



SERVING THE NATION:

Expanding our support to development

Table of Contents

03	About LANDBANK
06	Messages
14	Operational Highlights
15	Pursuit of Mandate and Support to National Development Programs
29	Delightful Customer Service
38	Operational Excellence
45	Financial Highlights
54	Organizational Agility
70	Corporate Social Responsibility Initiatives
75	Sustainability
84	Special Features
92	Corporate Governance
124	Risk Management
144	Compliance Management
146	Board of Directors
149	Management Team
150	Senior Officers
172	Products and Services
198	Foundation and Subsidiaries
202	GRI Index
208	Financial Statements
311	Corporate Information



About the Cover



For nearly six decades, LANDBANK has consistently adapted to the changing times while providing products and services that are responsive to its clients' needs. The Bank remains faithful to its mandate of supporting the country's agriculture and fisheries sector and promoting countryside development, even as its role has expanded to serve a more diverse clientele.

In 2022, as the Bank adopted a new defining statement, "Serving the Nation," it rose to the challenge of extending services beyond banking to various stakeholders. This thrust is represented by the icons on leaves of the tree, standing for the various facets of the Bank's operations – focus on outcomes, systems, scope, products and services, and people.

**LANDBANK ManCom-approved report
as of 27 October 2023, subject to the
Board of Directors' review and approval**



LANDBANK

Vision¹

By 2028, LANDBANK shall be at the forefront of nation building through the promotion of financial inclusion, digital transformation and sustainable development that benefits all Filipinos.

Mission

We are the leading universal bank with a government mandate that provides responsive services beyond banking to all clients, publics, and stakeholders.

Core Values

- Integrity
- Citizen-Centricity
- Proactive Service
- Collaboration
- Social Responsibility



Corporate Policy

The Bank's new Vision, Mission and Corporate Values under the Medium-Term Plan for 2023-2028 are anchored on three main agenda: to promote financial inclusion, digital transformation and sustainable development. The Bank's brand of service is driven by its commitment to contribute to these three core goals. These are embodied in its operations and core values.

While it continues to engage stakeholders in synergistic and inclusive collaboration, the Bank also builds and maximizes the capacity and potential of both people and organization as part of its strategy to maintain a future-ready organization while preserving institutional vitality – its ability to deliver on its mandate with strong financial viability.

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.

¹ The Bank's new institutional Vision and Mission were approved by the LANDBANK Board of Directors on Oct. 26, 2022. These statements were unveiled internally on Dec. 12, 2023 and to the public on Feb. 14, 2023.



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 and aggressive in accelerating financial inclusion by 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 official 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 that 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

- Promote inclusive growth by being the catalyst of financial inclusion
- Support National Development Programs which benefit the stakeholders, particularly Countryside Financial Institutions (CFIs), local government units (LGUs) and Micro, Small, and Medium Enterprises (MSMEs) in support of countryside development



FINANCIAL

- Maintain a strong capital level to support credit growth, expansion and regulatory compliance
- Optimize fund utilization for higher yield while supporting priority programs of Local Government Units and National Government



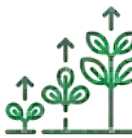
STAKEHOLDERS

- Provide timely, accessible and responsive products and services on multiple platforms and customer touchpoints



INTERNAL PROCESS

- 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



LEARNING AND GROWTH

- Sustain and nurture a high performance culture





President's Message

My warmest greetings to the Land Bank of the Philippines (LANDBANK) as you publish your 2022 Annual Report.

It is with great pride to know that our leading government financial institution finished with high hopes and a strong performance in the previous year. In 2022 alone, you have accelerated financial inclusion among Filipinos, bringing much-needed banking services, and have become more expansive by way of your merger with the United Coconut Planters Bank. With your continued expertise and dedication, I am certain that this trajectory will be carried on in the succeeding years.

May this report detail the quantity and quality of your corporate achievement and share with the public the programs that you have in store, especially to those with no ready access to commercial banking systems.

Together, let us pave the way towards building a more robust financial environment where every Filipino can reach their aspirations as they are covered by your impactful and innovative services. I am confident that LANDBANK will lead the way in this endeavor and take great strides as we build a brighter future for the present and future generations.

I wish you the best in you endeavors.


FERDINAND R. MARCOS JR.
Manila
May 2023



Chairman's Message



I commend LANDBANK on its many accomplishments for the year 2022 as chronicled in this annual report, demonstrating the Bank's prominent role in the Philippines' development agenda.

For decades, LANDBANK has successfully performed its mandate in the name of nation-building while maintaining its financial viability. Even through the pandemic, the Bank continued to set new records and grow its loan portfolio for priority sectors.

LANDBANK's resiliency and agility allowed it to rise in the industry, ranking second in assets among all universal banks in the Philippines. The Bank also effectively executed its merger with the former United Coconut Planters Bank, bolstering its presence through additional branches nationwide.

Likewise, LANDBANK continues to further expand its network of touchpoints through its Agent Banking Program and the efficient onboarding of new merchants into its electronic banking and payment channels.

As a policy bank, LANDBANK has also remained committed to supporting the National Government's financial inclusion drive, facilitating the bank account opening of over 8 million Filipinos by co-locating with the Philippine Statistics Authority in the PhilSys National ID Program. Additionally, LANDBANK's disbursement activities for the Conditional Cash Transfer and Unconditional Cash Transfer Programs reached nearly 10 million Filipinos in need.

Furthermore, LANDBANK continues to solidify its position as the largest lender to the agriculture sector through lending programs that provide affordable credit assistance to small farmers and fisherfolks, micro, small, and medium enterprises, and other vital stakeholders in the agri-business value chain.

LANDBANK has also made great strides in expanding its digital banking reach through the LANDBANK Mobile Banking App, iAccess, weAccess, Link.biz Portal and Electronic Modified Disbursement System, with 158 million transactions or nearly 14 trillion pesos worth of transactions recorded as of end-2022.

As your Chairperson, I look forward to working with all of you as we create more meaningful change for the Filipino nation through financial empowerment. Let us forge ahead with steadfast commitment to excellent public service as we build a sustainable, inclusive, and innovation-driven Philippine economy.

BENJAMIN E. DIOKNO

Secretary of Finance

Chairman, Land Bank of the Philippines



President's Report



Two years after the onset of the pandemic, the Philippines and the rest of the world are resurging with the reopening of our economies. With the National Government setting the agenda, LANDBANK is reaching out to local governments and communities to assist in their rise and recovery.

LANDBANK's story as an institution is closely tied to our support to the growth of farmers, fishers, their cooperatives and associations, small entrepreneurs, and rural communities. While we remain faithful to assisting these sectors, LANDBANK's role has evolved through the years. Our new brand promise of "Serving the Nation," rolled out in 2022, distills our expanded role as a policy bank that advances the inclusive growth agenda of the National Government.

Through our clear and defined strategy, we surmounted the challenges faced this year and served the country beyond our core functions. It is with pride that I report in this publication the performance of LANDBANK that fortified its viability and capacity to serve the nation.

Strong Financial Performance

As of end-December 2022, the Bank breached the P3-trillion mark in assets, driven by the surge in our deposits by 21.4% to P2.8 trillion. Our net income also grew by 55.3%, closing at P38.8 billion. Meanwhile, financial ratios remain healthy with return on equity at 17.29%, and return on assets at 1.35%.

Banking the Unbanked

LANDBANK's strategy to go direct to the retail market was equally successful. Our customer base reached 29.6 million, representing 47% of the 62.6 million adult Filipinos, thanks to our continued financial inclusion initiatives. A total of 8.35 million previously unbanked Filipinos opened their own bank accounts through our participation in the Philippine Statistics Authority's National ID Program. At the same time, we have carded all 9,984,129 beneficiaries of the Conditional and Unconditional Cash Transfer (CCT/UCT) Programs of the National Government. We converted their cash cards into transactional accounts, counting them as banked individuals.

Our new brand promise of "Serving the Nation," rolled out in 2022, distills our expanded role as a policy bank that advances the inclusive growth agenda of the National Government.



Expanding our Reach

In line with the thrust to promote financial inclusion, LANDBANK continues to expand its physical and digital touchpoints. The Bank's ATMs reached 5,320 ATMs, thanks in part to our partnership with the Pito AXM Platform, Inc. (PAPI) and the Philippine Seven Corporation (PSC) that enabled our cardholders to transact for free at 7-Eleven ATMs. We have also expanded our Agent Banking Program, onboarding 283 new Agent Banking Partners (ABPs) to help provide basic banking services to areas with limited or no LANDBANK presence. As of end-December 2022, LANDBANK touchpoints have so far reached 1,311 or 80% of the 1,634 cities and municipalities in the country.

We are also steadily growing our digital channels and enrolling more merchants in our electronic payment channels. The Bank has onboarded a total of 772 government merchants in the Link.BizPortal with a total of 159,300 transactions amounting to P412 million in 2022.

Relentless Support to Agriculture

While operating as a policy bank, LANDBANK has remained faithful to its original mandate of helping small farmers and fishers. We ensured that the agriculture sector received our continued support through our lending programs. Outstanding loans to agriculture reached P261.7 billion, with the number of farmers and fishers assisted growing to 3.5 million nationwide as of end-December 2022. Meanwhile, outstanding loans to retail borrowers reached P49.14 billion, with a total of 58,424 retail borrowers as of year end.

LANDBANK performed beyond expectations in 2022. Through the numbers, as well as the stories of customers, partners, employees and stakeholders, we quantify our success, for they represent the breadth and depth of our work at LANDBANK.

“While operating as a policy bank, LANDBANK has remained faithful to its original mandate of helping small farmers and fishers.”

As we remain committed to serving the nation, we thank you for your unwavering trust and support. We look forward to an even stronger partnership and fruitful collaboration with sectors that are vital in our country's recovery and development.

CECILIA CAYOSA BORROMEIO
LANDBANK President and CEO



Year in Review

2022

Financial Highlights

P3.1 T

Total Assets



P2.8 T

Total Deposits

P38.8 B

Total Net Income



Financial Inclusion

29.6 M

47% of 62.6M adult Filipinos are part of our customer base



8.35 M

Previously unbanked PhilSys registrant are now banked



9.98 M

Beneficiaries of Conditional Cash Transfer and Unconditional Cash Transfer



Digital Transactions

14% growth in transactions
87% growth in value

Support to Agriculture

P261.66 B

Outstanding loans to the Agriculture Sector

P46.55 B

Outstanding loans to Small Farmers and Fishers



3.5 M

Cumulative total of Farmers and Fishers assisted



683
Branches and
Branch-Lite
Units

607
Branches
76
Branch-Lite Units

8 Branch-Lites
16 Agri-hubs
44 LEAFs
2 Mobile Branches
4 Telling Booths
2 FX Booths



Present in all
82 provinces



58
Lending
Centers



2,997
ATMs
2,323
7-Eleven
ATMs

228
CDMs



1,056
Agent
Banking
Partners

1,723
POS
Machines



Awards and Recognition

In 2022, LANDBANK continued to receive national and global recognition for its outstanding performance, a testament to the Bank's role in nation-building that promotes financial inclusion, digital transformation and sustainable development for all Filipinos.

The Bank received a total of 23 local and international awards and citations from prestigious award-giving bodies which acknowledged LANDBANK's culture of excellence, the dedication of its employees, and the quality of its products and services.

AWARD GIVING BODY	AWARD
17th Philippine Dealing System (PDS) Annual Awards	<ol style="list-style-type: none"> 1. Top Five Corporate Issue Managers/ Arrangers 2. Top Five Fixed Income Brokering Participants
Department of Agriculture Agricultural Credit Policy Council (DA-ACPC) 2nd Gawad Lingap Awards	<ol style="list-style-type: none"> 3. Gawad sa Paglingap sa Magsasaka at Mangangisda
International Association of Business Communicators (IABC) Philippine Quill Awards	<ol style="list-style-type: none"> 4. Special and Experiential Events: Virtual Launch of the OFBank 5. Social Media: LANDBANK Social Media Campaigns
Association of Development Financial Institutions in Asia and the Pacific (ADFIAP) Merit Awards	<ol style="list-style-type: none"> 6. Environmental Development for the LANDBANK Renewable and Efficient Alternative (REAL) Financing Program 7. Infrastructure Development for the Right-of-Way Appraisal of DPWH and DOTr Infrastructure Projects 8. Financial Inclusion for the Enhanced Partnership Against Hunger and Poverty (EPAHP) Lending Program
Province of Bataan: Galing! Bataan Awards 2022	<ol style="list-style-type: none"> 9. Top Performing Bank (Hall of Fame) – LANDBANK Balanga Branch 10. Top 25 Highest Business Gross Sales for 2021
13th Asia CEO Awards (Circle of Excellence)	<ol style="list-style-type: none"> 11. Innovation – LANDBANKPay 12. Wellness – LANDBANK Employee Wellness Awards 13. Sustainability – LANDBANK LGU Lending Programs
2022 Bangko Sentral ng Pilipinas (BSP) Stakeholders Appreciation Awards	<ol style="list-style-type: none"> 14. Davao Cash Operations Unit 15. Cotabato Cash Operations Unit 16. Ozamis Cash Operations Unit
VISA Card Philippines	<ol style="list-style-type: none"> 17. Highest Contactless Transaction Growth Issuing 18. Highest E-Commerce Payment Volume Growth Issuing





Operational Highlights





PURSUIT OF MANDATE AND SUPPORT TO NATIONAL DEVELOPMENT PROGRAMS

In 2022, LANDBANK further accelerated its financial assistance to its mandated and priority sectors and expanded its reach to the underserved and unserved areas in the country.

The Bank likewise aligned its programs to the priority programs of the National Government (NG) that are vital in promoting countryside development. These programs support the microenterprises and small medium enterprises (SMEs), communications, transportation, housing, education, healthcare, environmental-related projects, tourism, utilities and livelihood/salary loans.

As of end-2022, LANDBANK's total loans to its mandated and priority sectors reached P1.04 trillion, representing 92% of the Bank's loans to all sectors.



P1.04 Trillion

Total loans to Mandated and Priority Sectors; 92% of the Bank's loans to all sectors

Loans to Agriculture

In almost six decades of serving the nation, LANDBANK remains committed to be at the forefront of servicing the development and financial requirements of small farmers, fishers and other key players in the agri-business value chain.

In 2022, LANDBANK posted a total of P261.7 billion loans to Agriculture, which is 5.5% higher than the P247.9 billion in 2021. P46.6 billion of these loans directly benefited small farmers and fishers, including those which were channeled through cooperatives and farmers' associations, rural financial institutions and other conduits.

A total of P166.8 billion supported small, medium and large agri-business enterprises, while the remaining P48.3 billion backed agri-aqua related projects of LGUs and GOCCs.

In terms of economic activities, P66.5 billion of LANDBANK's total agri loans financed crops, livestock production, and fisheries, while P107.4 billion was channeled for agri-processing and trading. The remaining P87.8 billion backed the construction and improvement

of essential infrastructure, such as public markets, farm-to-market roads, warehouses, cold storages, irrigation systems, and slaughterhouses.

In collaboration with the Department of Agriculture (DA), various programs continue to address the needs of small farmers and fishers in the country:

1. Agricultural Competitiveness Enhancement Fund (ACEF) wherein its cumulative releases amounting to P9.2 billion in 2022 benefitted 35,961 small farmers and fishers, 2,341 MSMEs and 96 Cooperatives and associations.
2. Socialized Credit Program under the Sugarcane Industry Development Act (SCP-SIDA) for individual sugarcane farmers and block farms. Loan released amounted to P645 million directed towards 2,502 beneficiaries including MSME and cooperatives for the same period.
3. Expanded Rice Credit Assistance under the Rice Competitiveness Enhancement Fund (ERCA-RCEF) implemented in line with the Rice Tariffication Law wherein LANDBANK released P1.9 billion in loans to 6,642 farmers and 55 cooperatives.
4. Survival and Recovery Assistance Program for Rice Farmers Program (SURE Aid), which extends credit assistance to small farmers affected by the drop in palay prices. Under the program, P2.5 billion loans were released to extend immediate financial assistance to 165,963 farmers nationwide.
5. Survival and Recovery Assistance COVID-19 (SURE Aid COVID-19) which released a total of P980 million with 39,194 farmers assisted.

Meanwhile, in partnership with the Department of Agrarian Reform (DAR), LANDBANK continuously offered the Credit Assistance Program for Program Beneficiaries Development (CAP-PBD) to address the financing requirements of newly-accessing ARBOs and the existing CAP-PBD borrowers for agricultural production and other livelihood/agri-enterprise projects. Cumulative releases for this facility reached P751 million assisting 229 cooperatives and associations.



Loans Supporting Other National Government Priority Programs

As a government financial institution, LANDBANK strongly aligns with the thrust and developmental goals of the NG as encapsulated in the 8-point socio-economic agenda of the current administration, which aims to address the immediate concerns of the country such as inflation, protect purchasing power and mitigate socioeconomic scarring.

Of the P1,127.02 billion total loans to all sectors, 68.7% or P774.8 billion comprised the Bank's loans supporting the National Government Priority Programs. This reflected a hefty growth of 31.9% from P587.3 billion the previous year.



P774.8 Billion

Total Bank Loans Supporting the National Government Priority Programs

• Loans for MSMEs

Even after the pandemic, LANDBANK continued its strong financial support to micro, small and medium enterprises (MSMEs) nationwide. To address the needs of the MSMEs, LANDBANK channeled its funds through conduits such as cooperatives, rural banks, non-government organizations and microfinance institutions.

By the end of 2022, LANDBANK's outstanding loans to MSMEs, including those engaged in other sectors such as transportation, housing, education, communication, tourism, etc., reached P62.6 billion. This is equivalent to 5.6% of the Bank's total loans to all sectors.

LANDBANK also extended financial assistance to qualified fixed income earners such as government and private employees to help them improve their lives through livelihood projects and business endeavors.

In 2022, LANDBANK's outstanding livelihood loans stood at P100.6 billion reflecting 8.9% of the Bank's loans to all sectors.

- *Loans for Utilities*

LANDBANK finances projects engaged in the utilities sector as these provide essential services vital to the operation and expansion of various industries that contribute to the country's social and economic development. Loans to the utilities sector include power generation, distribution and transmission, water generation and distribution, and gas exploration and production.

In 2022, the Bank's outstanding loans to the sector increased to P216.8 billion or 37.7% higher than the P157.5 billion a year ago. This is also 19.2% of the Bank's total loans to all sectors.

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

LANDBANK supports the housing program of the NG in providing decent housing at affordable cost. More specifically, LANDBANK extends financial assistance for housing projects classified as socialized, low-cost and medium cost.

As of end 2022, outstanding loans to the housing sector reached P125.7 billion or 11.2% of the Bank's loans to all sectors. Loans to the housing sector increased by 71% from P73.5 billion in 2021.

- *Loans for Logistics – Transportation and Communication*

LANDBANK plays an active role in the development of the country's transportation and communications industry through the provision of its financing assistance aimed at improving the modes of transport systems for both land and sea for cost-efficient and timely delivery of goods and services as well as communications systems that would facilitate better connectivity and enhance efficiency and productivity of businesses.

As of Dec. 31, 2022, the outstanding loans to the transportation sector reached P104.8 billion or 9.3% of

the Bank's total loans to all sectors. Meanwhile, loans to the communication sector stood at P68.1 billion, representing 6% of the Bank's loans to all sectors.

- *Loans for Education*

Investment in education is a strategic tool to achieve inclusive growth. LANDBANK extended loans for the construction and maintenance of educational institutions. Total outstanding loans in the education sector stood at P11.2 billion as of Dec. 31, 2022.

- *Loans for Health Care*

To help improve the delivery of health care services, LANDBANK finances the construction of hospitals, clinics and other health-related facilities. In 2022, the Bank's outstanding loans to the health care sector reached P32.1 billion.

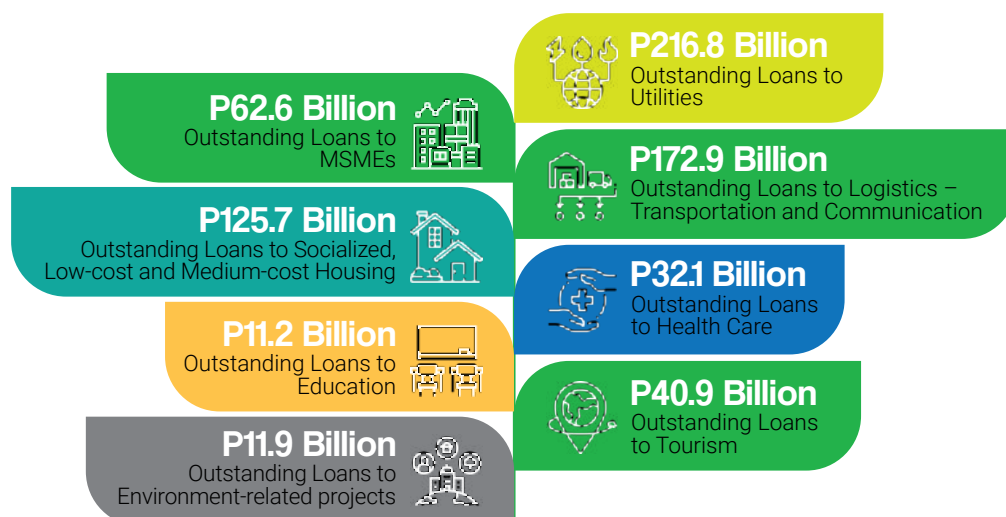
- *Loans for Environment-related projects*

In support of the government's thrust to adapt to and mitigate the effects of global warming, LANDBANK extends loans that enhance the environment, harness the potential of renewable and alternative energy resources and promote climate change adaptation.

LANDBANK also pursues a Sustainable Finance Framework (SFF) by integrating environmental criteria in its financial products. As of Dec. 31, 2022, outstanding loans to environmental-related projects reached P11.9 billion.

- *Loans for Tourism*

In support of the NG program to develop the tourism sector of the country, LANDBANK provided loans to the tourism sector for the construction of hotels and other facilities. In 2022, the country's tourism sector got a big boost from LANDBANK's financing facilities with outstanding loans at P40.9 billion which reflected a 13.7% growth from the P36.0 billion recorded in 2021.



Developmental Projects

DEVELOPMENTAL PROJECTS	2022	TOTAL
Farm-to-Market Roads (in kilometres)	953.748	24,779.293
Number of Hospital buildings ¹	20	259
Additional Hospital Beds ²	1,500	21,653
No. of School buildings ¹	20	808
Additional Classrooms ²	227	6,373
New Households connected with potable water	660,420	2,724,019
Additional KWH Produced/Year	1,500,332	5,751,394,887

¹ Includes new and renovated buildings

² Both for new and renovated buildings



New Lending Programs

Countryside Financial Institutions – Rehabilitation and Support to Typhoon Odette-Affected Areas (CFI-RESTORE) Lending Program

This lending program helps eligible CFIs adversely affected by Typhoon Odette recover from losses through the provision of a term loan facility and restructuring of existing loan accounts.

Digitalization of Countryside Financial Institutions (DIGI-CFI) Lending Program

This program aims to assist CFIs in the digitalization of their banking operation to improve efficiency and provide more responsive and innovative products and services to their clients.

Coconut Farmers and Industry Development (CFID) Lending Program

This program aims to provide coconut farmers and their organizations with easy and affordable credit, and increase productive investments and economic activities in the countryside, especially in coconut-producing communities. It also aims to comply with RA No. 11524 known as Coconut Farmers and Industry Trust Fund (CFITF) Act, which created the Coconut Farmers and Industry Trust Fund.

Consolidation of Business Operations and Support for Primary Cooperatives Through Federations (COOP-FEDERATION) Lending Program

This program caters to secondary and tertiary cooperatives to finance any enterprise which complements, augments or supplements but does not conflict, compete or supplant the business or economic activities of its primary coop members.

National Assistance Towards Initiating Opportunities to Entities Amidst Social and Economic Reverses which Visibly Entail Shockwaves to Business (NATION SERVES) Lending Program

This provides credit to industries affected by the Ukraine-Russia crisis and other events that disrupt economic activities.

As of Dec. 31, 2022 (in Million Pesos):

Program Fund Allocated for Credit	50,000.00
Available Fund	49,204.91
Approved Line/Loan	1,331.28
Loan Drawdowns/Releases	1,331.28
Outstanding Balance	795.09
Number of Borrowers	3

BRIGHT ED (BRIdging the Financing Gap on Subsidized High School and Tertiary EDucation) Lending Program (umbrella program)

The program aims to consolidate all bridge financing programs of the Bank for the Education Sector in one umbrella program. The sub-programs under the BRIGHT-ED are:

- Government's Tertiary Education Subsidy (TES) Bridge Financing Program.** A lending program of the Bank targeting the 2,411 Higher Education Institutions (HEIs) participating in the Tertiary Education System (TES) Program of the Commission on Higher Education (CHED). The Government's TES is a grant-in-aid program that supports the cost of tertiary education of Filipino students who enroll in their first undergraduate-post-secondary program to participating HEIs. While these HEIs are waiting for the release of the grant fund, LANDBANK can finance 80% of the institution's total billing under the TES Program of CHED-UniFAST, but should not be lower than Php1,200,000.00. The Bank has allocated P1 billion for the program.

Based on the CHED-UniFAST's website, <https://unifast.gov.ph/hei-list.php>, a total of 2,411 HEIs participated in the TES Program, 565 of which are state universities and colleges (SUCs), 123 of which are local universities and colleges (LUCs), and 1,723 are Private Higher Education Institutions (PHEIs). On top of bridge financing these HEIs, the Bank has the opportunity to establish new business relationships with HEIs and offer other banking products/services which will bring in additional income to the Bank.

- Education Service Contracting (ESC) Bridge Financing Program.** A lending facility offered by the Bank to finance 80% of the school's billing application

under the ESC Program of DepED but should not be less than P200,000 while awaiting the release of the fund from DepED. The Bank allocated P1 billion for the program.

- c. **The Educational Service Contracting (ESC)** program under the Department of Education (DepEd) aims to decongest overcrowded public junior high schools. In ESC, the excess capacities of certified private junior high schools are “contracted” through slot allocations for students who would otherwise have gone to public schools.
- d. **K-12 Senior High School-Voucher Program (SHS-VP) Bridge Financing Program.** The Bank can finance the participating senior high school institutions’ account receivables from the National Government under its K12 Senior High School Voucher Program which provides subsidies to students to partially cover the additional educational

expenses for the required additional two years in grades 11 and 12. The allocation for this program is P1 billion.

As of Dec. 31, 2022, the Bank has approved a total of P4,314.96 million loans to 118 borrowers under the ESC and SHS-VP Bridge Financing Program with releases of P2,660.13 million and outstanding balance of P400.94 million. There are no beneficiaries enrolled yet under the TES Bridge Financing Program.

Lending Program for Bus Modernization (sub-program under Public Transport Financing Program)

This program is a financing window for the acquisition of modern public utility buses for the consortium of bus operators that will take the designated routes awarded to them such as the special EDSA Carousel Route.

Agricultural Expansion Credit Program

Figures presented below are as of Dec. 31, 2022. For the description of each lending program under the Agricultural Expansion Credit Programs, please go to Products and Services on pages 182-189.

PROGRAM	NARRATIVE REPORT
Harnessing Agribusiness Opportunities through Robust and Vibrant Entrepreneurship Supportive of Peaceful Transformation (HARVEST)	The Bank has extended sub-loans amounting to P2,279 million, with 325 loan accounts, which generated a total agribusiness investment of P2,848 million, 249 jobs, and benefitted 4,525 women.
Agricultural Credit Support Project (ACSP)	In partnership with the Japan International Cooperation Agency (JICA), the Bank has lent a total of P4,997.72 million, with 452 borrowers, and 18,333 beneficiaries. The program has generated a total of P6,247.15 million in agricultural investments, and 6,296 jobs.
Agricultural Competitiveness Enhancement Fund (ACEF) Lending Program	The Bank, in partnership with DA, has directly lent a total of P9,229 million, with 38,398 borrowers, 99% are small farmers and fishers in 16 regions and 74 provinces.
Expanded Rice Credit Assistance under the Rice Competitiveness Enhancement Fund (ERCA-RCEF)	The Bank has extended credit assistance of P1,932 million to 6,697 rice farmers and cooperatives.
Farm Tourism Lending Program	The Bank has lent P13.65 million to two farm tourism operators.

Socialized Credit Program under the Sugarcane Industry Development Act (SCP-SIDA)	The Bank has extended credit assistance of P573.77 million to 2,492 individual sugarcane farmers, P23.69 million to 6 block farms and P47.68 million to four farm service providers.
Sikat Saka Program	Cumulative loan releases amounted to P15.019 billion benefitting more than 18,000 small rice and corn farmers with an aggregated outstanding balance of P1.238 billion as of the same period.
Accessible Funds for Delivery to Agrarian Reform Beneficiaries (AFFORD ARBs) Program	Cumulative loans released to more than 2,400 ARBs amounted to P569.69 million.
Accelerated Loans for Empowered, Resilient, and Transformed Agrarian Reform Beneficiaries Organizations (ALERT ARBOs) Program	Cumulative loan released to three ARBOs reached P6.53 million, benefitting 74 farmer/ARB-members.
Agrarian Production Credit Program (APCP)	Cumulative loans released to 886 ARBOs reached P10.930 billion, benefitting more than 68,000 small farmer/ARB members.
Socialized Credit Facility to Qualified Agrarian Reform Beneficiaries (ARBs) and Small Farmers and Fisherfolk (SFFs) through Qualified Partner Financial Institutions (PFIs)	Total loan released to nine cooperatives amounted to P56.66 million, benefitting more than 4,000 farmer-members.
Upland Southern Mindanao-Credit and Institutional Building Program (USM-CIBP)	LANDBANK extended P14.79 million loans to six cooperatives under the program.
Empowering Barangays in Remote Areas Through Credit and Enterprises (EMBRACE)	The program has assisted 72 small farmers and fishers/SMEs with total loan releases amounting to P34.25 million.
Enhanced Partnership Against Hunger and Poverty (EPAHP) Lending Program	LANDBANK has released P13.80 million loans to 10 CBO with 1,637 member beneficiaries.
Coconut Production and Processing (Coco-Financing) Program	The program has cumulatively released P15.23 billion in loans that supported a total of 389 borrowers.
Sugarcane Financing Program	The program has approved a total of P8.49 billion in loans for 220 borrowers and cumulatively released P16.02 billion.
Sulong Saka or High Value Crops Financing Program	The program has cumulatively released a total of P39.17 billion in loans. A significant portion of these loans were released to support projects in the production of oil palm, followed by banana and other fruits. A total of 1,044 borrowers across the country have availed of the program.
Sustainable Aquaculture Lending Program (SALP)	The program has cumulatively released P6.83 billion in loans that supported a total of 86 borrowers engaged in fish/seaweed production, breeding, hatchery, processing and trading.

Palay at Mais ng Lalawigan Lending Program	The Bank allocated P10.00 billion for the program. LANDBANK extended P115 million loans to two LGUs.
Poultry Lending Program	420 borrowers have been assisted with a total loan of P30.09 billion released.
Special Window and Interim Support to Nurture Hog Enterprises (SWINE) Program	26 borrowers have been assisted with a total approved loan and releases of P4,240.72 million and P3,811.82 million, respectively.
Expanded SURE Aid and Recovery Project (SURE Aid COVID-19)	DA-ACPC provided a P1.0 billion fund for a one-time credit assistance to eligible small farmers and fishers (SFFs) endorsed by the Regional Offices of DA and Bureau of Fisheries and Aquatic Resources. Total loans disbursed to 39,194 SFFs amounted to P979.69 million.
Credit Assistance Program for Program Beneficiaries Development (CAP-PBD) Window III	Total loan released to 134 Farmers' Associations and Cooperatives reached P646.72 million, benefitting more than 7,000 ARB members.
Expanded Assistance to Restore and Install Sustainable Enterprises for Agrarian Reform Beneficiaries and Small Farm Holders (E-ARISE- ARBs) Program	Total loan releases to 99 Farmers' Associations and Cooperatives reached P104.95 million, benefitting more than 2,900 ARB members.

Other Lending Programs

Figures presented below are as of Dec. 31, 2022. For the description of each lending program, please go to Products and Services on pages 182-189.

