in investing activities	(286,841,736,418)	(76,209,451,053)	(287,712,001,206)	(76,358,026,959)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash dividends paid	(121,044,428)	(2,083,413,852)	0	(196,000,000)
Capital infusion from National Government	0	0	0	0
Other charges to capital	(112,686,138)	(1,673,086,456)	(292,397,082)	(1,702,333,897)
Increase/(decrease) in:				
Bills payable	(876,795,235)	(1,957,029,153)	(297,434,113)	(2,947,029,154)
Unsecured subordinated debt	5,000,324,175	0	5,000,324,175	0
Net cash provided by (used in) financing activities	3,889,798,374	(5,713,529,461)	4,410,492,980	(6,609,363,051)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(334,632,786)	355,816,577	(334,633,829)	355,909,508
NET INCREASE IN CASH AND CASH EQUIVALENTS	49,285,752,649	43,043,026,202	48,045,392,177	46,209,856,063
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
Cash and other cash items	37,957,408,722	37,071,877,586	37,955,763,738	36,968,265,489
Due from Bangko Sentral ng Pilipinas	382,533,984,798	334,804,227,060	380,699,211,607	331,197,576,413
Due from other banks	11,510,722,037	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
CASH AND CASH EQUIVALENTS AT END OF YEAR	470,357,508,379	427,314,482,177	470,104,941,674	423,895,085,611
Cash and other cash items	47,532,026,956	37,957,408,722	47,530,891,956	37,955,763,738
Due from Bangko Sentral ng Pilipinas	446,673,817,261	382,533,984,798	444,197,646,081	380,699,211,607
Due from other banks	8,780,206,000	11,510,722,037	10,600,413,170	13,342,205,237
Securities purchased under agreements to resell	16,657,210,811	38,355,392,822	15,821,382,644	38,107,761,092
	519,643,261,028	470,357,508,379	518,150,333,851	470,104,941,674

The Notes on pages 250 to 310 form part of these financial statements.

LAND BANK OF THE PHILIPPINES

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

(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, 2020, 63 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 17, 2021 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).

The LBP Board of Directors, as contained in the Board Resolution No. 21-138 dated 24 February 2021, approved the Parent's request to avail of the regulatory relief on the non-imposition of monetary penalties for delayed submission of supervisory reports for the covered period March 8, 2020 to September 8, 2020 per BSP Memorandum No. M-2020-008 dated 14 March 2020. The relief has no financial impact on the Parent's Financial Statements.

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, 2020. The application of these amendments had no significant impact on the Group and the Parent's financial statements.

Revised Conceptual Framework for Financial Reporting

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 give 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

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.

PFRS 3 (Amendments), Business Combinations – Definition of a Business

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 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted.

Amendments to PFRS 7, Financial Instruments: Disclosures, and Amendments to PFRS 9, Financial Instruments – Interest Rate Benchmark Reform

The amendments require additional disclosures that allow users to understand the nature and extent of risks arising from the Interbank Offered Rates (IBOR) reform to which the entity is exposed to and how the entity manages those risks. The application of these amendments had no significant impact on the Group and the Parent's financial statements.

Amendments to PFRS 16, Leases COVID-19 - Related Rent Concessions

The amendment adds a practical expedient to PFRS 16 which provides relief for lessees in assessing whether specific COVID-19 rent concessions are considered to be lease modifications. Instead, if this practical expedient is applied, these rent concessions are treated as if they are not lease modifications. There are no changes for lessors.

The practical expedient is only applicable to rent concessions provided as a direct result of the COVID-19 pandemic. The relief is only for lessees that are granted these rent concessions. There are no changes for lessors. All of the following conditions in relation to the lessee expedient need to be met: (1) The rent concession provides relief to payments that overall results in the consideration for the lease contract being substantially the same or less than the original consideration for the lease immediately before the concession was provided. (2) The rent concession is for relief for payments that were originally due on or before June 30, 2021. So payments included are those required to be reduced on or before June 30, 2021, but subsequent rental increases of amounts deferred can go beyond June 30, 2021. The application of these amendments had no significant impact on the Group and the Parent's financial statements.

2.5 Significant Accounting Policies

Financial Instruments

PFRS 9, Financial Instruments

The Group adopted the classification and measurement, impairment and hedge accounting requirements of the standard as follows:

Classification and Measurement

a. 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.

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.

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.

b. 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. 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.

c. Financial liabilities

The classification and measurement of financial liabilities remain essentially unchanged from the current PFRS 9 requirements. Changes in fair value of FVO liabilities attributable to changes in own credit risk are to be presented in OCI.

d. Derivatives

Derivatives are initially recognized at fair value and 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:

STAGE	CHARACTERISTICS	ECL ASSESSMENT
Stage 1	credit exposures that are considered "performing" and with no significant increase in credit risk since initial recognition or with low credit risk	12 month
Stage 2	credit exposures that are considered "under-performing" or not yet non-performing but with significant increase in credit risk since initial recognition	Lifetime
Stage 3	credit exposures with objective evidence of impairment, these are considered as "non-performing"	Lifetime

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.

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 arrangement 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 comprehensive 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 comprehensive 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 comprehensive income as 'Dividends' when:

- a. the Group's right to receive payment of the dividend is established;

- b. it is probable that the economic benefits associated with the dividend will flow to the entity; and
- c. the amount of the dividend can be measured reliably.

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 comprehensive income. Losses arising from credit losses are recognized in 'Provision for impairment, credit and other losses' in the statement of comprehensive income.

d. Loans and receivables, amounts due from BSP and other banks, interbank loans receivable and securities purchased under resale agreements

These are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as other financial assets held for trading, designated as FVOCI investments. These are measured at amortised cost.

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.

As practiced, the specific identification method or the "matched deal close-out" is applied in the measurement of realized and unrealized gain or loss on sale of debt securities wherein the book value of the specific deal in the inventory is allocated for the sale.

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 comprehensive 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 2020 amounts to P7.86 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

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.

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 comprehensive income.

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 Comprehensive Income while the outstanding balance of contra account is reflected in the Statement of Financial Position 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 in profit or loss when:

- a. the Group's right to receive payment of the dividend is established;
- b. it is probable that the economic benefits associated with the dividend will flow to the entity; and
- c. the amount of the dividend can be measured reliably.

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, 2021**PFRS 3 (Amendment), *Reference to the Conceptual Framework* (effective from January 1, 2022)**

The amendment is to update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. It adds to PFRS 3 a requirement that, for transactions and other events within the scope of PAS 37 or IFRIC 21, an acquirer applies PAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination, and add to PFRS 3 an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination. This will have no significant impact on the Group's financial statements as it only serves to update an outdated reference in PFRS 3 without significantly changing its requirements.

PAS 16 (Amendment), *Property, Plant and Equipment – Proceeds before Intended Use* (effective from January 1, 2022)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. It is expected that the amendments will have no material effect on the Group's financial statements.

PAS 37 (Amendment), *Onerous Contracts – Cost of Fulfilling a Contract* (effective from January 1, 2022)

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The Group is presently assessing the impact in adopting the amendment. The Group is expecting that at the adoption date, this will have no material impact on its financial statements.

Annual Improvements to PFRS Standards 2018 - 2020 are effective from January 1, 2022

Among the improvements, the following amendments are relevant to the Group:

- PFRS 9, Fees in the "10 per cent" test for derecognition of financial liabilities - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- PFRS 16, Lease Incentives - The amendment merely removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

Both the above amendments are expected to cause no effect in the Group's FS.

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.

PFRS 17 – Insurance Contracts (effective from January 1, 2023)

PFRS 17 provides updated information about the obligation, risks and performance of insurance contracts, increases transparency in financial information reported by insurance companies, and introduces consistent accounting for all insurance contracts based on a current measurement mode.

The Group's financial statements will not be affected as it has no insurance operations.

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 Parent's ROU 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 FVOCI;
4. Credit commitments and financial guarantee contracts that are not measured at fair value through profit and loss (FVTPL);
5. Due from BSP and Due from Other Banks; and
6. Other financial assets measured at amortized costs.

To measure the ECL, 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.

Staging Assessment

Treasury exposures shall be classified into the following stages:

STAGE	CHARACTERISTICS	ECL ASSESSMENT
Stage 1	Credit exposures with no significant increase in credit risk since initial recognition, with low credit risk, or with external credit rating of investment grade	12 month
Stage 2	Credit exposures 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 rating grades	Lifetime
Stage 3	Credit exposures with objective evidence of impairment or has defaulted	Lifetime

ECL Parameters and Methodologies

The Parent adopts the ECL parameter-based estimation approaches as an impairment methodology. The ECL rate is determined by the following parameters:

1. Exposure at Default (EAD) is defined as the total credit exposure to a borrower or counterparty at the time of default. Parent used outstanding balances of credit exposures as of cut-off date plus accrued interest receivables.
2. Probability of Default (PD) is the likelihood that the counterparty will default over a certain time horizon. It does not depend on the 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 one 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 Parent uses the equivalent ratings of the comparable companies sourced from the Relative Valuation function in Bloomberg; and
 - 2) Based on Industry average where the Parent 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
3. 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 Parent; and
 - g. Credit risk profile of the Parent'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.
4. 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 transaction, not the counterparty. It is computed as one less recovery rate. LGD estimation for treasury exposures follows the same hierarchy used for PD estimation.

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 are P510,346,974,393 and P510,295,467,407 as of December 31, 2020 and P209,795,565,189 and P209,747,478,068 as of December 31, 2019 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 P10,668,890,454 and P10,292,234,440 as of December 31, 2020 and P10,830,182,708 and P10,418,071,840 as of December 31, 2019.

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, 2020 and 2019, the fair value hierarchy of the Parent's assets and liabilities are presented below:

As of December 31, 2020					
	Book Value	Level 1	Level 2	Level 3	Total Fair Value
FINANCIAL ASSETS					
FVTPL	10,883,107,586	6,429,977,233	3,477,223,795	975,906,558	10,883,107,586
Debt Securities	6,281,407,849	6,281,407,849	0	0	6,281,407,849
Domestic	5,825,111,174	5,825,111,174	0	0	5,825,111,174
FX-Reg	0	0	0	0	0

As of December 31, 2020					
	Book Value	Level 1	Level 2	Level 3	Total Fair Value
FCDU	456,296,675	456,296,675	0	0	456,296,675
Equity Securities	1,124,475,942	148,569,384	0	975,906,558	1,124,475,942
Domestic	184,768,603	148,569,384	0	36,199,219	184,768,603
FX-Reg	939,707,339	0	0	939,707,339	939,707,339
Derivative w/ positive FV	3,477,223,795	0	3,477,223,795	0	3,477,223,795
PLFD	3,276,212,400	0	3,276,212,400	0	3,276,212,400
FX-Reg	111,518,758	0	111,518,758	0	111,518,758
FCDU	89,492,637	0	89,492,637	0	89,492,637
FVOCI	494,193,913,859	506,631,901,458	0	3,663,565,949	510,295,467,407
Debt Securities	485,586,172,494	492,593,198,983	0	58,989,856	492,652,188,839
Domestic	413,025,769,428	417,280,090,456	0	58,989,856	417,339,080,312
FX-Reg	7,939,071,974	8,217,255,045	0	0	8,217,255,045
FCDU	64,621,331,092	67,095,853,482	0	0	67,095,853,482
Equity Securities	8,607,741,365	14,038,702,475	0	3,604,576,093	17,643,278,568
Domestic	4,307,593,202	12,749,977,980	0	661,255,087	13,411,233,067
FX-Reg	4,300,148,163	1,288,724,495	0	2,943,321,006	4,232,045,501
FCDU	0	0	0	0	0
HTC	456,451,469,809	482,334,943,092	4,096,207,949	6,584,903,273	493,016,054,314
Debt Securities	456,451,469,809	482,334,943,092	4,096,207,949	6,584,903,273	493,016,054,314
Domestic	430,332,008,475	458,919,604,371	4,096,207,949	22,145,266	463,037,957,586
FX-Reg	5,943,472,543	1,502,132,773	0	4,714,597,417	6,216,730,190
FCDU	20,175,988,791	21,913,205,948	0	1,848,160,590	23,761,366,538
Total	961,528,491,254	995,396,821,783	7,573,431,744	11,224,375,780	1,014,194,629,307

