

Board Meetings and Attendance (2020)

Orientation Program for New Directors

The Corporate Secretary has the following responsibilities for the Orientation Program for New Directors upon their assumption:

1. Schedules a meeting with the Board of Directors and Management;
2. Conducts a two-day orientation program to discuss an oversight of the Bank, Allowances, Benefits and Incentives of the Directors and their membership in the Board-level Committees;
3. Provides the following documents:
 - LBP Quick Guide for Ex-Officio and Non Ex-Officio Directors
 - BSP Requirements pursuant to Section 137 of the MORB

Board Meetings and Attendance

For calendar year 2020, the Board of Directors was able to meet 24 times or 100% of the scheduled meetings. Moreover, excluding the President & 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 11 December 2020, without the presence of the President and CEO, in compliance with the BSP and GCG requirements.

Corporate Governance Committee

The Corporate Governance Committee is composed of three members, namely: Dir. Nancy D. Irlanda (Chairman); Dir. Jesus V. Hinlo, Jr. (Vice-Chairman); and Dir. Virgilio De Vera Robes (member). The Committee meets at least quarterly or as often as it is considered necessary and appropriate. In 2020, it held a total of eleven (11) meetings and adopted eighty four (84) resolutions.

Performance Assessment Program for the Board of Directors

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

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

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

- Board Rating

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

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

- Individual Rating of Board Members

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

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

Computation of Results:

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

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

The results of the Performance Rating System of the Board and Board-level committees for CY 2020 were discussed and noted by the Corporate Governance Committee in a meeting held on March 05, 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.