PROGRAM	NARRATIVE REPORT
Restoration and Invigoration Package for a Self-Sufficient Economy towards Self-Sufficient Economy towards UPgrowth for Local Government Units (RISE UP LGUs) Lending Program	The Bank approved P111.45 billion to 401 LGUs of which P44.25 billion had been released to 339 LGUs. On the other hand, 316 LGUs have availed of ISF amounting to 586.16 million.
Municipal Development Fund (MDF) Lending Program	The MDF Lending Program (EO No. 019, s. 2021) was launched on Feb. 10, 2021, to provide financing to COVID-19 response and recovery interventions and mechanisms of LGUs to accelerate the recovery and bolster the resiliency of the Philippine economy. Particularly, it aims to support the LGUs' program, plan, and activities that are geared towards the recovery from the local pandemic.
BALIK-LOOB Lending Program (For Former Rebels and Former Violent Extremists)	LANDBANK has released loans to 16 borrowers amounting to P1.75 million. Projects financed are agri-enterprises such as growing of root crops, palay and livestock production plus small businesses, namely retail sale of fruits/vegetables and ready-to-wear clothing, sari-sari store, and retail of tricycle side-car manufacturing.

LANDBANK ACcess to Academic Development to Empower the Masses towards Endless Opportunities (ACADEME) Lending Program	The Bank has approved a total of P924 million loans to 26 schools with releases of P621.39 million and outstanding balance of P429.15 million.
LANDBANK Interim REhabilitation Support to Cushion Unfavorably affected Enterprises by COVID 19 (I RESCUE) Lending Program	The Bank has approved a total of P40,842.71 million loans to 840 borrowers with releases of P39,089.19 million and outstanding balance of P34,127.61 million.
Overseas Filipino Workers Reintegration Program (OFW-RP)	The Bank has approved a total of P2,332.58 million loans to 1,359 borrowers with releases of P2,281.20 million and outstanding balance of P371.40 million.
Innovation and Technology (I-Tech) Lending Program	The Bank has approved a total of P35.35 million loans to six borrowers with releases of P20.55 million and outstanding balance of P6.27 million.
Sustainable Multi-dimensional Approach using Revolutionized Technologies (SMART) in City Development Lending Program	The Bank has assisted one borrower with an approved amount of P70 million, with release of P55.30 million and no outstanding balance.
Credit Facility for State Universities and Colleges (SUCs)	The Bank has approved a total of P80.51 million loans to three borrowers with releases of P77.12 million and outstanding balance of P4.24 million.
Franchising Lending Program	The Bank has assisted one borrower with an approved amount of P12.96 million, with release of P12.96 million and outstanding balance of P12.64 million.
LGU Lending Program	The Bank has approved a total of P209,059.39 million loans to 720 borrowers with releases of P122,307.27 million and outstanding balance of P91,476.35 million.
BUILDERS (Bringing Urbanization and Innovation thru LANDBANK's Diverse Engineering Resource Support) Program	The Bank has approved a total of P73.73 Billion loans to 494 borrowers with releases of P185.00 Billion and outstanding balance of P24.99 Billion.
LANDBANK CARES (Calamity Assistance and Rehabilitation Support) Program	The Bank has approved a total of P8,124.15 million loans to 171 borrowers with releases of P4,613.42 million and outstanding balance of P2,366 million.
H²OPE (Water Program for Everyone)	The Bank has approved a total of P7,568.88 million loans to 47 borrowers with releases of P4,893.61 million and outstanding balance of P2,893.42 million.
HOME (Housing Opportunities Made Easy) Program	The Bank has approved a total of P79,983.56 million loans to 28,576 borrowers with releases of P79,829.39 million and outstanding balance of P60,746.42 million.
I-STUDY (Interim Students Loan for Tuitions Towards Upliftment of Education for the Development of Youth) Lending	The Bank has approved a total of P4.48 million loans to 66 borrowers with releases of P4.14 million and outstanding balance of P3.29 million.

Public Transport Financing Program	Total approved loans for the Program reached P6.7 billion with P5.1 billion released amount.
SPEED-PUV or Special Package for Environment-friendly and Efficiently-Driven Public Utility Vehicles	SPEED PUV has approved loans amounting to P6.3 billion to 138 transport entities. This is equivalent to 2,864 units operating in 215 routes. Total releases reached P4.9 billion.
Ferry Boat Inclusive Financing Program	With P272 million in approved loans to finance 31 vessels, the Ferry Boat Program is expected to contribute to safer naval travel in the country.
LANDBANK TerRain And Naval Special Program On Reliable means of Transport (TRANSPORT) Financing Program	A total of P1.8 million was extended to two transport cooperatives to augment their working capital.
Lending Program for Motor Vehicle Inspection Centers (MVIC)	Four SMEs have approved loans amounting to P134 million for the construction of facilities and acquisition of equipment for the establishment of MVICs.
Renewable and Efficient Alternative (REAL) Energy Financing Program	Approved loans on RE total P40.2 billion in technologies such as solar, wind, geothermal, biomass, biogas and hydro. The financed projects have the capacity to produce 1,991.77 megawatts of electricity.
Renewable Energy Lending Program (RE)	Approved loans on RE total 40.1 billion in technologies such as solar, wind, geothermal, biomass, biogas and hydro. The financed projects have the capacity to produce 1,991.27 megawatts of electricity.
Go Green Inclusive Financing for SMEs and LGUs Program (GO GREEN)	The Bank has approved P49 million worth of projects under the program that are capable of generating the equivalent of 495 kilowatts of electricity for clients' own use in their businesses.
BRinging Inclusive Growth in every Household Through National Electrification Support Services Lending Program (BRIGHTNESS)	The total approved loan amounts to P11.55 Billion and loan releases are at P7.91 billion which further resulted in more households' electricity connections.
Emerging FILIPINA Lending Program	LANDBANK had extended P40.3 million to six borrowers under the Emerging FILIPINA Lending Program, with 107 individuals expected to benefit from the livelihood project that will be created as a result of the credit financing.
Receivables Financing Program for PhilHealth arrearages under the Bank's Health PLUS Lending Program	The Bank has approved a total of P46,799.63 million loans to 159 borrowers with releases of P27,328.33 million and outstanding balance of P20,384.13 million.



Support for Agricultural Program

Agricultural Guarantee Fund Pool (AGFP)

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 up to encourage financial institutions and other credit conduits to lend to small farmers.

From 2012 to December 2022, the cumulative AGFP guaranteed loans reached P12.98 billion, through which 115,519 farmers benefited covering 300,049 hectares of farmland. For the year 2022, the guarantee coverage amounted to P1.41 billion benefiting 12,130 farmers covering 31,371 hectares.



P1.41 Billion

guarantee coverage for the year 2022

12,130 farmers

benefited

31,371 hectares

covered

Credit Survey Fund (CSF)

To increase the creditworthiness of MSMEs, cooperatives, and non-government organizations (NGOs), the Bangko Sentral ng Pilipinas developed the 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, 2022, the cumulative CSF covered loans reached P6.32 billion, which benefited 91,163 farmers, 248 cooperatives and 34 MSMEs. Total releases during the year amounted to P701.99 million.



701.99 Million

Total loans released for the year 2022

91,163 farmers

248 cooperatives

34 MSMEs

benefited

Support for Sustainable Finance

Carbon Finance Support Facility (CFSF)

CFSF is a program for climate change mitigation, offering financing and assistance to piggery and sanitary landfill projects in order to generate carbon credits under the Clean Development Mechanism (CDM) Program of the United Nations Framework Convention on Climate Change (UNFCCC).

In response to the worldwide challenge of reducing impacts of global warming and climate change, implementation of methane recovery initiatives and programs eligible under the CDM emerged as one of the “flexibility mechanisms” of the Kyoto Protocol convention of 1997. This has allowed 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. Through the CFSF, LANDBANK was able to introduce and support projects with CDM-eligibility potentials, which lead to GHG emission reductions, and providing incentives through generation of additional revenue in the form of carbon credits. 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 an additional source of loan repayment/security.

The table below shows the amounts of CERs issued by the UNFCCC-CDM Program based in Bonn, Germany to LANDBANK's CFSF and subsequently delivered to WB pursuant to the Emission Reduction Purchase Agreements between LANDBANK and WB, as of end of 2022:

	CERs Issued by UNFCCC	CERs Delivered to WB
PoA5979 (Animal Waste) - SCF*	5,968	5,849
PoA5979 (Animal Waste)	23,346	22,878
PoA6707 (Sanitary Landfill)	448,557	439,856
CDM 1258 (Pangea Standalone)	341,797	334,961
TOTAL	819,668	803,544

The 803,544 CERs delivered represents 69.61% of contracted deliverables to WB for piggery and landfill PoAs (combined).

* SCF - Spanish Carbon Fund

LANDBANK Green Climate Fund (GCF) Financing Program

The LANDBANK Green Climate Fund (GCF) Financing Program is a climate finance program for climate change adaptation and mitigation projects. As the country's first GCF Direct Access Entity (DAE), climate financing is made available as grants and loans for climate action projects in the Philippines through direct project funding and/or on-lending/blending with the Bank's internal funds or crowd-in with other funds.

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 with a goal of keeping the temperature increase on our home planet below 1.5°C. Thus, LANDBANK works hand-in-hand with project proponents, the National Designated Authority (NDA), and the GCF in developing low-emission and climate-resilient projects. With LANDBANK's accreditation as DAE in October 2018, its first project is the Multi-Hazard Impact Based Forecasting-Early Warning System (MH-IBF-EWS) which was approved by the GCF Board in Nov. 2019. The project is the recipient of USD 10 million grant (with no loan component) from the GCF for implementation of activities led by PAGASA and eight other Project Executing Entities. The project's Funded Activity Agreement (FAA) was jointly signed by LANDBANK and the GCF in December 2021 and became effective in April 2022. LANDBANK together with the hired National Project Management Office (NPMO) collaborated for the preparation of the Conditions Precedent (CPs) to the 1st Disbursement of GCF Funds per FAA. The complete set of the CPs was completed and submitted to the GCF in December 2022 together with the Request for Disbursement.

LANDBANK has a total of eight projects in its pipeline that are under development. Project Concept Notes (PCNs) covering the agriculture, health, transport, energy, forestry, flood management/water resource and fishery sectors which comprise the Bank's updated List of Pipeline Projects for GCF. Two PCNs (one in agriculture sector and one in Flood Management) have been approved by the GCF Investment Committee and awaiting endorsement for mini-tender bid process of its application for Project Preparation Fund (PPF); five PCNs are in the process of completion of replies to comments raised by the GCF Task Teams review.

LANDBANK also has one GCF Readiness Support project as a Delivery Partner (DP) after it was tapped by the then NDA-the Climate Change Commission (CCC) for the

Climate Resilient Recovery (CRR) project. This project support is aimed at supporting effects of the pandemic by developing three vital PCNs on Food Security, Employment and Green Jobs, and Green Recovery Projects. It had already secured the necessary OGCC clearance other supporting documents required in the request for Special Presidential Authority (SPA) by the NDA-DOF. The Bank will proceed with signing of the Grant Agreement with UNOPS, the GCF Fiduciary Agent of GCF for the project once the SPA is secured.

Climate SAFE (Special Adaptation Facility for the Ecosystem) Program

The Climate SAFE (Special Adaptation Facility for the Ecosystem) Program aims to support the government in the implementation of RA 9729 or the "Climate Change Act of 2009" and R.A. No. 10174 or the establishment of the People's Survival Fund (PSF). In order to provide long-stream finance for adaptation projects of local government units and local/community organizations, the PSF is established aimed at increasing resilience of communities and ecosystems to climate change. Climate SAFE Program complements the financing requirements of eligible borrowers, mostly LGUs, for their adaptation projects; and provides 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 through the Climate SAFE Program for climate change adaptation projects with funding from the Green Climate Fund (GCF) and the PSF.

Enhanced Environmental and Social Safeguards Relative to Credit Delivery

LANDBANK's Enhanced Environmental and Social Safeguards Relative to Credit Delivery is an internal lending operations policy covering all Bank-financed projects to be environmentally sound and compliant with applicable environmental and social laws and regulations. This reflects the Bank's commitment to its corporate mission of promoting sustainable development anchored on good governance. From Credit Policy Issuances (CPI) Nos. 2004-02 and 2009-002, the implementation of Environmental and Social Assessment (ESA) were further improved and expanded through the issuance of Executive Order (EO) No. 58 on Sept. 29, 2022 titled "Enhanced Environmental and Social Safeguards Policy Relative to Credit Delivery," superseding EO 98 s. 2020.

The issuance of EO No. 058 s. 2022 strengthens the policy's support/alignment with the BSP Circular 1085, s. 2020, on Sustainable Finance Framework issued on April 29, 2020 and the BSP Circular 1128 s. 2021 on Environmental and Social Risk Management (ESRM) Framework issued on Oct. 26, 2021, where all banks are required to implement the Sustainable Finance through the integration of environmental, social and governance principles into the Bank's financial products, services and business decisions to provide lasting benefit for both clients and society while reducing pressures on the environment. Also, this made LANDBANK ahead in the implementation of the requirements of BSP Circular 1128 s. 2021 or the Environmental and Social Risk Management System (ESRMS) for banks.

With the emerging local and global developments on sustainability and the BSP's directives to adopt a system in response to evolving climate and environmental and social (E&S) risks, the major highlights of the policy amendments are as follows:

- Gives more emphasis on the project/project site's sensitivity and vulnerability to climate change;
- Focuses more on physical and climate hazards, noting that these are the primary risks that pose impact and threat to global economy based on the global risk analysis; and,
- Updates the systems and methods; parameters of reporting in terms of identification, assessment, mitigation, monitoring of environmental, climate change and social risks, as well as E&S benefits of projects financed by the Bank.

Furthermore, in response to the continuing COVID-19 situation in the country, and to ensure business continuity and credit delivery of the Bank's lending units, the Executive Order No. 107 S. 2020 or "Guidelines on the Implementation of Interim Approaches in the conduct of Environmental and Social Assessment (ESA)" issued on Sept. 21, 2020 is being carried out to allow EPMD officers and staff the conduct of online/remote E&S assessments utilizing the available telecommunication facilities, online search engines and environmental assessment tools.

For CY 2022, EPMD accomplished a total of 691 E&S project assessments or 101% of its annual target and 9% increase from previous year's number of projects assessed. This was done through online/remote assessment consistent with the approved EO 107, s.2020 due to the continuing COVID-19 situation in the country. Thus, a total of 6,491 project assessments have been made since ESA implementation in 2004.

Sustained implementation of ESA on Bank-financed projects has provided greater awareness to Bank clients on the importance of E&S safeguards and encouraged them to comply with the basic E&S laws and regulations applicable to their respective projects and implement various best practices in E&S management.



DELIGHTFUL CUSTOMER EXPERIENCE



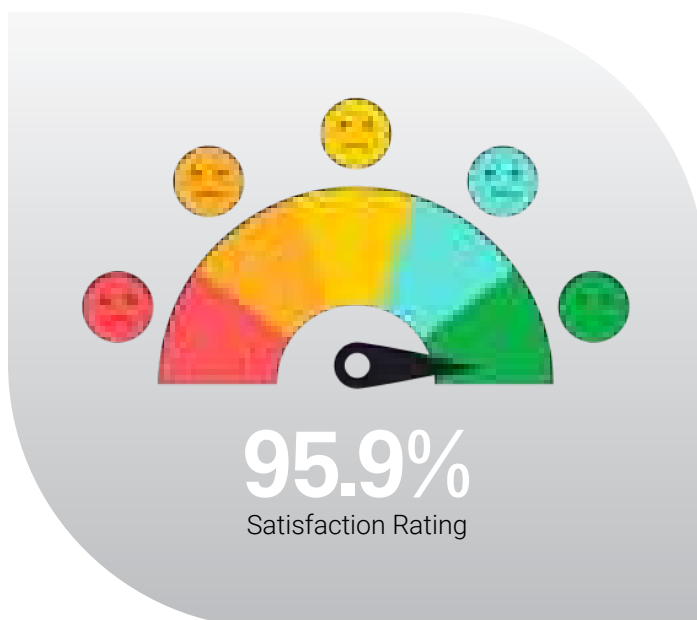
Nationwide Customer Satisfaction Survey

In pursuit of its policy for quality, LANDBANK continuously measures its ability to deliver products and services that effectively address the needs and meet the expectations of its clients. For 2022, LANDBANK engaged the services of a third-party consultant/consulting firm, People Dynamics, Inc., to conduct a Nationwide Customer Satisfaction Survey (NCSS) among different customer segments such as depositors, online banking users and clients of the Bank's lending, trust, treasury, investment banking and agrarian services units.

Due to the continuing restrictions brought about by the COVID-19 pandemic in the country and to safeguard both the interviewers and interviewees, telephone interviews

were used as the primary methodology in capturing customer sentiments. The results of the survey served as the basis for continuous customer service and corporate improvement initiatives, as well as inputs towards business growth for LANDBANK.

For 2022, LANDBANK obtained an overall customer satisfaction rating of **95.9%** from the 2,076 randomly selected survey respondents. The annual customer satisfaction rating was submitted to the LANDBANK Management Committee and Board of Directors as part of the Bank's commitment to listen to the voice of its customers. Furthermore, NCSS forms part of the Bank's compliance with the performance agreement and client satisfaction measurement required by the Governance Commission for GOCCs (GCG) and the Anti-Red Tape Authority (ARTA), respectively.



LANDBANK Integrated Management System (IMS)

The LANDBANK IMS incorporates the components for Quality Management System (QMS), Environmental Management System (EMS), and other Management Systems that the Bank subscribes to. This is to align and establish one standard for the Bank in developing a high-performance "one bank" culture to attain and promote inclusive growth and digital transformation that ensure and support the Bank's sustainability.

The Bank's certifications in ISO 9001:2015 QMS and ISO 14001:2015 EMS were conferred in 2019 by the Certification International Philippines (CIP). It was previously communicated with GCG that the Bank's engagement with CIP ended in 2021 but the Bank was granted with continued certifications for both international standards until Dec. 8, 2022.

For 2022, the targets under the implementation of the Bank's IMS are as follows:

- Conduct of IMS Assessment on LANDBANK sites based on the approved IMS Assessment Plan; and
- Conduct of IMS Readiness Assessment of LANDBANK-converted UCPB branches as of September 2022

The following are LANDBANK's IMS accomplishments in 2022:

1. Cascade sessions on EO 124 s. 2020 Guidelines on LANDBANK's IMS conducted for 51 head office (HO) units, 95 field units (FUs), and 38 LANDBANK-converted UCPB branches
2. IMS Assessments of 95 FUs, 10 HO Units and 12 cross-functional processes involving 41 HO units
3. IMS Readiness Assessments of 21 LANDBANK-converted UCPB branches as of September 2022

These accomplishments were certified by the Management Committee and the certification was posted in the LANDBANK website's Transparency Seal for reference.

Other accomplishments under the IMS are initiatives

to check the compliance of bank units against the workplace standards by spot checking and random visits at the LANDBANK Plaza, virtual workplace validation of units subjected to IMS Assessment, and implementation of resource conservation program and maintenance of the required Energy Efficiency Index (EEI) of bank units.

For 2023, following are the plans and programs under the IMS:

1. Engagement of a Third-Party Certifying Body for:
 - a. ISO 9001:2015 QMS Certification for the following covered sites:
 - i. LANDBANK Plaza
 - ii. 34 bank-owned multi-unit sites composed of 142 field units
 - iii. 33 standalone units
 - iv. OFBank
 - b. Pre-audit of ISO 27001:2013 Information Security Management System
2. Bankwide alignment to the IMS Framework (ISO 9001:2015 QMS and ISO 14001:2015 EMS standards) through 11 IMS cascade sessions
3. IMS Assessment of LANDBANK Head Office, Field Units and OFBank sites
4. Workplace Standards Validation
 - a. Workplace validation of nominated branches for the 2022 Best Workplace Award under the Branch Banking Awards of Excellence
 - b. Workplace validation of FUs covered under the 2023 IMS Assessment Plan
 - c. Random visits and spot checking of HO units and other general facilities
 - d. Virtual spot checking of branch premises



Information Technology Support and Bank Process Automation

I. INFORMATION TECHNOLOGY (IT) PROJECTS AND INITIATIVES IMPLEMENTED IN 2022

NAME OF PROJECT/INITIATIVE	DESCRIPTION	IMPLEMENTATION DATE
A. IT Projects		
1. Digitization of Bank Documents	Digitization of Bank documents to comply with AMLC Regulatory Issuance A, B and C, No. 2 series of 2018	May 2, 2022
2. IST-ATM Switch System Version Upgrade	Strengthen security control and counter cyber security risk to ensure interoperability among BancNet member banks, including the increase in ATM and eBanking channels utilization	March 20, 2022
3. Digital Lending System - PARCS Interface	Accept loan payments from legislated loan borrowers residing in remote areas through the Bank's Field Collectors	May 31, 2022
4. Internet Banking Upgrade	Migration to the latest secured platform of the weAccess to enhance the Bank's eBanking services	September 18, 2022
5. Credit Risk System Enhancement	Technical upgrade of system and interface of Data Warehouse and Loans Origination System as source systems	July 31, 2022
6. Enhancement of IST System for the Integration of Pito AXM Platform Inc. (PAPI) ATMs Installed at 7- eleven Stores	Enable the co-branding of ATMs installed at 7-eleven stores	September 25, 2022
7. IT System Enhancements for UCPB Products and Services	Adoption of UCPB products and services to provide smooth, uninterrupted, continuous and customer-centric service to former UCPB clients and LANDBANK customers	December 20, 2022
B. IT Initiatives		
1. ATM Switch/e-Banking	Mobile Banking Application (MBA) cash-in via Agent Banking System	December 20, 2022
2. Link.BizPortal	Integration of the Agent Banking System with the LANDBANK Link.BizPortal	August 9, 2022
3. LANDBANK Remittance System (LBRS)	Enabling the crediting of remittance to a cash card beneficiary account	May 17, 2022
4. Shared Cyber Defense Solution for the GOCCs/ GFIs and other IT Security Solutions Upgrade	Improve security to protect the Bank's IT systems	August 2022
5. Server and Storage Upgrade	Increased the capacity to 400 TB storage, 22,487 GB memory capacity and 1,140 CPU cores to support the growing requirements of the Bank	March 30, 2022

I. INFORMATION TECHNOLOGY (IT) PROJECTS AND INITIATIVES ONGOING IN 2022

NAME OF PROJECT/INITIATIVE	DESCRIPTION
1. LANDBANK Remittance Management System (LRMS)	LRMS focuses on the cross-border incoming and outgoing remittances and their subsequent redistribution.
2. Vocalink (Instapay 2.0 ISO 20022)	The BancNet Real Time Payment (RTP) System (VOCALINK/Instapay2.0) is a new system provided with the managed services agreement of BancNet with Mastercard that will replace the current Instapay
3. New Building Management System	A centralized control and monitoring system for the building
4. Enterprise Procurement Management System	A system that will cover the end-to-end procurement process from planning, requisitioning, sourcing, purchasing, delivery, supplier management, contract management and invoice payment, as well as supplies inventory management
5. ATM Monitoring System	A system that provides comprehensive data, reports, and analysis of all Automated Teller Machine/Cash Deposit Machine (ATM/CDM) terminals
6. LANDBANK Teller System	The project shall cover the enhancement of the Bank's Teller System.
7. New Human Resource Information System	Acquisition of a new comprehensive and fully integrated HRIS solution that provides a single platform for HR operations
8. Deposit (Systematics) System Upgrade	Upgrade to the higher version of the Deposit System from 205 to 218 including addition of new features and customized functionalities

II. INFORMATION TECHNOLOGY (IT) PROJECTS AND INITIATIVES FOR 2023

NAME OF PROJECT/INITIATIVE	DESCRIPTION
1. Digital Retail Lending System (DRLS)	DRLS is envisioned to automate the lending process, from application to full payment, catering to SMEs and individuals
2. Subsidiary Ledger (SL) Upgrade	The SL upgrade will facilitate the bankwide data entry and updating for covered accounts
3. Fraud Management Tool	A tool for real-time fraud monitoring and detection that identifies suspicious or fraudulent online transactions in compliance with the BSP Circular 1140, Amendments to the IT Risk Management
4. Operational Risk and Management System (ORMS)	The system is aimed to improve operational efficiency through automation of various processes related to operational risk.
5. Contact Center System (CCS)	CCS integrates various communication channels (i.e. phone, email, and social media) to support the customer service operations of the Bank
6. Branch Operations Xformation	An online system which enables the Bank to effectively and efficiently manage touchpoints throughout the customer journey. The system will help the Bank to organize and control the number of customers transacting in the branches and offices.
7. AML System Upgrade	Upgrade of the existing AML system to address issues on obsolescence / end-of-support of operating and database systems and to address the evolving regulatory requirements, particularly on the reporting of CTR/STR and to enhance ongoing monitoring of transactions.

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 turnaround 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, promote continuous process improvement and ensure alignment of processes with the Bank's policies, organizational changes, goals and objectives, delivery of and/or enhancements to certain products and services, including the respective requirements and fees to be paid, as applicable, and list of offices were updated. Such changes were reflected in the LANDBANK Citizen's Charter issued and submitted to ARTA in March, November and December 2022 and posted in the LANDBANK offices, website, and other information billboards.

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 BSP, specifically its requirement of a Consumer Assistance Management System (CAMS).

In 2022, CuCD received almost 1.3 million inquiries, requests, and incident reports from customers. It is equivalent to a 16% increase from the previous year's volume of almost 1.1 million.

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
2021	516,592	395,517	186,445	1,098,554
2022	566,134	466,679	238,738	1,271,551

Majority or 91.24% (1,160,142) of the total volume of customer concerns that CuCD received in 2022 were inquiries, followed by requests with 5.12%, and incidents or complaints with the remaining 3.64%.

Breakdown According to Type				
Year	Inquiries	Request	Incident	Total
2019	459,026	258,650	67,365	785,041
2020	513,184	478,243	162,909	1,154,336
2021	516,592	395,517	186,445	1,098,554
2022	566,134	466,679	238,738	1,271,551

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 customers can do self-service banking transactions such as balance inquiry (Peso account), bills payment, fund transfer, checkbook reorder, and inquiry on check status and balances, blocking of lost or stolen ATM card, and cash card.

As of Dec. 31, 2022, there were 865,813 eligible accounts registered in the LPA. During the year, a total of 489,332 financial and non-financial transactions were processed. Total financial transactions amounted to P70 million involving fund transfer and bills payment.

Complaints Management

For the year 2022, a total of 62,341 were recorded from different channels. 98% or 61,129 were received through LANDBANK channels – CuCD, branches and other field units. The remaining 2% or 1,212 complaints were coursed through regulatory bodies. BSP and 8888 Citizens' Complaint Hotline are the top external channels of complaints. They received 568 and 498 complaints, respectively.

Top concern for 2022 is unposted/delayed fund transfer with 22,875 complaints received; followed by 13,677 reports of undispensed withdrawal using LBP ATMs; and 7,521 reports of undispensed withdrawal using other Bank's ATMs. The Bank has a low percentage of complaints versus the total volume of transactions, ranging from 0.01% to 0.09%.

The Bank's resolution rate is at 95.3%.

Top Concerns as of Dec. 31, 2022

Concern	No. of Complaints	No. of Transactions	Complaints Versus Total Transactions
2019	459,026	258,650	67,365
2020	513,184	478,243	162,909
2021	516,592	395,517	186,445
2022	566,134	466,679	238,738

Financial Consumer Protection

LANDBANK, as a BSP-Supervised Financial Institution (BSFI), consistently adheres to the laws and regulations on Financial Consumer Protection (FCP) aimed at protecting consumers in the financial marketplace. The issuance of BSP Circular No. 1160 or Financial Consumer Protection to Implement Republic Act No. 11765, otherwise known as the "Financial Products and Services Consumer Protection Act", series of 2022, provides an enabling policy to ensure that appropriate mechanisms are in place that seeks to "protect the interests of financial consumers under the conditions of transparency, fair and sound market conduct and effective handling of Financial Consumer disputes aligned with the global best practices."

In compliance with the said Circular, LANDBANK has institutionalized consumer protection and has provided an environment which enables financial consumers to receive appropriate information that will help them make informed business decisions, protect them from unfair or deceptive practices, and provide access to recourse mechanisms for complaint handling and dispute resolution.

The continuous support and cooperation of all LANDBANK personnel, from the Management down to the individual employees and stakeholders, have helped the Bank maintain efficient delivery of relevant products and services to its financial clients, especially during the past two years of the pandemic.

A. Oversight Function / Roles and Responsibilities

The LANDBANK Board

Pursuant to BSP Circular/s No. 1160 and 1169, the LANDBANK Board continues to be primarily responsible in approving and monitoring the implementation as well as updating of the Bank's FCP policies, programs, processes, systems and practices, the Consumer Risk Management System (CPRMS), and the Consumer Assistance Management System (CAMS) mechanisms.

The detailed responsibilities of the LANDBANK Board include the following:

1. Approve the CPRMS and CAMS that takes

into consideration the BSFI's business model, market, product lines, and relationships with third parties that may give rise to risks to financial consumers;

2. Promote a culture of ethical behavior and ensure adherence to the standards and all relevant laws and regulations;
3. Provide adequate resources and adopt policies to effectively implement training and competency requirements for officers and personnel, authorized representatives or any other parties acting on behalf of the BSFI;
4. Approve a policy on remuneration and compensation packages structured to encourage responsible business conduct, fair treatment and avoidance/mitigation of conflicts of interest and performance review which includes provisions for incentives on positive reviews/assessment that could also serve as basis for renewal of contract of third-party service providers;
5. Approve product oversight and governance mechanisms designed to ensure that financial products or services meet the needs of Financial Consumers in target markets or market segments, as well as universal products which are simple to access so as not to exclude vulnerable groups;
6. Adopt a policy on the imposition of any fees and/or charges of the BSFI's financial product or service which shall include among others, the basis and quantitative support for the setting of the fees/charges and rationalization of the fee structure or amount;
7. Approve and periodically review a Code of Conduct applicable to all BSFI directors, officers, staff and third-party agents. The Board shall define the BSFI's corporate culture and values. It shall establish standards of conduct and ethics and shall institutionalize a system that will allow reporting of concerns or violations to an appropriate body; and
8. 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

BSI's business model and/or operating environment.

The Senior Management

The Senior Management is responsible for ensuring the alignment of the LANDBANK Board- approved financial consumer protection policies, various related programs, systems, practices, and risk management systems across all operations of the Bank.

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. An effective 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; and
 - d. Identify and assess emerging or increasing consumer risks that affect the BSFI through social media monitoring and market monitoring.

3. Ascertain weaknesses in consumer protection practices or consumer protection emerging risks are addressed, and corrective actions are taken in a timely manner;
4. Ensure observance of expectations and requirements prescribed under relevant regulations on compliance and internal audit; and
5. Ensure that adequate information and actions taken are reported to the Board on a regular basis in terms of the measurement of FCP related risks, reports from the CAM, compliance with the Standards and requirements, as well as other material FCP-related developments that will impact the BSI's Financial Consumers.

B. Consumer Protection Risk Management System (CPRMS)

BSP Circular No. 1160, s. of 2022 requires the integration of the Consumer Protection Risk Management System (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 and assessment, monitoring and reporting, and control and mitigation of consumer protection risks inherent to LANDBANK's operations, processes, products, programs, services, electronic banking channels, systems and other activities including outsourcing. In this way, risks are properly identified and managed.

On April 26, 2023, the updated LANDBANK CPRMS was presented to and approved by the Risk Oversight Committee (RISCOM) with Resolution No. 2023(04)098.

C. Consumer Assistance Management System (CAMS)

The Customer Care Department (CuCD) under the Corporate Affairs Group (CAG), oversees and manages the LANDBANK Consumer Assistance Management System (CAMS). Through the CAMS, the Bank aims to further enhance and strengthen its thrust in providing excellent customer service by proper handling of inquiries, concerns, requests, or complaints as well as the continuous improvement in service delivery. To efficiently implement the CAMS, 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 customer touch points which include CuCD, Branches, Lending Centers, social media, and other customer-facing units of the Bank. CuCD also provides analysis of the complaints data which resolutions and recommendations are being presented to the ManCom by the Head of CAG.

D. Consumer Protection Programs

1. Consumer Protection Compliance Program

The LANDBANK Compliance Program/Manual, which includes the FCP, is developed in accordance with the 2020 MORB Sec. 161 Compliance Frameworks.

To ensure compliance with laws, rules and regulations on consumer protection, monitoring and testing is important to identify and address in a timely manner the lapses that may lead to compliance breaches.

The Bank's compliance on FCP is being monitored through the periodic compliance testing and the results are presented to the Management Committee and Audit and Compliance Committee on a quarterly basis.

A Risk Assessment and Monitoring of Customer Complaints is also being conducted by the Operational Risk Management Department which they report to the Risk Oversight Committee on a periodic basis to provide the Board the risk profile, trends of customer incidents and determine potential risk exposure.