FINANCIAL LIABILITIES

Bills Payable	27,006,374,753	0	26,812,500,340	194,819,383	27,007,319,724
BSP Rehabilitation Program	25,336,905	0	0	25,336,905	25,336,905
Domestic Borrowings (ODA thru BTr)	169,482,479	0	0	169,482,479	169,482,479
Foreign Borrowings (ODA)	25,670,467,861	0	25,670,467,861	0	25,670,467,861
Interbank Loans-Foreign	0	0	0	0	0
Regular Deposit Substitute-Repurchase Agreement	1,141,087,508	0	1,142,032,479	0	1,142,032,479
Bonds Payable	5,000,000,000	0	5,085,579,960	0	5,085,579,960
Derivative Liabilities	7,973,518	0	7,973,518	0	7,973,518
Total	32,014,348,271	0	31,906,053,818	194,819,384	32,100,873,202

As of December 31, 2019

	Book Value	Level 1	Level 2	Level 3	Total Fair Value
FINANCIAL ASSETS					
FVTPL	11,853,339,179	6,238,009,651	4,662,987,679	952,341,849	11,853,339,179
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

As of December 31, 2019					
	Book Value	Level 1	Level 2	Level 3	Total Fair Value
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
FVOCI	195,834,202,139	205,526,674,345	0	4,220,803,723	209,747,478,068
Debt Securities	186,673,418,991	190,769,696,906	0	58,989,856	190,828,686,762
Domestic	151,247,548,690	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	33,244,103,167	36,762,562,017	0	0	36,762,562,017
Equity Securities	9,160,783,148	14,756,977,439	0	4,161,813,867	18,918,791,306
Domestic	4,310,297,013	13,844,407,730	0	595,549,169	14,439,956,899
FX-Reg	4,850,486,135	912,569,709	0	3,566,264,698	4,478,834,407
FCDU	0	0	0	0	0
HTC	464,862,193,350	461,393,660,302	4,505,254,432	8,431,136,866	474,330,051,600
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
Total	672,549,734,668	673,158,344,298	9,168,242,111	13,604,282,438	695,930,868,847

FINANCIAL LIABILITIES

Bills Payable	27,538,506,878	0	27,319,464,914	219,041,964	27,538,506,878
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)	27,319,464,914	0	27,319,464,914	0	27,319,464,914
Interbank Loans-Foreign Regular	0	0	0	0	0
Total	27,538,506,878	0	27,319,464,914	219,041,964	27,538,506,878

5. Cash and Other Cash Items

This account consists of:

	Group		Parent	
	2020	2019 As Restated	2020	2019
Cash on hand	47,467,335,540	37,876,765,321	47,466,285,540	37,875,409,063
Checks and other cash items	11,143,667	12,820,070	11,143,667	12,820,070
Returned checks and other cash items	42,723,012	57,620,095	42,723,012	57,598,498
Petty cash fund	10,237,225	9,676,227	10,152,225	9,591,227
Revolving fund	217,092	417,636	217,092	235,507
Payroll fund	370,420	109,373	370,420	109,373
	47,532,026,956	37,957,408,722	47,530,891,956	37,955,763,738

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	
	2020	2019 As Restated	2020	2019
Deposit with local banks	609,896,259	414,227,550	2,425,703,429	2,241,932,972
Deposit with foreign banks	8,174,926,925	11,098,545,279	8,174,926,925	11,098,545,279
Allowance for Credit Losses	(4,614,412)	(2,049,973)	(4,614,412)	(2,049,973)
Accrued Interest Receivable	0	0	4,400,000	3,777,778
Allowance for Credit Losses	(2,772)	(819)	(2,772)	(819)
	8,780,206,000	11,510,722,037	10,600,413,170	13,342,205,237

The Group maintains nostro accounts on global basis with 21 foreign depository banks totaling 23 and 25 bank accounts in 2020 and 2019, respectively, the most significant of which are as follows:

2020	2019
1. Standard Chartered Bank, N.Y.	1. Standard Chartered Bank, N.Y.
2. Bank of America, N.Y.	2. Wells Fargo Bank, N.A.
3. JP Morgan Chase Bank	3. JP Morgan Chase Bank
4. Citibank N.Y.	4. Citibank N.Y.
5. The Bank of New York	5. The Bank of New York

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, 2020 as follows:

	2020	2019
Foreign	0.10% to 1.62%	1.53% to 2.05%

9. Securities Purchased under Agreements to Resell

This account consists of:

	Group		Parent	
	2020	2019	2020	2019
Domestic				
Reverse Repurchase-BSP	16,655,101,575	37,168,092,153	15,819,273,408	36,920,542,939
Repo Lending-Private	0	1,170,995,380	0	1,170,995,380
Accrued Interest Receivable	2,109,236	16,305,289	2,109,236	16,222,773
	16,657,210,811	38,355,392,822	15,821,382,644	38,107,761,092

Reverse Repurchased with BSP carry interest rate at 2.00 per cent and 4.00 per cent as at December 31, 2020 and 2019, respectively. Outstanding Repo with Private Corporation carry interest rate at 5.375 per cent as at December 31, 2019 while there was no outstanding Repo agreement as of December 31, 2020.

10. Fair Value Thru Profit or Loss (FVTPL)

This consists of:

	Group		Parent	
	2020	2019	2020	2019
Government Securities – Domestic	5,825,111,174	5,869,047,594	5,825,111,174	5,869,047,594
Government Securities – Foreign	456,296,675	0	456,296,675	0
Private Securities – Domestic	184,768,603	415,448,839	184,768,603	415,448,839
Private Securities – Foreign	939,707,339	905,855,067	939,707,339	905,855,067
Derivative with positive fair value	3,477,223,795	4,662,987,679	3,477,223,795	4,662,987,679
Accrued Interest Receivable	12,925,069	10,750,961	12,925,069	10,750,961
	10,896,032,655	11,864,090,140	10,896,032,655	11,864,090,140

The FVTPL financial assets of the Group carry interest rates at December 31 as follows:

	2020	2019
Domestic	3.50% to 6.25%	3.375% to 5.50%
Foreign	0.625% to 10.625%	0% to 0%

FVTPL includes the foreign exchange (FX) Risk Cover of the Parent's borrowings from multilateral agencies amounting to P3,276,212,400 and P4,427,525,372 in 2020 and 2019, 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, 2020, the outstanding notional amount of the FX Risk Cover amounted to JPY22,576,443,627 and EUR23,480,730.27.

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 Parent applied the standard option valuation model approach which resulted in an increase in the derivative asset amounting to P1,151,312,972 in 2020 and P1,137,909,856 in 2019.

The derivative with positive fair value comprise of the following:

	2020	2019
FX Risk Cover	3,276,212,400	4,427,525,372
Debt Warrants	89,492,637	94,360,196
Forward Contracts	111,518,758	141,102,111
	3,477,223,795	4,662,987,679

The Garman-Kohlhagen valuation model used in pricing the derivative FX Risk Cover was found acceptable by the BSP during the conduct of their on-site validation in 2009.

11. Fair Value Through Other Comprehensive Income (FVOCI)

This account consists of:

	Group		Parent	
	2020	2019 As Restated	2020	2019 As Restated
Domestic				
Government	417,390,587,298	151,840,201,584	417,339,080,312	151,792,114,463
Private securities	13,411,233,067	14,439,956,900	13,411,233,067	14,439,956,900

	Group		Parent	
	2020	2019 As Restated	2020	2019 As Restated
Foreign				
Government	75,313,108,527	41,568,322,299	75,313,108,527	41,568,322,299
Private securities	4,232,045,501	1,947,084,406	4,232,045,501	1,947,084,406
Accrued Interest Receivable	2,829,073,710	1,729,245,793	2,829,027,043	1,729,245,793
Allowance for Credit Losses	0	(2,319)	0	(2,319)
	513,176,048,103	211,524,808,663	513,124,494,450	211,476,721,542

FVOCI of the Group carry interest rates at December 31 as follows:

	2020	2019
Domestic	2.375% to 6.375%	3.375% to 6.25%
Foreign	1.50% to 11.625%	1.125% to 10.63%

Domestic – Private securities

a. Manila Electric Company (MERALCO) shares

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 PDTC, the Securities Transfer Services, Inc., 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 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 OGCC for their consideration, review and/or signature.

On June 22, 2018, the Parent's Legal Services Group and the OGCC 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 PSE. LBP's Motion for Reconsideration of the March 25, 2019 Decision was denied by the Supreme Court 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 ARF. The matter was discussed before the Agri-Agra Social Concerns Committee meeting on November 25, 2019 and resolved to be referred to DAR. To date, the matter is still pending for action by DAR.

- b. 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 P2.70 million in 2020. No gain or loss was recognized on the disposal of the said equity securities.

Foreign – Private securities

Metro Rail Transit Corporation (MRTC) preference shares

Total FVOCI accounts of the Parent include investment of \$19,567,859.96 (P939,707,339) in MRTC preference shares and \$61,279,926.14 (P2,942,845,893) 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, 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 rental fees are structured in such a way that the initial investment in the MRT III project along with a 15 per cent rate of return is paid to MRTC for 25 years. In other words, the rental fees contain both an income and a return of the initial equity investment in the MRT III project. This is consistent with the definition of Net Economic Return in the Build, Lease and Transfer (BLT) Agreement between the DOTC (now, DOTr) and MRTC. According to the BLT Agreement, Net Economic Return is defined as “the return to be realized by Metro Rail over the life of this Agreement of the amount of its equity investments into LRTS [Light Rail Transit System] Phase I together with 15 per cent per annum thereon, such returns to be computed using standard “internal rate of return” methodology and the same assumptions as were utilized in determining the Rental Fees set forth in table 2 of Annex A-1 on the date hereof...”.

The fact that ownership over the MRT III project will be transferred to DOTr at a nominal amount of just U.S. \$1.00 at the end of 25 years likewise confirms that the ERPs represent full payment by the DOTr of the investment along with its economic return. As stated in the BLT Agreement, “At the end of the Revenue Period and after Metro Rail and any other intended recipient shall have received from DOTC full payment of all Rental Fees and all other amounts payable by DOTC pursuant to this Agreement, Metro Rail shall transfer to DOTC, free from any lien or encumbrance created by Metro Rail or existing as a result of Metro Rail’s actions, all its title to, and rights and interest in, LRTS Phase I in return for DOTC’s payment to Metro Rail of U.S.\$1.00.”.

Following the principle that the ERP’s represent the return of principal and interest, the amortization schedules of LBP for its MRTC investments are computed based on the internal rates of return that would equate the present values of the future ERPs to be received to the purchase costs of these investments.

The acquisition cost, book value and percentage of economic interest in MRTC are as follows:

	Acquisition Cost As of December 31, 2020 (In US Dollars)	Book Value As of December 31, 2020 (In US Dollars)	Percentage in MRTC
MRT III Bonds	57,399,795	136,658,643	
MRT III Preferred Shares	54,000,000	19,567,860	
Securitized ERPs	111,399,795	156,226,503	26.65%
Unsecuritized ERPs	51,096,261	61,279,926	11.12%
	162,496,056	217,506,429	37.77%

The decrease in the investment in unsecuritized ERP was brought about by the refund of US\$1,433,535 (equally shared by the Bank and DBP) received from a third party in 2010. The refund represents cash that was already in the account of the third party, hence this did not affect the LBP’s percentage of economic interest in MRTC. Another refund of US\$1,381,747 was received by the Bank and DBP in early 2011 representing Accrued ERPs.

The Parent’s Accumulated market gains/losses on FVOCI government and private issues amounted to P16,101,553,551 and P11,440,885,498 as of December 31, 2020 and 2019, respectively.

