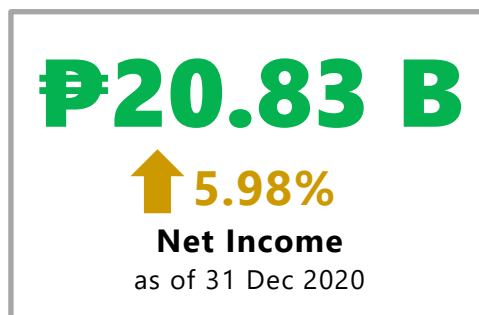


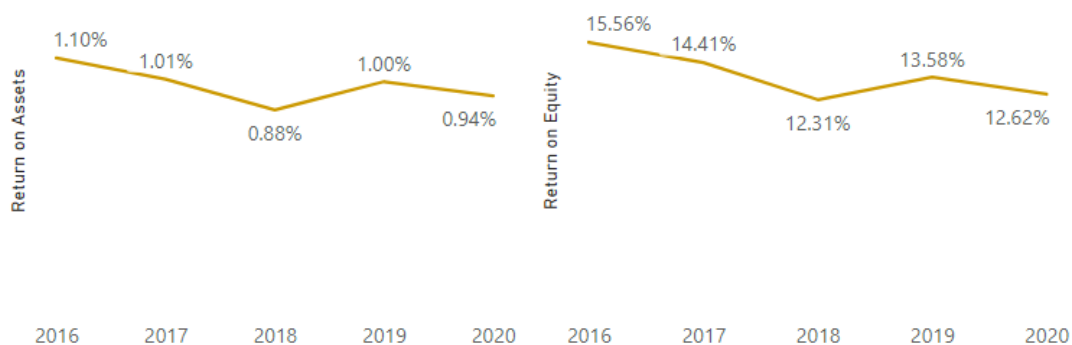
RESULTS OF OPERATION

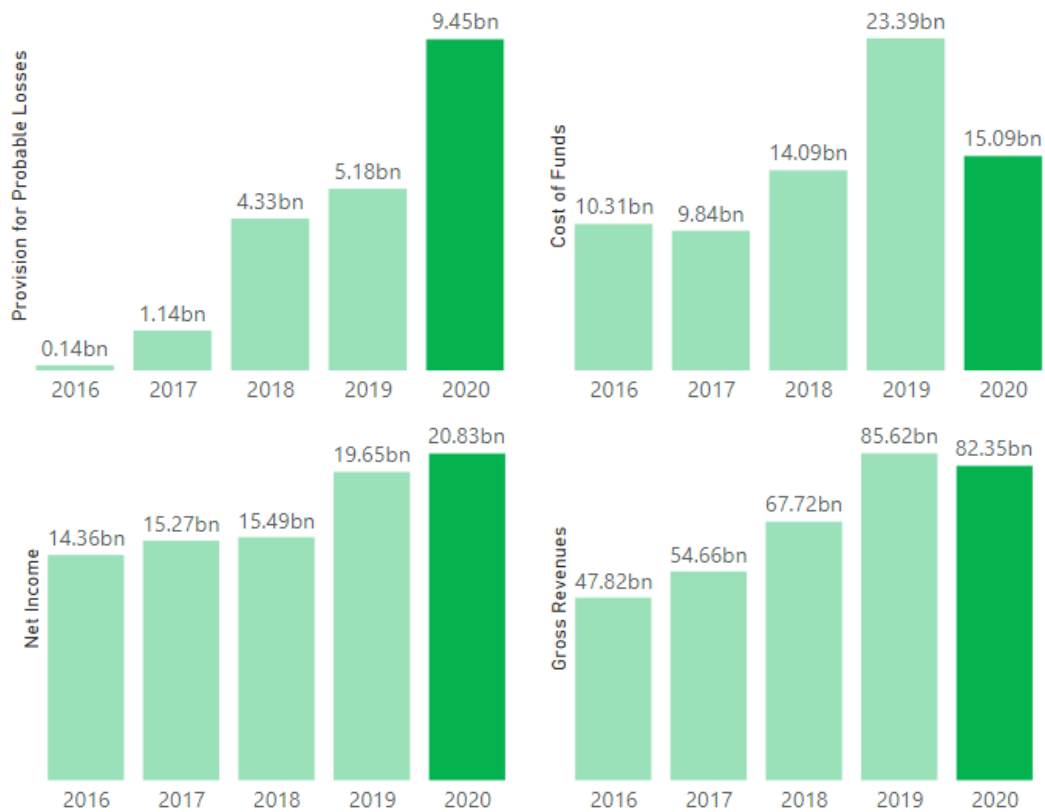
LANDBANK has become a key institution in the country's push for economic recovery amid the global pandemic caused by the coronavirus disease (COVID-19). Despite the unprecedented threat which unfolded in 2020, the Bank maintained its strong financial position while resolutely providing delivery of its 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 is higher than the industry average 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.