2. Consumer Protection Internal Audit Program

Adherence to consumer protection laws, internal policies and guidelines are incorporated in the Internal Audit Program and in the Audit Report. The summary of audit observations for the year form part of the contents for the Overall Internal Audit Opinion that is presented to the Management Committee and the Audit and Compliance Committee.

3. Consumer Protection Training Program

In compliance with the BSP Circular on Consumer Awareness and in ensuring that LANDBANK personnel are equipped with appropriate knowledge and skills to enable them to respond to the constantly changing needs and demands of the Bank's financial consumers, the Organization Development Department (ODD), as the Bank's training arm, takes the lead in undertaking learning and development (L&D) initiatives and in determining the required competency interventions.

In 2022, ODD conducted the following Consumer Awareness-related L&D programs to various Bank personnel who have direct contact to Bank's financial consumers:

PROGRAM		PARTICIPANTS
Communication	Social Media Management	Corporate Affairs Group
	Essentials of Corporate Communication	
	Deaf Awareness Orientation	Branches Personnel
Branch Banking	Bank Frauds and Forgery Detection	Various Bank Personnel
	Bank Products and Services	Various Bank Personnel
	Payout of Various Financial Assistance	Branches Personnel
	Branch Operations	Branches Personnel
Compliance Management	Anti-Money Laundering	Various Bank Personnel
Culture Building	Code of Conduct (under LANDBANK in Perspective)	New Hires
Customer Service	Client Sensitivity Training	Corporate Affairs Group
	Complaints Management	
	Customer Service Learning Session	
	Handling Difficult Customers	
	Telephone Skills Training	
	Take the LEAD in Customer Service	New Hires
Risk Management	Breach Response and Cybersecurity	Various Bank Personnel
	Cyber Security Essentials	
	Seminar on Cybercrime/Cyber Security	
	Virtual CyberSecurity Forum	
Credit Management	Basic Credit Management	Lending Personnel
	Advanced Credit Management	
	Sustainable Finance	
Treasury	Treasury Certification Program	Treasury Personnel
	Finance Market	

OPERATIONAL EXCELLENCE



LANDBANK Touchpoints

2022 was a fresh start following the two-year lockdown due to COVID-19.

The National Government's health programs and protocols steadily brought back confidence in the people to go out and do business. Consistent with LANDBANK's purpose of serving the nation, the Bank remains steadfast in delivering competitive financial products and services to meet the people's banking requirements.

LANDBANK continues to expand its network across the country, reinforcing nationwide development impact and bringing delightful banking experience to all Filipinos.

1. Branch and Branch-lite Unit (BLU)

LANDBANK is present in all of the country's 82* provinces. As of year-end 2022, total branch network reached 683 from 489 as of year-end 2021 or an increase of 28%. Of these, 607 are branches and 76 branch-lite units (BLUs).

* includes separation of Maguindanao province into Maguindanao del Norte and Maguindanao del Sur

A total of 449 branches and BLUs are located in Luzon, 109 in the Visayas region, and 125 in Mindanao.

These BLUs, equipped with Automated Teller Machines (ATMs), Cash Deposit Machines (CDMs), and other electronic machines also come in the form of Branch-lites, Agri-hubs, LANDBANK Easy Access Facilities (LEAFs), Mobile Branch units, Telling Booths and Foreign Exchange (FX) Booths.

This is a manifestation that LANDBANK continues to expand its presence in order to reach and serve more Filipinos across the country.

A. Branch

The merger of UCPB with LANDBANK added a total of 186 branches in CY 2022. In addition, three more branches were opened in Pagadian, Zamboanga del Sur; Tayabas, Quezon; and Malate, Manila.

B. Branch-lite

In 2022, two BLUs were established in Floridablanca, Pampanga and Mambusao, Capiz to provide banking services such as deposit

account opening, acceptance of deposits, withdrawals and check encashment, branch loans, e-Banking services, ATM/CDM operations, acceptance of collections and loan payments and other ancillary products and services.

C. Agri-hub

LANDBANK Agri-hub is a type of BLU with limited branch banking operations, lending and agrarian services that caters to the financial, agrarian and technical needs of farmers in the country's top rice producing provinces including the unbanked and underserved rice farming areas.

By end-2022, seven LANDBANK Agri-hubs were opened in Ubay, Bohol; Bongabong, Oriental Mindoro; Plaridel, Misamis Occidental; Claveria, Misamis Oriental; Kapalong, Davao del Norte; Malungon, Sarangani; and San Fernando, Bukidnon.

D. BLU-LANDBANK Easy Access Facility (LEAF)

Two LEAFs were closed in 2022 bringing down the total number of LEAFs to 44 from 46 in 2021. In 2022, Bongabong LEAF was closed and converted to an Agri-hub, while Sto. Tomas, Davao del Norte LEAF was permanently closed to accommodate relocation and renaming of DOLE Philippines Branch located in Polomolok, South Cotabato to Sto. Tomas (Davao del Norte) Branch.

E. BLU-Mobile branch, Teller Booth, FX Booth

Two LANDBANK mobile branches continue to serve communities with limited access to banking services including areas affected by calamities as well as unbanked and underserved areas. These two BLU-Mobiles are under Legazpi and Bajada (Davao) mother branches.

Meanwhile, four BLU-Teller Booths and two BLU-FX Booths also remain to service the banking needs of clients.

2. Automated Teller Machine (ATM)

LANDBANK continues to increase its touchpoints for all Bank clients to perform basic financial and non-financial transactions without assistance from a bank teller or representative. As of year-end 2022, there are 2,997 LANDBANK ATMs nationwide, an increase of 16% from the previous year's 2,513 ATMs available. The majority of these ATMs are installed in Luzon with 1,797 ATMs, followed by Mindanao with 649 ATMs, and Visayas with 551 ATMs.

This also includes the operations and maintenance of 281 additional ATMs from the former UCPB following the merger.

In May 2022, LANDBANK entered into an ATM Branding Agreement with Pito AxM Platform, Inc. (PAPI), the operator of 7-Eleven ATMs in the Philippines. As of December 2022, LANDBANK cardholders may already transact free-of-charge from 2,323 7-Eleven ATMs in the country.

3. Cash Deposit Machine (CDM)

Six CDMs were established in 2022 making the total number of CDMs to 228 from 222 in 2021.

4. Agent Banking Partner (ABP)

Through an Agent Banking Partner (ABP), LANDBANK is able to reach the unbanked and underserved areas by bringing selected banking services to these communities. This is the Bank's way of supporting the National Government's financial inclusion initiative. To date, LANDBANK has 1,056 ABP-partners with a total of 1,723 terminals nationwide.

5. Point-of-Sale (POS)

LANDBANK cardholders are able to do payment transactions for the goods sold and/or services rendered by a merchant. As of end-2022, there are 739 POS machines installed nationwide.

Bank's Delivery Channels

POINT OF SALE (POS)

As cardholders recognize the convenience of cashless transactions particularly for the purchase of goods and services, LANDBANK has made payments more accessible to clients through the use of debit and credit cards. As of end-2022, a total of 739 terminals have been installed in 387 merchants nationwide. A total of 1.92 million transactions were processed in the year 2022 amounting to P13.49 billion.



AGENT BANKING PROGRAM (ABP)

The Bank intensified its support to the national government's objectives towards greater financial inclusion by accrediting eligible entities in its Agent Banking (AB) Program. This has brought selected banking services to places where banks are not accessible.

Through the Agent Banking Partners (ABPs), LANDBANK has exponentially expanded its reach to its clients, as these conduits are able to perform selected transactions on behalf of the Bank and serve its clients more efficiently.

As of year-end 2022, there were 1,723 POS terminals deployed at 377 full-suite ABPs and 679 POS Cash-Out only ABPs.

A total of 4.49 million transactions were completed as of end-2022 including the 710,931 accounts opened through the PhilSys ID Project, with a transaction amount of P18 Billion.

In expanding its Agent Banking network, LANDBANK continues to further increase its touchpoints and serve the requirements of its institutional partners and priority sectors.

Digital Banking Facilities

DIGITAL ONBOARDING SYSTEM (DOBS)

The Digital On-boarding System (DOBS) is an innovation that LANDBANK launched in 2018 in line with its aggressive thrust to enhance operational efficiency and improve client servicing, particularly in branches. The system was also designed to ensure the Bank's compliance with regulatory requirements as it allows immediate capturing and validation of complete customer information and enables easy retrieval of digital records. The system likewise helps to unclog traffic in branches and reduce man hours which translate to cost savings for the Bank.

DOBS generated a buzz in the banking industry. It received the following awards: Asia's Most Inclusive Bank by International Data Corporation in 2019, and Philippine Recognition of Excellence by OpenGov Asia and Merit Award for Technology Development by ADFIAP in 2020.

In 2022, the DOBS continued its enhancements to build a more inclusive system for branch operations. Among the major enhancements are the Digitization Module and Updating Facility of former UCPB Customers. As of Dec. 31, 2022, accounts opened via DOBS totaled 3,615,080.

MOBILE BANKING APPLICATION (MBA)

The LANDBANK Mobile Banking Application (MBA) is one of the Bank's extensively-used digital banking channels as it provides retail clients with convenient access to a wide array of financial and non-financial transactions through their smartphones anytime, anywhere.

There has been a significant growth in the number of users of the MBA as customers shift from using the browser-based internet banking system to an app-based mobile banking platform. The Bank's participation in the National Retail Payment System's Automated Clearing Houses (ACH), namely PESONet and InstaPay, also resulted in the substantial growth in the volume of fund transfers completed through the app.

Overall, monetary and non-monetary transactions in LANDBANK MBA grew by 19% from the 2021 volume of 103.82 million to 123.58 million in 2022. Correspondingly, the value of transactions increased by 30% from P172.39 billion in 2021 to P224.79 billion in 2022.

LANDBANK LINK.BIZPORTAL

LANDBANK Link.BizPortal is an electronic payment system that allows customers to pay for products and services via the internet for both the government and private institutions. The Link.BizPortal also supports Executive Order No. 170 or the Adoption of Digital Payments for Government Disbursement and Collections. Aside from providing an efficient, convenient and digital payment channel, the Link.BizPortal aims to enable a fast and transparent mode of delivering government services and reduce the risks of graft and corruption. The LANDBANK Link.BizPortal is also aligned with the national government's call for a National Retail Payment System, which also supports the "eGov Pay" payment solution of the BangkoSentral ng Pilipinas (BSP). Customers can use their LANDBANK or OFBank ATM Cards/Visa Debit Cards, LANDBANK Mastercard Prepaid Card, BancNet Member Bank ATM/Debit Cards, PCHC Paygate, over the counter (OTC) cash payment and eWallets.

For 2022, Link.BizPortal continued its steady growth in terms of merchants acquired and transactions completed. In 2022, Link.BizPortal processed a total of 5.76 million transactions with a value of P11.60 billion, growing significantly in terms of volume by 49% and value by 11% (3.88 million transactions; P10.43 billion in 2021). This can be attributed to the 38% increase in the total number of new merchants enrolled, from 826 merchants in 2021 to 1,136 merchants in 2022. Among the top merchants from the National Government are the Philippine National Police (PNP), Bureau of Internal Revenue (BIR), Philippine Overseas Employment Agency (POEA), Philippine Charity Sweepstakes Office (PCSO), Philippine Health Insurance Corporation (PhilHealth), 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). This allows customers with enrolled accounts to enjoy paperless tax filing and online payment via the internet. As of Dec. 31, 2022, the transaction value increased by 16% from P98.97 billion in 2021 to P115.11 billion in 2022, covering transaction volumes of 440,380 and 467,725, respectively.

LANDBANK Mobile Payment Application (LANDBANKPay)

The LANDBANKPay account holders can perform basic transactions, such as balance inquiry, buy load, bills payment to more than 800 government and private partner merchants, cash-in via the LANDBANK



Mobile Banking App (MBA), Link.BizPortal, LANDBANK Branches, Agent Banking Partners nationwide and from other bank accounts. Account holders can also transfer funds, online purchases, local cash remittances through LBPadala, Scan to Pay for making payments at LANDBANK concessionaires and linking of LANDBANK Credit and Prepaid Cards.

The LANDBANKPay can also be used by the riding public via mCommuter application. The mCommuter is a mobile transit app that supports the Philippine government's AFCS initiative. The system employs an account-based ticketing technology, wherein successfully registered passengers will be given a virtual account that serves as a unique identifier (ID) in the AFCS system.

In 2022, LANDBANK bagged the Most Innovative Company of the Year award in the 13th Asia CEO Awards for its LANDBANKPay.

Automated Fare Collection System (AFCS)

The AFCS was initially implemented in four LANDBANK Shuttle Buses for Bulacan, Rizal, Cavite and Laguna routes on Aug. 8, 2022, which provides convenience and cost-savings to all LANDBANK employees.

LANDBANK also launched the AFCS EMV Pilot Production Testing Project (PPT) through a ceremonial signing of a tripartite MOA by LANDBANK, DOTr and LTFRB on Sept. 1, 2022. The PPT covers National Capital Region (NCR), Cavite, Lucena, Pampanga, and Metro Cebu, and to be participated in by a total of 150 modern public utility jeepneys (MPUJ).

As of Dec. 31, 2022, 26 AFCS units were installed by LANDBANK in NCR and Lucena public utility vehicles (PUVs).

Collection and Disbursement Services for the National Government

LANDBANK, through the Government Programs Support Department (GPSD), remained at the forefront of supporting the National Government's special programs. It worked hand-in-hand with various government agencies such as the Department of Social Welfare and Development (DSWD), Department of Agriculture (DA), Land Transportation Franchising and Regulatory Board (LTFRB) and Department of Transportation (DOTr), and assisted in the implementation of the Conditional Cash Transfer, Unconditional Cash Transfer, Rice Competitiveness Enhancement Fund - Rice Farmer Financial Assistance, Service Contracting Program, Resettlement Action Plan Entitlement Distribution Mechanism, Fuel Subsidy Program, and Targeted Cash Transfer Program, which are targeted to benefit the marginalized sectors of the country, particularly poor households, drivers of public utility vehicles (PUVs), and small rice farmers.

1. CONDITIONAL CASH TRANSFER (CCT) PROGRAM

CCT Program is a national poverty reduction strategy and a human capital investment program that provides conditional cash transfer to poor households to improve their health, nutrition and education. The program is anchored on the paradigm of breaking the intergenerational cycle of poverty by keeping children in school and healthy.

The provision of cash grants is based on compliance by the beneficiaries with the program conditionalities.

In partnership with the DSWD, LANDBANK continues to deliver timely financial assistance as it released P92.40 billion in cash grants through LANDBANK Cash Cards that benefitted 4.4 million CCT beneficiaries, particularly poor households with children aged 18 years old and below, in 2022.

Through the LANDBANK Cash Cards, beneficiaries receive their government subsidy in a timely, safe, and convenient manner. They can withdraw from LANDBANK's ATMs, partner cash-out agents, as well as ATMs of BancNet-member banks nationwide, and use their cards for cashless transactions through point-of-sale (POS) machines.

2. UNCONDITIONAL CASH TRANSFER (UCT) PROGRAM

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

In 2022, a total of P11.50 billion for 2018, 2019 and 2020 was distributed to 3.19 million eligible beneficiaries that include Pantawid Pamilyang Pilipino Program (4Ps), Listahanan and Social Pensioners.



3. SERVICE CONTRACTING PROGRAM (SCP)

The SCP 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 PUV operators/drivers

performance-based subsidy in relation to the vehicle-kilometers travelled and compliance with agreed performance indicators.

The Program provides cash assistance to PUV operators to offer free rides to frontline healthcare workers and the general public.

For SCP – Phase I, LANDBANK posted a total of P174.36 million disbursed amount that benefitted 10,070 PUV operators/drivers in 2022.

In view of the success of the SCP – Phase I under the Republic Act (RA) 11494 (Bayanihan to Recover as One Act) and SCP – Phase II (under the 2021 General Appropriations Act or RA 11518), the SCP – Phase III (under the 2022 General Appropriations Act or RA No. 11639) was implemented from March 2022 to September 2022. This covers PUV operators, such as but not limited to public utility buses (PUBs) and UV Express, enrolled and participating in the program. SCP – Phases II and III was able to disburse a total of P0.36 billion and P6.18 billion in fuel subsidies to 390 and 10,979 operators, respectively, in 2022.

The SCP – Phase III was also extended in October 2022 with an additional P1.4 billion program funds and was able to disburse a total of P0.97 billion to 1,455 operators by end-2022.



4. FUEL SUBSIDY PROGRAM (FSP)

FSP aims to provide fuel subsidy to public transport stakeholders (legitimate public utility jeepneys (PUJs) and Filcabs franchise holders) pursuant to Tax Reform for Acceleration and Inclusion (TRAIN) Law or RA 10963, in support of their operations in view of the impact of the recent surge in fuel prices.

LANDBANK, in close collaboration with the DOTr and LTFRB, focused on the immediate delivery of fuel subsidies to transport stakeholders for their unhampered deployment.

For FSP - Phase I, LANDBANK was able to disburse a total of P165.97 million to 23,052 operators in 2022.

In view of the success of the FSP – Phase I, the FSP – Phase II under RA 11639 otherwise known as the General Appropriations Act (GAA) 2022 was implemented which covers PUJs, Filcabs, UV Express units, minibuses, buses, shuttle services, taxis, Transport Network Vehicle Service (TNVS), motorcycle taxis, delivery services and tricycles. FSP – Phase II was able to disburse a total amount of P1.89 billion to 356,736 operators/drivers.

5. RICE COMPETITIVENESS ENHANCEMENT FUND – RICE FARMER FINANCIAL ASSISTANCE (RCEF-RFFA) PROGRAM

The RCEF-RFFA Program intends to provide unconditional cash assistance amounting to P5,000 to registered palay farmers with landholdings of two hectares and below, in line with the ongoing implementation of the Rice Tariffication Law (RTL).

LANDBANK facilitated the crediting of cash grants through the existing LANDBANK cash cards of farmer-beneficiaries, as well as through the Interventions Monitoring Card (IMC) developed in partnership with DA that served as both an identification and cash card.

In 2022, a total of P960.77 million cash assistance was credited to the existing cash cards of 192,154 farmer beneficiaries of the program.

LANDBANK continues to strengthen its partnership with the DA to deliver intensified support to palay farmers.

6. RESETTLEMENT ACTION PLAN (RAP) ENTITLEMENT DISTRIBUTION MECHANISM

The project pertains to a provision of cash entitlements to individuals who will be affected by the North-South Commuter Railway Extension (NSCR-Ex) Project which requires the acquisition of Right-of-Way (ROW) being implemented by the DOTr and the Philippine National Railways (PNR). This is in compliance with the requirements under the ADB Safeguard Policy Statement and the JICA Guidelines for Environmental and Social Considerations (collectively, International Social Safeguards).

To facilitate the timely, orderly and transparent distribution of the cash entitlements, the RAP Entitlement Distribution Mechanism was established. This shall be effective until all eligible Project-Affected Persons (PAPs) receive their cash entitlement, with LANDBANK as the distribution agent.

In 2022, a total of P8.19 million cash entitlements were released to 19 PAPs.

7. TARGETED CASH TRANSFER (TCT) PROGRAM

TCT Program intends to provide financial assistance amounting to a total of P3,000 for six months or from April to September 2022 to the bottom 50% Filipino households (approximately 12.4 million households) in order to mitigate the effects of the increase in fuel prices and other commodities, subject to availability of funds.

The beneficiaries include low-income households who were previously beneficiaries under the Pantawid Pamilyang Pilipino Program (4Ps), beneficiaries under the UCT Program stipulated under RA No. 10963 or the TRAIN Law, beneficiaries of the Social Pension Program and household in the database of the Listahanan or National Household Targeting System for Poverty Reduction (NHTS-PR) or other data sources as applicable, provided that they fall within the first to fifth national income decile.

In 2022, a total of P9.07 billion cash assistance was credited to the existing cash cards of 9,065,696 beneficiaries of the program.





Financial Highlights

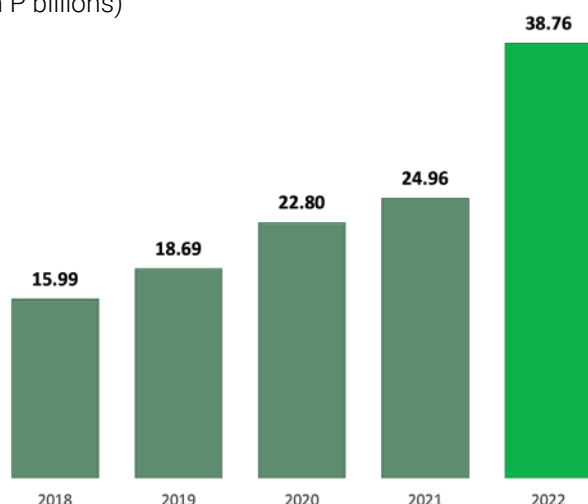


Results of Operation

At the tail end of the COVID-19 pandemic, LANDBANK remained at the forefront in the delivery of financial services to its mandated and priority sectors, as well as the priority programs of the National Government (NG) through its expanded and new lending programs. The Bank also ensured uninterrupted banking experience and delivery of quality products and services to all its stakeholders.

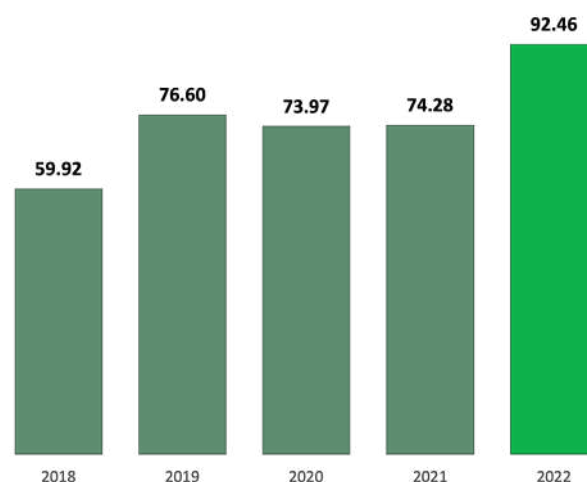
In March 2022, LANDBANK supported the NG's initiative to acquire and merge with the United Coconut Planters Bank (UCPB) to build a more resilient and unified banking institution, with a wider network of touchpoints, that could better promote financial inclusion among Filipinos and create more opportunities to expand its agricultural loan portfolio.

Net Income (in P billions)

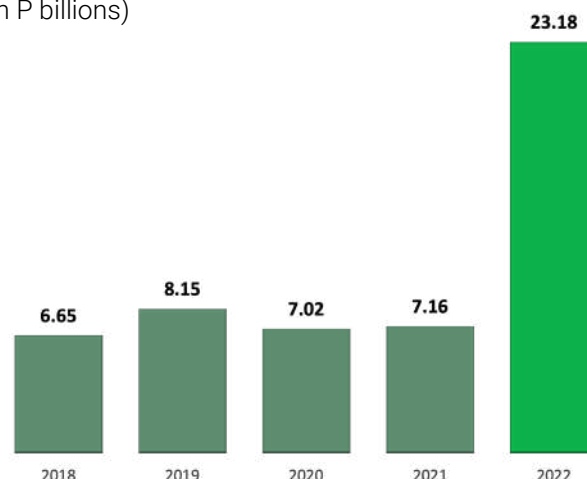


The Bank attained a net income of P38.76 billion in 2022, higher by P13.81 billion or 55% from the last year's profit of P24.96 billion; and 29% higher than the P30.06 billion target for the year. The increase on income from loans and investments, and the sale of UCPB building contributed to the growth in the net income of the Bank despite of the P7.80 billion surge in provisions due to the additional allowances booked to improve the Bank's asset quality and outweigh the non-performing assets acquired from UCPB.

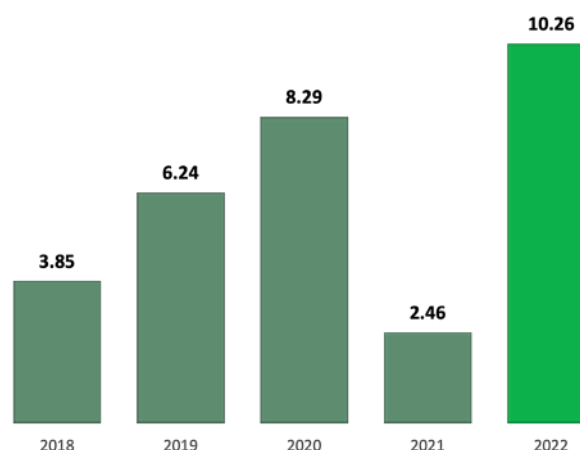
Interest Income (in P billions)



Non-Interest Income (in P billions)

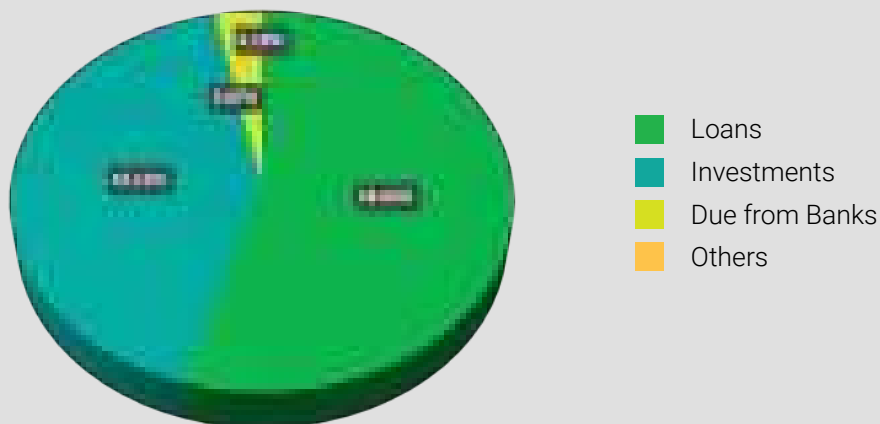


Provision for Probable Losses (in P billions)



Interest Income

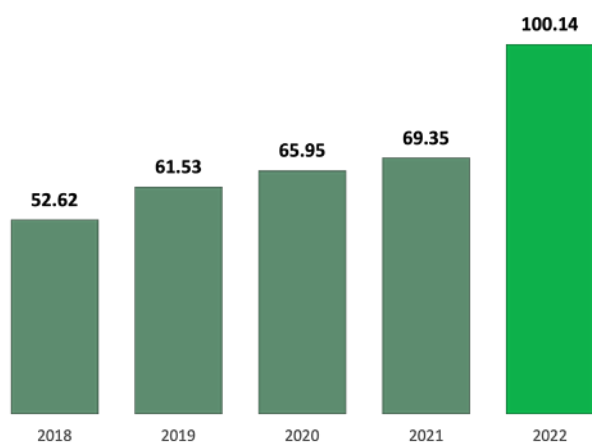
(as of December 31, 2022)



Income from loans amounting to P50.51 billion accounted for the biggest share in interest income at 54.63%, followed by income from investments amounting to P38.94 billion at 42.12%. Interest income improved by P18.18 billion or 24.48% from the previous year, thereby expanding the operating income by 44.41%. Operating expenses however, increased by 29.94% or P15.94 billion due to increase in manpower cost and other operating expenses.

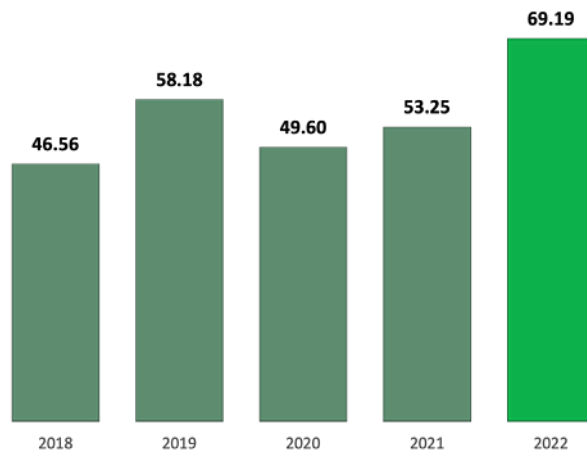
Operating Income

(in P billions)



Operating Expense

(in P billions)

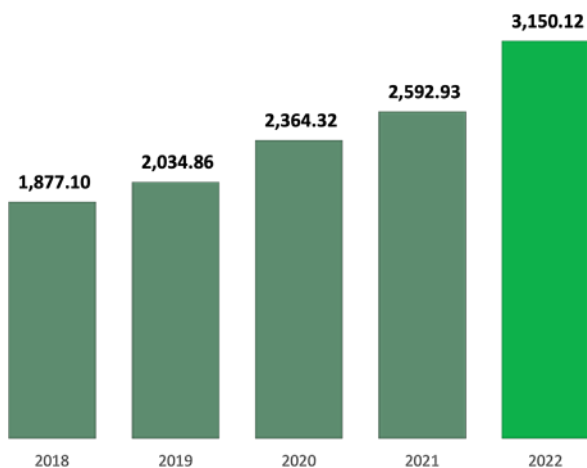


Financial Condition

LANDBANK retained its position as the second largest bank in terms of assets and deposits next to BDO Unibank, and fourth in terms of loans and capital for the year ended 2022.

Total Assets

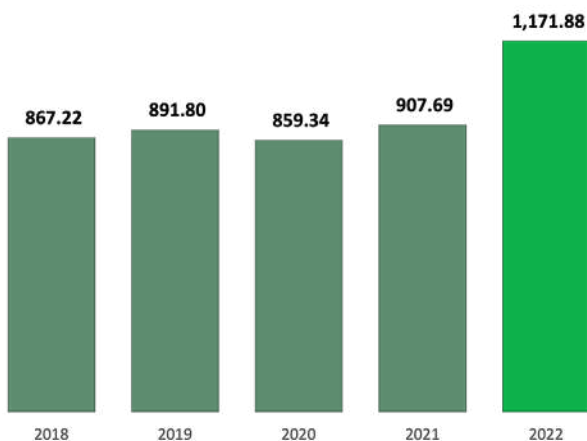
(in P billions)



The Bank achieved its highest total assets so far at P3.15 trillion from P2.59 trillion in 2021 due to expansion in loan portfolio and deposit liabilities, combined with additional assets and properties acquired from the merger with UCPB.

Gross Loan Portfolio

(in P billions)

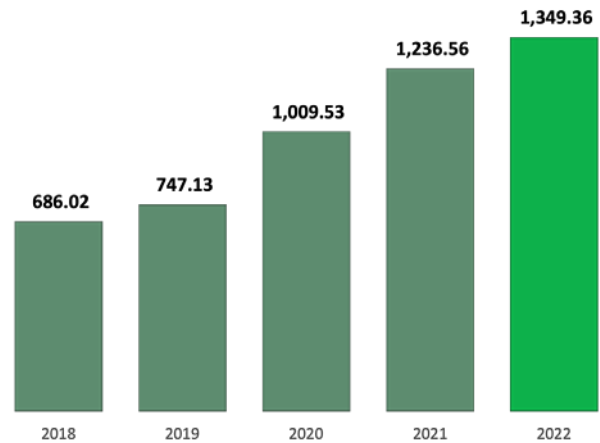


The gross loan portfolio increased extensively by 29.11% to P1.17 trillion in 2022, sustaining its expansion from

2021 after it declined in 2020 during the height of the pandemic. Investment portfolio likewise expanded to P1.35 trillion, which combined with the loan portfolio translates to 80.04% of total assets in 2022.