Outstanding equity securities at FVOCI as of December 31, 2020 and 2019 generated dividends amounting to P1.08 billion and P1.19 billion, respectively for the Parent. Dividends amounting to P0.14 million and P3.22 million were recognized in 2020 and 2019, respectively, for the disposed securities at FVOCI while the same transaction resulted to a miscellaneous loss of P411.63 million in 2019.

Fair Value of FVOCI-Equity Securities as of December 31, 2020, as follows:

FVOCI Equity Securities	Fair Value
Listed Stocks	13,956,152,475
Shares in Sports Clubs.	82,550,000
Rural Banks	4,435,246
INMES	3,600,140,847
	17,643,278,568

12. Hold to Collect (HTC)

This account consists of:

	Group		Parent	
	2020	2019	2020	2019
Government				
Domestic	427,056,215,585	429,466,649,339	426,130,525,226	428,440,828,676
Foreign	18,209,726,397	19,370,539,307	18,209,726,397	19,370,539,307
Private				
Domestic	4,221,483,249	5,137,336,497	4,201,483,249	5,020,491,003
Foreign	7,909,734,938	12,030,334,364	7,909,734,938	12,030,334,364
Allow. For Credit Losses	(711,589,786)	(711,848,096)	(711,359,174)	(711,694,355)
Accrued Interest Receivable	3,446,375,831	3,605,941,597	3,446,375,831	3,603,490,642
Allow. For Credit Losses	(8,871,900)	(8,949,484)	(8,871,900)	(8,949,484)
	460,123,074,314	468,890,003,524	459,177,614,567	467,745,040,153

HTC investments of the Group carry interest rates at December 31 as follows:

	2020	2019
Domestic	2.625% to 18.25%	3.25% to 18.25%
Foreign	6.375% to 11.625%	2.75% to 10.63%

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:

- 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.
- 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.

In 2019, the financial asset that was derecognized has a total cost of P23.0 billion which resulted to a realized net loss of P285,885 while no similar transaction was made in 2020.

13. Loans and Receivables

This account consists of:

	Group		Parent	
	2020	2019 As Restated	2020	2019
Interbank loans receivable	18,974,987,726	24,161,301,253	18,974,987,726	24,161,301,253
Allowance for credit losses	(458,731,882)	(323,054,279)	(458,731,882)	(323,054,279)
	18,516,255,844	23,838,246,974	18,516,255,844	23,838,246,974
Loans to Government	107,944,980,546	121,067,829,967	109,101,572,260	121,996,652,985
Allowance for credit losses	(23,070,344)	(22,998,264)	(23,070,344)	(22,998,264)
	107,921,910,202	121,044,831,703	109,078,501,916	121,973,654,721
Agrarian Reform and other Agriculture Loans	146,090,385,332	134,550,102,734	146,090,385,330	134,205,098,502
Allowance for credit losses	(3,773,870,954)	(1,300,710,623)	(3,773,870,952)	(1,225,329,360)
	142,316,514,378	133,249,392,111	142,316,514,378	132,979,769,142
Microfinance Loans	18,834,813,798	22,182,020,697	18,834,813,798	22,173,088,963
Allowance for credit losses	(558,477,445)	(521,012,462)	(558,477,445)	(520,024,148)
	18,276,336,353	21,661,008,235	18,276,336,353	21,653,064,815
SME/MSE Loans	54,559,652,177	61,293,521,080	54,088,163,391	60,140,034,554
Allowance for credit losses	(3,144,690,134)	(1,600,380,799)	(3,007,962,708)	(1,411,935,967)
	51,414,962,043	59,693,140,281	51,080,200,683	58,728,098,587
Contract to Sell	792,684,677	840,872,923	792,684,677	438,011,023
Allowance for credit losses	(204,190,740)	(196,238,277)	(204,190,740)	(143,790,580)
	588,493,937	644,634,646	588,493,937	294,220,443
Loans to Private Corporation	441,288,754,940	436,758,102,674	439,055,395,485	433,400,466,659
Allowance for credit losses	(10,358,554,932)	(7,566,092,253)	(10,142,883,802)	(6,969,152,535)
	430,930,200,008	429,192,010,421	428,912,511,683	426,431,314,124
Loans to Individuals for Housing Purposes	5,655,206,483	5,951,599,608	5,655,206,483	5,907,256,536
Allowance for credit losses	(338,244,921)	(86,217,230)	(338,244,921)	(83,319,562)
	5,316,961,562	5,865,382,378	5,316,961,562	5,823,936,974
Loans to Individual for Consumption	38,977,767,077	32,137,485,491	38,977,767,077	31,850,081,818
Allowance for credit losses	(822,199,038)	(756,083,749)	(822,199,038)	(584,028,617)
	38,155,568,039	31,381,401,742	38,155,568,039	31,266,053,201
Loans to Individual for Other Purposes	1,462,982,888	1,687,042,450	1,383,781,585	1,510,833,033
Allowance for credit losses	(76,528,462)	(31,118,246)	(57,330,503)	(17,718,797)
	1,386,454,426	1,655,924,204	1,326,451,082	1,493,114,236
General loan loss provision	(6,569,860,356)	(6,026,905,239)	(6,539,488,976)	(5,987,650,805)
	808,253,796,436	822,199,067,456	807,028,306,501	818,493,822,412
Accrued interest receivable	11,143,126,673	7,065,594,845	11,101,051,355	7,023,096,064
Allowance for credit losses	(542,882,614)	(313,259,350)	(542,493,804)	(292,390,854)
	10,600,244,059	6,752,335,495	10,558,557,551	6,730,705,210
Accounts receivable	2,120,832,091	2,589,299,025	1,613,685,519	1,869,960,302
Allowance for credit losses	(1,609,253,330)	(1,436,653,294)	(1,452,616,007)	(1,332,028,193)
	511,578,761	1,152,645,731	161,069,512	537,932,109
Sales contract receivable	632,017,703	758,928,669	614,570,118	734,618,501
Allowance for credit losses	(4,456,447)	(23,959,546)	(4,439,926)	(23,933,374)
	627,561,256	734,969,123	610,130,192	710,685,127
Due from ARF	202,405,194	64,834,125	202,405,194	64,834,125
Lease contract receivable	1,604,503,580	1,887,432,908	0	0
Allowance for credit losses	(135,947,943)	(15,793,488)	0	0
	1,468,555,637	1,871,639,420	0	0
	821,664,141,343	832,775,491,350	818,560,468,950	826,537,978,983

The Parent's interest rates on loans in 2020 range from 4.12 per cent to 12.89 per cent for peso denominated loans and from 2.20 per cent to 4.75 per cent for foreign currency denominated loans.

Allowance for credit losses

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

	2020	2019
Balance, January 1	17,289,002,914	14,716,968,798
Provision	8,644,151,342	4,205,482,392
Write-offs	(24,736,280)	(1,185,418,182)
Transfers and other adjustments	18,033,335	(448,030,094)
Balance, December 31	25,926,451,311	17,289,002,914

As of December 31, 2020 and 2019, the breakdown of Gross Loans as to secured and unsecured follows:

	Parent			
	2020		2019	
	Amount	%	Amount	%
Secured loans:				
Guarantee of the Republic of the Philippines	94,197,805,367	11.31	108,185,496,008	12.94
Various guarantees	214,305,643,985	25.72	199,729,246,247	23.90
Various mortgages	251,368,269,078	30.18	258,806,974,689	30.97
	559,871,718,430	67.21	566,721,716,944	67.81
Unsecured loans	273,083,039,382	32.79	269,061,108,382	32.19
Gross loan at amortized cost	832,954,757,812	100.00	835,782,825,326	100.00

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.

	2020	2019
Total NPLs	25,613,645,864	18,766,221,400
Allowance for credit losses	(13,704,767,892)	(6,752,483,291)
Net NPLs	11,908,877,972	12,013,738,109

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	2020	2019
Overseas Filipino Bank, Inc.	1,701,000,000	1,701,000,000
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
Total	2,139,775,007	2,139,775,007
Allowance for credit losses	(766,985,461)	(1,478,005,523)
Net	1,372,789,546	661,769,484

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 (OFB). The initial infusion in the amount of P429 million was released on July 06, 2018. Further, the OFB 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 and P0.5 billion as preferred shares. The increase in ACS was approved by BSP on July 02, 2019 while the Certificates of Approval of Increase of Capital Stock and Filing of Amended Articles of Incorporated were approved by the Securities and Exchange Commission on March 18, 2021. The Parent has released a total capital infusion amounting to P1.27 billion to OFB in 2019 as Deposit for Stock Subscription. The same EO directed the Philippine Postal Corporation and Bureau of Treasury to transfer their respective OFB 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 20.91 per cent ownership of the capital stock of Small Business Corporation.

16. Investment Property

This account consists of:

	Group							
	2020				2019			
	Land	Building	Others	Total	Land	Building	Others	Total
At Cost								
At January 1	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
Additions/(Disposals)	169,861,964	760,214,945		930,076,909	300,615,044	487,808,775		769,029,929
Transfers/Adjustment	556,184	0	0	556,184	(1,474,535)	0	(19,393,890)	(1,474,535)
At December 31	4,905,532,949	4,154,270,435	0	9,059,803,384	4,735,114,801	3,394,055,490	0	8,129,170,291
Accumulated depreciation and impairment								
At January 1	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
Depreciation	0	253,753,774		253,753,774	0	130,345,410		130,345,410
Transfers/Adjustment	(1)	(98,009,751)	0	(98,009,752)	(14,041,000)	(274,838,851)	(19,393,889)	(308,273,740)
Impairment Loss	(18,008,061)	98,324,880		80,316,819	(121,530,845)	(135,452,746)		(256,983,591)
At December 31	270,327,872	1,112,922,985	0	1,383,250,857	288,335,934	858,854,082	0	1,147,190,016
Net book value	4,635,205,077	3,041,347,450	0	7,676,552,527	4,446,778,867	2,535,201,408	0	6,981,980,275

	Parent					
	2020			2019		
	Land	Building	Total	Land	Building	Total
At Cost						
At January 1	4,643,936,446	3,312,872,182	7,956,808,628	4,224,938,565	2,634,505,810	6,859,444,375
Additions/(Disposals)	170,418,149	760,214,945	930,633,094	418,997,881	678,366,372	1,097,364,253
At December 31	4,814,354,595	4,073,087,127	8,887,441,722	4,643,936,446	3,312,872,182	7,956,808,628
Accumulated depreciation and impairment						
At January 1	281,998,417	811,082,218	1,093,080,635	403,529,262	1,059,131,018	1,462,660,280
Depreciation	0	252,633,789	252,633,789	0	129,087,757	129,087,757
Transfers/Adjustment	0	(98,009,751)	(98,009,751)	0	(241,683,811)	(241,683,811)
Impairment Loss	(18,008,061)	98,324,880	80,316,819	(121,530,845)	(135,452,746)	(256,983,591)
At December 31	263,990,356	1,064,031,136	1,328,021,492	281,998,417	811,082,218	1,093,080,635
Net book value	4,550,364,239	3,009,055,991	7,559,420,230	4,361,938,029	2,501,789,964	6,863,727,993

Investment properties include real estate properties acquired in settlement of loans and receivables.

As of December 31, 2020 and 2019, the carrying value of investment properties still subject to redemption amounted to P1,588,948,805 and P179,508,998, respectively, for the Parent. Investment properties with on-going cases amounted to P289,034,406 and P732,882,117 as of December 31, 2020 and 2019, respectively. Properties amounting to P43,079,661 and P43,708,690 as of December 31, 2020 and 2019, respectively, are agricultural lands covered by the government's agrarian reform program.

In 2020 and 2019, the rental income (included under 'Rent' in the Statements of Comprehensive Income) on investment properties, which are leased out under operating leases, amounted to P721,808 and P5,006,264, respectively, for the Parent. In 2020 and 2019, 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 P252,633,789 and P129,087,757, respectively.