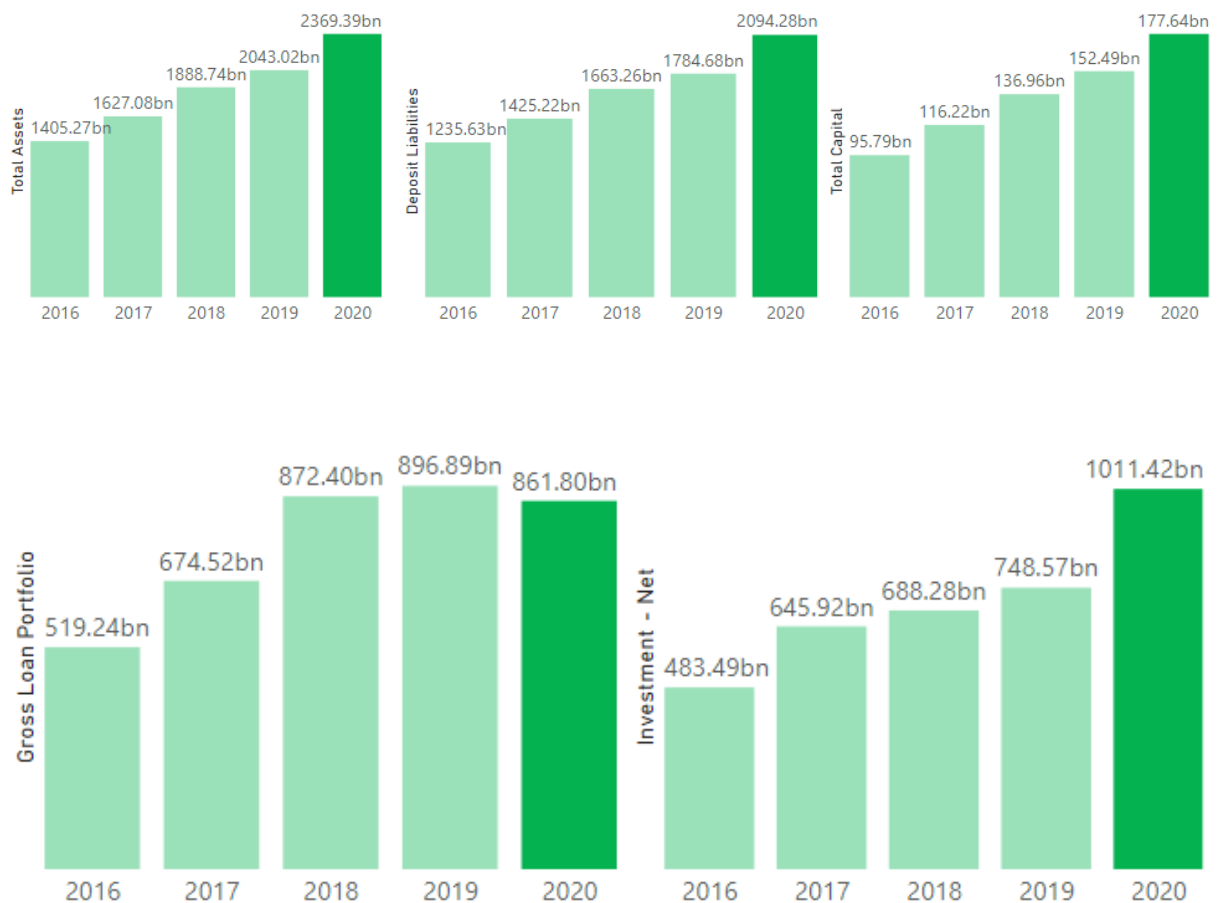




Gross revenues slightly dipped by 3.81% to P82.35 billion in 2020, from P85.62 billion in 2019 mainly due to lower yields from loans and slower lending operations. Income from loans still has the biggest share of gross revenue at 53.22% amounting to P43.83 billion from P52.02 billion last year, while income from investment amounting 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 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.