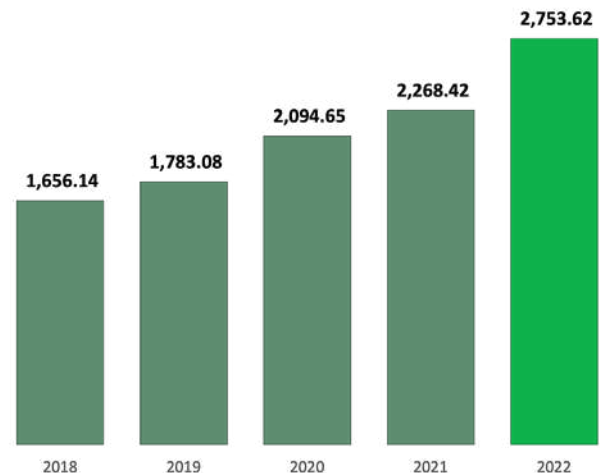
Investments - Net

(in P billions)



Deposit Liabilities

(in P billions)



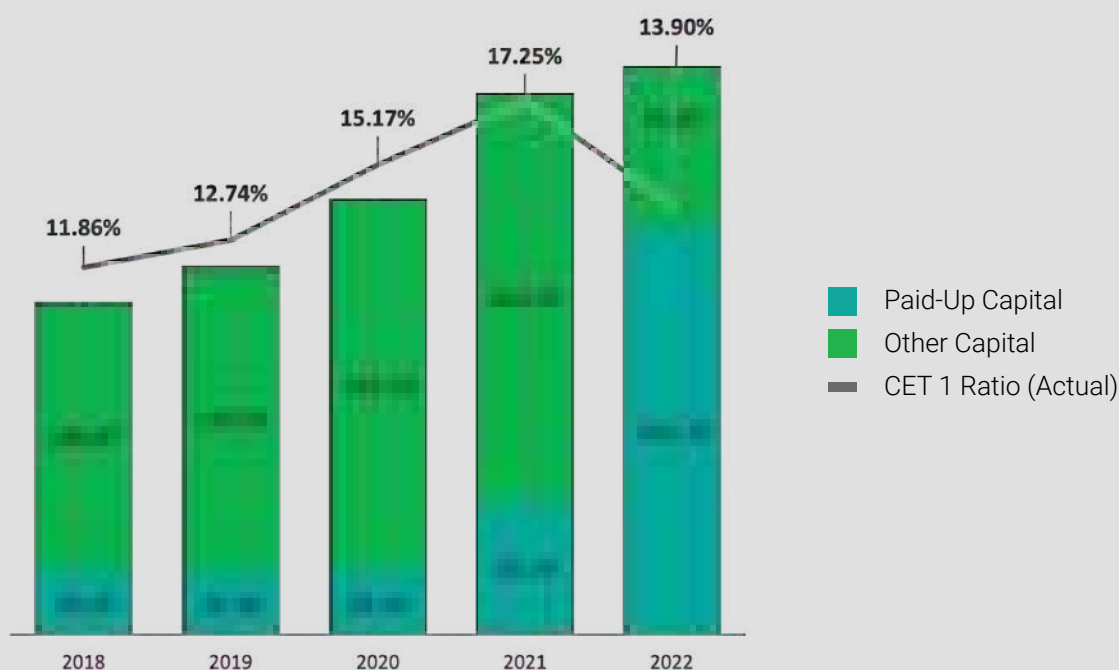
Deposit liabilities reached P2.75 trillion in 2022, bulk of which are from the government sector including Government-Owned and Controlled Corporations (GOCCs) and Local government Units (LGUs) being the primary depositor of the NG. The government deposits at P1.87 trillion comprised about 68% of the Bank's total deposits while the remaining 32% amounting to P887.28 billion are from private depositors.

Capital and Capital Ratios

In 2022, LANDBANK converted an aggregate of P110 billion of its unrestricted retained earnings to paid-up capital. The increase in paid-up capital and record net income contributed to the stronger and higher capital for the year. The Bank sustained its capital trajectory despite remittance to the NG of a special cash dividend amounting to P8.45 billion in June 2022, and the negative comprehensive income due to adverse market conditions. However, the CET 1 ratio decreased from 17.25% in 2021 to 13.90% in 2022, which is mainly due to increase in risk weighted assets from the expansion of loan portfolio and absorption of non-performing assets of UCPB.

Capital and CET 1 Ratio

(in P billions)



Dividend Policy

LANDBANK is required by law to remit at least 50% of its net earnings as cash dividends to the National Government (NG) annually, similar with the other Government Financial Institutions (GFIs). Over the years therefore, the Bank has remitted a significant amount of its capital as cash dividends to the NG. However, to ensure a strong capital and compliance with regulatory capital requirements, the Bank regularly requests for adjustment of dividend rates or dividend relief.

The Bank was granted 0% dividend rate for its 2022 net earnings in October 2023. However, the Bank has not yet received a formal response or recommendation on its requests for the 2020 and 2021 net earnings. In 2022, the Bank remitted a special cash dividend amounting to P8.45 billion to the NG.

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 2022 and 2021 (except for the ratios, all amounts are in Million Pesos).

Description		GROUP ¹		PARENT	
		Dec. 2022	Dec. 2021	Dec. 2022	Dec. 2021
Tier 1 Capital					
Common Equity Tier (CET) 1 Capital					
-	Paid-up Common Stock	163,787.71	53,790.78	163,787.71	53,790.78
-	Retained Earnings	28,825.65	121,792.44	28,825.65	121,792.44
-	Undivided Profits	30,954.14	31,484.76	30,058.08	21,748.09
-	Other Comprehensive Income	-12,080.42	6,699.81	-12,080.42	6,699.81
-	Minority interest in subsidiary banks which are less than wholly owned	51.67	1,692.37	-	-
Sub-Total - Tier 1 Capital		211,538.75	215,460.16	210,591.02	204,031.12
Regulatory Adjustments to CET 1 Capital					
a.	Unsecured DOSRI Loans	-	64.09	-	7.4
b.	Total outstanding unsecured loans, other credit accommodations and guarantees granted to subsidiaries	13.79	184.26	-	-
c.	Deferred Income Tax	4,433.56	4,425.25	3,477.07	441.26
d.	Other Intangible Assets	1,975.13	1,613.69	1,922.62	1,188.76
e.	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)	-	-	5,670.98	6,100.57
f.	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)	1,471.88	1,548.60	1,549.60	1,198.74
g.	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)	121.78	-	121.78	-
h.	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)	716.57	1,002.64	467.26	997.01

i.	Other equity investments in non-financial allied undertakings and non-allied undertakings	16,114.38	16,293.80	15,940.74	15,899.38
Total		24,847.09	25,132.33	29,150.05	25,833.12
	Net CET 1 Capital	186,691.66	190,327.83	181,440.97	178,198.00
	Additional Tier 1 Capital	-	-	-	-
Total Tier 1 Capital		186,691.66	190,327.83	181,440.97	178,198.00
	Tier 2 Capital				
-	General Loan Loss Provision	7,205.93	10,764.74	7,044.92	9,081.79
Total Tier 2 Capital		7,205.93	10,764.74	7,044.92	9,081.79
Total Qualifying Capital		193,897.59	201,092.57	188,485.89	187,279.79

¹Consolidated with subsidiaries

The Parent's qualifying capital decreased in 2022 primarily due to the negative OCI from current portfolio and market conditions.

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					
	2022			2021		
				As Restated		
	Regulatory Capital	Reconciling Items	Audited Financial Statements	Regulatory Capital	Reconciling Items	Audited Financial Statements
Paid-up common stock	163,787.71	-	163,787.71	53,790.78	-	53,790.78
Paid-in Surplus		101.10	101.10		101.10	101.10
Retained earnings	28,825.65	16,776.06	45,601.71	121,792.44	13,843.36	135,635.80
Revaluation Increment		61.20	61.20		61.20	61.20
Undivided profits	30,954.14	4,856.48	35,810.62	31,484.76	5,904.34	37,389.10
Other Comprehensive Income						
Net unrealized gains or losses on AFS securities	-12,254.25	78.56	-12,175.69	6,647.69	-44.78	6,602.91
Remeasurement of retirement benefit obligation		-14.99	-14.99	-	-9.56	-9.56
Currency Translation Difference and Others	173.83	63.90	237.73	52.12	47.80	99.92
Minority interest in subsidiary banks which are less than wholly owned	51.67	7.69	59.36	1,692.37	308.06	2,000.43
Deductions	-24,847.09	26,847.09	-	-25,132.33	25,132.33	-
Tier I (CET 1) capital/Total equity	186,691.66	46,777.09	233,468.75	190,327.83	45,343.85	235,671.68
Tier 2 Capital	7,205.93	-7,205.93	-	10,764.74	-10,764.74	-
Total Qualifying Capital/Total equity	193,897.59	39,571.16	233,468.75	201,092.57	34,579.11	235,671.68

¹Consolidated with subsidiaries

Account Description	PARENT					
	2022			2021		
				<i>As Restated</i>		
	Regulatory Capital	Reconciling Items	Audited Financial Statements	Regulatory Capital	Reconciling Items	Audited Financial Statements
Paid-up common stock	163,787.71	-	163,787.71	53,790.78	-	53,790.78
Paid-in Surplus		101.10	101.10		101.10	101.10
Retained earnings	28,825.65	10,140.81	38,966.46	121,792.44	10,941.93	132,734.37
Undivided profits	30,058.08	8,705.30	38,763.38	21,748.09	3,208.66	24,956.75
Other Comprehensive Income						
Net unrealized gains or losses on AFS securities	-12,254.25	14.16	-12,240.09	6,647.69	411.34	7,059.03
Currency Translation Difference and Others	173.83	63.69	237.52	52.12	49.03	101.15
Deductions	-29,150.05	29,150.05	-	-25,833.12	25,833.12	-
Tier I (CET 1) capital/Total equity	181,440.97	48,175.11	229,616.08	178,198.00	40,545.18	218,743.18
Tier 2 Capital	7,044.92	-7,044.92	-	9,081.79	-9,081.79	-
Total Qualifying Capital/Total equity	188,485.89	41,130.19	229,616.08	187,279.79	31,463.39	218,743.18

Detailed breakdown of comparative 2022 and 2021 risk-weighted assets (RWA) are shown in the table below:

Risk-Weighted Assets	GROUP		PARENT	
	Dec. 2022	Dec. 2021	Dec. 2022	Dec. 2021
Credit Risk-Weighted Assets				
- RW On-Balance Sheet Assets	1,096,915.36	1,002,605.79	1,079,285.68	837,718.96
- RW Off-Balance Sheet Assets	83,103.43	73,511.38	82,901.09	70,103.62
- Counterparty RW Assets in the Banking Books	6,115.78	-	6,115.78	-
- Counterparty RW Assets in the Trading Books	1,340.77	356.72	1,340.77	356.72
	1,187,475.34	1,076,473.89	1,169,643.32	908,179.30
Less: Gen. Loan Loss Provision (in excess of the amount permitted in Tier 1 Capital)	-	601.59	-	1,001.28
Total Credit Risk-Weighted Assets	1,187,475.34	1,075,872.30	1,169,643.32	907,178.02
Market Risk-Weighted Assets				
- Interest Rate Exposure	1,932.45	3,262.12	1,885.87	3,289.35
- Equity Exposure	-	113.59	-	-
- Foreign Exchange Exposure	5,436.84	2,230.32	5,436.84	2,159.66
- Options	9,179.34	10,349.34	9,179.34	10,349.34
Total Market Risk-Weighted Assets	16,548.63	15,955.37	16,502.05	15,798.35
Total Operational Risk-Weighted Assets	136,547.98	112,130.26	119,434.85	109,969.00
Total Risk-Weighted Assets	1,340,571.95	1,203,957.93	1,305,580.22	1,032,945.37

RWA of the Parent rose by 26.39% in 2022 from P1.03 trillion in 2021 to P1.31 trillion in 2022 due to considerable increases in credit and operational RWAs from significant expansion in loans and revenues. The significant increase in RWA resulted in the decline of CET 1 ratio from 17.25% to 13.90%. The CAR of the Group likewise declined to 13.93% in 2022 from 15.81% in 2021. Nevertheless, the Bank's capital ratios are still comfortably above the BSP requirement of 10.25% CET1 ratio and 10% CAR.

	GROUP		PARENT	
	Dec. 2022	Dec. 2021	Dec. 2022	Dec. 2021
CET 1 Ratio	13.93%	15.81%	13.90%	17.25%
Capital Conservation Buffer	7.93%	9.81%	7.90%	11.25%
Tier 1 Capital Ratio	13.93%	15.81%	13.90%	17.25%
Risk-Based Capital Adequacy Ratio (CAR)	14.46%	16.70%	14.44%	18.13%





Organizational Agility



WORKFORCE HIGHLIGHTS BY THE NUMBERS

12,661

Regular Employees

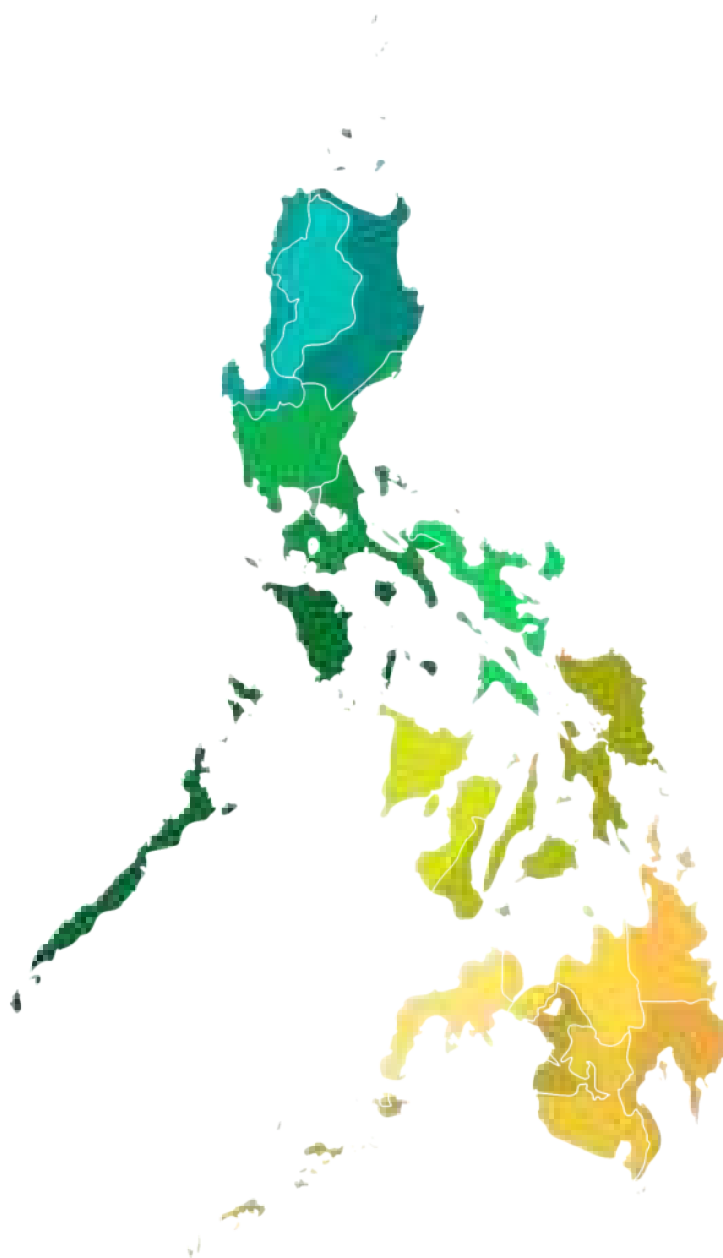
552

Contractual Employees

13,213

Total Employees

Regular	12,661
Co-terminous	41
Permanent	11,203
Temporary	173
Direct Hire	1,244
Contractual	552
Grand Total	13,213



NCR	3,395	1,810	5,205
CAR	115	51	166
Ilocos Region	339	141	480
Cagayan Valley	302	167	469
Central Luzon	696	256	952
CALABARZON	769	295	1,064
MIMAROPA	180	72	252
Bicol Region	329	138	467
Western Visayas	476	166	642
Central Visayas	432	185	617
Eastern Visayas	241	92	333
Zamboanga Peninsula	192	122	314
Northern Mindanao	339	183	522
Davao Region	282	142	424
SOCCKSARGEN	291	147	438
BARMM	75	46	121
Caraga	139	56	195
GRAND TOTAL	11,912	4,069	15,981

AGE GROUP	F	M	Grand Total
25 and below	837	296	1,133
26-35	3,779	1,743	5,522
36-45	1,504	745	2,249
46-49	597	259	856
50-55	1,067	521	1,588
56-59	613	338	951
60 and above	195	167	362
Grand Total	8,592	4,069	12,661

Talent Acquisition

Recruitment and Selection Process

Recognizing that human capital is pivotal for a competitive and dynamic organization, the Bank puts premium on the efficient filling of available positions that provide opportunities for career growth among its employees and selecting the best applicant who perfectly fits the position.

The Recruitment, Selection and Placement (RSP) system of LANDBANK 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.

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), espousing that all appointments in the civil service shall be made only according to merit and fitness to be determined by comprehensive vetting process.

Furthermore, LANDBANK 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.

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 and professional networking sites (i.e., Jobstreet Free Government Page and LinkedIn)
3. CSC publication of vacant positions
4. LANDBANK official Facebook page
5. Institutional partnerships and campus recruitment
6. Employee referrals
7. Employment of next-of-kin
8. Student training programs

The selection of employees is based on their qualifications to ensure competent and efficient performance of the duties and responsibilities of the positions. Alongside with the CSC rules, the Bank has established RSP policies and practices in place. To ensure competence and efficient performance of duties of the talents employed by the Bank, all applicants take the LANDBANK Online Pre-Employment Exam (OPEE) while Supervisory Assessment is added on the evaluation of applicants for supervisory positions. Meanwhile, officers shall undergo the Executive Profiling

Assessment which includes behavioral interviews for the areas of mental ability, integrity, risk profile, managerial competencies, emotional intelligence, emotional competence, personality traits, among others. In addition to the mentioned assessments, the Bank continues to use the LANDBANK Core Values Suitability Test (CVST), which was integrated into the LANDBANK Pre-Employment Assessment in 2021, to ensure that the values of employees being hired are aligned with the Bank's Core Values.

Once the exam yields favorable results on the pre-employment assessment, the candidate will undergo a series of interviews with the Personnel Administration Department (PAD), head/s of the hiring unit, and up to the head of the Human Resource Management Group (HRMG), if necessary. Qualified applicants, upon receipt of the proposal for hiring from the requesting unit, are then evaluated by PAD based on Qualification Standards (QS) of the position and the hiring policies of the Bank. A Background Investigation (BI) and Credit Information Report (CIR) and a fit-to-work medical examination result are also required for all candidates for hiring.

Final selection of all proposed and qualified candidates, whether for hiring, promotion or any other personnel movement, is being deliberated by the Selection Board I (SB I) and Selection Board II (SB II) of the Bank. Upon favorable action of the SB, all proposed candidates are endorsed to the Board of Directors for approval.

For the year 2022, PAD processed a total of 8,779 applications for employment, administered 5,330 Pre-Employment Exams with passing rate of 49.69% and hired a total of 3,348 personnel who successfully underwent the comprehensive pre-employment assessments and evaluation.

HR Role in the LANDBANK-UCPB Merger

In line with the Office of the President of the Philippines' Executive Order (EO) No. 142, series of 2021, Approving the Merger of the Land Bank of the Philippines (LANDBANK) and the United Coconut Planters Bank (UCPB), and the acquisition by LANDBANK of the Special Preferred Shares of the Philippine Deposit Insurance Corporation (PDIC) in the UCPB, HRMG received and evaluated a total of 3,501 applications from UCPB personnel for possible placement in LANDBANK. A total of 2,603 former UCPB personnel assumed new positions in various units of the Bank.

Recruitment procedures in line with the merger were guided by the applicable provisions of the following rules and regulations:

1. Selection of personnel 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;
2. Negotiables and Non-Negotiables as prescribed by the Management for the recruitment and hiring process of former UCPB personnel; and
3. Implementation of LANDBANK EO No. 120, s. 2021, Guidelines on the Implementation of the Interim Measures for the Hiring Process of UCPB Personnel.

Candidates from UCPB were hired through appointment either as permanent, temporary, or directly-hired contractual or by deployment as service company worker (SCW). The filling of positions by UCPB employees was based on the following:

1. Existing vacancies and corresponding approved position levels in the Bank;
2. Staff complements resulting from organizational changes due to the merger; and
3. Staff complements as a result of the approved staffing parameters.

In the absence of an approved entitlement and/or organizational structure, the hiring of a former UCPB employee for purposes of transition, had been lodged under the Merger Business Continuity Team (MBCT), an initial and temporary unit of assignment for former UCPB personnel hired in LANDBANK. All former UCPB personnel who were deployed in the MBCT were offered a directly-hired contractual appointment. Appropriate organizational structure is yet to be implemented due to the pending approval by the GCG of the Bank's Organizational Realignment and Rationalization Plan (ORRP) as part of the merger requirements.

LANDBANK, as a GFI, requires from applicants a Career Service (CS) Professional Eligibility as one of the primary requisites for appointment to a permanent position. This is very critical, especially for filling General Banking Law (GBL) positions in the branches. Since it was imperative among those hired from the UCPB to acquire a CS Professional Eligibility, the HRMG coordinated with the CSC for the conduct of special examinations. To assist concerned personnel to obtain CS Professional eligibility PAD liaised the conduct of 3 batches of CS Professional Exam for former UCPB personnel and coordinated with CSC Regional Offices for the accommodation of Landbankers on CS Professional Exam on respective CSC Regional Offices. PAD also monitored the released CS Exam result and coordinated with CSC the release and authentication of proof of eligibility. As part of the interim hiring process for former UCPB personnel, Performance Monitoring and Evaluation Report on hired UCPB associates were sent to all concerned groups, and submission of performance feedback were also monitored, reviewed and consolidated. Compliance to the required CS eligibility and submission of performance monitoring and evaluation report enabled

concerned personnel under an interim non-permanent appointment to eventually assume permanent posts.

Talent Development

LANDBANK remains true to its commitment to be the employer of choice, consistently developing and nurturing its talents. Through its Organization Development Department (ODD), the Bank provides its employees with various Learning and Development (L&D) programs and interventions.

Turning challenges into opportunities, LANDBANK consistently exhibits resilience, agility and innovativeness by exploring various learning platforms to address the L&D needs of its talents providing more avenues for career development and growth.

Competency Framework

Keeping pace with the many organizational changes that have increased rapidly over the past years entails alignment of the competency requirements of the organization with the company's changing direction. To ensure that employees and the organization arrive at their projected destination, LANDBANK regularly updates the Bank's competency framework.

In 2022, prior to its annual administration of the online Competency Assessment, the Position Competency Profiles (PCPs) of Bank units, which contain the required knowledge and skills (functional and leadership) and the corresponding proficiency level for all positions, were enhanced by their respective designated Subject Matter Experts (SMEs). These were approved by the Board of Directors during their meeting on Sept. 1, 2022, per Board Resolution No. 22-592. The enhanced PCPs were used in the competency assessment.

The Board-approved PCPs and the Competency Assessment carry a total weight of 5% in the 2022 Performance Scorecard, under Sustain and Nurture High Performance Culture Strategic Objective, Learning and Growth Perspective. In compliance with the GCG, LANDBANK is expected to improve its competency level based on previously conducted year-end assessment through the implementation of Learning and Development (L&D) interventions, using the 70-20-10 learning model.

Still in partnership with Profiles Asia Pacific, Inc., LANDBANK was able to attain 100% completion rate by 2,159 eligible raters, involving 7,434 eligible employees during the online Competency Assessment administered from Oct. 28, 2022 to Dec. 15, 2022. This resulted in an overall baseline competency level of 105.79%, which is 2.04% higher compared to that in 2021 at 103.64%.

To address the competency gaps identified in the assessment, continuous appropriate L&D interventions will be implemented both at the organizational and individual levels.

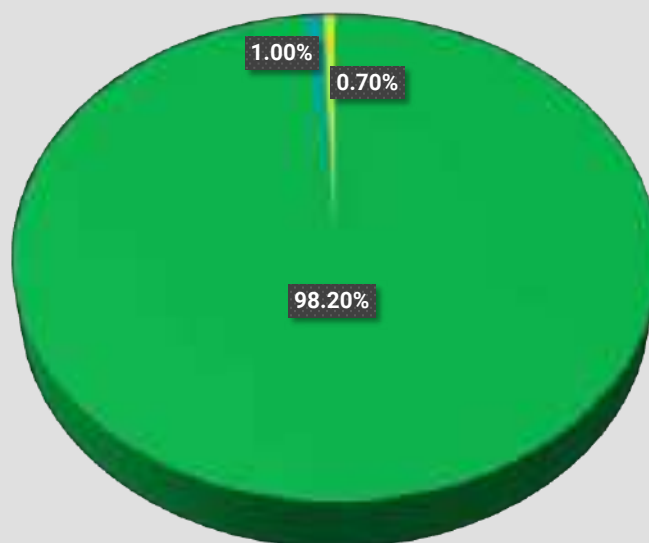
Employee Learning and Development

In its pursuit to continuously provide the Bank's talents with more avenues to gain knowledge and develop further their skills and competencies amidst various challenges, LANDBANK maximized the use of technology and alternative L&D methodologies. Geographic location and concerns on traveling at the height of the pandemic were no longer a hindrance for the Bank's employees to readily have access to needed training and other L&D interventions. What used to be face-to-face classroom training were converted to online webinars. The ODD Learning Curve, accessible through the Bank's official Workplace account by Meta and the LANDBANK e-Learning Access Portal (LEAP), also served as additional platforms to disseminate L&D programs and information.

Employees Trained

Total Number of Training Programs Attended

- 3 or more
- 2 only
- 1 only



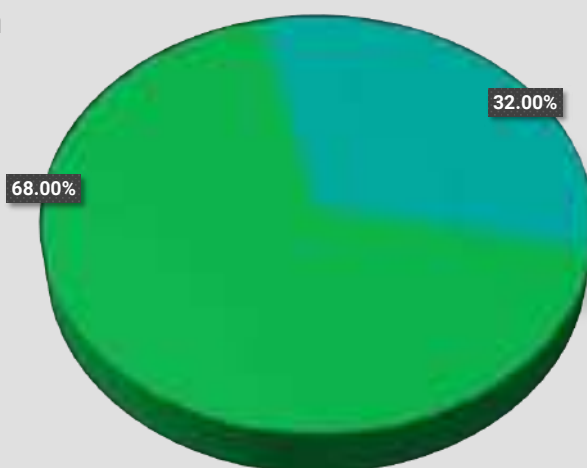
The Bank rallied on by ensuring that its workforce is provided with the right L&D interventions to enhance their competencies for a superior performance. In 2022, of the 12,661 regular Bank employees, 12,457 or 98.39% of the total population were able to participate in various L&D programs being offered by the Bank. A total of 12,236 employees were able to attend three or more training sessions.

In terms of sex distribution, out of the 12,457 total trained for the year, 8,453 were female regular employees while 4,004 were male regular employees, thus, a 2:1 ratio.

Gender Distribution

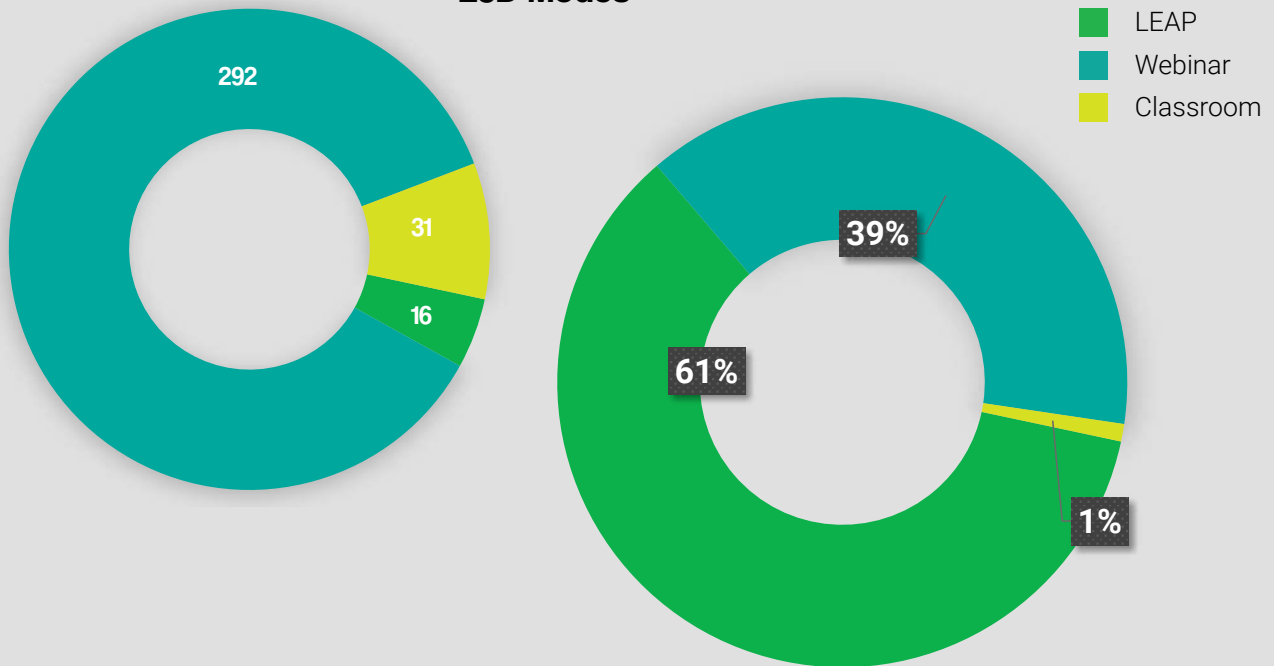


Female
8,453



Male
4,004

L&D Modes



Of the 339 booked courses, 292 were conducted through webinar, 31 via classroom, and 16 via LEAP. The 16 LEAP courses had the most number of employee-participants at 65,883 followed closely by webinar at 41,777.

Since its establishment in April 2020 as an alternative learning tool, ODD's Learning Curve, a public page in Workplace by Meta, continues to effectively cascade L&D information to the employees. A total of 236 infographics on behavioral, functional and leadership were posted from existing L&D presentation materials, publications, webinars and other online sources.

Learning Curve at Workplace by Meta

110

Functional

65

Behavioral

61

Leadership

As of December 31, 2022, ODD posted a total of 236 Infographics/videographics sourced from existing L&D presentation materials, publications, webinars and other online sources.

Learning and Development Programs

Culture Building and Values-Related Programs

In its pursuit to build a strong organizational culture, the pandemic and the recent merger with the former UCPB did not hinder LANDBANK to create, adhere to and enforce norms toward its desired culture through the conduct of various culture and values-related programs, information materials or info or video graphics, among others.

LANDBANK gives an equal opportunity to its employees when it comes to L&D programs – be it foundational, operational/technical or managerial/leadership – from their entry to the organization to their exit.

The Bank's core values – Innovation, Collaboration, Customer Focus, Accountability, Resilience, Excellence and Social Responsibility (or ICCARES) are given emphasis in the LANDBANK in Perspective (LIP), an Employee Onboarding Program which aims to provide an opportunity for a smooth integration of the new hires into LANDBANK's culture. Twelve batches of LIP, with 2,641 new hires attendees, were conducted virtually through Webex or Zoom platforms.

Following the LIP module, the newly-hired employees were also invited to attend the Values Integration Program (VIP), especially designed for them, and Take the L.E.A.D. in Customer Service, focusing on the core value - Customer Focus.

For the former UCPB personnel who joined LANDBANK in March 2022, in addition to LIP, VIP and Take the L.E.A.D., they were also given an e-copy of the onboarding kit as reference material that promotes ICCARES and learning sessions on Embracing Change.

To support the Accountability core value, a financial literacy program Personal Finance Management was conducted to equip the Bank personnel with strategies and tips to effectively manage and grow their financial resources. Four batches, with 220 employees aged 50 and below, attended this program. For the would-be retirees, four batches of Towards New Horizons: A Pre-Retirement Seminar were participated in by 218 personnel with age above 50 and with at least 15 years in government service.

Instilling the value of Excellence, various Quality and Environmental Management Systems (QMS), which form part of the Integrated Management System or IMS, were implemented. These include programs for the Basic Life Support Course, Basic Rescue, Disaster Risk Awareness and Management for the Emergency Response Teams, Records Management and Environmental Management System, Quality Circle Programs, among others.

Management and Leadership Programs

Major institutional programs comprise the Management and Leadership Framework, which aims to ensure viability of a highly-trained and qualified management pool. In July 2022, 58 LANDBANK officers comprising Batches 13 and 14, graduated from the Leadership Development Program (LDP). LDP Batches 15 and 16 commenced in November and December of 2022.

The Bank has been actively participating in the Public Management Development Program (PMDP) of the Development Academy of the Philippines (DAP). While thirteen Bank officers and supervisors participated in several batches of Middle Managers Class (MMC) and Senior Executives Class (SEC).

GROWing NxtGen Leaders: Pamana

Pamana, a supplemental program of the Growing NxtGen Leaders, was launched in May 2022. The program is a series of story-telling sessions in which knowledge holders share their own stories about the highlights, challenges and lessons learned in their professional lives. They also shared their knowledge in or documented the bare bones of processes and procedures particular to them.