17. Property and Equipment

This account consists of:

	Group									Total 2020
	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	
At Cost										
At January 1,	1,706,253,575	87,296,262	5,172,326,713	1,247,705,014	108,924,479	8,745,089,719	702,007,469	831,539,096	1,918,034,406	20,519,176,733
Additions	118,000,162	71,848,425	274,152,167	105,409,413	11,984,266	503,557,306	67,656,673	772,892,477	1,579,058	1,927,079,947
Disposals	0	(157,608)	13,886,818	(6,243,805)	(6,478,659)	(177,523,960)	0	(32,020,839)	(20,346,385)	(228,884,438)
Transfers	330,009	(6,138,724)	(157,689,998)	(22,605,141)	(11,519,036)	28,760,301	(60,047,467)	(507,130,784)	372,641,350	(363,399,490)
At December 31	1,824,583,746	152,848,355	5,302,675,700	1,324,265,481	102,911,050	9,099,883,366	709,616,675	1,065,279,950	2,271,908,429	21,853,972,752
Accumulated Depreciation, Amortization & Impairment loss										
At January 1	0	0	2,487,186,875	555,204,216	80,031,284	5,651,478,673	361,826,591	79,253,921	413,914,385	9,628,895,945
Depreciation & amortization	0	0	290,750,877	101,889,115	19,163,793	711,503,099	21,197,629	206,893,680	269,769,869	1,621,168,062
Disposals	0	0	29,825,325	(1,895,611)	(5,992,372)	(143,738,669)	0	(4,822,172)	(32,790,438)	(159,413,937)
Transfers/Adjustments	0	0	(100,341,143)	(18,131,448)	(7,438,337)	(173,735,977)	(105,340)	(144,397,854)	461,313,590	17,163,491
At December 31	0	0	2,707,421,934	637,066,272	85,764,368	6,045,507,126	382,918,880	136,927,575	1,112,207,406	11,107,813,561
Allow for Losses	0	0	41,469,224	1,401,407	7,987,971	31,510,823	0	(5,369,097)	268,409	77,268,737
Net book value	1,824,583,746	152,848,355	2,553,784,542	685,797,802	9,158,711	3,022,865,417	326,697,795	933,721,472	1,159,432,614	10,668,890,454

	Group As Restated									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	
At Cost										
At January 1, as restated	1,492,986,640	148,324,887	5,121,268,735	1,165,790,160	114,655,106	8,458,527,612	525,504,852	119,405,448	0	17,146,463,440
Additions	206,578,878	11,733,204	1,885,865,786	191,028,923	90,672,135	1,030,196,346	185,227,806	750,369,539	1,918,034,406	6,269,707,023
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)	(1,822,850,805)	(78,981,327)	(88,041,987)	(423,568,287)	43,416	(32,440,875)	0	(2,496,628,637)
At December 31, as restated	1,706,253,575	87,296,262	5,172,326,713	1,247,705,014	108,924,479	8,745,089,719	702,007,469	831,539,096	1,918,034,406	20,519,176,733
Accumulated Depreciation, Amortization & Impairment loss										
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	165,807,076	106,128,810	2,369,281	714,149,067	25,396,924	48,245,647	413,914,385	1,476,011,190
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, As restated	0	0	2,487,186,875	555,204,216	80,031,284	5,651,478,673	361,826,591	79,253,921	413,914,385	9,628,895,945
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
Net book value, As restated	1,706,253,575	87,296,262	2,650,636,048	691,203,760	20,905,224	3,071,810,758	340,180,878	757,776,182	1,504,120,021	10,830,182,708

	Parent									Total 2020
	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	
At Cost										
At January 1	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
Additions	118,000,162	71,848,425	272,585,347	105,409,413	8,561,605	497,250,213	0	772,533,600	0	1,846,188,765
Disposals	0	(157,608)	13,886,818	(6,238,854)	(3,345,239)	(154,409,563)	0	(9,957,239)	(20,346,385)	(180,568,070)
Transfers	330,009	(6,138,724)	(150,245,807)	(22,605,141)	(11,519,036)	28,950,944	0	(507,130,784)	372,641,350	(295,717,189)
At December 31	1,682,793,746	152,848,355	5,276,434,459	1,323,010,630	72,570,963	8,909,852,710	407,105,647	1,044,269,274	2,267,981,943	21,136,867,727

	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 2020
Accumulated Depreciation and Amortization										
At January 1	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
Depreciation and amortization	0	0	284,239,418	101,421,374	17,356,443	704,345,188	13,072,532	205,483,658	268,653,133	1,594,571,746
Disposals	0	0	29,825,325	(1,890,660)	(3,268,956)	(121,415,125)	0	(3,568,247)	(32,790,438)	(133,108,101)
Transfers/Adjustments	0	0	(100,341,143)	(18,131,448)	(7,438,337)	(173,670,954)	(105,340)	(144,397,854)	461,313,590	17,228,514
At December 31	0	0	2,629,164,530	635,911,142	64,241,534	5,883,136,123	325,682,844	120,271,698	1,109,078,589	10,767,486,460
Allow for Losses	0	0	41,469,224	1,401,407	7,987,971	31,510,823	0	(5,491,007)	268,409	77,146,827
Net book value	1,682,793,746	152,848,355	2,605,800,705	685,698,081	341,458	2,995,205,764	81,422,803	929,488,583	1,158,634,945	10,292,234,440

	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
At Cost										
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
Accumulated Depreciation and Amortization										
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 and 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
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
Net book value	1,564,463,575	87,296,262	2,690,263,381	690,636,298	13,293,278	3,042,383,814	94,389,995	731,560,563	1,503,784,674	10,418,071,840

Depreciation and amortization of the Group amounting to P1,621,168,062 and P1,476,011,190 and of the Parent amounting to P1,594,571,746 and P1,446,208,298 in 2020 and 2019, 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 P220,374,029 and P246,268,308 in 2020 and 2019, respectively, are temporarily idle. The carrying amounts of properties which are held for disposal are P24,246,285 and P29,821,469 in 2020 and 2019, respectively.

18. Leases

Parent as lessee

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities as of December 31, 2020 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	106,813,498	228,055,166	104,291,524	439,160,188
Lease Liability	468,353,069	915,718,390	488,604,122	1,872,675,581
Lease Payment	575,166,567	1,143,773,556	592,895,646	2,311,835,769

As of December 31, 2020, the Parent recognized interest expense on lease liabilities (included in the Statements of Comprehensive Income) amounting to P128,232,396 and rent expense from short-term leases and leases of low-value assets amounting to P803,276,349.

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 P23,495,890 and P35,013,733 in 2020 and 2019, respectively.

Lease Liability is included under 'Others' account in Note 24 - Other Liabilities.

19. Other Intangible Assets

This account consists of:

	Group		Parent	
	2020	2019	2020	2019
Balance at the beginning of the year	1,162,906,170	1,183,451,617	1,138,144,879	1,155,894,949
Addition	346,968,853	243,457,769	343,561,666	242,062,229
Amortization for the year	(359,468,300)	(264,003,216)	(356,305,675)	(259,812,299)
Balance at the end of the year	1,150,406,723	1,162,906,170	1,125,400,870	1,138,144,879
Allow for Losses	(10,673,500)	(10,673,500)	(673,500)	(673,500)
Net book value at end of year	1,139,733,223	1,152,232,670	1,124,727,370	1,137,471,379

20. Other Assets

This account consists of:

	Group		Parent	
	2020	2019 As Restated	2020	2019 As Restated
Sundry debits	1,344,607,815	901,817,348	1,338,239,975	901,511,875
Prepaid expenses	642,675,196	424,751,168	638,021,054	434,914,151
Documentary stamps	843,954,151	809,039,852	843,041,507	808,610,259
Stationery & supplies on hand	143,841,871	141,125,616	139,203,589	136,459,689
Accounts receivable-net	21,648,507	30,034,336	13,546,968	29,401,813
Inter-office float items	242,552	3,248,164	242,552	301,785
Others	1,751,118,954	2,307,600,219	1,651,221,230	2,408,346,832
Allowance for credit losses	(28,035,599)	(58,035,599)	(28,035,599)	(28,035,599)
	4,720,053,447	4,559,581,104	4,595,481,276	4,691,510,805

21. Allowance for Credit Losses and Impairment Losses

Changes in the allowance for credit losses and impairment losses of the Parent are as follows:

	2020	2019
Balance at beginning of year:		
Loans	17,289,002,914	14,716,968,798
Investments	2,198,651,682	415,741,891
Receivables from customers and Other assets	2,150,663,062	2,287,224,726
Contingent	409,006,907	431,529,554
	22,047,324,565	17,851,464,969
Provisions charged to operations	8,285,481,838	6,243,266,880
Accounts charged off and others	(25,041,114)	(1,243,476,977)
Transfer/adjustments	4,552,121	(803,930,307)
	8,264,992,845	4,195,859,596
Balance December 31	30,312,317,410	22,047,324,565
Balance at end of year:		
Loans (Note 13)	25,926,451,311	17,289,002,914
Investments (Note 11, 12,14)	1,487,216,535	2,198,651,682
Receivables from customers and other assets (Note 13, 16, 17, 19, 20)	2,608,053,807	2,150,663,062
Contingent	290,595,757	409,006,907
	30,312,317,410	22,047,324,565

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:

	2020	2019
Loans	8,644,151,342	4,205,482,392
Investments	(713,911,242)	1,787,779,402
Receivables from customers and other assets	473,652,888	272,527,732
Contingent	(118,411,150)	(22,522,647)
	8,285,481,838	6,243,266,880

The calculated ECL as of December 2020 increased from P723.07 million to P724.85 million, as follows:

INVESTMENTS (In Thousand P)	TOTAL		STAGE 1		STAGE 2		STAGE 3	
	2020	2019*	2020	2019*	2020	2019*	2020	2019*
Due from BSP and SPURA	-	-	-	-	-	-	-	-
Due from Other Banks	4,617.18	2,050.79	4,585.22	2,037.22	31.96	13.57	-	-
Due from Foreign Banks	2,618.99	1,708.62	2,618.99	1,708.62	-	-	-	-
Due from Local Banks and FIs	1,894.56	316.61	1,862.60	303.04	31.96	13.57	-	-
Inter-bank loan and receivables	103.63	25.56	103.63	25.56	-	-	-	-
FA at FVOCI debt investments	-	372.03	-	372.03	-	-	-	-
Local Debt Securities	-	-	-	-	-	-	-	-
Foreign Debt Securities	-	372.03	-	372.03	-	-	-	-
FA at amortized cost	720,231.07	720,643.84	10,753.41	9,255.24	12,236.50	16,844.78	697,241.16	694,543.82
Local Debt Securities	-	-	-	-	-	-	-	-
Foreign Debt Securities	-	-	-	-	-	-	-	-
Private Securities	-	-	-	-	-	-	-	-
Local	712,883.33	716,729.93	5,218.96	5,341.33	10,423.21	16,844.78	697,241.16	694,543.82
Foreign	7,347.74	3,913.91	5,534.45	3,913.91	1,813.29	-	-	-
TOTAL	724,848.25	723,066.66	15,338.63	11,664.49	12,268.46	16,858.35	697,241.16	694,543.82

*Note: Result for the ECL calculation using Treasury exposures as of June 2019 is the basis for the allowance for 2019.