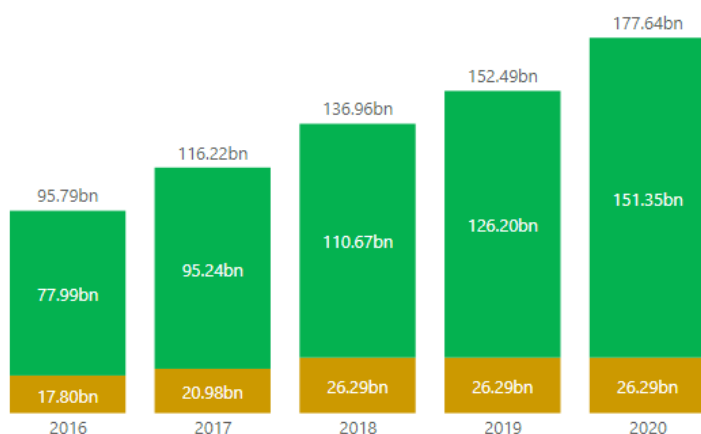
The Bank's total deposits amounted to P2,094.28 billion to breach the two-trillion mark, 17.35% higher than P1,784.68 billion in 2019. Growth in deposits was attributable to the significant expansion in private deposits that reached P777.28 billion in 2020 from P605.47 billion in 2019, and likewise increased 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

Figure No. 1. Breakdown of LANDBANK Capital 2016 to 2020

Capital Structure

● Paid-Up Capital ● Other Capital



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.

Consistent with Basel III and BSP requirements, contained in the following table below are the details and composition of the Bank's comparative common equity tier 1 (CET1) capital, regulatory deductions, and total qualifying capital for 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 2aCapital				
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	-	-	1,801.54	2,985.97

	related goodwill, if any (for solo basis only and as applicable)				
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 earning 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

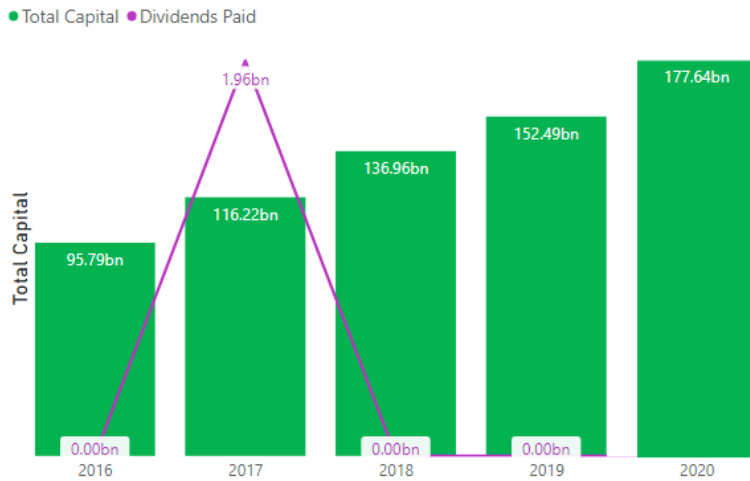
There is a slight 2.65% increase in total risk-weighted assets (RWA) from P915.80 billion to P940.04 billion, mainly due to significant increase in operational risk-weighted assets from higher revenues the previous years.

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%.

Figure No. 2. Dividends Paid vs. Total Capital 2016 to 2020



RA No. 7656 requires LANDBANK to remit cash dividends to the National Government (NG) annually. Since the law was enacted in 1993, the Bank regularly declares and remits cash dividends and stock dividends to the NG. Until end-2015, the Bank has remitted P44.19 billion cash dividends, P10.17 billion stock dividends and P426 million worth of property

dividends in the form of LANDBANK Building 1 in Makati City.

Under the new Administration, LANDBANK significantly improved its capital and capital ratios when it was granted dividend relief for years 2016, 2018 and 2019. For 2017, its dividend rate was adjusted to only 10% amounting to P1.96 billion. All these contributed to the steep improvement of the Bank's capital and capital ratios.