Data Analyst External Training Programs

Eight employees participated in various programs on data analysis that were offered by the Institute of Internal Auditors – Philippines, Inquirer Academy and the Ateneo Center for Continuing Education. The training aims to equip the identified attendees with analytical tools to respond to Management requirements amid changing operational environments and shifting platforms for service delivery.

Graduate Education Program (GEP)

With HRMG's continuous administration of the Bank's scholarship program, two employees obtained their post-graduate degrees in 2022 through the GEP. A total of 73 employees have active scholarships as of 2022. HRMG, through ODD, monitors the status of GEP grantees.

Graduate Education Program

Degree	No. of Scholars
Master in Business Administration	58
Master in Computational Finance	4
Master in Management Major in Public Administration	4
Bachelor of Laws	2
Master in Management major in Business Management	2
Juris Doctor	1
Master in Business Administration Middle Manager Program	1
Master in Management major in Business Management	1
Grand Total	73

Of the 73 active scholars, 58 scholars are pursuing Masters in Business Administration degree

Branch Banking Sector has the highest grantees of GEP with 42 scholars

Professional Certifications

Participation to the listed professional certification programs in relevant fields were availed of by a total of 48 Bank employees.

Professional Certification Programs	Relevant Field	Number of Employees who availed
BAP Treasury Certification Program	Treasury	4
Certified Digital Transformation Professional	Digital Transformation	3
Certified Information Systems Auditor	Audit	3
Certified Security Investigator	Security	11
Certified Security Professional	Security	7
ISO 31000 Certified Risk Manager Virtual Training	Risk Management	1
ITIL V4 Foundation	IT	7
Resilia Foundation	IT	2
UITF Certification Program	Trust	12
Grand Total		48

Compensation and Benefits

Remuneration Policy

LANDBANK implemented on May 16, 2022 the Compensation and Position Classification System (CPCS) basic salary rates upon receipt of authorization to implement from the GCG dated May 10, 2022. Classified under Category 3 Tier 1 salary structure under the CPCS, and retroactive Oct. 5, 2021, LANDBANK adjusted the salary rates of its employees from its basic salary rates aligned in the National Government's Salary Standardization Law.

The existing allowances, benefits, and incentives (ABIs) granted by LANDBANK to its employees were already aligned with the authorized ABIs of the CPCS, however, the applicable rates or amounts of these ABIs shall be limited to those provided under the CPCS.

Remuneration Policy for Executive Officers/Senior Management

LANDBANK's senior officers are entitled to monetary and non-monetary benefits, fringe benefits, incentives, recognition and rewards for meeting 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 is regulated under existing laws like the Bank's share to the Government Service Insurance System (GSIS), Philippine Health Insurance Corporation (PhilHealth), Pag-IBIG, Provident Fund and various leave benefits authorized by the CSC.

Performance Management

The LANDBANK Strategic Performance Management System (SPMS) is one way to validate and objectively measure workplace productivity. The overall performance is expressed in the outputs of the workforce. The Bank's productivity established organizational growth despite the adjustments brought by the COVID-19 pandemic. Results-based measures focus on specific accomplishments or direct outcomes of employee's work.

The SPMS 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 through LANDBANK Administrative Order No. 072, series of 2018, which is 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's 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 coterminous 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.

For Performance Year 2022, organizational accomplishments are attributable to 12,344 rateable employees of the Bank.

Employee Health, Safety and Well-being

LANDBANK regards its human resources as its most valuable assets and undertakes various initiatives to ensure the optimum health, safety and well-being of its employees. The need to address workplace health and safety became most pronounced during the period of the COVID-19 pandemic particularly with the challenge of providing uninterrupted service to clients.

The Bank adopted a framework for promoting employee wellness that utilized a holistic approach and considered the various dimensions of health – physical, mental, social, and spiritual. The LANDBANK Employee Wellness Program aims for the attainment of optimal health and well-being and work-life effectiveness in a healthy and safe work environment where employees co-exist harmoniously, leading to engagement, work productivity, and a good quality of life aligned with one's personal mission or purpose.

ILiveWellness endeavors to support the attainment of work-life effectiveness (i.e., one's ability to successfully perform one's various roles) for all employees focusing on three aspects: the intra-personal, inter-personal and spiritual. Due to the restrictions of the COVID-19 pandemic, initiatives for this program delved mainly on volunteerism activities. Implementation of in-person wellness activities such as sports and other recreation programs, including physical gatherings in the LANDBANK Plaza are still temporarily suspended in compliance with safety and health measures and government regulations on limited physical gatherings and activities to avoid the spread of COVID-19. However, the Bank resumed the conduct of limited in-person liturgical worship beginning May 2022 to boost the spirituality of Bank employees who were heavily tested during the pandemic.

Wellness@Work, LANDBANK's occupational safety and health (OSH) program, seeks to promote both physical and mental health by controlling identified workplace health and safety hazards in order to reduce risks and prevent occupational diseases and workplace accidents, guided by the Occupational Safety and Health Standards for the Public Sector as prescribed by the CSC, Department of Health (DOH) and Department of Labor and Employment (DOLE) Joint Memorandum Circular No. 01, series of 2020, and other applicable laws and regulations. Spearheading the implementation of this program is the Safety and Health Committee composed of representatives from the Management and the LANDBANK Employees Association (LBPEA), various operating sectors of the Bank, as well as from units which can contribute to the advancement of OSH in the organization who were briefed on the basic OSH concepts and the current status of the Bank's OSH performance and compliance.

Employee empowerment through health information and education during the pandemic was made possible through the digital medium. In 2022, 93 social media cards including 70 COVID-19-related information materials were posted in the Bank's Workplace by Meta platform.

In the same year, the LANDBANK Medical Clinic, in partnership with the employees' Health Maintenance Organization, Medicaard Philippines, Inc., continued to render OSH medical services for onsite workers at the Bank's headquarters in Malate, Manila while expanding its reach to personnel in other LANDBANK offices nationwide through 1,631 medical consults through telemedicine.

A total of 1,612 COVID-19-related cases of Bank personnel nationwide were monitored and rendered assistance through coordination or provision of guidance on proper handling of COVID-19-related incidents in the workplace, such as the issuance of referrals for COVID-19 tests (397) and medical clearances (1,068) for those exposed to confirmed COVID-19 cases to ensure prevention of disease transmission in the workplace. LANDBANK subsidized COVID-19 test expenses of 458 Bank personnel amounting to P838 thousand.

As part of the Bank's COVID-19 pandemic response, policy issuances were released with adjustments made to align with developments of the pandemic situation and the directives from the National Government. The Bank facilitated the availment of COVID-19 vaccination for Bank personnel whether through private sector initiatives or through the local government units (LGUs) in support of the National Government's program.

Despite the restrictions of the pandemic, 818 employees were able to avail of their Annual Physical Examinations during this period. Contact screening for Pulmonary Tuberculosis among Bank employees was likewise pursued for 10 personnel.

As the restrictions of COVID-19 protocols became less strict, the Flu Vaccination Program 2022 was again implemented, with 1,157 employees from the Head Office and NCR branches inoculated with flu vaccine.

Pre-employment/placement medical evaluation of applicants were conducted for 1,172 proposed hires to ensure their proper job placement and fitness to work as required by the (CSC). Said applicants were also subjected to drug testing and to psychological assessment as part of the Bank's Drug-free Workplace and Psychological Resilience Program, respectively.

In compliance with anti-drug laws and policies covering government employees, an accomplishment report for calendar year 2022 was submitted to the Dangerous Drugs Board. Since the pandemic, the conduct of Mandatory Random Drug Testing has been deferred, however, other related activities in support of the government's thrust of ensuring a drug-free workplace were implemented. Last December 2022, post-bidding evaluation for the procurement of a service provider for Mandatory Random Drug Testing for Head Office-based employees was done.

Mental health became a global issue especially during the pandemic. LANDBANK had been providing psychological support (e.g., post-traumatic stress debriefing, mental health support sessions, access to psychological counseling services) even prior to the COVID-19 pandemic, and in 2022, the LANDBANK Wellness Line enabled access of 12 employees for counseling with a mental health professional. Last May 2022, a practicing psychologist was invited to discuss psychological resilience. This was done virtually, and was streamed live through the Bank's Workplace account so employees all over the country were able to tune in.

A total of 15 case reports of work-related injuries were received for the year and were provided support through the Rehabilitation Privilege. Sixty-five women who underwent gynecologic procedures were granted special leave privileges under the Magna Carta of Women. There were also 13 employees diagnosed with critical/debilitating medical conditions who received financial assistance with eight among them allowed to extend their sick leave with pay to promote recuperation. A special approval was sought from the Office of the President for Loss of Life and Disability Benefit for one employee.

Gender and Development

Major Steps in Gender Mainstreaming

Republic Act (RA) No. 9710 or the Magna Carta of Women (MCW) mandates all government offices, including government-owned and controlled corporations such as LANDBANK, to adopt gender mainstreaming as a strategy for implementing the law and attaining its objectives. In line with this, the Bank focused on the following four areas to enhance its gender mainstreaming initiatives:

1. Continued capability building of lending personnel on Harmonized Gender and Development Guidelines (HGDG) on Project Development, Implementation,

Monitoring and Evaluation;

2. Institutionalization of the use of HGDG during the program phase of upcoming programs and projects of LANDBANK;
3. Institutionalization of the collection of sex-disaggregated data for the Bank's gender and development (GAD) database; and
4. Sectoral undertaking of GAD Mainstreaming Program.

In 2022, the LANDBANK Sectoral GAD Mainstreaming initiatives continued with the conduct of several batches of Gender Sensitivity Training (GST). One of the plans for program enhancement is the conduct of a trainer's training program aimed at creating an internal GST resource pool that continues to train the rest of the LANDBANK population on gender sensitivity.

LANDBANK's GAD Agenda and Strategic Plan has been drafted to ensure the institution's compliance with the requirements of RA No. 9710.

Protection of Employees against Gender-Based Sexual Harassment

LANDBANK supports the implementation of the RA No. 11313, The Safe Spaces Act, through zero-tolerance of gender-based sexual harassment in the workplace and other public areas as well as the Administrative Rules on Sexual Harassment Cases. An information campaign was undertaken with the use of the Bank's established communication channels (i.e., LBP Notes, i-Notes and Workplace by Meta, bulletin boards) to educate employees on the relevant provisions of The Safe Spaces Act, to effectively prevent incidences of sexual harassment, and to 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 2022, LANDBANK recognized the trailblazing initiatives of the GAD Core Group from the NDLS through the LANDBANK Tanglaw Awards for Gender and Development for their initiatives to mainstream GAD in the Bank's Lending Programs. The first ever Hiraya Award for Gender and Development was likewise bestowed to the Bank's President and CEO, Cecilia Cayosa Borromeo, for championing women empowerment and for her strong support to the Bank's GAD initiatives.

The Bank also adopted other activities recommended by the Philippine Commission on Women such as “Purple Wednesdays” in support of the cause for promoting the importance of understanding GAD. Likewise, LANDBANK actively participated in the GAD activities of its parent agency, the Department of Finance, together with the bureaus and agencies attached to the said department.

LANDBANK supported diversity in the workplace as it celebrated the PRIDE Month in June through the conduct of a webinar titled “Pride & Prejudice” which was participated by 299 employees nationwide. This was also seen virtually by 2,077 employees in the Workplace.

LANDBANK conducted a webinar on Violence Against Women and RA No. 11313 or the Safe Spaces Act on Nov. 25, 2022 with a total attendance of 356 employees nationwide as a kick-off activity to celebrate the 18-Day Campaign to End Violence against Women (VAW) from Nov. 25 to Dec. 12, 2022. Other institutional initiatives conducted were 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 3 to 4.11 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 (LBDC) 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.

The Distance Learning Program following a modular approach was implemented in March 2020 to ensure continuity of delivery of classes to LBDC pupils who are children of Bank employees during the COVID- 19 pandemic. Regular classes conducted through the distance learning program, which opened in August 2022 and will be closing in June 2023, have benefited 21 pupils nationwide (15 from Head Office based employees, and six from Field Units).

LANDBANK Lactation Station

LANDBANK has always been a strong advocate of exclusive breastfeeding and has since 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.

To further ensure the safety of our lactating mothers, the lactation station was relocated away from the LANDBANK Medical Clinic to eliminate the risk of exposure or infection from COVID-19 once a suspected patient is being treated. As of December 2022, there are 24 active users of LANDBANK Lactation Station, which is located on the 23rd Floor of LANDBANK Plaza.

In June 2022, a learning session on Breastfeeding Basics, Whys and Hows titled “Breastfeeding Empowerment” was held through the Zoom platform. This was conducted by Ma. Ines Av. Fernandez, an Executive Director of Arugaan, with 33 attendees.

Several “Health Notes” advisories were released through 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, Maternity and Paternity Leave, and 10 day Leave RA 9292

LANDBANK granted 62 (Women’s Special Leave) female employee-beneficiaries with a total of 1,437 working days or an equivalent amount of P5.52 million in leave benefits under the Magna Carta for Women in 2022. The Magna Carta for Women entitles a covered female employee with leave benefits of up to two months with full pay based on her gross monthly compensation.

Four Hundred Fourteen LANDBANK female employees availed of the 105-Day Expanded Maternity Leave paid at 100% of their daily salary credit or for a total amount of P53.28 million equivalent to 20,961 working days of maternity leave. Also, 109 LANDBANK male employees availed of Paternity Leave benefits which totaled to 762 working days or an equivalent amount of P2.31 million.

In support to employees who were affected or exposed to COVID-19 and pursuant to the applicable CSC rules, LANDBANK granted 1,465 employees with 10,796 working days of excused absences which translated to an equivalent amount of Php 38.88 million. The excused absences refer to the period when an employee is not required to report for work due to required quarantine period, isolation, and/or treatment of COVID-19, but are entitled to pay.

Employee Services

Relief and Disaster Assistance (RDA) Program

In accordance with LANDBANK Executive Order (EO) No. 028, series of 2015, as amended by LANDBANK EO No. 61, series of 2017, Guidelines on the Implementation of the Relief and Disaster Assistance (RDA) Program, a total of 4.98 million financial assistance was granted by the Bank through its Relief and Disaster Assistance Fund (RDAF) in 2022 to 599 personnel whose residential houses were damaged by various calamities and disasters, namely: Typhoons "Maring," "Odette," "Agaton," "Karding," "Paeng," earthquakes, and fire incidents during the year.

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.

HMO Enrollment

With the discontinuance of the Bank's HMO benefits upon its adoption and implementation of an interim pay scale in 2018, the Bank assisted employees who voluntarily extended their contract with Health Maintenance Organization (HMO) for another year to ensure continued medical care, especially in times of need. In 2022, a total of 16,793 employees and their dependents were provided assistance for their individual HMO enrollments.

Procurement of COVID-19 Vaccines

To ensure the health and safety of the Bank's human resources, the Bank facilitated the procurement of COVID-19 vaccines for interested Bank employees and their dependents in support of the National Government's COVID-19 Vaccination Program. This was supplemented with an aggressive campaign to participate in the vaccination initiatives being carried out in their respective LGUs.

COVID-19 Vaccination in Partnership with Manila Doctors Hospital

To further boost the availment of COVID-19 vaccines of Bank employees and Contract of Service (COS) personnel

at the LANDBANK Plaza and the nearby units, LANDBANK forged a partnership with Manila Doctors Hospital for the continuation of the COVID-19 booster doses, for a total of 540 vaccines for the 1st Dose and 81 vaccines for the 2nd dose of booster shots in July 2022.

LANDBANK also donated a total of 3,980 doses of Moderna vaccines to four LGUs in the country.

Monitoring of COVID-19 Vaccination of Workforce

As of December 2022, a total of 12,548 or 99% of LANDBANK employees and 3,473 or 76% of its contract of service employees are fully vaccinated.

Employee Shuttle Buses

LANDBANK launched four additional shuttle vehicles traveling to and from the Head Office and nearby provinces: Bulacan, Cavite, Laguna and Rizal, as a manifestation of the Bank's concern for the welfare of its workforce. The expansion of the shuttle services aims to provide ease, convenience and safety to the Bank's employees in going to and coming home from the office considering current high volume of vehicular traffic and other environmental conditions. Further, it aims to contribute to the reduction of carbon footprint resulting from lesser utilization of personal vehicles in going to and from work, as well as reduce the transportation expenses of employees considering the rising fuel prices.

Employee Engagement

Employee Volunteerism

The Bank actively promoted volunteerism initiatives which were allowed during the pandemic in different areas nationwide. In 2022, the Bank was able to generate 42,211 volunteer hours from 7,954 employee volunteers with an average participation rate of 61% which is equivalent to 5.31 average hours per engaged employee.

LANDBANK launched a campaign for the support of the Annual Brigada Eskwela Program of the Department of Education in partnership with the Manuel Araullo High School, located in UN Avenue, Manila where a total fund donation of P145,690 for the "Tugon sa Hamon ng Ligtas na Balik-Aral" Program. For this, LANDBANK was conferred/recognized as the top partner-institution for the School's Annual Brigada Eskwela Program.

Other volunteerism initiatives conducted nationwide included Brigada Eskwela, in partnership with various schools, tree planting, blood donation, coastal clean-up drive and feeding program.

The Annual “Share-A-Gift” Program in partnership with the LGU of Manila where the Bank’s Headquarters is located was conducted on December 17, 2022 benefitting a total of 500 families of street children in selected communities identified by the Manila Department of Social Welfare.

Search for Pusong Bayaning Landbanker

The Search for Pusong Bayaning Landbanker is an awards mechanism of the Bank’s Program on Awards and Incentives for Service Excellence (PRAISE) which is aimed at recognizing employees whose heroic acts of public service, exceptional or extraordinary contributions that promote the Bank’s mission, commitment to the Code of Conduct, corporate values and uphold RA 6713. It is composed of two award categories, namely the Parangal Para sa Kabayanihan and the Parangal Para sa Huwarang Serbisyo Publiko, which are conferred in individual and group sub-categories. The Search is an internal

mechanism for building LANDBANK’s pool of exemplars who will be considered for possible nomination to the annual Search for Outstanding Government Workers of the CSC Honor Awards Program (HAP).

In its second year of implementation, the Search gathered 23 group and 78 individual nominations composed of Landbanker-nominees from various sectors of the Bank. Out of these nominations, 29 Landbankers were declared as awardees.

2022 Search for Outstanding Government Workers of the CSC Honor Awards Program

The year 2022 also marked a first milestone for LANDBANK. Four out of the eight nominations submitted by LANDBANK to the CSC HAP were proclaimed as regional winners and from the roster of regional winners, LANDBANK bagged two national awards, the Presidential Lingkod Bayan Award for the Digital Onboarding System Team and the Dangal ng Bayan Award for Mr. Reymond D. Gonzales. The CSC HAP national awardees shall be conferred by the President of the Republic of the Philippines in March 2023.

Collective Negotiation Agreement

The Seventh Collective Negotiation Agreement (CNA) between the Management panel and the LBP Employees’ Association (LBPEA) panel, which successfully concluded after virtual negotiations from December 2020 to April 2021, will be adopted until May 2024.

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. The signing of the CNA builds on the shared commitment to strengthen the productive bond between the Management and the whole LANDBANK team. This also represents collaborative efforts to support employees with the necessary tools, work arrangements and continuous career growth.

The CNA forms part of the Bank’s mission to cultivate a healthy work environment with equal opportunity for professional growth and development.

Succession Policy

LANDBANK ensures the readiness of successors for critical positions in the Bank for the continuity of its business operations through succession planning.

Succession Planning is conducted annually following these processes:

- Identification of key positions in the organization;
- Determination of appropriate qualification and competency standards for these positions;
- 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 efforts.

Retirement Policy

LANDBANK's Retirement Program is in compliance 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 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.

Code of Conduct

LANDBANK, as a GFI, is directed by the BSP to conduct its affairs with high degree of integrity by prescribing corporate values, code of conduct and other standards of appropriate behavior that shall be exhibited by its Board of Directors, Senior Management and other employees. More importantly, as a Public Office, all its employees are bound by RA 6713 or the Code of Conduct and Ethical Standards for Public Officials and Employees. The Bank's Code of Conduct serves as a guide to its employees including the Board of Directors in conducting themselves in a manner that will merit and inspire public trust and confidence consistent with the Bank's core values and principles.

LANDBANK celebrates the Code of Conduct Month in January of each year with the theme, "I Live By The Code." Regular cascading sessions on the Code were facilitated by Heads of units, virtual games were held to provide a light yet fun way to re-orient the Code to employee-

participants, and information materials of the scopes of the Code were posted through the HR Advisory Group.

Internal Whistleblowing and Reporting

LANDBANK's Internal Whistleblowing and Reporting policy incorporates its internal mechanisms and external regulatory channel for reporting unethical or unlawful behavior. Complaints or grievances coursed through regulatory channels such as the CSC's Contact Center ng Bayan and the Office of the President of the Philippines' 8888 Citizen Complaint Hotline, the GCG website/ phone lines/email and the LANDBANK's Ethics Hotline and designated Bank Units are among the channels for elevating employee related complaints and grievances.

No Gift Policy

As a GFI, LANDBANK adheres to the general rule in public office that solicitation and acceptance of gifts and donations are strictly prohibited. Disposition of solicitations, gifts or donations may be made directly by the recipient (individual or unit) or through disposition by the Employee Relations Department.

Conflict of Interest

LANDBANK employees shall discharge their functions, duties, and responsibilities with integrity and fidelity at all times to devoid of any conflict of interest. They shall conduct their own financial or personal affairs in a prudent manner and shall avoid financial situations that could reflect unfavorably on themselves, the Bank or its clients. Internal mechanisms are in place to ensure awareness on the adverse impact of conflict of interest.

The No Gift Policy, Internal Whistleblowing and Reporting and Conflict of Interest are among the various scopes of the Code of Conduct for LANDBANK Employees and Board of Directors that are regularly cascaded to Landbankers including its newly hired employees.



Corporate Social Responsibility Initiatives





LANDBANK's Corporate Social Responsibility (CSR) embodies the Bank's commitment to the institution's social mandate to administer 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.

CAPACITY BUILDING PROGRAM

Through the conduct of capacity building programs for LANDBANK Borrowing Cooperatives and Micro, Small, and Medium Enterprises (MSMEs) under the Capacity Building Program (CBP), the LANDBANK Countryside Development Foundation Inc.'s (LCDFI) upholds the Bank's commitment to spur development in the countryside particularly among its priority sectors, namely: small farmers and fishers, agrarian reform beneficiaries (ARBs), Countryside Financial Institutions (CFIs), Micro, Small and Medium Enterprises (MSMEs), and Overseas Filipino Workers (OFWs).

Capacity Building Program for Borrowing Cooperatives

Trainings for Cooperatives

The trainings for cooperatives are conducted upon the requests of the LANDBANK Lending Centers after the operational review of the cooperatives using the Enhanced Cooperative Operations Review Instrument (ECORI).

To address the identified weaknesses in the operations of cooperatives, these are matched with the appropriate trainings that shall capacitate the Board of Directors, Officers, Management and key personnel of the cooperatives. LANDBANK's Lending Program Management Group - Development Assistance Department (LPMG-DAD), acts on the recommendations of the LCs and enrolls the cooperatives to the training programs of LCDFI on an annual basis.

For end-2022, the LCDFI conducted 46 batches of training as requested by LPMG-DAD, or 100% of the target 46 training batches under the Capacity Building Program. Out of the 46 training batches, 44 were conducted virtually, while the remaining 2 batches were conducted face-to-face. In summary, LCDFI was able to train 333 LANDBANK Borrowing Cooperatives (BCs) with 1,635 participants. Of the 333, 174 BCs are from Maturity Level

A and B, 31 BCs are from maturity level C and D, 106 BCs are from other categories and 22 BCs have no Maturity Level/ECORI provided. Fifty-four (54) BCs were trained more than once.

Trainings Conducted for Cooperatives



46
Batches

100%

target training reached
for the Capacity
Building Program

Module Development and Updating

For the period, four modules were updated for its suitability to e-learning/virtual training. The updated modules are:

Account Management and Credit Administration;

1. Governance and Management of Cooperatives;
2. Strategic Planning; and
3. Credit background/Investigation and Appraisal.

Meanwhile, the following five modules were developed:

1. Financial Analysis;
2. Equipping Cooperative Leaders for Succession Planning;
3. Risk Management for Risk Officer;
4. Taxation for Cooperatives; and
5. Sustainable Development for Cooperatives.

Among the 46 training batches conducted for 2022, the most requested module is Risk Self-Assessment with 13 batches, followed by Policy and Rules Formulation with 10 batches, Account Management and Credit Administration with eight batches, Governance and Management of Cooperatives and Remedial Management both with five batches, Credit Background Investigation and Appraisal with two batches and one batch each for Basic Bookkeeping, Entrepreneurial and Business Management and Strategic Planning.

Training Monitoring and Evaluation of Training Programs

Twelve monitoring and evaluation of e-learning training programs were conducted for FY 2022. The target for Training Monitoring and Evaluation is 12 batches or three batches each region. This is to evaluate the Resource Speakers and the actual conduct of training facilitated by

the Capacity Building Officers of LCDFI. The overall rating given by the participants/LCDFI to 12 batches of training that were monitored are excellent.

Cooperatives Monitoring, Evaluation and Learning (CORE)

As a follow-through of the training conducted by LCDFI for LANDBANK Borrowing Cooperatives, CBP conducted the "Cooperative Operations Review and Evaluation (CORE)" in four selected Trained Borrowing Cooperatives (TBCs) or one TBC per area to assess/review the non-financial aspects of operations of borrowing cooperatives who previously attended LCDFI trainings. The CORE determines whether the training conducted by LCDFI helped address the needs, weaknesses, policies, systems and processes of the Cooperatives by determining the level of compliance of each cooperative to the Action Plans prepared by their officers and staff during the training. The selected LCDFI Trained Borrowing Cooperatives (TBCs) per area have a maturity level of Class C and D.

Capacity Building Program for MSMEs

Training for MSMEs

LCDFI was able to train 268 enterprise owners, key management officers and staff from LANDBANK Borrowing MSMEs. Of the 268, 73 are from Micro Enterprises, 117 are from Small Enterprises, and 78 are from Medium Enterprises. LCDFI conducted 10 batches of live webinar for the MSMEs with the following topics:

1. Digital Technology Solutions (batch 1) held on March 11, 2022
2. Business Continuity Planning and Management (batch 1) held on March 28, 2022
3. Financial Accounting (batch 1) held on April 18, 2022
4. Risk Management (batch 1) held on April 29, 2022
5. Business Continuity Planning and Management (batch 2) held on May 23, 2022
6. Financial Accounting (batch 2) held on June 23, 2022
7. Digital Technology Solutions (batch 2) held July 29, 2022
8. Business Continuity Planning and Management (batch 3) held on Aug. 26, 2022
9. Risk Management (batch 2) held on Sept. 22, 2022
10. Financial Accounting (batch 3) held on Oct. 24, 2022

Module Development

A total of four modules have been developed, these are:

1. Financial Management Skills;
2. Business Operations Management;
3. Effective Selling and Negotiation Skills; and
4. Value Chain Analysis.

Statistical Accomplishment

Program/ Service	Area of Coverage / Location	Category of Client / Beneficiaries	Sex of Client / Beneficiaries Served		Total Number of Clients / Beneficiaries	Type
			Male	Female		
Capacity Building for Cooperatives	Nationwide	Men and Women, Senior Citizen	677	958	1,635	
Capacity Building for MSMEs	Nationwide	Men and Women, Senior Citizen	88	180	268	Micro, Small and Medium Enterprises (MSMEs)

FINANCIAL LITERACY PROGRAM

LCDFI continued conducting Financial Literacy Trainings of target beneficiaries in the unbanked municipalities by onboarding SUCs and big cooperatives as training partners. Compared to 2021, 2022 saw a reemergence of mobility and trade brought about by the nationwide campaign for COVID-19 vaccination, resumption of face-to-face classes especially in places where fewer cases have been recorded and provinces that have been previously ravaged by typhoons in 2020 have likewise opened up for training activities. These factors among others have contributed to LCDFI exceeding its annual target by 37% of 27 memoranda with 37 memoranda. A total of 111,851 small farmers, fishers, and farm laborers were trained for the year bringing the total trainees to 300,300 since the program's start in 2020. Sixteen monitoring activities were also conducted to determine training effectiveness and efficiency.

Since 2020, LCDFI, together with its training partners, has reached 196 unbanked municipalities and trained a total of 300,300 (as of December 2022) small farmers, fishers, and farm laborers.

A total of 16,116 indigenous peoples have attended the Financial Literacy Training in Abra, Apayao, Benguet, Ifugao, Kalinga, Ilocos Norte, Batanes, Isabela, Nueva Vizcaya, Occidental Mindoro, Camiguin, Lanao del Norte, Misamis Occidental, Davao del Norte, Davao Occidental, Davao del Sur, South Cotabato, Sultan Kudarat, Basilan, and Agusan del Norte.

A total of 3,656 coconut farmers have attended the financial literacy training conducted in Ilocos Norte, Isabela, Quezon, Camarines Norte, Romblon, Davao Occidental, Camiguin, Misamis Oriental, Lanao del Norte, Sultan Kudarat, and Agusan del Norte

For 2023, LCDFI will continue the conduct of Financial Literacy Training at target unbanked municipalities across the country. By 2024, the proposed plan is to concentrate the conduct of Financial Literacy Training in the remaining 20 provinces with unbanked municipalities found in the BSP List of Unbanked Municipalities as of September 2022.



GAWAD PATNUBAY SCHOLARSHIP PROGRAM

The steady decline of the country's college and university enrollment in agriculture and fishery courses for the past 10 years is a partial cause of the decrease in the country's agricultural productivity.

As mandated to help spur and sustain countryside development, LANDBANK established the Gawad Patnubay (Gawad Pag-aaral Tungo sa Maunlad na Bayan) Scholarship Program (GPSP). This program is designed for poor but deserving dependents who shall specialize in the field of agriculture and fisheries to develop their skills in modern agriculture, to renew enthusiasm for the agricultural sector, to promote sustainable development, and to reduce poverty in the countryside.

Under the GPSP, LCDFI continued as an active partner to the tripartite Trust Agreement with LANDBANK Corporate Affairs Group (CAG) and Trust Banking Group (TBG), signed in 2017, in maintaining the Scholarship Fund which is invested and held in trust by TBG. The Agreement allowed the consolidation of the scholarship funds being held by LCDFI and LANDBANK from the annual voluntary donations of the Bank's employees being administered by LANDBANK's Employee Relations Department (ERD). The pooled funds were then invested by TBG.

As "Program Partner" of the Scholarship Fund, LCDFI was tasked to:

- Monitor the progress of the Scholarship Program funded by the Scholarship Fund based on the reports submitted by CAD;
- Review the completeness and accuracy of the reports; and
- Process the request for the release of funds from TBG upon request of Corporate Affairs Group (CAG) for disbursement to the scholars and partner-universities involved in the Scholarship Program.

Likewise, LCDFI continued to sit in the Screening Committee of the Scholarship Program, together with representatives from the LBP Employees' Association (LBPEA), Middle Management Officers' Association, Inc. (MMOAI), and Senior Management to interview and screen the applicants for the scholarship all over the country.

Beginning January 2020, per LANDBANK Board Resolution No. 19-536, LCDFI replaced the CAG as Program Manager of Gawad Patnubay Scholarship Program (GPSP) and continues to manage the program to date.

For the year 2022, the GPSP has accounted for 56 scholars for AY 2021-2022, all of which graduated in 2022. Among the 56 scholars, 29 scholars graduated with honors.

As of 2022, the GPSP graduate scholars has reached 242.



242

**Graduate Scholars
as of 2022**



LANDBANK Sustainable Finance Framework



Guided by the BSP Circular No. 1085 on the Sustainable Finance Framework, as amended by BSP Circular No. 1128 on the Environmental and Social Risk Management (ESRM) Framework and BSP Circular No. 1149 on the Guidelines on the Integration of Sustainability Principles in Investment Activities of Banks, LANDBANK actively pursued its programs and initiatives to further strengthen the promotion of sustainable finance as an integral component of its lending and investment activities and overall banking operations.