22. Deposit Liabilities

This account consists of:

	Group		Parent	
	2020	2019	2020	2019
Domestic				
Demand deposits	1,067,839,637,115	884,242,337,174	1,068,477,682,342	884,597,244,105
Savings deposits	906,190,504,838	798,813,818,564	905,915,136,347	796,871,655,025
Time certificate of deposits	416,349,835	449,333,001	418,748,973	434,203,920
Long Term Negotiable Certificate of Deposits	6,000,000,000	6,000,000,000	6,000,000,000	6,000,000,000
	1,980,446,491,788	1,689,505,488,740	1,980,811,567,662	1,687,903,103,050
Foreign				
Demand deposits –FCDU/EFCDU	0	0	0	0
Savings deposit –FCDU/EFCDU	19,313,285,277	16,685,052,793	19,313,408,190	16,684,236,253
Time certificate of deposit-FCDU/EFCDU	94,520,336,003	78,489,092,666	94,520,238,806	78,488,837,039
	113,833,621,280	95,174,145,459	113,833,646,996	95,173,073,292
	2,094,280,113,068	1,784,679,634,198	2,094,645,214,658	1,783,076,176,342

The Parent's domestic deposit liabilities earn annual fixed interest rates ranging from 0.500 to 0.75 per cent and 0.100 to 0.725 per cent in 2020 and 2019, respectively. Foreign deposit rates range from 0.05 to 0.5 per cent and from 0.15 to 0.250 per cent in 2020 and 2019, respectively. In 2020 and 2019, P1,317,621,116,982 or 63 per cent and P1,177,850,389,645 or 66 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	
	2020	2019	2020	2019
Bangko Sentral ng Pilipinas	25,336,905	36,722,229	25,336,905	36,722,229
Domestic borrowings	2,895,208,866	2,346,319,736	1,310,569,987	182,319,735
Foreign borrowings	25,670,467,861	27,319,464,914	25,670,467,861	27,319,464,914
Foreign interbank borrowings	0	0	0	0
	28,591,013,632	29,702,506,879	27,006,374,753	27,538,506,878

The breakdown of Parent's Bills payable (foreign borrowings) is as follows:

Creditor/Funder	2020	2019
World Bank/IBRD	13,892,367,999	14,490,003,629
Asian Development Bank (ADB)	333,503,256	406,161,155
Japan International Cooperation Agency (JICA)	10,064,282,951	11,039,918,730
Kreditanstalt für Wiederaufbau (KfW)	1,380,313,655	1,383,381,400
	25,670,467,861	27,319,464,914

The total foreign borrowings of P25,670,467,861 is guaranteed by the National Government. Foreign borrowings relented in local currency amounting to P11,865,992,690 are provided with foreign exchange (FX) Risk Cover by the National Government. This has historical value of P11,402,757,508. 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 2020 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	
	2020	2019 As Restated	2020	2019
Accrued interest, fringe benefits, taxes and other expense payable	9,049,958,144	8,530,195,496	9,165,082,508	8,530,195,496
Accounts payable	33,633,513,417	36,416,581,238	33,302,614,011	36,219,367,074
Due to Agrarian Reform Fund	151,966,341	180,826,143	151,966,341	180,826,143
Sundry credits	4,126,323,782	516,237,402	4,119,269,716	515,366,173
Unearned income	384,439,207	42,867,423	12,316,446	14,929,302
Withholding tax payable	295,806,388	395,497,661	291,653,902	394,804,859
Miscellaneous liabilities	3,728,106,973	6,966,242,158	3,688,835,584	6,925,288,943
Provision for estimated credit losses	290,595,757	409,006,907	290,595,757	409,006,907
Others	5,011,672,303	4,867,340,362	4,813,688,575	4,347,764,961
	56,672,382,312	58,324,794,790	55,836,022,840	57,512,649,380

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 11534 (CREATE Law), which was passed into law in March 2021 and amended certain provisions of the National Internal Revenue Code of 1997, the normal corporate income tax rate is 25 per cent effective July 1, 2020. Initial implementation for taxable year 2020, the normal corporate income tax rate to be used is 27.50 per cent pursuant to BIR Revenue Regulations No. 5-2021. The interest allowed as deductible expense is reduced by an amount equivalent to 20 per cent of the interest income subjected to final tax. Prior to RA 11534, the normal corporate income tax rate is 30 per cent and 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 interest 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	
	2020	2019	2020	2019
Current:				
Normal	3,461,936,969	2,386,087,597	3,247,261,661	2,303,787,951
Income Tax - Final	0	0	0	0
	3,461,936,969	2,386,087,597	3,247,261,661	2,303,787,951
Deferred	(3,045,059,745)	(655,403,539)	(2,937,214,210)	(658,589,902)
	416,877,224	1,730,684,058	310,047,451	1,645,198,049

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

	Group		Parent	
	2020	2019	2020	2019
Statutory income tax	6,099,894,604	6,461,557,069	5,981,559,020	6,377,108,451
Additions to (reductions in) income taxes arising from:				
Non-deductible interest expense	2,630,740,771	3,042,147,388	2,630,565,248	3,042,127,952
Other deductible/Non-deductible expense	514,154,685	1,269,950,495	516,257,765	1,259,492,107
FCDU income	(834,015,747)	(1,140,280,055)	(834,015,747)	(1,140,280,055)
Tax exempt & tax paid income	(8,520,388,066)	(7,742,312,118)	(8,509,352,328)	(7,730,330,033)
Others	526,490,977	(160,378,721)	525,033,493	(162,920,373)
	416,877,224	1,730,684,058	310,047,451	1,645,198,049

The net deferred income tax asset reported by the Parent amounted to P7,111,184,519 and P4,173,970,307 for CY 2020 and 2019, respectively while the subsidiaries recognized deferred tax assets of P165,067,505 and P60,356,320 for CY 2020 and 2019, 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	
	2020	2019
Deferred tax asset:		
Allowance for credit losses	5,945,724,382	4,191,313,158
Accrued expenses	1,264,057,576	466,853,960
Unrealized loss on foreign exchange	91,498,271	0
Unrealized loss on financial assets and liabilities-held for trading	294,101,101	0
	7,595,381,330	4,658,167,118

	Parent	
	2020	2019
Deferred tax liability:		
Unrealized gain on financial assets and liabilities-held for trading	107,395,807	107,395,807
Unrealized gain on foreign exchange	376,801,004	376,801,004
	484,196,811	484,196,811
	7,111,184,519	4,173,970,307

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, 2020, the Parent reported the following revenues and expenses for income tax purposes:

Revenues	
Services/operations	41,149,092,504
Non-operating and taxable other income:	
Trading and securities gain	3,911,092,786
Service charges, fees and commissions	1,721,458,933
Profit from assets sold	427,122,663
Income from trust operations	208,627,159
Others	480,008,003
	6,748,309,544
Total Revenues	47,897,402,048
Expenses	
Cost of services:	
Compensation and fringe benefits	8,179,806,489
Others	11,678,032,744
Total cost of services	19,857,839,233
Itemized deductions:	
Taxes and licenses	4,394,342,897
Documentary stamps used	4,329,104,323
Compensation and fringe benefits	2,214,706,757
Information technology expenses	956,079,283
Security, messengerial and janitorial	887,624,379
Depreciation and amortization	874,965,965
Communications, light and water	484,370,586
Fees and commission	376,093,137
Rent	244,074,065
Management and professional fees	167,296,231
Representation and entertainment	147,986,718
Transportation and travel	127,336,547
Insurance	108,264,395
Repairs and maintenance	106,594,110
Advertising	59,662,706
Bad debts	25,041,114
Trainings and seminars	15,572,589
Others	712,222,788
	16,231,338,590
Total expenses	36,089,177,823
Net taxable income	11,808,224,225

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 2020 are as follows:

Documents/transactions	DST Paid
Debt instruments, bonds, certificate of time deposits	6,285,669,218
Mortgages, pledges, deed of assignments/trust	485,291,010
Foreign bills of exchange, letters of credit	87,990,785
Banks, checks, drafts and telegraphic transfer/others	86,434,898
Acceptance of bills of exchange payable in the Philippines	74,240,094
On assignments and renewal of certain instruments	1,390,684
Bills of exchange or drafts	210,455
Leases and other hiring agreements	51,962
Certificates of profits or interest in property	3,625
In case stock without par value	3,220
Certificates	1,800
Total DST Paid	7,021,287,751

II. All other taxes, local and national, paid for the tax period 2020:

National	
Percentage taxes (GRT)	4,324,085,029
Fringe benefits tax	242,308
National taxes	79,093,813
	4,403,421,150
Local	
Real estate tax	56,192,160
Local business tax	77,604,175
Mayor's Permit/Municipal License/Other Regulatory Fees/License Permit	181,524,094
Other local taxes	11,259,314
	326,579,743
	4,730,000,893

III. The amount of withholding taxes paid/accrued for the year amounted to:

Tax on Compensation and benefits	1,136,991,899
Creditable withholding taxes	162,033,257
Final withholding taxes	2,499,338,165
	3,798,363,321

IV. Taxes withheld by client on their income payments to the Bank were claimed as tax credits:

Tax Credits against Income Tax	2,127,301,345
Tax Credits against Gross Receipts Tax	291,332,375
	2,418,633,720

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 2020 and 2019 amounted to P1,121,432,757 and P1,069,092,596, 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, 2020 amounted to P96,702,219,491, of which P96,434,190,557 are government borrowings covered by BSP Circular No. 547.

The following are the significant transactions of the Parent with related parties:

	2020				2019			
	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	25,044,813	1,285,282,136	96,677,173,344	97,987,500,293	26,487,987	1,179,765,412	114,018,563,934	115,224,817,333
Deposit liabilities		921,775,857	0	921,775,857		358,688,534	0	358,688,534
Other liabilities		564,410,013	0	564,410,013		496,186,748	0	496,186,748
	25,044,813	2,771,468,006	96,677,173,344	99,473,686,163	26,487,987	2,034,640,694	114,018,563,934	116,079,692,615

The following are the percentage of DOSRI loans:

	2020	2019
DOSRI to Total Loans	11.61%	13.65%
Unsecured DOSRI to Total DOSRI	0.02%	3.78%
Past due DOSRI to Total DOSRI	0	0
Non-performing DOSRI to Total DOSRI	0	0

The following are the significant transactions with subsidiaries:

	2020	2019
Interest income	86,679,990	113,931,309
Interest expense	(87,525,238)	(68,851,085)
Lease expense	0	(51,860,862)
Other income	584,134	364,848
Other expenses	(714,460,027)	(347,253,953)

Transactions with other related parties:

Compensation of key management personnel:

	Group		Parent	
	2020	2019	2020	2019
Short-term employee benefits	152,706,807	164,268,409	125,592,539	124,407,908
Post-employment benefits	34,356,235	35,050,050	33,876,262	32,377,743
Other long-term benefits	59,767,344	50,739,795	59,767,344	50,739,795
	246,830,386	250,058,254	219,236,145	207,525,446

Terms and conditions of transactions with related parties:

The Parent's related party transactions with its subsidiaries amounted to P99,473,686,163 and P116,079,692,615 as at December 31, 2020 and 2019, respectively. There have been no guarantees provided or received for any related party receivables or payables. For the years ended December 31, 2020 and 2019, 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 P348,175,073,332 and P318,588,657,925 as of December 31, 2020 and 2019, respectively.

Summary of Assets under Management is as follows:

	2020 (Unaudited)	2019 (Unaudited)
Special Purpose Trust	417,110,371	435,226,689
Other Fiduciary Accounts	304,713,118,094	277,870,422,124
Agency	33,195,449,985	34,101,954,309
Trust	9,849,394,882	6,181,054,803
	<u>348,175,073,332</u>	<u>318,588,657,925</u>

In compliance with the requirements of the General Banking Law, government securities with total face value of P950,000,000 both in 2020 and 2019 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, 2020, the Parent's outstanding notional amount of the currency sell forward/swap agreements with maturity of less than six months amounted to P22,810,595,000 with market value of P22,699,264,368 while currency bought forward amounted to P728,700,000 with a market value of P720,993,970.

Over the Counter Interest Rate Option Contract Bought

As of December 31, 2020, the Parent's outstanding notional amount of the debt warrants bought to mature on November 29, 2032 amounted to P74,003,527 with market value of P89,492,637.

Foreign Exchange (FX) Risk Cover

The FX 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, 2020, the Parent's outstanding notional amount of the FX Risk Cover amounted to JPY22,576,443,627 and EUR23,480,730.27.

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	
	2020	2019
Trust Department accounts	348,175,073,332	318,588,657,925
Commitments	83,243,429,970	78,517,889,556
Standby/commercial letters of credit	9,282,597,552	20,843,395,749
Derivatives	35,357,061,206	30,231,574,369
Outstanding guarantees	504,809,589	527,382,128
Spot exchange contracts	2,881,380,000	3,367,227,500
Late deposits received	319,346,253	808,963,314
Outward bills for collection	40,961,550	78,665,417
Liability Indemnity Fund	1,371,785,084	86,255,242
Others	15,565,994,757	1,157,012,761
	496,742,439,293	454,207,023,961

32. Financial Performance

The following basic ratios measure the financial performance of the Parent:

	2020	2019
		As Restated
Net interest margin ratio	3.15%	3.31%
Return on average assets	0.97%	0.96%
Return on average equity	13.22%	13.19%

32. Equity

As of December 31, 2020, 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 consistently complies with the provision of RA No. 7656, or the Dividend Law and its revised implementing rules and regulations on the 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 complied with the Dividend Law for its 2018 and 2019 net earnings when it was granted dividend relief. The Parent's dividend rates in 2018 and 2019 were adjusted from 50% to 0% through the issuance of Executive Order Nos. 109 dated 18 March 2020 and 132 dated 28 April 2021, respectively. For its 2020 net earning, the Parent has a pending request for dividend relief with the DOF awaiting endorsement to the Office of the President for its approval.

On February 2021 the Parent received capital infusion from the NG amounting to P27.5 billion.

The Retained Earnings - reserves of the Group and the Parent consist of:

	Group		Parent	
	2020	2019	2020	2019
	(Amounts in Millions)			
Reserve for trust business	5,103.99	5,079.99	5,103.99	5,079.99
Reserve for contingencies	5,032.50	5,032.50	5,002.50	5,002.50
Reserve for PPE and software acquisition	53.07	54.30	0.00	0.00
Reserve for retirement fund and insurance	32.00	32.00	0.00	0.00
Reserve for business expansion	1,135.00	1,135.00	0.00	0.00
Reserve for others	74,440.51	61,982.50	74,320.95	61,862.95
	85,797.07	73,316.29	84,427.44	71,945.44

The following table shows the components of Other Comprehensive Income of the Group and Parent:

	Re-measurement of retirement benefit obligation	Net Unrealized Gain/(loss) on AFS securities	Group Translation Adjustment and Others	Total
Balances, as of January 1, 2020 as Restated	(10,463,835)	11,493,085,916	108,006,321	11,590,628,402
Increase/decrease in CY 2020	(2,452,535)	4,663,884,625	(208,136,572)	4,453,295,518
Balance, as of December 31, 2020	(12,916,370)	16,156,970,541	(100,130,251)	16,043,923,920

	Net Unrealized Gain/(loss) on AFS securities	Parent Translation Adjustment and Others	Total
Balances, as of January 1, 2020 as Restated	11,440,885,498	108,006,321	11,548,891,819
Increase/(decrease) in CY 2020	4,660,668,053	(208,136,572)	4,452,531,481
Balance, as of December 31, 2020	16,101,553,551	(100,130,251)	16,001,423,300

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 Parent 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	
	2020	2019	2020	2019
(Amounts in Millions)				
Tier 1 Capital	164,231	143,520	163,215	143,907
Tier 2 Capital	8,285	8,188	8,264	8,122
Less: Required Deductions	19,814	25,547	21,089	28,193
Total Qualifying Capital	152,702	126,161	150,390	123,836
Risk Weighted Assets	940,041	915,796	936,923	908,168
Common Equity Tier 1 Ratio (CET1)	15.36%	12.88%	15.17%	12.74%
Total Capital Adequacy Ratio (CAR)	16.24%	13.78%	16.05%	13.64%

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, 2020
(Amounts in Millions)

Item		Leverage Ratio Framework	
		Group	Parent
1.	Total consolidated assets as per published financial statements	2,365,468.550	2,361,932.398
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	1,121.845	1,121.845
5.	Adjustments for securities financial transactions (i.e., repos and similar secured lending)	103.084	103.084
6.	Adjustments for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	46,373.599	45,784.199
7.	Other adjustments	(14,520.166)	(15,987.318)
8.	Leverage ratio exposure	2,398,546.912	2,392,954.208

Basel III Leverage Ratio Common Disclosure Template
As of December 31, 2020
(Amounts in Millions; Ratios in Percent)

Item		Leverage Ratio Framework	
		Group	Parent
On-balance sheet exposures			
1.	On-balance sheet items ^{1/}	2,367,374.860	2,363,646.319
2.	Asset amounts deducted in determining Basel III Tier 1 Capital	(19,814.207)	(21,088.970)
3.	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	2,347,560.653	2,342,557.349
Derivative exposures			
4.	Replacement cost associated with all derivatives transactions	3,387.731	3,387.731
5.	Add-on amounts for Potential Future Exposure associated with all derivative transactions	1,121.845	1,121.845
6.	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework ^{2/}		
7.	Deductions of receivables assets for cash variation margin provided in derivatives transactions ^{2/}		
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 ^{2/}	0.000	0.000
11.	Total derivative exposures (sum of lines 4 to 10)	4,509.576	4,509.576
Securities financing transaction exposures			
12.	Gross SFT assets (with no recognition of netting)	0.000	0.000
13.	Netted amounts of cash payables and cash receivables of gross SFT assets ^{2/}		
14.	CCR exposures for SFT assets	103.084	103.084
15.	Agent transaction exposures ^{3/}	0.000	0.000
16.	Total securities financing transaction exposures (sum of lines 12 to 15)	103.084	103.084
Other off-balance sheet exposures			
17.	Off-balance sheet exposure at gross notional amount	110,571.090	109,368.372
18.	Adjustments for conversion to credit equivalent amounts	0.000	0.000
19.	Off-balance sheet items	46,373.599	45,784.199
Capital and total exposures			
20.	Tier 1 capital	144,417.234	142,126.183
21.	Total exposures (sum of lines 3, 11, 16 and 19)	2,398,546.912	2,392,954.208
Leverage ratio			
22.	Basel III leverage ratio	6.02%	5.94%

^{1/} Gross of General Loan Loss Provision (GLLP) and excluding derivatives and SFTs

^{2/} Not included under the framework

^{3/} 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 2020 the Parent made adjustments to its financial statements as of December 31, 2019 as a result of the mark to market adjustment pertaining to the valuation of the Parent's equity investment in Development Academy of the Philippines (DAP) Building and the recovery or return of cost of the Equity Rental Payments received by the Parent on the equity investment in MRTC.

The effects of these restatements in the financial statements as of and for the year ended December 31, 2019 are summarized below:

	As Previously Reported	Effects of Restatement	As Restated
Parent			
Changes in the Statement of Financial Position			
Assets			
Fair Value Through Other Comprehensive Income (FVTOCI)	211,613,341,976	(136,620,434)	211,476,721,542
Loans and Receivable	826,475,770,620	62,208,363	826,537,978,983
Dividends Receivable	383,310	73,828,046	74,211,356
Equity			
Retained Earnings Free	21,248,048,551	(905,634,818)	20,342,413,733
Net Unrealized Gain/Loss on AFS Securities	10,083,395,824	1,357,489,674	11,440,885,498
Cumulative Foreign Currency Translation	196,833,025	(88,826,704)	108,006,321
Changes in the Statement of Other Comprehensive Income			
Other Operating Income			
Dividends	1,554,764,612	(363,612,176)	1,191,152,436

35. Miscellaneous Income

This account is composed of:

	Group		Parent	
	2020	2019	2020	2019
Gain from sale/derecognition of non-financial assets	1,260,800,766	995,235,061	505,572,278	989,083,923
Rent income	43,448,565	56,510,543	23,495,890	35,013,733
Miscellaneous income	777,484,828	438,199,560	722,289,467	252,149,730
Recovery on charged-off assets	34,487,283	60,362,376	34,487,283	59,349,224
	2,116,221,442	1,550,307,540	1,285,844,918	1,335,596,610

36. Investment Income

The Investment Income of the Parent consists of:

	2020	2019
FVOCI	9,512,897,779	4,241,368,333
FVTPL	165,815,812	195,327,183
HTC	17,474,974,016	18,587,660,264
	27,153,687,607	23,024,355,780

b. Gain/(Loss) on Sale/Redemption/Derecognition of Financial Assets and Liabilities

	2020	2019
FVOCI	1,789,642,014	1,151,311
HTC	0	(285,885)
	1,789,642,014	865,426

c. Gain/(Loss) of Financial Assets and Liabilities-FVTPL

	2020	2019
Realized Gain/(Loss) from Sale/Derecognition	510,874,777	632,966,942
Unrealized Gain/(Loss)-Mark-to-Market	(1,073,703,066)	1,256,003,346
Realized Gain/(Loss) from Sale/Derecognition-Derivative-FX	861,596,462	427,769,662
Realized Gain/(Loss) from Foreign Exchange Transactions-Derivative	353,340,217	351,408,843
	652,108,390	2,668,148,793

37. Miscellaneous Expenses

This account is composed of:

	Group		Parent	
	2020	2019 As Restated	2020	2019
Finance Charges	200,191	158,361	0	0
Management and other professional fees	216,598,767	249,406,042	169,998,451	196,331,001
Supervision fees	574,277,611	526,788,179	573,050,028	523,406,929
Fines, penalties and other charges	2,875,461	721,212	2,874,284	382,160
Insurance	3,955,825,661	3,702,008,298	3,940,746,328	3,678,490,463
Fees and commission expense	397,085,360	297,564,114	391,655,023	297,994,627
Litigation/asset acquired expenses	123,612,519	232,715,388	120,339,817	223,463,067
Bad debts written-off	77,753	86,406	77,753	86,407
Other Expenses	9,160,302,490	9,867,894,266	8,749,052,940	9,579,910,946
	14,430,855,813	14,877,342,266	13,947,794,624	14,500,065,600

38. Events After Reporting Period

Merger of the Parent and United Coconut Planters Bank (UCPB)

On June 25, 2021, Executive Order (EO) No. 142 was issued authorizing the merger of LBP and UCPB, and directing both Banks to enter into and implement a merger applicable to Government-Owned and Controlled Corporations (GOCCs).

The Parent will be the surviving entity in the merger and takes the lead in handling the merger. The merger will follow the following stages in accordance to the Governance Commission for GOCCs (GCG) Memorandum Circular No. 2015-03:

- Phase I (Pre-Merger Phase) - As a preliminary step, EO No. 142 directed the Parent to acquire the outstanding UCPB special preferred shares held by the PDIC. Upon the acquisition of the majority shares of the UCPB, UCPB will become a subsidiary of the Parent.
- Phase II (Merger Preparations Phase) – Preparations for the integration of the operations of the merged entity based on the approved plans in order to attain a seamless combination of the resources of the merged entity will commence.
- Phase III (Implementation Phase) – Implementation of the merger of the Parent and UCPB operations.