Accomplishments for the Year

A major initiative in 2022 was the crafting of the Board-approved LANDBANK Sustainable Finance Framework (LSFF) Roadmap 2022-2023 by the Project Working Team. This highlights the sustainability goal of the Bank that is “to promote sustainable development in nation building by integrating environmental, social and sustainability principles into the Bank’s business decisions and operations anchored on good governance in support of the Philippine Development Plan, the BSP Guiding Principles and the UN Sustainable Development Goals.” The LSFF Roadmap strongly aligns with the country’s aspirations expressed in the enhanced Philippine Development Plan (2017-2022), the Philippine Sustainable Finance Roadmap and BSP’s Guiding Principles which correlates with the United Nations’ Sustainable Development Goals (SDGs). It also defines the Bank’s five specific sustainability objectives that correspond to the regulatory requirements of BSP Circular No. 1085 and are supported by various activities and initiatives to achieve the overall sustainable finance goal, namely:

- A. Creating the Bank programs/policies that promote sustainable finance;
- B. Managing environmental and social risks;
- C. Delivering responsive sustainable finance products and services;
- D. Communicating the Bank’s sustainability agenda; and
- E. Ensuring adherence to sustainability standards, principles and best practices.

In 2022, the Bank has accomplished the following activities and projects in accordance with the Bank’s Transition Plan and the LSFF Roadmap:

A. Creating the Bank programs/policies that promote sustainable finance

- Sustainable finance was incorporated in the Bank’s strategic objectives as explicitly stated in the LANDBANK Board and GCG-approved Strategy Map and Performance Scorecards for 2022 and 2023.
- The updated Corporate Governance Manual of the Bank incorporating the provisions of BSP Circular No. 1085 on the governance role of the LANDBANK Board in the implementation of the Bank’s sustainability agenda was undertaken by the Office of the Corporate Secretary and approved by the LANDBANK Board.
- The Investment Banking Group aligned the Bank’s investment policy with the requirements of BSP Circular No. 1149 by incorporating sustainability principles as one of the criteria for investment evaluation with the Board-approved “Revised

Investment Policy Guidelines and Strategy of the Bank” and the revised Investment Plan and Corporate Bonds Assessment Form.

- The Lending Program Management Group issued E.O. 058, series of 2022 on the Enhanced Environmental and Social Safeguards Policy relative to Credit Delivery to strengthen the existing guidelines on E&S due diligence, specifically on validation and assessment and ensure continuing alignment and compliance with the BSP Circulars 1085 and 1128.
- The Internal Audit Group and Compliance Management Group aligned the Bank’s audit and compliance policies and programs by expanding scope/coverage to include LSFF and assessment of adherence to LSFF policies of Bank Units.

B. Managing environmental and social risks

- The Risk Management Group updated the Bank’s existing Risk Management Manuals, particularly Volume 1 on the Risk Governance Framework; Volume 3 on the Credit Risk Management Manual; and Volume 4 on the Operational Risk Management Manual. The updated Risk Management Manuals shall provide the ESRMS guidelines on the identification, assessment, monitoring, and mitigation of the Bank’s risk exposures based on the BSP Circular No. 1128 on the establishment of the Credit Risk Management System and the Operational Risk Management System. Other enhancements made include the incorporation of E&S risks as well as physical and transition risks in the risk universe, and as part of Pillar 2 risks including its materiality threshold for the 2023 ICAAP Document.
- The Bank, through its Environmental Program Management Department, effectively implemented its Environmental and Social Safeguards Policy relative to Credit Delivery wherein all 691 financed projects that were assessed in 2022 complied with the basic E&S laws and standards. No Cease-and-Desist Order was issued by the DENR for any violation.
- The Procurement Department issued 50 Technical Specifications Sheets with green parameters to be used for the procurement of office supplies, equipment, office furniture and fixtures relative to the Green Public Procurement.

C. Delivering responsive sustainable finance products and services

- The Bank continuously implemented the eight existing lending programs which were identified to directly support sustainable finance with a total portfolio of P134.9 billion as of year-end 2022, as follows:

1. Renewal Energy (RE) Lending Program – In support of the Renewable Energy Act of 2018 promoting the development, utilization, and commercialization of renewable energy sources, the LANDBANK RE Lending Program caters to projects such as hydropower, ocean, solar, wind, biofuel, biomass, geothermal and other RE projects. The estimated annual carbon dioxide emission reduction contributed by the financed projects under the Program totaled 8.35 million metric tons.
2. LANDBANK Go Green – This is the Bank's support program to the National Government's policy of reducing electricity consumption by promoting the use of energy-efficient solutions. The annual carbon dioxide emission reduction contributed by the financed projects is estimated at 1,212 million metric tons.
3. LANDBANK TRANSPORT (TerRain And Naval Special Program On Reliable means of Transport) Financing Program – The Program aims to expand the Bank's financial support in providing adequate, effective and efficient transport facilities. The contributions to annual carbon dioxide emission reduction of the 2,283 financed vehicles are estimated at 9,823 to 18,270 metric tons as of December 2022.
4. Water Program for Everyone (H²OPE) – H²OPE is LANDBANK's unified program for the water and sanitation sectors to respond to the current needs for water system development and distribution, expansion, and rehabilitation.
5. Bringing Urbanization Innovations thru LANDBANK's Diverse Engineering Resource Support (BUILDERS) Program – The Program provides financing for the working capital requirements for housing, real estate development, mass housing for calamity-stricken regions, construction and renovation of buildings and offices, acquisition of machineries and equipment, and transport infrastructures.
6. Housing Opportunities Made Easy (HOME) Program – The HOME Program is LANDBANK's support program to the government efforts in addressing the growing housing backlog in the country.
7. LANDBANK CARES (Calamity Assistance and Rehabilitation Support) Program – This rehabilitation assistance program provides financing support to all sectors located in officially declared natural and man-made calamities and disaster areas in the country.
8. Health Plus (Progressive Lending for Upgraded Services) Program – This credit program for

the health sector aims to improve access of the public to quality and updated medical health goods and services.

For the total loan releases for each lending program, please refer to pages 20-25.

- As the country's Direct Access Entity of the Green Climate Fund (GCF), LANDBANK played a major role in the approval of the USD10 million grant Multi-Hazard Impact Based Forecasting-Early Warning System (MH-IBF-EWS) which was declared as "effective" last April 2022 by the GCF. This is the first GCF-approved climate adaption project in the Philippines which marks a shift from the traditional hazard-based to an impact-based forecasting and early warning system. It aims for the country to adopt a nationwide system by actively engaging people to take pre-emptive measures that will better manage or reduce their risk exposures to extreme weather disturbances. The identified disaster-prone communities that will benefit from the project include the Barangays of Tuguegarao City (Cagayan), Legazpi City (Albay), Palo (Leyte) and New Bataan (Davao de Oro). The project implementation for the period 2022 to 2027 will be led by PAGASA with eight other Project Executing Entities.
- The Bank continuously promoted and monitored the utilization of the Bank's digital platforms, such as the mobile banking app, internet banking facilities and remittance system, among others. The use of digital technology in its daily operations enables the Bank to improve its sustainability efforts in a manner that will help reduce environmental impact through digitization of its processes, on top of increasing operational efficiencies and lowering production costs.
- To contribute to the country's goal of reducing greenhouse gas emissions and help in the transition to a low carbon economy, the Bank embarked on several energy efficient projects to boost carbon dioxide emission reduction while generating energy savings. During the year, three new generator sets were installed in the LANDBANK Plaza that replaced the worn-out generator sets with one generator set serving as backup power for the Bank's Data Center to ensure uninterrupted banking operations nationwide. The procurement process for two more generator sets was also completed and which are due for delivery in October 2023. To ensure employees' safety and wellness through the regulation and circulation of good quality air as part of the air conditioning system and generate an estimated 10 to 20% energy savings for the Bank, four new air handling units (AHUs) with low-toxicity and acceptable ozone depleting refrigerant were installed at the ground floor and second floor of the LANDBANK Plaza. This is also in

compliance with the DENR Administrative Order No. 2013-25 on the Revised Regulations on the Chemical Control for Ozone Depleting Substances. For other energy efficiency projects, the procurement process has already begun during the year for the upgrading of the Building Management System and Phase 2 of the AHU replacement project with a target of 25 units.

D. Communicating the Bank's sustainability agenda

- CAG published the 2021 LANDBANK Annual Report that is GRI-aligned, and which incorporated a special section on the Bank's sustainable finance framework. To develop the competency of concerned Bank personnel in the adoption of GRI Standards as the reporting framework for the LANDBANK Annual Report, seven selected personnel attended the "Sustainability Strategy and Reporting Training Course" organized by the Institute of Corporate Directors in February 2022.
- To educate the Bank's stakeholders on its sustainable finance agenda, LANDBANK published in major dailies various articles about its sustainability-aligned lending programs and recent initiatives on climate change resiliency for the agricultural sector and LGUs, renewable energy and other green projects, and sustainable healthcare, among others. Social media platforms such as the Bank's Facebook Business Page and Viber via weekly "In The News" posts were also utilized to step up information dissemination and generate greater awareness among the various stakeholders.
- The Human Resource Management Group implemented the 5% KRA weight on the LSFF in the OPCR of all Bank Units starting PY 2022 to ensure employees' awareness of the Bank's sustainability agenda and encourage their participation in the identified LSFF-aligned activities.
- The Bank opened the LSFF module/questionnaire via the LEAP (e-learning portal) for all employees (AVP and below) to increase their awareness on the sustainability programs supplemented by briefers and articles published in the Newsgram and in other available social media platforms.
- There were six nationwide briefing sessions held to all Sectors (via the online Refresher Course on the Strategic Performance Management System) which incorporated the LSFF briefing to communicate the Bank's sustainability agenda highlighting the qualified activities under the 5% KRA weight for LSFF.

E. Ensuring adherence to sustainability standards, principles and best practices

- During the year, the Bank completed the IMS Assessment of 95 Field Units, 10 Head Office Units and 12 cross-functional processes involving 41 Bank Units in accordance with the approved assessment plan in preparation for the QMS Certification intended for 2023. With the Bank's merger with UCPB, the IMS Readiness Assessment was also conducted for the 21 UCPB-converted branches.
- The Internal Audit Group completed 454 hybrid audit engagements that included the assessment of LSFF-related activities.
- The Compliance Management Group conducted quarterly compliance testing of Bank Units on their LSFF-aligned deliverables to ensure continuing adherence and compliance with regulatory issuances on sustainable finance.

Moving Forward to Strengthen Sustainability Programs and Other Initiatives

As sustainable finance is considered a continuing commitment of LANDBANK as manifested in its sustainability goal, the Bank shall actively pursue initiatives and programs with special focus on the promotion and development of a Program on the Blue Economy, alongside existing sustainable finance-aligned lending programs. The Bank shall also endeavor to develop new programs and enhance existing ones that will further promote sustainable development of the agriculture and agri-industry sectors to contribute to the National Government's goal of food security for the country.

One of the major initiatives of the Bank is the adoption of a new policy on financing and investment with the formation of "Guidelines on the Implementation of the Negative/Exclusion List for LANDBANK Financing and Investment Activities" which will be issued in 2023. The guidelines shall serve as basis for the exclusion of specific activities that are environmentally harmful, socially undesirable and not aligned with public interests and the common good.

Beginning 2023, LANDBANK shall implement the Service Vehicle Replacement Program to attain a 100% fuel-efficient vehicle fleet by 2028. Under the Service Vehicle Replacement Program, the Bank's expected contribution to carbon dioxide emission reduction is 84.18 metric tons and by 2028, this will reach 760.23 metric tons for all 596 compliant Bank vehicles.

Another initiative is the Bank's installation of solar power panels at the Head Office, Antipolo Warehouse and 112 Bank-owned field units and corporate centers beginning 2024 to generate energy savings. With this, the Bank is estimated to reduce 9,131.09 metric tons of carbon dioxide emissions by 2028.

These Bank-initiated Programs are expected to reduce carbon dioxide emissions and contribute to the country's commitment of 75% reduction in greenhouse gas emissions by 2030 in the agriculture, industry, transport, and energy sectors which are the significant sources of carbon dioxide emissions.

Other projects to be continuously undertaken to ensure alignment with regulatory requirements and the Bank's sustainability agenda include the enhancements of ESRMS processes and procedures and additional items to be given green technical specifications under the Green Public Procurement. The Bank also aims to monitor and evaluate its sustainability programs by identifying the applicable set of result indicators on sustainable development output/outcomes that will be used as baseline indicators and will be included in reporting to the Management and LANDBANK Board of the E&S impacts of Bank-financed projects.

Stakeholder Engagement and Material Topics

At the heart of LANDBANK's operations is its commitment to fulfill the needs and requirements of its stakeholders – both external and internal stakeholders.

LANDBANK establishes a clear communication with its stakeholders through various channels to understand their interests and expectations and ascertain that their voices are heard. Through traditional channels of face-to-face meetings and written surveys to more modern channels of online platforms such as Zoom, online surveys, and telephone interviews, LANDBANK ascertains that the voices of their stakeholders are heard.

The table shows their key concerns and the Bank's response.

Stakeholder Engagement

Employees	Mode of Engagement: Trainings, surveys, consultation meetings, teleconsultations, telephone calls/SMS	
	Frequency: Continuous	
	Key Concerns and Expectations: Health and safety, labor management relations, benefits, employee training and education, work life balance	The Bank's Response: HR Policy, grievance machinery system to note employee concerns, trainings, promotions, provision of safe working conditions, employee benefits or compensation packages, coaching, proper succession planning
Clients	Mode of Engagement: Customer Care, Third-Party Consultant/Consulting Firm, Customer Satisfaction Surveys, Consultation Meetings and Capability Building	
	Frequency: Need-based interactions	
	Key Concerns and Expectations: Improvement of online banking services, efficient customer service, responsiveness of products and services to customer's needs, competitive interest rates, complaints handling, improvement of communications channel/ announcement, human rights	The Bank's Response: Product and service development, client data protection, ease of doing business, customer service, LGU Focal Teams and engagement plans

Subsidiaries	Mode of Engagement: Consultation meetings, emails	
	Frequency: Need-based interactions	
	Key Concerns and Expectations: Community engagement, capacity building, impact assessments	The Bank's Response: Need-based interactions

Regulatory Bodies	Mode of Engagement: Consultation meetings, emails	
	Frequency: Continuous	
	Key Concerns and Expectations: Compliance with applications, policies, regulations, laws, and mandates, risk, impacts, opportunities and business continuity, corporate governance	The Bank's Response: Compliance with regulatory standards, risk management, corporate governance structure, ethical business practices, performing as per mandates

Partners	Mode of Engagement: Financial statements, annual reporting, shareholder/investor meetings, consultation meetings, contractual agreements	
	Frequency: Need-based interactions	
	Key Concerns and Expectations: Compliance, corporate governance	The Bank's Response: Annual reporting, financial statements, disclosures, sustainability reporting, risk management and business continuity strategies, ethical business practices

CSR Beneficiaries	Mode of Engagement: Field visits and interactions	
	Frequency: Need-based interactions	
	Key Concerns and Expectations: Community engagement	The Bank's Response: Community development to include support to livelihood, education, capacity building, disaster response and donations to relevant advocacies

Suppliers	Mode of Engagement: Contracts, emails, phone calls	
	Frequency: Need-based interactions	
	Key Concerns and Expectations: Compliance	The Bank's Response: Government regulations, ethical procurement

Material Topics¹

General

Corporate Governance

LANDBANK is led by a solid governance framework and structure that are linked to its long- and short-term institutional targets. In the course of its activities, the Bank faithfully upholds its core values in the work it does by adhering to ethical standards and remaining accountable to its clients and stakeholders.

Please see the Corporate Governance section on pages 92-123 for further disclosure on the subject.

Compliance

LANDBANK guarantees that all internal company activities follow all applicable laws, rules, and regulations, as well as its Code of Conduct and sound policies and best practices. The Compliance Management Group (CMG) manages the execution of the Compliance Risk Management System, which recognizes and mitigates compliance risks that might negatively impact the Bank's franchise value.

For further disclosure on CMG's role, please go to pages 144-145.

Economic Development

Economic Performance

LANDBANK capped off 2022 with a stellar financial and operational performance, with a record growth in net income and assets. During the year, the Bank was driven to take on a more prominent role at the forefront of nation-building.

For detailed disclosure on the Bank's financial highlights, please go to pages 45-53.

Audit

Internal audits assist in ensuring the provision of accurate and timely financial reporting by evaluating an organization's internal controls, which include accounting procedures and corporate governance. They also guarantee that business units follow the rules and

regulations. The President and CEO administratively oversees the Internal Audit Group (IAG). The IAG then reports to the Audit and Compliance Committee functionally.

The IAG audits the business units' compliance with the sustainability policies and E&S risk management principles, as well as the strength and continued relevance of the policies. Regular compliance testing is performed every quarter to guarantee the Bank's compliance with regulatory obligations, and the findings are then submitted to the Management. Please see pages 120-121 for further information about the Bank's internal audit.

Procurement

LANDBANK recognizes the significance of developing trust with its suppliers and partners. Following the Government Procurement Act, also known as Republic Act (RA) 9184, "An Act Providing for the Modernization, Standardization, and Regulation of the Government's Procurement Activities and for Other Purposes," the Bank streamlines its processes and conducts a fair selection among local suppliers, manufacturers, and producers.

Under the Green Public Procurement, the Bank defined green technical requirements for several common-use and non-common-use products and equipment that business units use in their transactions. To limit the Bank's use of ecologically hazardous goods and services, it put in the pipeline additional items it planned to examine under the green technical requirements.

The CMG ensures that the Bank's procurement operation complies with all applicable laws, rules, and regulations, as well as Code of Conduct, sound policies, and best practices.

Human Resources

LANDBANK puts a premium on the most important resources in the organization – their human resources. As part of ensuring a highly able and competitive workforce, LANDBANK undertakes various initiatives to uphold stringent labor laws and regulations, augment its employment benefits and compensations, cultivate its employees through training and development, and ensure a safe and secure workplace.

¹ The Bank's materiality process is iterative.

For a full disclosure on the Bank's Human Resource, please go to pages 54-69.

Code of Conduct

LANDBANK, as a Government Financial Institution (GFI), is directed by the Bangko Sentral ng Pilipinas to conduct its affairs with high degree of integrity by prescribing corporate values, code of conduct and other standards of appropriate behavior that shall be exhibited by its Board of Directors, Senior Management and other employees.

For a full disclosure on the Bank's Code of Conduct, please go to page 69.

Stakeholders Relations

Customer Service

LANDBANK continues to strive to further strengthen its relationship and establish trust by delivering their expectations and attending to their concerns. To ensure that its services can meet the ever-evolving needs of its customers, the Bank is also constantly developing and improving its products and services, as well as expanding and enhancing its physical networks and digital banking channels. At the same time, proper health and safety measures are implemented in LANDBANK's premises to provide a safe and secure environment for customers.

Product Responsibility

By exceeding customer expectations and incorporating their demands into LANDBANK's value chain, the Bank demonstrates how much it appreciates their confidence. Additionally, it utilizes core banking procedures to enhance its delivery channels while maintaining transparency, enhancing its IT infrastructure, encouraging long-term alliances, and praising excellent work.

Customer Privacy

Customer Privacy is a vital part of the Bank's development strategy. LANDBANK emphasizes its strong commitment in data privacy among its employees. It educates its employees on the importance of upholding the customers' trust that they would protect their confidential information.

The Compliance Management Group, Legal Services Group, and other authorized Bank units are responsible for handling customer privacy, evaluating rules and regulations, putting plans into practice, establishing internal controls to safeguard customer data, and ensure that these data is not compromised.

LANDBANK's data privacy is also guided by the Data Privacy Act.

Customer Satisfaction

LANDBANK continuously improves its products and services to satisfy the needs and requirements of its clients. To ascertain that their concerns and expectations are met, LANDBANK effectively monitors client satisfaction through nationwide surveys, help desks, direct queries and complaints, and feedback from consultation meetings.

The LANDBANK Customer Care Department under the Corporate Affairs Group oversees the Bank's customer support, which includes a 24/7 helpline, email, and social media platforms to address customers' inquiries and concerns. For additional information on the Bank's customer care center, please visit pages 33-34.

Development Impact of LANDBANK Loans

In line with its commitment to uplift the lives of the Filipino people, LANDBANK continues to expand its loan portfolio to its diversified clients of individuals, small and medium enterprises, large businesses, government agencies, and local government units, as well as small farmers and fishers, their cooperatives, and agribusinesses.

As a policy bank, the Bank consistently supports the National Government's development initiatives, redounding to the advancement of local communities.

For more information on this, please see the Pursuit of Mandate and Support to National Development Programs section on pages 15-28.

Community Development

Contribution to Local Communities

Through the LANDBANK Countryside Development Foundation, Inc., in addition to its standard goods and services, LANDBANK also offers capacity-building programs on management and technical training to assist cooperatives in growing.

The Bank continues to steadfastly support local communities' growth and development, fostering business development, enhancing financial literacy, and generating opportunities for sustainable livelihood.

Please go to the Corporate Social Responsibility section on page 70 for more detailed information.

Other Initiatives on Sustainable Finance

In line with the Bank's thrust to promote a culture of excellence and commit to quality and environmental sustainability, the Bank crafted the Board-approved LANDBANK Sustainable Finance Framework (LSFF) Roadmap 2022-2023, which highlights the sustainability goals of the Bank.

For a more detailed disclosure on the LANDBANK Sustainable Finance Framework, please go to page 75.





Special Features





AR Santiago Fish Farm: Forging the Future of Fish Farming

The story of the owner of AR Santiago Fish Farm in San Mateo, Isabela is one of courage propelled by passion. With a fondness for farming, Arnel Santiago managed palay trading and other related businesses when in 1994 - the year that saw Cagayan Valley confront a shortage of tilapia fingerlings - the Bureau of Fisheries and Aquatic Resources (BFAR) persuaded him to help augment tilapia production. Rising to the occasion, he pursued technical and managerial training on fish pond operations in coordination with the Department of Agriculture and shortly thereafter established the AR Santiago Fish Farm. This would prove to be a worthwhile undertaking, not only for business profitability but also for one of the country's tilapia-producing regions.

Scaling up with LANDBANK funding

AR Santiago Fish Farm started with an 800-square-meter fish pond in 1994. While Santiago was able to sustain the business, he also envisioned a growth that only fresh

capital can allow. In 2002, he sought credit assistance from LANDBANK and mobilized the loan proceeds to build additional fish ponds, purchase fingerlings, and start a tilapia hatchery. LANDBANK's assistance was used to augment his working capital over the years and paved the way for AR Santiago Fish Farm to expand fishpond operations in a 1.5 hectare land dedicated to fish growth and hatchery; invest in modern equipment such as water pump and backhoe; and enhance its capacity to respond to a strong demand. As a result of these efforts, current production has increased from an average of 100,000 to 300,000 pieces of tilapia fingerlings and now 500,000 to 1 million pieces of fingerlings per month.

Not even a powerful typhoon in 2003 that halted a significant number of tilapia producers and hatchery operators in Isabela could discourage Santiago from pursuing his vision. Despite the problem of oversupply, he found a way to sell the tilapia fingerlings. While waiting for the industry to rebound, he opened another business to sustain his family and send his children to school. By availing a credit facility with LANDBANK at a low interest, he kept working on the fish production and hatchery project. As the industry recovered, he was soon able to improve his sales. AR Santiago Fish Farm has established itself as the top tilapia producer in Isabela and its neighboring provinces.

Now in its third decade of operation, the fish farm has become a leading producer and marketer of tilapia fingerlings. With the entire Santiago family working to make the venture more relevant, the business is thriving. In addition to selling fish in the market, the farm also





produces fingerlings to be distributed to small fishpond operators and contract growers in Cagayan Valley and the Cordillera Administrative Region (CAR). It also fulfills requests from the BFAR Region II and other local governments to supply fingerlings to fish farmers.

Hatching sustainable innovations and practices

AR Santiago Fish Farm has experienced improved revenues from scaled-up operations with the backing of LANDBANK. The company has also taken steps towards renewable energy by introducing a solar irrigation system to power water pumps during the day, resulting in a reduction of monthly operational expenses by nearly a third. As a result, Santiago is able to provide free lodging and waive electricity bills for the four families who are caretakers of the fish farm.

Moving forward, AR Santiago Fish Farm plans to integrate tourism into its agri-fishery farm. Beyond offering farm tours for curious visitors, it aims to showcase operational successes through technology adoption, and hopes to become a model farm that inspires other players in the aquaculture industry.

The farm is currently an accredited tilapia fingerlings by the BFAR and a learning site for agriculture by the Agricultural Training Institute (ATI) and Technical Education and Skills Development Authority (TESDA). As a farm school, it welcomes immersion requests from senior high school and college students, exposure visits by other government agencies, and technical assistance to interested fish breeders. The educational tour aims to

impart best practices in the farm.

Santiago continues to take on opportunities in upholding the local fishing industry in Isabela. He serves as a resource person for the LGU and other agencies for their tilapia hatchery programs. In addition, he chairs the Cagayan Valley Fish Farmers Multipurpose Cooperative, leading 19 members and guiding them towards success in tilapia farming. His accolades are a testament to his dedication to helping improve the aquaculture industry and ensuring food security. He has received various awards and commendations from different government agencies and award-giving bodies such as: Outstanding Fish Farmer of the Philippines from 1995 to 1996, Gawad Saka (awarded by Department of Agriculture); Outstanding Fisherfolk in 1997, Fish for every Filipino (awarded by Santech Corp. in coordination with Department of Agriculture), Outstanding Young Fish Farmer in 1999 (awarded by Jaycees International in coordination with the Department of Agriculture); Outstanding Fisher Folk (Fish Culture) in 2021, Gawad Saka; and Fisherfolk Achiever during the 33rd Farmer's and Fisherfolk's Month of the Department of Agriculture.

AR Santiago Fish Farm highly values the unwavering support of LANDBANK through its responsive lending programs that expanded their business. The Bank's commitment to fulfilling its social mandate is proof that strong partnerships can transform industries. Santiago hopes that more farmers and fishers will be supported in their endeavors to help prosper industries and uplift communities.





Hand-in-Hand in Pursuing Local Growth and Advancement

LANDBANK supports Biliran's development push



Located in the eastern Visayas region (Region VIII), the province of Biliran is fast emerging as a popular tourist destination for its lush greeneries, majestic bodies of waters, breathtaking sceneries and rich culture. Though small and fairly remote, the island province is full of promising opportunities with its rich natural resources and flourishing agriculture and tourism sector.

Biliran Provincial Governor Gerard Roger M. Espina has served as a public official in the province since 2016 as Mayor of Naval in two consecutive terms. He extolled the province's modernization efforts and achievements.



Through the assistance of National Government Agencies such as Department of Public Works and Highways, Department of Trade and Industry, Department of Tourism, and Department of the Interior and Local Government, the Province of Biliran had been able to implement project such as widening and improvement of roads, rehabilitations of bridges, flood controls and multi-purpose buildings, among others.

As the sole servicing bank in Biliran with 100% share in deposits and loans of all local government units (LGUs) in the province, LANDBANK is one of the biggest development partners of the LGUs and other local stakeholders towards inclusive and sustainable local development.

The Provincial Government of Biliran tapped LANDBANK to finance the construction of road networks connecting its towns, waterworks system, public markets and government buildings, and acquisition of essential equipment. They also established satellite offices in all its eight towns to bring local government services closer to

Biliranons and also provide a venue to virtually talk to the governor.

The Bank assisted in the completion of a four-kilometer road, drainage and flood control systems, water reservoir and perimeter fence in the Municipality of Naval.

When the COVID-19 hit the country in 2020, the provincial government and LGUs provided timely and responsive services to its constituents. To help them in their efforts, LANDBANK financed the acquisition of medical equipment and supplies to boost the health care services of the Biliran Provincial Hospital – the only hospital in the province.

The Bank also helped the provincial government acquire land and sea ambulances to assist all municipalities expedite transfer of patients to the provincial hospital.

Governor Espina added that Biliran will tap LANDBANK's assistance for its future endeavors, notably for its planned Government Sector Compound in Barangay Larrazabal in Naval for a more centralized access to government offices, commercial hubs, and hospital.

Apart from helping with its infrastructure projects and healthcare sector, LANDBANK also reached out to the farmers and fishers of the province, providing them necessary credit and technical assistance.

The Provincial Government has been a helpful partner of LANDBANK in increasing awareness and financial inclusion amongst residents of the province. It had been directing residents to LANDBANK for their banking and credit needs.

It had also been an ally in delivering subsidies to over 20,000 local beneficiaries of the Conditional and Unconditional Cash Transfer Program of the Department of Social Welfare and Development. LANDBANK had been tireless in reaching all the towns of Biliran, including the island municipality of Maripipi, to distribute cash cards to the UCT and CCT beneficiaries in the areas. The CCT and UCT beneficiaries can use their LANDBANK Prepaid Cards for cash withdrawals from the Bank's ten ATMs and two Agent Banking Partners (APBs) in the province.

Apart from its physical touchpoints, LANDBANK is also providing LGUs in the province digital banking facilities designed to enhance operational efficiency and provide convenient access to banking services for its constituents.





Reaping the fruits of resilience: RBFI's story of change and adaptability

Reichard Dumaluan has been immersed in business since his parents established the Dumaluan Beach Resort in the 1990s. "Growing up, I was exposed to the family business. We had pharmacies, real estate, and a resort in Panglao, Bohol," he recalls. This early exposure inspired him to continue his parents' legacy and equipped him with basic tools to venture in the same line of work.

An opportunity came in 2009 when an acquaintance offered Dumaluan to take on agribusiness and manage a 74-hectare coconut plantation in Pantukan, Davao De Oro. A year into their copra operation, the Boholano entrepreneur realized the need to change crops to strengthen their business viability. Thus, Dumaluan transformed the plantation and gave birth to Reicher Banana Farm Inc. (RBFI) in 2011.

RBFI engages in the planting, harvesting, and packaging

of Cavendish Banana. Since its creation, they have been exporting their farm's outputs to countries such as Iraq, Dubai, China, Japan, and Korea, with the support of Unifrutti Tropical Philippines Inc. (UTPI).

Like any enterprise, RBFI faced adversities that tested the mettle of their business. When the Philippines experienced extreme drought in 2016, Dumaluan had to look for avenues to secure the plantation. It was this crisis that led to his fateful meeting with LANDBANK.

With the assistance of LANDBANK Davao Del Norte Lending Center (formerly part of Davao City Lending Center), Dumaluan was able to acquire a loan in 2017 which he used as working capital to create an irrigation system that allowed the plantation to overcome the impact of El Niño and increase the farm's productivity to 30%.

But this was just the beginning. RBFI faced another adversity when the Fusarium Wilt, also known as Panama Plant Disease, infested plantations throughout the Davao region.

LANDBANK supported RBFI's recovery by providing credit assistance in 2018 to supplement Dumaluan's working capital and purchase the necessary inputs and equipment for rehabilitation. Two years later, RBFI was able to fully recover from the plant disease and is now



harvesting around 10,000 boxes of produce a week - a 100% increase from the previous production of 5,000 boxes a week.

"I was able to weather the threats of the Fusarium because I had LANDBANK with me to give me the financial capacity to rehab the farm, change my variety, and continue production," Dumaluan said.

Reaping the fruits of their resilience, RBFi strives to widen its reach and improve service delivery. The enterprise used a portion of their loan from LANDBANK to expand their land and purchase new equipment - a digital device that monitors the health of the crops and accurately distributes farm inputs, as well as remote-controlled drones for crop spraying.

"Nakapag-adopt din ako ng innovations with the help of LANDBANK. Ngayon, may three drones na ako na mas safe, efficient, and less expensive compared sa dating manual and aerial spraying," Dumaluan shared.

From a 74-hectare land with 10 seasonal workers in 2009, RBFi has amassed growth and now has 127 hectares of land with over 280 employees composed of farmers and laborers.

With LANDBANK's support throughout its journey, the agribusiness ensures to pay it forward by promoting the



growth and wellness of its local community. "Being able to continue the farm with the help of LANDBANK, we get to do activities like feeding programs and assist our adoptive community," Dumaluan adds.

RBFi's Corporate Social Responsibility (CSR) activities aim to empower families who were previous residents in their properties. These activities include relocation and housing, feeding, and scholarship programs. The agribusiness also stands ready to lend a hand to Davaoños as attested by their quick food emergency response when an earthquake hit Padada, Davao Del Sur in 2018 as well as during the peak of the COVID-19 pandemic in 2019.

Dumaluan is grateful for the strong relationship that was formed between RBFi and LANDBANK, noting that this has served as a bridge that helped shape RBFi into what it is today.

"It's been a fruitful partnership, seasoned with challenges and success. LANDBANK granted us the confidence to grow and weather through difficulties. Though there's still a lot to achieve, we know we will get there with LANDBANK."