39. Financial Risk Management

CREDIT RISK MANAGEMENT

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

Maximum Credit Risk Exposure

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

On-Balance Sheet (BS) Items	2020 (In Millions)							
	CEA	0%	20%	50%	75%	100%	150%	CRW A
Cash on Hand	48,313	48,313						
Checks and Other Cash Items (COCI)	12		12					2
Due from Bangko Sentral ng Pilipinas (BSP)	446,741	446,741						-
Due from Other Banks	7,066		86	6,941		39		3,527
Financial Assets Designated at FVTPL	965					965		965
Available-for-Sale (AFS) Financial Assets	499,389	431,830		64,616		2,943		35,251
Held-to-Maturity (HTM) Financial Assets	459,159	434,759	2,633	12,666		9,101		15,961
Loans and Receivables	731,855		6,011	77,519	-	637,645	10,680	693,627
1. Interbank Loans Receivables	28,974		5,667	4,898		18,388	21	22,002
2. Loans & Receivables - Others								-
a. LGUs & Public Sector Entities	40,897					40,897		40,897
b. Government Corporation	1,893					1,893		1,893
c. Corporates	538,669					538,669		538,669
d. Micro/Small & Medium Enterprise	67,898		344	67,554				33,846
e. Loans to individuals	42,536			5,067		37,469		40,003
3. Defaulted Exposures	10,988					329	10,659	16,318
Other Loans and Receivables ^{1/}	16,657	16,657						-
Sales Contract Receivable (SCR)	600					456	144	672
Real and Other Properties Acquired	6,903						6,903	10,355
Total Exposures Excluding Other Assets	2,217,660	1,378,300	8,742	161,742	-	651,149	17,727	760,359
Other Assets	21,161	276				20,885		20,885
Total On-BS RWA not covered by CRM								2,154
Total On-Balance Sheet Exposures	2,238,821	1,378,576	8,742	161,742	-	672,034	17,727	783,398

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

Off-BS Items	CEA	0%	20%	50%	75%	100%	150%	CRW A
A. Direct credit substitutes	956			25		931		944
B. Transaction-related contingencies	42,190					42,190		42,190
C. Trade-related contingencies	1,407			745		662		1,035
D. Other commitments								
Total Off-Balance Sheet Exposures	44,553	-	-	770	-	43,783	-	44,168
Counterparty RWA In The Banking Book	CEA	0%	20%	50%	75%	100%	150%	CRWA
Derivative Exposures	1,162			1,162				581
Total Counterparty RWA In The Banking Book	1,162	-	-	1,162	-	-	-	581
Counterparty RWA In The Trading Book	CEA	0%	20%	50%	75%	100%	150%	CRWA
Derivative Exposures	347			43		304		326
Total Counterparty RWA In The Trading Book	347	-	-	43	-	304	-	326
Less: General Loan Loss Provision (GLLP) (excess in threshold limit of 1% of Gross CRWA)								2,190
Total Exposures	2,283,721	1,378,576	8,742	162,555	-	716,121	17,727	826,283

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, 2020, Parent's Gross Loans & Receivables (GLR) amounted to P731,855 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 & Receivables, Corporates stood at P538,669 million (73.60 per cent), followed by Micro, Small & Medium Enterprises (MSMEs) at P67,898 million (9.28 per cent), Local Government Units (LGUs)/

Public Sector Entities/Government Corporations at P42,790 million (5.85 per cent) and Loans to Individuals at P42,536 million (5.81 percent). The Bank also holds substantial receivables arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse, and Securities Lending and Borrowing Transactions amounting to P16,657 million. The P44,168 million credit risk weighted asset of net Off-balance Sheet exposures of P44,553 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 Parent's GLR have corresponding Credit RWA of P693,627 million following the Standardized Approach. This represents 83.95 per cent of the Total Credit RWA of P826,283 million. Further, total Credit RWA represents 87.90 per cent of the Parent's Aggregate RWA of P940,041 million.

The table shows the concentration of the Parent's treasury exposures by location:

<i>In Million Peso</i>		
Location	2020	2019
Philippines	1,385,338.50	877,218.47
USA	18,135.02	21,160.34
Indonesia	21,812.24	10,686.09
Asia	8,961.19	10,178.29
Europe	1,762.50	7,387.99
Others	2.2	8.35
Total	1,436,011.65	926,639.53

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									
Moody's	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								
Standard & Poor	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								
Fitch	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:

INVESTMENTS (As of December 2020)	EXPOSURE-AT-DEFAULT (In Million Peso)			
	TOTAL	STAGE 1	STAGE 2	STAGE 3
Due from BSP and SPURA				
External Credit Rating				
Baa2 or equivalent	460,086.79	460,086.79	-	-
Due from Other Banks				
External Credit Rating				
Aaa or equivalent	1,683.67	1,683.67	-	-
Aa1 or equivalent	37.14	37.14	-	-
Aa2 or equivalent	16.28	16.28	-	-
Aa3 or equivalent	5,650.80	5,650.80	-	-

Due from Other Banks				
<i>External Credit Rating</i>				
A1 or equivalent	7,637.74	7,637.74	-	-
A2 or equivalent	2,566.33	2,566.33	-	-
Baa1 or equivalent	11.44	11.44	-	-
Baa2 or equivalent	7.09	7.09	-	-
Ba2 or equivalent	0.65	-	0.65	-
<i>Benchmarking</i>				
Baa1 or equivalent	2,004.40	2,004.40	-	-
Unrated	16.9	16.18	0.72	-
FA at FVOCI debt investments				
<i>External Credit Rating</i>				
Aaa or equivalent	11,659.35	11,659.35	-	-
Baa2 or equivalent	484,002.58	484,002.58	-	-
Unrated	732.65	732.65	-	-
FA at amortized cost				
<i>Internal Credit Rating</i>				
High Grade	1,237.94	1,237.94	-	-
<i>External Credit Rating</i>				
Baa2 or equivalent	447,447.41	447,447.41	-	-
<i>Benchmarking</i>				
A3 or equivalent	1,078.42	1,078.42	-	-
Baa1 or equivalent	6,562.76	6,562.76	-	-
Baa3 or equivalent	511.50	511.5	-	-
Ba1 or equivalent	2,100.36	282.73	1,817.63	-
Ba2 or equivalent	707.58	-	96.78	610.8
Ba3 or equivalent	165.13	-	165.13	-
Unrated	86.74	0	-	86.74
TOTAL	1,436,011.65	1,433,233.20	2,080.91	697.54

INVESTMENTS (As of June 2019)	EXPOSURE-AT-DEFAULT (In Million Peso)			
	TOTAL	STAGE 1	STAGE 2	STAGE 3
Due from BSP and SPURA				
<i>External Credit Rating</i>				
Baa2 or equivalent	289,670.02	289,670.02	-	-
Due from Other Banks				
<i>External Credit Rating</i>				
Aaa or equivalent	3,598.77	3,598.77	-	-
Aa1 or equivalent	4,153.30	4,153.30	-	-
Aa2 or equivalent	330.54	330.54	-	-
Aa3 or equivalent	6,561.51	6,561.51	-	-
A1 or equivalent	3,908.35	3,908.35	-	-
A2 or equivalent	374.64	374.64	-	-
A3 or equivalent	2,354.46	2,354.46	-	-
Baa1 or equivalent	55.12	55.12	-	-
Baa3 or equivalent	11.60	11.6	-	-
Ba1 or equivalent	7.09	-	7.09	-
Ba2 or equivalent	0.65	-	0.65	-
<i>Benchmarking</i>				
Baa1 or equivalent	1,001.89	1,001.89	-	-
Unrated	17.35	17.35	-	-
FA at FVOCI debt investments				
<i>Internal Credit Rating</i>				
Satisfactory	780.63	780.63	-	-
<i>External Credit Rating</i>				
Aaa or equivalent	17,454.98	17,454.98	-	-
Baa2 or equivalent	100,581.12	100,581.12	-	-

INVESTMENTS (As of June 2019)	EXPOSURE-AT-DEFAULT (In Million Peso)			
	TOTAL	STAGE 1	STAGE 2	STAGE 3
FA at amortized cost				
<i>Internal Credit Rating</i>				
High Grade	1,463.13	1,463.13	-	-
<i>External Credit Rating</i>				
Baa2 or equivalent	478,728.62	478,728.62	-	-
<i>Benchmarking</i>				
Aa2 or equivalent	8,770.62	8,770.62	-	-
Aa3 or equivalent	135.44	135.44	-	-
Baa1 or equivalent	2,156.18	2,156.18	-	-
Baa2 or equivalent	583.13	583.13	-	-
Ba1 or equivalent	2,394.03	-	2,394.03	-
Ba2 or equivalent	775.93	-	165.13	610.8
Ba3 or equivalent	633.53	-	633.53	-
<i>Unrated</i>	136.90	53.16	-	83.74
TOTAL	926,639.53	922,744.56	3,200.43	694.54

As of December 31, 2020, the Parent's total treasury exposure is P1,436.01 billion. Due from BSP and SPURA increased from P289.67 billion to P460.09 billion while Due from Other Banks decreased from P22.38 billion to P19.63 billion. The Bank's FVOCI debt investments grew from P118.82 billion to P496.39 billion while HTC decreased from P495.78 billion to P459.90 billion.

The Parent's exposure classified as Stage 1, Stage 2, and Stage 3 amounted to P1,433.23 billion, P2.08 billion, and P0.70 billion, respectively. Exposures from HTC amounting to P1.12 billion was transferred from Stage 1 to Stage 2. Also, an exposure from HTC amounting to P3.00 million was transferred to Stage 3. The table below presents the Parent's exposure for the periods December 2020 and June 2019:

INVESTMENTS (In Million Peso)	TOTAL		STAGE 1		STAGE 2		STAGE 3	
	2020	2019	2020	2019	2020	2019	2020	2019
Due from BSP and SPURA	460,086.79	289,670.02	460,086.79	289,670.02	-	-	-	-
Due from Other Banks	19,632.43	22,375.25	19,631.07	22,367.52	1.36	7.73	-	-
FVOCI debt investments	496,394.57	118,816.73	496,394.57	118,816.73	-	-	-	-
HTC	459,897.85	495,777.51	457,120.76	491,890.28	2,079.54	3,192.69	697.55	694.54
TOTAL	1,436,011.64	926,639.51	1,433,233.19	922,744.55	2,080.90	3,200.42	697.55	694.54

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) a Management-level Committee, the Investment and Loan Committee (ILC), a Board-level Committee 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, 2020, the Parent's net Non-Performing Loan (NPL) stood at P11,048 million or 1.29 per cent of the total loan portfolio of P858,243 million.

Credit Risk Rating

LBP'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 automated credit ratings of borrowers to help determine their credit worthiness. The Parent 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 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 Partner Financial Institutions (PFIs)

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, restructured loans, government accounts, exposures to real estate sector, adverse news, credit migration, large exposure/single borrowers limit, DOSRI loans, Related Party Transactions, ECL calculation, Real and Other Property Acquired, PFIs, and compliance with Uniform Stress Testing and 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, Government Securities, 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 Testing 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 action 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, 2020, the Parent's qualifying capital covering credit risk is P150.390 billion.

On the other hand, the Parent's Single Borrower's Limit (SBL) is pegged at P50.355 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, 2020, and 2019, the Parent does not have credit concentration in any particular industry.

As of December 31, 2020 and 2019, information on the concentration of credit as to industry based on carrying amount is shown below:

	Parent			
	2020		2019	
	Amount	%	Amount	%
Financial intermediation	77,253,031,205	9	110,113,453,941	13
Agriculture, hunting and forestry	74,979,514,763	9	79,445,244,619	10
Real estate, renting and business activities	84,689,477,541	10	74,174,101,954	9
Public administration and defense	87,492,768,998	11	82,570,395,785	10
Manufacturing	60,623,218,561	7	62,778,530,124	8
Community, social and personal services	16,426,788,136	2	20,014,421,171	2
Electricity, gas and water	126,904,026,206	15	133,903,658,665	16
Wholesale & retail trade, repair of motor vehicles, motorcycles & personal and household goods	78,594,502,062	10	70,585,446,094	8
Transport, storage and communication	77,912,524,066	10	69,301,942,250	8
Construction	61,085,100,135	7	57,045,084,488	7

	Parent			
	2020		2019	
	Amount	%	Amount	%
Private households	39,196,128,350	5	31,947,038,082	4
Hotel and restaurant	10,994,873,797	1	9,810,478,428	1
Others	36,802,803,992	4	34,093,029,725	4
	832,954,757,812	100	835,782,825,326	100
Allowance for losses	(25,926,451,311)		(17,289,002,914)	
	807,028,306,501		818,493,822,412	

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 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, 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 Risk Management system and processes in place.