ORGANIZATIONAL CHART

BOARD OF DIRECTORS

AUDIT & COMPLIANCE COMMITTEE

COMPLIANCE MANAGEMENT GROUP (CMG) – VP Cesar S. Cabañes
• Anti-Money Laundering Dept. (AMLDD)
• Regulatory Compliance Dept. (RCD)

INTERNAL AUDIT GROUP (IAG) – FVP Maria Edelwina D. Carreon
• Field Operations Audit Dept. I (FOAD I)
• Field Operations Audit Dept. II (FOAD II)
• Head Office Audit Dept. (HOAD)
• Assurance and Special Engagements Unit (ASEU)
• Quality Assurance & Support Team (QAST)

AGRI-AGRA SOCIAL CONCERNS COMMITTEE

CORPORATE GOVERNANCE COMMITTEE (CGCom)

RELATED PARTY TRANSACTIONS COMMITTEE

Office of the Corporate Secretary (CorSec)

RISK OVERSIGHT COMMITTEE (RiskCom)

RISK MANAGEMENT GROUP (RMG) – FVP Amelita H. Carrillo
• Credit Risk Management Dept. (CRMDD)
• Information Security & Technology Risk Management Dept. (ISTRMD)
• Market & Liquidity Risk Management Dept. (MLRMD)
• Operational Risk Management Dept. (ORMD)
• ICAAP Team

TRUST COMMITTEE (TrustCom)

TRUST BANKING GROUP (TBG) – FVP Lolita M. Almazar
• Third Party Custodianship & Registry Dept. (TCRD)
• Trust Account Management Dept. (TrAMD)
• Trust Business Development Dept. (TBDD)
• Trust Operations Dept. (TOD)
• Trust Portfolio Management Dept. (TPMD)
• Trust Oversight and Strategic Management Dept. (TOSD)

CECILIA C. BORROMEO PRESIDENT AND CEO

ASSET RECOVERY GROUP (ARG) – SVP Emelie V. Tamayo
• Asset Recovery Support Dept. (ARSD)
• Special Assets Dept. I (SPAD I)
• Special Assets Dept. II (SPAD II)
• Loan Recovery Dept. I (LRD I)
• Loan Recovery Dept. II (LRD II)

LEGAL SERVICES GROUP (LSG) – FVP Roderick P. Sastro
• Administrative Legal Dept. (ALD)
• Banking Legal Services Dept. (BLSDD)
• Litigation Dept. (LD)
• Special Legal Concerns Dept. (SLCD)
• Field Legal Services Dept. (FLSD)

Administrative Unit (AU)

Congenerics Unit (CU)

Technical Unit (TU)

Security Department (SD)

Strategic Initiatives Office (SIO)

Systems & Methods Dept. (SMD)

STRATEGY & KNOWLEDGE MANAGEMENT GROUP (SKMG) – SVP Elcid C. Pangilinan
• Corporate Planning & Strategy Management Dept. (CPSMD)
• Economics & Policy Research Dept. (EPRD)
• Enterprise Data Management Dept. (EDMD)
• Quality & Innovation Management Dept. (QIMD)

NATIONAL DEVELOPMENT LENDING SECTOR (NDLS) – SVP Ma. Celeste A. Burgos

PROVINCIAL LENDING GROUPS (4)
• Northern and Central Luzon Lending Group (NCLLG) – SVP Filipina B. Monje
• Southern Luzon Lending Group (SLLG) – VP Marietta B. Cajuguiran
• Visayas Lending Group (VLG) – SVP Elsie Fe B. Tagupa
• Mindanao Lending Group (MLG) – SVP Charlotte I. Conde

RETAIL & MID-MARKET LENDING GROUP (RMLG) – FVP Cielito H. Lunaria
• Mortgage Banking Dept. I (MBD I)
• Mortgage Banking Dept. II (MBD II)
• SME Mid-Market Lending Dept. I (SME-MLD I)
• SME Mid-Market Lending Dept. II (SME-MLD II)

LENDING PROGRAMS MANAGEMENT GROUP (LPMG) – VP Esperanza N. Martinez
• Development Assistance Dept. (DAD)
• Environmental Programs Management Dept. (EPMD)
• Fund Sourcing Dept. (FSD)
• Programs Management Dept. I (PMD I)
• Programs Management Dept. II (PMD II)

Lending Support Dept. (LSD)

DIGITAL BANKING SECTOR (DBS) – SVP Randolph L. Montesa

CUSTOMER ACQUISITION AND PARTNERSHIPS GROUP (CAPG) – SVP Randolph L. Montesa
• Customer Engagement Dept. (CED)
• Remittance Marketing and Management Dept. (RMMD)
• Agent Banking Unit (ABU)

DIGITAL SOLUTIONS AND PRODUCT MANAGEMENT GROUP (DSPMG) – VP Pacifico De Paz Jr.
• Digital Banking Management Dept. (DBMD)
• Payment Cards Management Dept. (PCMD)

Digital Banking Support Dept. (DBSD)

Digital Innovation and Growth Dept. (DIGD)

OPERATIONS SECTOR (OS) – EVP Alan V. Bornas

TECHNOLOGY MANAGEMENT GROUP (TMG) – SVP Alden F. Abitona
• Data Center Management Dept. (DCMD)
• E-Banking Systems Dept. (EBSD)
• Enterprise Systems Dept. (ESD)
• IT-Data Integration Support Unit (IT-DISU)
• IT-Project Management Dept. (IT-PMD)
• Network Operations Dept. (NOD)
• Retail Banking Systems Dept. (RBSD)
• IT Security Office (TSO)

BANKING SERVICES GROUP (BSG) – FVP Reynaldo C. Caba
• ATM Operations Support Dept. (AOSD)
• Cash Operations Support Dept. (COSD)
• Central Clearing Dept. (CCD)
• MDS & Collections Management Dept. (MCMD)

CONTROLLERSHIP GROUP (CG) – SVP Annalene M. Bautista
• Administrative Accounting Dept. (AAD)
• Agrarian Accounting Dept. (AgAD)
• Financial Accounting Dept. (FAD)
• Treasury Operations Dept. (TOD)

BANKING OPERATIONS GROUP (BOG) – SVP Winston Rochel L. Galang
• Foreign and Domestic Remittance Dept. (FDRD)
• International Trade Dept. (ITD)
• Loan Operations Management Dept. (LOMD)

CORPORATE SERVICES SECTOR (CSS) – EVP Alex A. Lorayes

AGRARIAN SERVICES GROUP (ASG) – VP Marife Lynn O. Pascua
• Agrarian Operations Center (AOC)
• Bond Servicing Dept. (BSD)
• Agrarian Support Department (ASD)
• Land Transfer Processing Dept. (LTPD)

HUMAN RESOURCE MANAGEMENT GROUP (HRMG) – SVP Joselito B. Vallada
• Employee Relations Dept. (ERD)
• Organization Development Dept. (ODD)
• Personnel Administration Dept. (PAD)

FACILITIES & ENGINEERING SERVICES GROUP (FESG) – VP Emmanuel G. Hio Jr.
• Facilities Management Dept. (FMD)
• Project Management & Engineering Dept. (PMED)

CORPORATE AFFAIRS GROUP (CAG) – VP Vivian M. Cañonero
• Corporate Communications & Events Dept. (CCED)
• Customer Care Dept. (CuCD)
• Public Communications Dept. (PCD)

HOBAC Secretariat Unit

Procurement Dept. (ProcD)

Provident Fund Dept. (PFD)

Property Valuation & Credit Information Department (PV-CID)

BRANCH BANKING SECTOR (BBS) – EVP Liduvino S. Geron

BRANCHES GROUPS (10)
• North NCR Branches Group (NNCRBG) – SVP Marilou L. Villafranca
• South NCR Branches Group (SNCRBG) – SVP Ramon R. Monteloyola
• North Luzon Branches Group (NLBG) – SVP Ma. Belma T. Turla
• Central Luzon Branches Group (CLBG) – SVP Sylvia C. Lim
• Southwest Luzon Branches Group (SWLBG) – SVP Ma. Cielito D. Valdivia
• Southeast Luzon Branches Group (SELBG) – SVP Althon C. Ferolino
• East Visayas Branches Group (EVBG) – SVP Khurshid U. Kalabud
• West Visayas Branches Group (WVBG) – SVP Delma O. Bandiola
• West Mindanao Branches Group (WMBG) – SVP Lina K. Pacio
• East Mindanao Branches Group (EMBG) – SVP Camilo Leyba

Branch Banking Support Dept. (BBSDD)

Government Programs Support Dept. (GPSPD)

Systems Implementation Dept. (SID)

Credit Card Administration Department (CCAD)

TREASURY & INVESTMENT BANKING SECTOR (TIBS) – EVP Carel D. Halog

ASSET & LIABILITY MANAGEMENT GROUP (ALMG) – FVP Adelfa R. Masacupan
• Balance Sheet Management Dept. (BSMD)
• Liquidity Reserve Management Dept. (LRMD)

Treasury Brokering and Marketing Unit (TBMU)

Treasury Support Dept. (TSD)

INVESTMENT BANKING GROUP (IBG) – SVP Gonzalo Benjamin A. Bongolan
• Investment Banking Dept. 1 (IBD 1)
• Investment Banking Dept. 2 (IBD 2)

FINANCIAL MARKETS GROUP (FMG) – FVP Ma. Francis O. Titar
• Capital Markets Trading Dept. (CMTD)
• FX Sales & Hedging Solutions Dept. (FSHSD)
• Rates & FX Trading Dept. (RFTD)

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 the top by the Board of Directors and its delegated duties and responsibilities through the six (6) 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 Committee¹; and (6) the Related Party Transactions Committee.

These six committees are ably supported by independent Bank units – Internal Audit Group (IAG), Risk Management Group (RMG), Trust Banking Group (TBG), Compliance Management Group (CMG) and Agrarian Services Group (ASG) – which perform specific functions for the said Committees. These independent units report directly to the Board but are administratively supervised by the President and CEO. The Office of the Corporate Secretary provides logistical support to the LANDBANK Board, the Corporate Governance Committee and the Related Party Transactions Committee.

The Board of Directors

Board's Overall Responsibility

The LANDBANK Board of Directors assumes certain responsibilities to the Bank's various stakeholders – the Bank itself, its stockholder, the National Government, its clients, its management and employees, the regulators, the deposit insurer and the public at large. These stakeholders have the right to expect that the institution is being managed in a prudent and sound manner. The Board of Directors is primarily responsible for the approval and oversight of the implementation of the Bank's strategic objectives, risk strategy, corporate governance and corporate values. It is also responsible for the monitoring and oversight of the performance of the 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 the Management and operating units in its 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 to ensure 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/her 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/her duties and responsibilities.
- e. Act judiciously. Before deciding on any matter brought before the Board of Directors, every Director shall thoroughly evaluate the issues, ask questions and seek clarifications when necessary.
- f. Contribute significantly to the decision-making process of the Board. Directors should actively participate and exercise objective independent judgment on corporate affairs requiring the decision or approval of the Board.
- g. Exercise independent judgment. A Director shall view each problem or situation objectively. When a disagreement with others occurs, he/she should carefully evaluate the situation and state his/her position. He/She should not be afraid to take a position even though it might be unpopular. Corollary, he/she shall support plans and ideas that he/she 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/her position as Director. He/She shall not disclose any information to any other person without the authority of the Board.
- j. Ensure the continuing soundness, effectiveness and adequacy of the Bank's control environment.
- k. A Director or Officer shall not solicit, nor accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan or anything of monetary value ("Gift") from any person where such Gift: (a) would be illegal or in violation of law; (b) is part of an attempt or agreement to do anything in return; (c) has a value beyond what is normal and customary in the Bank's business; (d) is being made to influence the member of Board's, or Officers' actions as such; or (e) could create the appearance of a conflict of interest.
- l. Attend orientation and training. A Director shall have an adequate orientation process and continuous development and education regarding the Bank's operations.

¹ Dissolved on June 8, 2022.

Description of the Roles and Contribution of Executive, Non-executive and Independent Directors, and of the Chairperson of the Board

1. Chairperson of the Board of Directors (Non-executive)

Being the leader of the Board, the Chairperson shall be responsible for the efficient functioning of the Board. He makes certain that the meeting's agenda focuses on strategic matters, including the overall risk appetite of the corporation, taking into account the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations and ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management.

2. Vice-Chairperson (Executive Director)

The Vice-Chairperson of the 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/her as the Bank's Head of Agency and another as one of its appointive directors.

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

The Vice-Chairperson is the sole executive director among the nine members of the Board.

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, and may remove the latter for cause.

4. Independent Directors

The Board appoints/nominates the independent directors from among the appointive directors, seeking thereafter the confirmation of such nomination by the Monetary Board. For 2022, the independent directors were Virgilio DV. Robes, Jesus V. Hinlo, Jr. (resigned on Jan. 25, 2022), Jaime L. Miralles and Nancy D. Irlanda.

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

Board Composition and Structure

The positions of Chairperson of the Board, and President and CEO, are held by two different persons. The Chairperson of the Board as of Dec. 31, 2022 is Sec. Benjamin E. Diokno, Secretary of the Department of Finance, while the President and CEO is Cecilia Cayosa Borrromeo, who is also the Vice-Chairperson.

- | | |
|--|----------------------------|
| • Secretary of Finance | - Chairperson (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 | |

Changes in the Membership of the LANDBANK Board of Directors for CY 2022

Atty. Jesus V. Hinlo, Jr. resigned from his position as Director representing the Private Sector on Jan. 25, 2022.

Mr. Benjamin E. Diokno assumed the position of DOF Secretary and LANDBANK Chairman on June 30, 2022, vice Mr. Carlos G. Dominguez.

Mr. Conrado M. Estrella assumed the position of DAR Secretary on June 30, 2022, vice Mr. Bernie F. Cruz.

Mr. Bienvenido E. Laguesma assumed the position of DOLE Secretary on June 30, 2022, vice Mr. Silvestre H. Bello III.

President Ferdinand R. Marcos Jr. assumed the position of DA Secretary on June 30, 2022, vice Mr. William D. Dar.

Composition of the LANDBANK Board of Directors as of Dec. 31, 2022:

Benjamin E. Diokno

Ex-Officio Chairperson
Secretary, Dept. of Finance
Non-Executive Director;
Assumed on June 30, 2022
Tenure: 6 Months

Virgilio D. Robes

Member
Representative, Agrarian Reform Beneficiaries
Non-Executive Director;
Assumed on Dec. 13, 2016
Tenure: 6 Years

Cecilia Cayosa Borromeo

Vice Chairperson
President & Chief Executive Officer
Executive Director;
Assumed on March 1, 2019
Tenure: 3 Years and 9 Months

Jaime L. Miralles

Member
Representative, Agrarian Reform Beneficiaries
Non-Executive Director;
Assumed on July 24, 2018
Tenure: 4 Years and 5 Months

President Ferdinand R. Marcos Jr.

Ex-Officio Member
Secretary, Dept. of Agriculture
Non-Executive Director;
Assumed on June 30, 2022
Tenure: 6 Months

Jesus V. Hinlo, Jr.

Member
Representative, Private Sector
Non-Executive Director;
Assumed on Nov. 07, 2017
Tenure: 5 Years and 1 Month

Conrado M. Estrella III

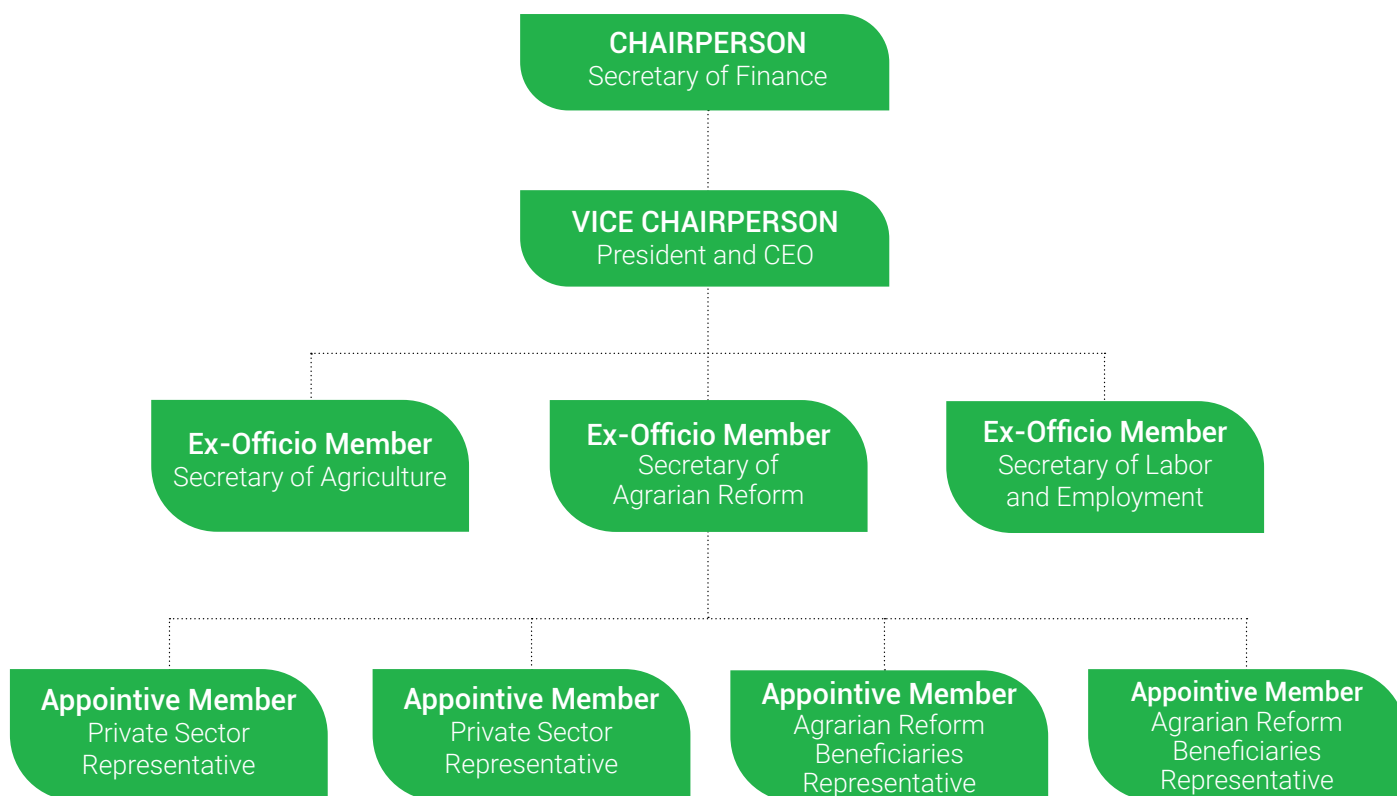
Ex-Officio Member
Acting Secretary, Dept. of Agrarian Reform
Non-Executive Director;
Assumed on June 30, 2022
Tenure: 6 Months

Nancy D. Irlanda

Member
Representative, Private Sector Representative
Non-Executive Director;
Assumed on Sept. 25, 2018
Tenure: 4 Years and 3 Months

Bienvenido E. Laguesma

Ex-Officio Member
Secretary, Dept. of Labor & Employment
Non-Executive Director;
Assumed on June 30, 2022
Tenure: 6 Months



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 the Bank are appointed by the President of the Philippines from the shortlist 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 would-be President and CEO shall meet the requirements under the Fit and Proper Rule, and needs appointment from the President of the Philippines into the Governing Board of the Bank. The President shall be subject to the disciplinary powers of the Board and may be removed by the Board for cause.

Board Qualifications and Trainings

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/she is a natural born citizen of the Philippines, not less than 35 years of age, of good moral character and has attained proficiency, expertise and recognized competence in one or more of the following: banking, finance, economics, law, agriculture, agrarian reform, business management. Provided further, that no Director, stakeholder or employee of any other bank shall be eligible for election or appointment as member of the Board of Directors of the Bank.
2. For an appointive director, he must have a college degree with at least five years of relevant work experience, except for a sectoral representative who only needs to be a bona fide member of the indicated sector of the association being represented as provided for in the Charter or By-Laws.
3. He/She 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/She must be fit and proper for the position of a Director of the Bank. In determining whether a position is fit and proper for the position of a Director, the following matters must be considered:

- Integrity/probity;
- Physical/mental fitness;
- Competence;
- Relevant education/financial literacy/training;
- Diligence; and
- Knowledge/experience.

All members of the LANDBANK Board, including the President 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. The Bank monitors the annual continuing training program of the Directors to make certain that they are continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the Bank.

The Bank conducts an Orientation Program for first-time Directors. The Office of the CorSec, SKMG, CMG, IAG, RMG, HRMG, TBG, LSD, 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:

The CorSec:

1. Schedules the orientation meeting with the Board of Directors and Management;
2. Facilitates the orientation program to give an overview 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; and

3. Provides documents such as the LANDBANK Quick Guide for Ex-Officio Directors and the BSP Requirements pursuant to Section 137 of the MORB.

Performance and Evaluation

As the Bank's corporate governance focuses on the role of the Board of Directors, an assessment tool is vital for evaluating the Board's performance.

Initially developed by the Institute of Corporate Directors (ICD) and further improved by the respective committees, performance rating sheets are disseminated yearly to evaluate the performance of the Board and the Board-level Committees. The results are then submitted annually to 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.

The results of the Performance Rating System of the Board and Board-level committees for CY 2022 were discussed and noted by the Corporate Governance Committee in a meeting held on Feb. 3, 2023 (CGCom Resolution Nos. 23-004 to 23-009).

Another performance evaluation tool for directors is the internet-based Performance Evaluation for Directors (iPED) System which was developed by the 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.

Remuneration and Incentive Policy for LANDBANK Board of Directors

The current Allowances, Benefits and Incentives (ABI) are governed by the guidelines issued 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 CorSec oversees the implementation of the ABIs of LANDBANK's appointive Directors. The Director's attendance and actual performance in their chosen committees are reported on a regular basis to the Bank's Board.

List of Major Stockholders

LANDBANK is wholly owned by the National Government.

Retirement and Succession Policy

The Charter of the Bank to the contrary notwithstanding, the compensation, per diems, allowances and incentives of the Appointive Directors shall be determined by the GCG, using as a reference, among others, Executive Order No. 24, dated Feb. 10, 2011. Directors shall not be entitled to retirement benefits acting as such.

Retirement Age:

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

Term of Office of Board of Directors:

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

Board Meetings and Attendance

The schedule of the meetings of the Board of Directors for CY 2022 was agreed upon during the Board meeting held on Dec. 15, 2021. There are at least two meetings scheduled per month, held on every second and fourth Wednesdays of each month, for a targeted total number of 24 meetings per year. Changes to the schedule may be made to adjust to holidays, availability of quorum or to align with the schedules of the Chairperson/Presiding Officer. Special meetings are also convened when necessary. 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.

Vice President Atty. Myra-Lyn S. Peñalosa, who has been a member of the Philippine Bar since 1997, is the Corporate Secretary from January to December 2022.

For CY 2022, 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 IAG, RMG, CMG, and the Resident COA Representative were able to meet separately on Nov. 8, 2022, in compliance with the BSP and GCG requirements.

Name of Directors	Board Meeting (24 Meetings)	Corporate Governance Committee (9 Meetings)			Audit and Compliance Committee (12 Meetings)			Risk Oversight Committee (13 Meetings)			Trust Committee (4 Meetings)			Agri-Agra Social Concerns Committee/1 (3 Meetings)			Related Party Transactions Committee (6 Meetings)		
		Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%	Attended	%
1. Benjamin E. Diokno ²	12 out of 12	100.00	-	N/A	-	N/A	83.33	5 out of 6	83.33	2 out of 2	100.00	N/A	-	N/A	-	N/A	-	N/A	-
2. Cecilia Cayosa Borromeo	23 out of 23	100.00	-	N/A	-	N/A	-	N/A	-	4	100.00	3	100.00	N/A	-	N/A	-	N/A	-
3. Ferdinand R. Marcos Jr. ²	10 out of 12	83.33	-	N/A	-	N/A	66.67	4 out of 6	66.67	N/A	-	N/A	-	N/A	-	N/A	-	N/A	-
4. Conrado M. Estrella ²	10 out of 12	83.33	-	N/A	-	N/A	-	N/A	-	1 out of 2	50.00	N/A	-	N/A	-	N/A	-	N/A	-
5. Bienvenido E. Laguesma ²	10 out of 12	83.33	-	N/A	-	N/A	-	N/A	-	2 out of 2	100.00	N/A	-	N/A	-	N/A	-	N/A	-
6. Carlos G. Dominguez ³	12 out of 12	100.00	-	N/A	-	N/A	71.43	5 out of 7	71.43	2 out of 2	100.00	N/A	-	N/A	-	N/A	-	N/A	-
7. William D. Dar ³	11 out of 12	91.67	-	N/A	-	N/A	100.00	7 out of 7	100.00	N/A	-	3	100.00	N/A	-	N/A	-	N/A	-
8. Bernie F. Cruz ³	12 out of 12	100.00	-	N/A	-	N/A	-	N/A	-	2 out of 2	100.00	3	100.00	N/A	-	N/A	-	N/A	-
9. Silvestre H. Bello III ³	8 out of 12	66.67	-	N/A	-	N/A	-	N/A	-	1 out of 1	100.00	N/A	-	N/A	-	N/A	-	N/A	-
10. Virgilio D. Robes	24	100.00	9	100.00	12	100.00	-	N/A	-	N/A	-	3	100.00	5 out of 5	100.00				
11. Jaime L. Miralles	24	100.00	7 out of 7	100.00	12	100.00	100.00	13	100.00	N/A	-	3	100.00	6	100.00				
12. Jesus V. Hinlo, Jr. ⁴	1 out of 1	100.00	1 out of 1	100.00	1 out of 1	100.00	-	N/A	-	N/A	-	N/A	-	1 out of 1	100.00				
13. Nancy D. Irlanda	24	100.00	9	100.00	N/A	-	92.31	12	92.31	3	75.00	N/A	-	6	100.00				
Total Number of Meetings Held During the Year : 71																			

¹ Dissolved effective June 8, 2022

² Assumed the position effective June 30, 2022

³ End of term effective June 29, 2022

⁴ End of term effective January 25, 2022

Board Materials

The Board Agenda focuses on strategic matters involving stakeholder interests, including discussions on risk appetite, and key governance and operational concerns. The materials of the meeting (i.e., memo/letter-proposals and/or presentation materials) must be forwarded to the members of the Board at least three working days before the date of the meeting. This ensures that the members have before them accurate information in order to arrive at intelligent decisions on matters that require their appropriate action.

Board-Level Committees Including Membership and Functions

Audit and Compliance Committee (AC Com)

Chairperson:	-
Vice Chairperson:	Director Jaime L. Miralles
Member:	Director Virgilio D. Robes

Duties and Functions:

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

1. For Internal Audit and Internal Control:

- To oversee Senior Management in establishing and maintaining an adequate, effective and efficient internal control framework,
- To 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
- To oversee the internal audit function

2. For Compliance:

- To oversee the implementation of the Bank's Compliance Program
- To ensure that oversight on the Bank's Anti-Money Laundering and Combating the Terrorism and Proliferation Financing (AML/CTPF) compliance management is adequate

- To oversee the compliance management function

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

A. Internal Audit

- Approved the revisions in the AC Com and IAG Charters
- Approved the 2022 IAG Plans and Programs and the revised targets
- Approved the conduct of External Quality Assessment Review on the internal audit function
- Approved the revised Audit Procedures
- Approved the Revised Risk Scoring of Information Technology Application Systems
- Approved the recalibrated 2022 IAG Plan and Programs
- Approved the Internal Control Assessment Summary discontinuance
- Approved the Policy in the Conduct of Spot Audit
- Approved the conversion from limited-scope to full-scope audit for FOAD audit clients
- Approved the Revised IAG Manual of Operations
- Approved the proposed Policy in the Preparation of Overall Internal Audit Opinion
- Approved the Revised Audit Procedures on Conversion/Migration of UCPB Branches
- Approved the replacement of FOAD auditable units for CY 2022
- Approved the Revised Policies and Procedures on the Handling of Confirmation Letter for Private Deposit Accounts
- Approved the Risk Scoring System of OFBank and UCPB's Information Technology Application Systems
- Confirmed IAG's Management-approved budget for CY 2022
- Noted IAG's 2022 Declaration of Organizational Independence and various periodic reports, such as: (a) 2021 Overall Internal Audit Opinion,

(b) 2021 Internal Quality Assessment Review, (c) Accomplishment Reports, (d) Results of 2021 Audit Client Satisfaction Survey, (e) Major findings for the month, (f) Long outstanding findings, (g) Outstanding Major findings, (h) Common and Recurring findings for 2021, (i) Outstanding Audit Issues, (j) Status of Recommendations on Special Audit Engagements, (k) Reports on Accounts with Freeze Order, (l) Report on the Validation of Accounts subject of SEC Advisories and Negative Media Reports, (m) Status Report on the Validation of Alerts generated by the Enterprise Fraud Management System, (n) 2021 Report on the Validation of the Internal Capital Adequacy Assessment Process, (o) 2021 Report on Whistleblowing, (p) Annual confirmation of balances for private deposit accounts, and (q) Reports on long outstanding findings for OFBank; and (r) 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: (a) OP and Board, (b) National Development Lending Sector, (c) Treasury and Investment Banking Sector, (d) Branch Banking Sector, (e) Operations Sector, and (f) Corporate Services Sector
- Noted the Minutes of Meetings and Accomplishment Reports of the Accountability Assessment Committee
- Noted the AC Com reports, such as: (a) Accomplishment Report, (b) Results of Performance Rating for CY 2021, and (c) Attendance Report for CY 2021

B. Compliance Function

- Approved the 2022 CMG Plans and Programs
- Approved the 2022 RCD Compliance Testing Plan
- Approved the 2022 AML/CTPF Compliance Testing Plan
- Approved the additions/Enhancements to AML/CTP Compliance Testing Plan
- Approved the Trust Compliance Manual – Updated as of March 31, 2022
- Approved the LANDBANK Compliance Manual
- Approved the proposed Information Technology Compliance Program
- Approved the addendum to the 2022 AML/CTPF Compliance Testing Plan

- Confirmed CMG's Management-approved budget for 2022
- Noted CMG's Accomplishment Report for 2021 and the 1st Semester 2022
- Noted CMG's participation in the Accounts Review Committee and compliance oversight function on subsidiaries
- Noted various management and compliance reports, such as: (a) Results of independent and periodic compliance testing, (b) Results of compliance testing on Bank's compliance with Financial Consumer Protection, (c) Reports on Crimes and Losses, (d) Reports on Fines and Penalties, (e) Regulations issued and results of pre-testing, (f) Regulatory ratios, and (g) Negative Media Reports – Investment Scam and Fraud Cases
- Noted CMG's Status Updates on LANDBANK Response to BSP Report of Examination
- 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 on the Environmental and Social Risk Management System as part of their continuing education.

This Committee is composed of:

Chairperson:	Director Jesus V. Hinlo, Jr. (Appointment until January 2022)
Vice Chairperson:	Director Jaime L. Miralles
Member:	Director Virgilio D. Robes

The Committee met at least once a month and held a total of 12 meetings in 2022.

Risk Oversight Committee (RISKCOM)

Duties and Functions:

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

- The 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:

RISKCOM Chairperson	Director Jaime L. Miralles
RISKCOM Vice-Chairperson	Deputy Treasurer Erwin D. Sta. Ana (Representative of Treasurer Rosalia V. de Leon, Alternate of DOF Secretary Benjamin E. Diokno)
Member/Independent Director	Director Nancy D. Irlanda
Member/Ex-Officio Director	Usec. Mercedita A. Sombilla (Representative of Senior Usec. Domingo F. Panganiban, Alternate of President Ferdinand R. Marcos, Jr.)

The RISKCOM met at least once a month and held a total of 13 meetings in 2022 including one Special RISKCOM meeting for the approval of 2022 LANDBANK Internal Capital Adequacy Assessment (ICAAP) Document and Recovery Plan.

The Committee has evaluated and approved 54 Risk Management (RM) policies and guidelines and has reviewed for notation/confirmation 217 regular and 22 Ad Hoc RM reports, and issued 372 RISKCOM Resolutions.