Market Risk Weighted Assets (RWA) (ARAC II.C.2.a)

As of December 31, 2020, the LBP's Total Market RWA stood at P15,381 million, broken down as follows:

PARTICULARS	AMOUNT (In Millions)
Interest Rate Exposure	1,107
Equity Exposure	297
FX Exposure	2,027
Options	11,950
Total Market RWA	15,381

The Total Market RWA represents 1.64 per cent of the Parent's Aggregate RWA of P940,041 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 and Foreign Securities 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	P215.00
Foreign Securities	\$ 20.00	\$ 0.20	Group Target	\$ 0.64

YTD: Year-to-Date

The Foreign Exchange Risk in Foreign Securities is accounted under FX 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 MTM 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	25.00

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	65.00
Foreign Securities	20.00	0.20	Group Target	0.64
Derivatives	30.00	0.226		200.00

The Parent had the following significant exposures denominated in foreign currencies as of December 31, 2020:

PARTICULAR	USD	JPY	EUR	AUD	Others	Total
ASSETS						
Fx Currency Notes & Coins on Hand (FCNCH)/ Cash and Other Cash Items (COCI)	28,700	782	446	107	870	30,905
Due from Banks	140,884	597	1,361	46	988	143,876
Held for Trading	11,370	0	0	0	0	11,370
Available for Sale Investment	1,624,909	0	1	0	38,447	1,663,357
Investments in Bonds and Other Debt Instruments (IBODI)	565,904	0	0	0	0	565,904
Interbank Loans Receivable	220,003	0	0	0	0	220,003
Loans & Receivables	532,099	33,999	0	0	0	566,098
Other Assets	26,466	621	1,022	0	791	28,900
Gross FX Assets	3,150,335	35,999	2,830	153	41,096	3,230,413
LIABILITIES						
Deposit Liabilities	2,338,473	448	19	0	0	2,338,940
Bills Payable	253,456	0	0	0	0	253,456
Other Liabilities	120,482	253,383	30,324	0	790	404,979
Gross FX Liabilities	2,712,411	253,831	30,343	0	790	2,997,375

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 Historical Simulation Model in computing VaR of Equities, Foreign Securities, Government Securities 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 P202 million throughout 2020. 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 per cent by BSP for LBP as Domestic Systemically Important Banks (DSIB) for 2020.

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 and trading loss exceeds the result of the model-generated risk measure. The number of exceptions is noted and the model is classified into one of the three zones as follows:

ZONE CLASSIFICATION	NUMBER OF EXCEPTIONS
safe/green zone	0-4 exceptions
non-conclusive/yellow zone	5-9 exceptions
problematic/red zone	10 or more exceptions

Back-testing results are presented to the ALCO and the RiskCom which examine the actual performance of portfolios against VaR measures to assess model accuracy and to enhance the risk estimation process in general.

4. Model Validation

Risk models used in managing market risk are subjected to independent model validation. The Internal Audit Group (IAG) is tasked to do model validation of RM models. The Parent has also engaged the services of a third party to conduct an independent model validation.

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 and 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 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.

With the implementation of the Asset-Liability and Risk Management System (ALRMS), TRMD prepares RBU (Peso and FX Regular), FCDU, Solo (Parent) LGR on a weekly and monthly basis to ALCO and RiskCom, respectively.

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 actual amortization schedule:

In P thousand						
PARTICULARS	2020 ^{1/}		LANDBANK		2019	Total
	Due within 1 year	Due > 1 year	Total	Due within 1 year	Due > 1 year	
ASSETS						
Cash & Other Cash Items	48,370,497	0	48,370,497	37,955,764	0	37,955,764
Due from BSP	272,358,986	184,769,152	457,128,138	380,699,212	0	380,699,212
Due from Other Banks	10,431,714	0	10,431,714	10,759,980	2,582,225	13,342,205
Interbank Loan Receivable	26,711,470	6,341,038	33,052,509	17,933,555	0	17,933,555
Security Purchased Under Agreement to Resell	15,823,492	0	15,823,492	38,107,761	0	38,107,761
Loans & Receivables	358,569,916	590,252,215	948,822,131	359,903,198	466,572,572	826,475,770
Investments	332,096,633	770,545,374	1,102,642,007	140,802,446	551,868,209	692,670,655
Other Assets	2,328,153	3,180,366	5,508,519	2,679,679	24,996,507	27,676,186
Total Assets	1,066,690,861	1,555,088,145	2,621,779,006	988,841,595	1,046,019,513	2,034,861,108
LIABILITIES						
Deposits						
Demand	105,998,621	963,824,952	1,069,823,573	884,597,245	0	884,597,245
Savings	419,615,249	526,699,786	946,315,036	813,555,891	0	813,555,891
Time	93,863,995	151,734	94,015,728	74,947,004	3,976,037	78,923,041
LTNCD	6,112,500	0	6,112,500		6,000,000	6,000,000
Bills Payable	3,667,287	24,909,623	28,576,910	2,242,579	25,295,928	27,538,507
Unsecure Subordinated Debt	0	0	0	0	0	0
Due to BTr, BSP, & MCs/PCIC	1,867,772	566,569	2,443,341	2,180,002	598,447	2,778,449
Due to Local Banks	0	0	0	0	0	0
Other Liabilities & Payable	50,094,199	18,682,928	68,777,127	658,003	71,892,813	72,550,816
Total Liabilities	681,228,623	1,534,835,592	2,216,064,215	1,778,180,724	107,763,225	1,885,943,949

1/ Using ALRMS computation

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 Bank as of December 31, 2020 based on actual amortization schedule which consider the effective maturities as indicated by the deposit retention history:

PARTICULARS	In P Million					
	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
Financial Assets						
Cash & Due from Banks	326,800	2,128	2,233	184,769	0	515,930
Total Loans	215,062	104,002	82,041	395,008	201,585	997,698
Total Investments	119,822	105,847	106,428	486,394	284,152	1,102,643

PARTICULARS	In P Million					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	
Other Assets	158	9	2,161	2,921	259	5,508
Total Assets	661,842	211,986	192,863	1,069,092	485,996	2,621,779
Financial Liabilities						
Deposits	566,635	30,838	28,118	1,490,676	0	2,116,267
Borrowings	3,515	792	1,237	8,850	16,626	31,020
Other Liabilities & Unsecured Subordinated Debt	20,007	800	29,287	18,110	573	68,777
Total Liabilities	590,157	32,430	58,642	1,517,636	17,199	2,216,064
Gap Position	71,685	179,556	134,221	(448,544)	468,797	

As of December 31, 2020, 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. Net gap is positive in all buckets except in the 'more than one year to five 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			
	2020	2019 (Restated)	2018 (Restated)	2017
Liquid Assets	P 1,474,378 ^{1/}	P 1,105,321 ^{1/}	P 1,032,595 ^{2/}	P 972,283 ^{2/}
Financial Ratios:				
Liquid Assets to Total Assets	62.36%	54.32%	55.01%	59.88%
Liquid Assets to Total Deposits	70.39%	61.99%	62.35%	68.21%

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 Equity level under various rate scenarios to the Equity 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:

- 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, 2020 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	0	207,041	0	0	0	0
Total Investments	0	36,902	72,704	111,851	88,311	11,911
Total Loans	0	225,181	315,953	71,878	19,236	15,958

PARTICULARS	0<=1D	1D<=1M	1<=3M	3<=6M	6<=9M	In P Million 9M<=1Y
Other Assets	0	22	156	8	10	12
Total Financial Assets	0	469,146	388,812	183,738	107,558	27,881
<u>Financial Liabilities</u>						
Deposits	0	334,932	231,703	36,654	10,034	12,267
Bills Payable	0	1,144	2,250	12,644	429	171
Others	0	0	0	0	0	0
Total Financial Liabilities	0	336,076	233,952	49,299	10,463	12,438
<u>Off-Balance Sheet</u>						
Commitments	0	0	0	0	0	(1,708)
Total Off-Balance Sheet	0	0	0	0	0	(1,708)
Re-pricing Gap	0	133,070	154,860	134,439	97,095	13,734

Change in Interest Rates - in basis points (bps)							
EaR	-300	-200	-100	-50	+50	+100	In P Million +200 +300
	-11,362	-7,575	-3,787	-1,894	1,894	3,787	7,575 11,362

- 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.

Change in Interest Rates - in bps In P Million				
Interest Rate Scenario	Basis	Interest Rate Scenario		EVE-at-Risk
		Peso	Dollar	
Parallel Shift - Up	BIS-IRRBB Calculation	+267	+200	21,705
	5-year Historical Data (Year-on-Year Change on Average Rates at 99% Level Confidence Level)	+179	+100	14,954
	5-year Historical Data (Year-on-Year Change on Average Rates at 95% Level Confidence Level)	+127	+100	,433
Parallel Shift - Down	Market Sentiment	-75	-75	-4,851
	Market Sentiment	-200	-100	-15,996
	5-year Historical Data (Year-on-Year Change on Average Rates at 95% Level Confidence Level)	-127	-100	-8,964
	5-year Historical Data (Year-on-Year Change on Average Rates at 99% Level Confidence Level)	-179	-100	-13,439
	BIS-IRRBB Calculation	-267	-200	-10,563
Non-parallel Shift	Flattener			23,384
	Steepener			-17,067
	Short Rate Up			25,988
	Short Rate Down			1,353

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 Bank are measured and reported to the ALCO and RISKCOM on a weekly and monthly basis, respectively.

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 Operational Risk Management (ORM) system of the Parent underwent a thorough review and validation to ensure adherence 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 ORM 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 risk management culture of the Parent is further reinforced with the conduct of risk awareness cascading and sharing sessions on ORM, BCM, IT and Information Security. Dissemination of operational risk management programs are clearly communicated through continued briefings and seminars using various channels and platforms available in the Parent. Intensive workshops and technical working group discussion reinforces the

awareness and learning avenues conducted to all employees of the Parent and subsidiaries for them to effectively perform their duties in managing operational risks.

The ORM function is strengthened 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 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 emphasizes the Parent'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. Lessons learned and best practices implemented during the onslaught of Typhoons Rolly and Ulysses in November 2020 were considered in the review and updating of the Business Continuity Plans.

Despite the threat of the COVID-19 pandemic, the Parent was able to continuously provide its services while ensuring the health and safety of its personnel and clients. Various emergency preparedness and business continuity measures consistent with the Parent's BCP were implemented. The challenges encountered by business units nationwide and the lessons learned during the unprecedented pandemic were also considered in the review and enhancement of the Parent's BCP.

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 supports 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 Bank Risk Management certification exams of Asian Institute of Chartered Banks (AICB).

Embedding of ORM across the institution is manifested with the Business Units (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 escalates to Senior Management and RiskCom the results of 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, 2020, the Parent's Total Operational RWA using the Basic Indicator Approach was P98,377 million or 10.5 per cent of the Parent's Aggregate RWA of P940,041 million.

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.

The Parent is firm in its resolve to fortify operational risk management system including the development of an internal economic capital measurement model to better capture the Parent's operational vulnerabilities and be able to provide a more reliable support for the overall strategic objectives of the Parent.

Based on an intensive self-assessment on the readiness of Parent to adopt the Basel Committee on Banking Supervision (BCBS) d424 *Basel III: Finalizing Post-Crisis Reforms* for measuring operational risk capital charge under the Standardized Measurement Approach (SMA), the Parent put in place the enhanced operational risk

framework, loss data gathering, models and processes including the adoption of the SMA for Pillar 1 capital charge and enhanced internal model for calculating operational risk weighted assets using the Advanced Measurement Approach (AMA)-based Internal Capital Assessment (ICA) for Pillar 2 capital assessment. The Parent has also engaged the services of a third-party professional consultant to validate these endeavors.

The results of these capital exercises further ratify that the actual operational risk of the Parent is much lower than what it currently charges for its Pillar 1 capital as both models have consistently resulted in lower figures than the Basic Indicator Approach.

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.

ACKNOWLEDGMENT

For the LANDBANK client features,
we give special thanks to:

Cebu People's Multi-Purpose Cooperative

CEO Macario Quevedo

Dir. Manolito Ardimer

Brian Yap

Cheryl Rivera





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