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

Treasury-related (Market, Liquidity, IRRBB, Counterparty Credit) RM
1. Review of Liquidity Risk Limit – Maximum Cumulative Outflow (MCO) Limits for CY 2022
2. Combined Review of Earnings-at-Risk Limits (earnings perspective) and Economic Value of Equity-at-Risk Limit (economic perspective) 2022 (including Guidelines on the Interest Rate Risk in the Banking Book (IRRBB) Limit Setting Procedure)
3. Market Risk Limits (FVPL and FVOCI) Structure 2022 (Using end-September 2021 data)
4. Updating of Pre-Settlement Risk (PSR) Weights for 2022
5. Guidelines on Behavioral Analysis and Backtesting of Term Deposit Pre-termination
6. Guidelines on Behavioral Analysis and Backtesting of Loan Prepayment
7. Guidelines on Calculation and Backtesting of Value-at-Risk (VaR)
8. Guidelines on Interest Rate Risk in the Banking Book (IRRBB) Reporting
9. Guidelines on Model Risk Management for Treasury Risk Models
10. Guidelines on Behavioral Analysis and Backtesting of Credit Lines and Credit Cards Drawing Pattern
11. Model Risk Management (MRM) Framework for Risk Management Group (RMG)
12. Treasury Risk Limits Recalibration 2022
13. Guidelines on Treasury Operational Risk Reporting
14. Liquidity Contingency Plan (LCP) 2022 Version 9
15. Treasury Risk Limits for 2023
16. Inclusion of Walk-Away Rate in the Investment Policy and Strategy of the Bank
17. Interest Rate Risk in the Banking Book (IRRBB) Limits Second Adjustment for 2022

Credit RM

1. Proposed Enhancement in the Credit Risk Engine System (CRES) Scoring Facilities

Operational RM

1. Revision in the Prioritization of Bank's Functions in case of Disaster based on Results of Business Impact Analysis (BIA)
2. Revised ORMD Operations Manual on Validation of Institutional Risk Assessment
3. Revised Guidelines on Conduct of Business Continuity Risk Assessment
4. Revised Guidelines on Risk and Control Self-Assessment
5. Revised Guidelines on the Conduct of Business Impact Analysis
6. 2022 Enhancements in the Risk Management Program for LBP Subsidiaries
7. Proposed 2023 Operational Risk Threshold for Business Units (BUs) and Operational Risk Management (ORM) Tools
8. Information Technology (IT) Systems Prioritization List

Information Security & Technology RM

1. Proposed Revisions to Cyber Resilience Plan
2. Reduction in Application Change Requests (ACRs) thru Impact Assessment Information Security Awareness Report as of March 2022
3. Revised Information Security Program (ISP)
4. Proposed Revised Guidelines on Vulnerability Management of the Bank's Information Technology (IT) Systems
5. Proposed 2023 Operational Risk Threshold for Information Security Risk Assessor (ISRA) Tool
6. Performance Metrics – Information Security Program (ISP) 1
7. Revised Guidelines on the Management of Information Assets

Other Items approved by RISKCOM

1. Risk Management (RM) Enterprise Structure
2. Environmental and Social Risk Management System Roadmap and Action Plans
3. Updated Risk Management Framework
4. 2022 Asset-Liability Management (ALM) Strategies
5. 2022 LBP Internal Capital Adequacy Assessment Process and Recovery Plan
6. Information Technology Disaster Recovery Plan (ITDRP)
7. Revised Crisis Communication Plan (CCP)
8. Incident Action Plan (IAP) for LANDBANK Plaza version 6.2
9. Proposed Adoption of the Bank's Report on Overall Risk Rating
10. Revised Investment Policy and Strategy of the Bank

The overall 2022 performance rating of the RISKCOM is 99.54% 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 TBG and directly reports to the Board of Directors.

Duties and Functions:

1. Ensure that fiduciary activities are conducted in accordance with applicable laws, rules and regulations, and prudent practices;
2. Ensure that policies and procedures that translate the Board's objectives and risk tolerance into prudent operating standards are in place and continue to be relevant, comprehensive and effective;
3. 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 implementation of the risk management framework and ensure that internal controls are in place relative to the fiduciary activities;
5. Adopt an appropriate organizational structure/staffing pattern and operating budget that shall enable TBG to efficiently carry out its functions and ensure proper and continuous training for its officers and personnel considering the growing sophistication and complexity in trust business and changes in the financial market environment;
6. Oversee and evaluate the performance of the Trust Officer and of the Trust operations with regard to 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 Com shall meet whenever necessary and keep minutes of its actions and make periodic reports thereon to the 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 TBG is taking appropriate measures to address all regulatory requirements under applicable laws, rules and regulations and that 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 TBG; and
11. Regularly report to the Board on matters arising from fiduciary activities.

This Committee is composed of:

Chairperson	DAR Secretary / Conrado M. Estrella III Alternate: Undersecretary Napoleon U. Galit
Vice Chairperson	DOF Secretary Benjamin E. Diokno/ Alternate: Treasurer Rosalia V. De Leon/ Deputy Treasurer Erwin D. Sta. Ana
Members	President/CEO Cecilia Cayosa Borromeo
	DOLE Secretary Bienvenido E. Laguesma / Alternate: USec. Benedicto Ernesto R. Bitonio, Jr.
	Director Nancy D. Irlanda
	First Vice President and Trust Officer Lolita M. Almazar

The Committee shall meet at least once every quarter or more frequently as the circumstances dictate. For 2022, the Committee held a total of 4 meetings.

The Committee was able to deliberate on and pass 50 resolutions approving/confirming important transactions and actions of the TBG.

Corporate Governance Committee (CG Com)

Duties and Functions:

The Corporate Governance Committee has 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 Board's effectiveness and due observance of corporate governance principles and guidelines;
5. Oversee the periodic performance evaluation of the 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 Board such internal guidelines to address the competing time commitments encountered when directors and other Bank officers serve on multiple boards;
9. Study and recommend to the Board such policies regarding the continuing education of the Directors, assignment to Board Committees, succession planning 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 objective performance criteria to be approved by the Board;
11. Study and recommend policies to ensure appropriate and effective management through organizational and procedural controls and independent audit mechanisms; and
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 Virgilio DV. Robes
Member:	Director Jaime L. Miralles

The Committee meets at least quarterly or as often as it is considered necessary and appropriate. In 2022, it held a total of nine meetings and adopted 65 resolutions which tackled the results of the Performance Rating System, organizational changes, establishment of Lending Centers, promotions of senior officers and personnel movements.

Agri-Agra Social Concerns Committee (AASCC)

The AASCC is a Board-level Committee created pursuant to Board Resolution No. 11-253-A dated 26 April 2011. It held regular meetings until its dissolution on June 08, 2022 pursuant to Board Resolution No. 22-394.

Duties and Functions:

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

This Committee was composed of:

Chairperson:	President and CEO Cecilia Cayosa Borrromeo
Vice Chairperson:	Acting DAR Secretary Bernie F. Cruz Alternate: Undersecretary Luis Meinrado C. Pañgulayan
Member:	DA Secretary William D. Dar Alternate: Undersecretary Evelyn G. Laviña Director Virgilio D.V. Robes Director Jaime L. Miralles

The Committee held a total of three meetings in 2022, and issued a total of nine resolutions.

Its last meeting was held on May 11, 2022.

As justified, the dissolution of the Committee will result in the following:

1. Free up the executive time of all the members of the Committee;
2. Avoid duplication of interventions by the Bank, considering that all critical matters resolved by the AASCC are eventually elevated before the Board for confirmation;
3. Avoid overlap and redundancies of functions considering that the roles of the DAR and LANDBANK have evolved, and there are still other avenues through which they can collaborate.

Related Party Transactions Committee (RPT Com)

Duties and Functions:

1. Evaluate on an ongoing basis existing relation between and among business partners and counterparties to ensure that:
 - a. All related parties are continuously identified and recorded;
 - b. All material related party transactions are vetted, recorded, and monitored;
 - c. All pertinent changes in relationship with counterparties are monitored and captured; and all related parties, related party transactions, and changes in relationships with counterparties are reflected in relevant reports submitted to the Board and regulators/supervisors.
2. Evaluate all material related party transactions to ensure that these transactions are not undertaken on more favorable economic terms when compared to similar transactions with non-related parties under similar circumstances and that no Bank resources are misappropriated or misapplied, and to determine any potential risk issues that may arise as a result or in connection with the transaction;
3. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Bank's RPT exposures, and policies on conflicts of interest or potential conflicts of interest;
4. Report to the Board of Directors on a quarterly basis, the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties;
5. Ensure that related parties transactions, including write-off of exposures, are subject to periodic independent review or audit process;
6. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting related party transactions, including the periodic review of the Bank's RPT policies and procedures;

7. Perform other activities which the Committee deems appropriate as necessary and desirable for the performance of its duties and functions under this Charter, as well such other responsibilities which the Board may assign to the Committee from time to time;
8. Regularly report to the Board of Directors its activities, issues and related recommendations;
9. Obtain any information and/or training needed to enhance the committee members' understanding/competence;
10. Review and update the RPT Com Charter at least annually or whenever there are significant changes, and endorse the same to the Board for approval; and
11. Conduct annual self-assessment of the Committee's performance including its effectiveness and compliance with the RPT Com Charter.

This Committee is composed of:

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

The Committee shall meet at least four times a year. However, it was able to hold a total of six meetings in 2022.

For the year 2022, the RPT Com and other appropriate approving authorities/committees vetted and deliberated eight loan transactions, 16 procurement transactions, two donations, one disposal of Bank-owned properties and three other transactions.

The LANDBANK Board has:

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

Related Party Transactions

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

As of December 31, 2022

Name of Counterparty	Relationship Between Parties	Type of Transaction
Overseas Filipino Bank, Inc.	Subsidiary	Renewal of LANDBANK's Deposit Placement with OFBank

Material Related Party Transactions (with individual and aggregate balances)

For the year 2022

Name of Counterparty	Relationship	Nature of Transaction	Terms	Amount	Outstanding Balance as of December 31, 2022	Individual Balance as of December 31, 2022
Overseas Filipino Bank, Inc.	Subsidiary	Renewal of LANDBANK's Deposit Placement with OFBank	No Preferential Terms and/or Conditions	P2,000,000,000.00	P2,000,000,000.00	P2,000,000,000.00
Overseas Filipino Bank, Inc.	Subsidiary	Renewal of LANDBANK's Deposit Placement with OFBank	No Preferential Terms and/or Conditions	P2,000,000,000.00		
LBP Resources and Development Corporation	Subsidiary	Contract for Building Construction/ Renovation/Fit-out Project of LANDBANK Branches/Offices.	No Preferential Terms and/or Conditions	P153,522,799.00	Ongoing contract	
LBP Resources and Development Corporation	Subsidiary	Contract for Building Construction/ Renovation/Fit-out Project of LANDBANK Branches/Offices.	No Preferential Terms and/or Conditions	P300,092,240.70	Not yet consumed. Per TOR, will be used upon consumption of the previous PO	
LBP Resources and Development Corporation	Subsidiary	Contract for Building Construction/ Renovation/Fit-out Project of LANDBANK Branches/Offices.	No Preferential Terms and/or Conditions	P62,625,022.00	Ongoing contract	
LANDBANK Countryside Development Foundation, Inc. (LCDFI)	Subsidiary	Donation to LCDFI for LCDFI's Plans and Programs for 2022	No Preferential Terms and/or Conditions	P36,000,000.00	Ongoing, disbursed total amount of P24,700,000.00 (total LCDFI expenses as of 30 November 2022.	
UCPB Securities Inc. (USI)	Subsidiary	For USI to handle stock market trades for Treasury and Investment Banking Sector and Trust Banking Group.	No Preferential Terms and/or Conditions	Depending on equity trade volume of TIBS and TBG.	CMTD and TPMD are actively trading with USI as the Bank's stock brokerage subsidiary.	
Overseas Filipino Bank, Inc.	Subsidiary	Amendments to the previously approved Terms and Conditionsof the Sale of LBP Electronic Salary Loans (eSL) to Overseas Filipino Bank (OFB)	No Preferential Terms and/or Conditions	Up to P2,000,000,000.00	Tranches 1 and 2 of the sale of eSL were completed last May 11 and June 15, 2022, respectively.	
Trust Department	DOSRI	Redemption/Sale of UCPB US Dollar Bond Fund UITF to Land Bank of the Philippines-Trust Banking Group	No Preferential Terms and/or Conditions	P56,190,390.98	The UCPB US Dollar Bond Fund UIT was redeemed on June 9, 2022 and settled on June 13, 2022	
Aggregate Balance of Material RPTs for the year 2022						P2,000,000,000.00

Audit

The structure of the internal audit and compliance functions including their roles, mandate/authority, and reporting processes

To ensure 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, thru the AC Com, in the discharge of its corporate governance responsibilities (1) by performing an independent and objective evaluation/assessment of management controls and operations performance, including technology risk management processes and IT controls; and (2) by determining the degree of compliance with laws, regulations, managerial policies, accountability measures, ethical standards and contractual obligations. It covers an appraisal of the plan of organization and all the coordinated methods and measures, in order to recommend courses of action on matters relating to operations and management controls. Moreover, in compliance with international standards, internal auditing also adds 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 also reports to the 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 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 12 meetings in 2022 with registered 100% attendance by its members.

The Committee is composed of the following:

Dir. Atty. Jesus V. Hinlo, Jr. (Chairperson)
(until Jan 2022)

Dir. Atty. Jaime L. Miralles (Vice Chairperson)

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

IAG 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 process, validates compliance

with the applicable environmental laws, regulations, and requirements of project financed and collateral properties. 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 Philippine Institute of Volcanology and Seismology (PHIVOLCS) regarding the location of projects if along fault lines or danger zone.

The Environmental Program and Management Department, 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.

Similarly, review is being done during audit of other business units depending on their role, duties, responsibilities based on the existing policy of the Bank.



Outstanding audit findings are regularly monitored and reported to the AC Com until corrective actions committed by business units concerned as well as timeline are assessed as acceptable. Likewise, the effectiveness shall be evaluated in the next audit of the business unit.

Sector Accomplishments

BRANCH BANKING SECTOR

In coordination with other units of the Bank, the Branch Banking Sector (BBS) spearheaded the conversion of 127 UCPB Branches into the LANDBANK system, converting a total of 371,000 deposit accounts with the remaining UCPB Branches to be converted in the first quarter of 2023.

In line with the BSP's thrust of financial inclusion, BBS has launched the Basic Deposit Account (BDA) – Perang Inimpok Savings Option (PISO) Account which aims to reach and provide financial products and services to unbanked and underserved Filipino private individuals with no existing deposit accounts and without the capacity to open a regular deposit savings accounts. By end of December 2022, a total of 7.504 million accounts were opened and converted with the inclusion of DSWD cash cards converted to BDA in the last quarter of 2022.

In support to the Government Social Welfare programs, the Bank's branches together with the Government Programs Support Department have continuously administered funds and have distributed and disbursed cash grants funded under the following:

1. Conditional and unconditional cash transfer programs of the Department of Social Welfare and Development (DSWD) with total amount of P103.91 billion;
2. Service contracting programs and fuel subsidy programs of the Land Transportation Franchising and Regulatory Board with total amount of P9.74 billion;
3. Resettlement action plan entitlements distribution mechanism of the Department of Transportation amounting to P8.19 million; and

4. Department of Agriculture's (DA) Rice Credit Assistance Under the Rice Competitiveness Enhancement Fund (RCEF) Program amounting to P960.77 million. These programs have benefitted 17.26 million beneficiaries across the country.

For 2023, BBS aims to increase usage of the Bank's digital banking solutions through comprehensive marketing on the utilization of the iAccess, Mobile Banking Application, weAccess, LinkBiz Portal and other digital platforms to all deposit clients more particularly to local government units and barangays. The Sector shall also continue to support the National Government's socio-economic programs through timely disbursement services to target beneficiaries. Likewise, in contribution to the Bank's institutional viability, it shall grow the bancassurance services as additional income stream and shall continue to refer bank clients for cross selling and inclusive marketing to the National Development Lending Sector. It shall also continue to train its human resources to focus on the digital products and services to ensure high-potential officers and employees.

CORPORATE SERVICES SECTOR

The Corporate Services Sector's (CSS) many roles include managing the Bank's human resources, facilities and engineering services, corporate affairs and customer care, procurement, agrarian services, property valuation and credit information services, as well as the operation of the employees' Provident Fund.

Human Resource Management Group

The Human Resource Management Group (HRMG) is in charge of providing human resource support services such as personnel administration, employee relations, and organization development.

HRMG facilitated numerous activities that created significant impact on the Bank's operations and provided opportunities for better employee engagement and productivity. These 2022 initiatives of HRMG are detailed in the Organizational Agility Section on pages 54-69.

Facilities and Engineering Services Group

The Facilities and Engineering Services Group (FESG) administers the Bank's facilities and properties in the Head Office and NCR. They are also in charge of the transport, architectural and engineering requirements of the Bank.

In 2022, the FESG completed the following: construction/

fit-out of 6 Agri-hubs, 5 Branches and 1 Lending Center; reconfiguration of 17 Lending Centers; and renovation/relocation of 31 Branches and 7 Lending Centers. By end-December 2022, the construction of the Davao Corporate Center and the LANDBANK Leadership and Development Center (LLDC) were almost completed.

Former UCPB Branches were also placed with LANDBANK signage and were re-cabled for conversion.

Corporate Affairs Group

The Corporate Affairs Group (CAG) handles the Bank's external and internal communications and provides customer care services to the Bank's clients.

In 2022, CAG completed a quad-media campaign to reintroduce LANDBANK's new tagline, "Serving the Nation", which was intensified by 182 press releases with 1,870 multimedia pick-ups, supported by 256 audio visual presentations, 479 marketing collaterals and 152 events, and reaching an estimated 328 million views and listens via TV and radio ads, respectively.

CAG also processed a total of P10 million worth of sponsorships that will gain media mileage for the Bank and P65 million worth of donations to provide assistance to Local Government Units (LGUs), National Government Agencies (NGAs), GOCCs and private entities for endeavors such as humanitarian aid, financial inclusion, environmental preservation, education, and other activities that helped maintain or improve client and community relations.

Other CAG initiatives include conduct of AgriSenso, which is a series of webinars that encourage collaboration among players in the agricultural, fisheries, and livestock industries; rebranding of former UCPB branches; and the facilitation of the 2022 Nationwide Customer Satisfaction Survey (turn to page 29).

Agrarian Services Group

The Agrarian Services Group (ASG) is in-charge of the processing of all land transfer claims forwarded by the Department of Agrarian Reform (DAR) and computes the administrative valuation to be offered as compensation to the landowners.

As support to DAR and other agrarian stakeholders, ASG processed and approved 919 Land Transfer Claims (LTCs) consisting of 5,771 hectares as of Dec. 31, 2022. In addition to processing LTCs, ASG has also actively participated in the crafting and implementation of the one-year moratorium on land amortizations of Agrarian Reform Beneficiaries (ARBs). Implementing Rules and Regulations of Executive Order No. 4, series of 2022,

which was issued by President Ferdinand Marcos Jr. on Sept. 13, 2022, aims to provide much-needed relief to ARBs who are struggling to make their land amortization payments.

During the year, the functions and reporting line/supervision of Property Valuation and Credit Information Department's (PVCID) Field Teams were transferred to the Agrarian Operations Centers (AOCs) as an interim measure for a more efficient conduct of appraisal services in support of the Bank's lending services to target clientele.

Property Valuation and Credit Information Department

The Bank's property valuation/appraisal services are handled by the Property Valuation and Credit Information Department (PVCID).

PVCID provided appraisal services for the right-of-way (ROW) of several Department of Public Works and Highways (DPWH) and Department of Transportation (DOTr) infrastructure projects, ensuring that they are acquired at fair market value while protecting the interests of both the government and the private sector. In recognition of its work, the Bank was awarded the ADFIAP 2022 Merit Award for its ROW Appraisal of the DPWH and the DOTr's infrastructure projects under the National Government's "Build, Build, Build" Program.

Also, PVCID appraised a total of 192 special projects, consisting of 6,701 lots and 3,358 structures/improvements. The DPWH accounted for 183 of these projects, with 5,641 lots appraised. Meanwhile, the DOTr had 10 projects, with 1,060 lots and 3,358 structures/improvements appraised.

Procurement Department

The Procurement Department (ProcD) is responsible for the efficient acquisition of goods and services as well as management and control of stock items.

Despite the challenges brought about by the pandemic, the ProcD continued to purchase goods and services to support the Bank's operations at all fronts. In the first quarter of 2022, the total procurement spending of the Bank was at P1.5 billion. By year-end, this figure had reached P8.7 billion, which resulted to a significant increase in procurement spending after ProcD implemented a number of measures to streamline the procurement process.

HOBAC Secretariat Unit

The Head Office Bids and Awards Committee (HOBAC) Secretariat Unit is a standalone unit under the direct supervision of the CSS. It serves as the main administrative and technical support to the HOBAC.

The HOBAC Secretariat Unit assists in facilitating the procurement activities of the Bank's projects. Among the top projects in 2022 were as follows:

1. Lease of Armored Vehicle Services in Various Regions
2. Automated Teller Machine (Thru the Wall and Lobby Type)
3. Security Guard Services for LANDBANK Branches in Various Regions
4. Shared Cyber Defense Solution

Provident Fund Department

Provident Fund Department's (PFD) functions involve the management of employees' Provident and Housing Funds, and other assistance and security funds; administration of employees' loans, investment of funds; and development of new products that are responsive to its members' needs.

By the end of 2022, PFD reported total assets of P23.76 billion. Total assets comprised largely of loans receivables from LANDBANK employees amounting to P15 billion; and investments of P8.6 billion. Members' equity reached P22.87 billion with the highest number of members recorded at 12,662. Meanwhile, total gross income reached P881.37 million, which was derived mainly from investments and loans receivable. While the net income for the year hit P809.02 million. For 2023, CSS will pursue the following plans and programs to improve its services and support LANDBANK's trajectory of growth:

1. Greening LANDBANK

This aims to reduce the Bank's carbon footprint through the installation of solar panels, and use of hybrid vehicles.

2. Engineering Support to Field Units

This aims to help field units to operate more efficiently and boost the Bank's presence in all provinces in the country by completing the construction or fit-out of new branches and new corporate centers, as well as relocations and renovations of existing branches and corporate centers.

3. Conduct of 2023 Nationwide Customer Satisfaction Survey

This is in accordance with the customer satisfaction survey standards of the GCG through engagement of a third-party consultant.

4. Conduct of the Bank's 60th Anniversary activities

This includes awarding and client appreciation ceremonies, exhibit and book launch, inauguration of LANDBANK structures, corporate social responsibility initiatives, as well as other events for the Bank's employees.

5. Acquisition of Enterprise Procurement Management System (EPMS)

EPMS is a software solution which will cover the end-to-end procurement process from planning, requisitioning, sourcing, purchasing, delivery, supplier management, contract management and invoice payment, as well as supplies inventory management.

6. Completion of Preparation for Higher Level of Civil Service Commission (CSC) Prime-HRM Accreditation

CSS is committed to work towards achieving a higher level of CSC Prime-HRM Accreditation which is a recognition granted by the CSC to agencies that have demonstrated excellence in human resource management practices.

7. Implementation of Competency Framework/Model

This aims to address competency gaps identified in PY 2022 through Learning and Development interventions, and to enhance the Position Competency Profiles for Critical Positions.

The Competency Framework has been included in the Bank's Performance Scorecard or commitments with the GCG, under the Learning and Growth Perspective. This commitment aims to determine the competency level and/or improvement in the competency level of the organization. For 2023, CSS committed the following with GCG: (a) Board-approved Competency Model/PCPs of identified critical positions and (b) Baseline data on competency level of the organization through competency assessment.

8. Commencement of the LANDBANK Learning Institute's (LLI) Operations

The creation of LLI is in support of the Bank's mission to develop and nurture its talents. It will offer relevant and sustainable competency-based blended learning interventions focusing on Core, Functional, and Leadership Competencies.

DIGITAL BANKING SECTOR

Consistent with LANDBANK's vision to be at the forefront of nation-building through the promotion of digital transformation, the Digital Banking Sector (DBS) worked on building up the digital banking platforms of the Bank which recorded 158.9 million transactions in 2022, exhibiting a 14% growth as compared to the previous year's volume. The combined utilization of the Mobile Banking Application (MBA), Electronic Modified Disbursement System (eMDS), Link.Biz Portal and LANDBANK Bulk Credit System (LBSCS) contributed significantly to the increase in digital banking transaction volume. The rise in transaction volume correspondingly generated Php 720.6M in gross income, a 110% increase from 2021.

To further encourage the use of digital channels for financial transactions, the DBS formally introduced in April 2022 the LANDBANKPay, an all-in-one electronic wallet or virtual prepaid account that can be used for safer and more convenient mobile-based payments. And for this initiative, the Bank was recognized as the Most Innovative Company of the Year during the 13th Asia CEO Awards ceremony.

Also in 2022, DBS launched the pilot implementation of the Automated Fare Collection System (AFCS) in furtherance of the initiative of the Department of Transportation (DOTr) to modernize the public transportation system. LANDBANK has enabled the linking of its AFCS Cards to the LBP MBA providing customers the convenience to top-up balance of their cards as well as making the AFCS cards available as source accounts for fund transfer.

In support of Malacañang Executive Order 170 or the Adoption of Digital Payments for Government Disbursement and Collections, the DBS onboarded 288 new government merchants, including 182 LGUs, in the Link.BizPortal - making the total number of government merchants to 798. This enabled customers to enjoy online payment of their local government's fees and charges, as they escape long queues and waiting time.

Moreover, various enhancements on the existing digital banking channels were implemented so as to expand their functionalities and usability. This includes enhancement of the MBA, for both LANDBANK and Overseas Filipino Bank (OFBank), to provide customers a facility to open an account and enable Retail Treasury Bond (RTB) placements. For 2022, the total placements generated through the MBA reached P297 million for RTB-27 and RTB-28.

The DBS' thrust for 2023 is to further expand its digital banking touchpoints to enable the Bank to reach more clients, especially in the unbanked and underserved areas in the country. The Sector plans to onboard 194 Agent Banking Partner sites, of which 21 must be from unbanked municipalities. Seventy Point-of-Sale terminals are also targeted to be installed within the year.

The Sector intends to enjoin 920 new LGUs to use the Bank's digital payment platforms in support of the National Government's push for Digital Collections and Disbursements. To maximize utilization of these digital payment platforms, DBS is targeting to increase its government and private merchants in the Link.Biz Portal to 1,603 by the end of 2023.

For 2023, another DBS' goal is to increase the income generated from various digital banking transactions to Php 810 million, a 47% increase from Php550.82 million income generated during the previous year.



NATIONAL DEVELOPMENT LENDING SECTOR

The National Development Lending Sector (NDLS) provides responsive and timely credit assistance and other interventions to the Bank's priority and mandated sectors. These include small farmers and fishers, agrarian reform beneficiaries, micro, small, and medium enterprises, and agri- and aqua-related businesses. The sector also has programs aligned with the National Government's development agenda which focuses on inclusive growth and nation-building.

For efficient management, the Sector's lending units are clustered by major island-groups namely Northern and Central Luzon, Southern Luzon, Visayas, and Mindanao. Meanwhile, the Head Office units are segregated based on asset size and client types - the Corporate Banking Group (CBG) and the Retail and Mid-Market Lending Groups (RLMG).

CBG has five departments: The Corporate Banking Departments 1 and 2 (CBD 1 and CBD 2) which handles large corporations; the Microfinance Institutions Department (MFID) which focuses on lending to cooperatives and microfinance institutions; the Public Sector Department (PSD) which caters to government accounts; and the Financial Institutions Department (FID) which manages 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), including OFW loans in the NCR.

In support of the Bank's mission to provide service to the unbanked and underserved areas and to promote inclusive growth, the NDLS through the Lending Program Management Group (LPMG) continues to develop, manage, and monitor Lending Programs while the Lending Support Department (LSD) takes the role of providing nationwide administrative and backroom support to all lending groups.

With the objective of widening its reach and addressing the need to provide assistance to more clients, new lending programs were added to the Sector's roster of programs. For more information on these programs, please turn to New Lending Programs on pages 19-20.



70 Lending Units

12 based in the Head Office
58 located in key provinces

By end-2022, the NDLS has a total of 70 lending units, 12 of which are based in the Head Office while 58 are located in key provinces nationwide. The Sector also obtained a total loan portfolio of P1.044 Trillion with its steadfast dedication to attain inclusive growth through the delivery of innovative financial products and services powered by the Bank's digital platforms.

The Sector's core strategy has been the intensification of loans to the mandated sectors and the prioritization of sustaining its financial growth while remaining committed to its social mandate to spur countryside development. For the detailed discussion of loans to priority sectors, please turn to pages 15-17.

Moving forward, NDLS shall concentrate on the programs that aim to manage efficient delivery of targets, meet customer expectations, and remain at the forefront of nation-building through digital transformation of lending processes and services. The Sector's goal shall be achieved by system developments and enhancements that will simplify the Bank's lending process and make the Bank's lending products more accessible to borrowers. It also aims to expand quality loan portfolio and significantly reduce the past due rate and non-performing loans. Revenue streams shall be optimized by wider interest margins for better yield and higher income from fee-based transactions.

NDLS will also continue to strengthen and fortify the skills, knowledge and capabilities of its core strength—its personnel. Through consistent training, coaching and mentoring, the Sector aims to build a team of focused and highly trained officers and staff. It will likewise expand its touchpoints by splitting key units to further broaden reach and provide more responsive credit assistance in far-flung and unbanked areas. Moreover, the Sector will focus on the improvement of client relationships through enhanced customer experience, better account management, and responsive communication and client-connection through social media platforms.

OPERATIONS SECTOR

The Operations Sector (OS) undertakes the provision of bank wide operational support including the accounting services and development and implementation of information technology system-related infrastructure.

The OS comprises four groups namely the Banking Operations Group (BOG), the Banking Services Group (BSG), the Controllershship Group (CG), and the Technology Management Group (TMG).

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 2022, BOG has provided support with the implementation of the following:

1. Migration of UCPB Loans to LANDBANK Loan and Collateral Systems (Symbols/CMS) under the LANDBANK-UCPB Merger in March 2022. The migration aims to generate consolidated reports and booking of loans for both LANDBANK and former UCPB accounts.
2. Centralized Collateral Management
The Centralized Collateral Management aims to administer and monitor the consolidated borrowers' collaterals with LANDBANK and former UCPB accounts, including payments and updates of Real Property Taxes and Insurances. The total collaterals increased by 678% from 142,078 to 1,105,825 accounts from 2021 to 2022.
3. Multiple Batch Settlement (MBS) for PESONet Transactions
The MBS aims to make funds available to beneficiaries through additional settlements/processing cycles within a given clearing/business day. Its successful implementation in January 2022 increased the volume of PESONet transactions by 15% and PESONet value by about 30% by end-December 2022.
4. Consolidation of Accounts on Trade Transactions
The consolidated processing of LANDBANK and former UCPB trade-related transaction accounts indicated significant increases from 2021 to 2022, as follows:

Description	January-December 2022		January-December 2021		% Changes	
	Count	Amount (in P billions)	Count	Amount (in P billions)	In Count	In Amount
LCs Opened	1,157	42.879	560	20.476	107%	109%
LCs Negotiated	1,958	43.528	1,268	31.426	54%	39%
Trust Receipts	5,369	42.776	3,931	20.220	37%	112%
Exports	327	2.071	309	.930	6%	123%
Customs Duties & Taxes	18,170	5.641 Bn	1,174	2.118 Bn	1,448%	166%

For year 2023, BOG shall continue to migrate the remaining UCPB commercial loan accounts to LANDBANK's SYMBOLS/CMS and to support lending operations through the implementation of programs and other initiatives, as follows:

1. Automated application of payment in Symbols and TFS through ADA;
2. Online acceptance of loan and trade transaction payments via WeAccess or iAccess;
3. Process enhancements to maintain "Due to/Due from" booking; and
4. SYMBOLS/CMS Upgrades/Enhancements.

Banking Services Group

BSG provides critical support to all Branches on the settlement and centralized processing of inward and outward clearing checks, conversion of specimen signature cards to electronic data, cash servicing, processing of Notice of Cash Allocation (NCA), collections and remittances. Further, BSG handles the processing and settlement of all interbank ATM and other digital banking transactions, client complaints, and centralized in-house card production.

BSG's major accomplishments in 2022 are as follows:

1. Successfully integrated the UCPB Clearing Operations, government collections and ATM Operations back-office support with LANDBANK Operations;
2. Conducted the retooling of branches personnel on ATM Operations via Webinar/LEAP to enhance/refresh them on the proper implementation of existing and new systems and procedures;
3. Simplified the procedure on dropping-off of cash deposit slips and check deposits to any online covered LANDBANK branches; and
4. Complied and successfully supported the implementation of Online Collection (OnColl) Facility for the National Government Collections and Disbursement System (NGCDS) of the Bureau of the Treasury (BTr).

BSG will continually improve its services for the year 2023 by undertaking initiatives to increase support to front-office operations through:

1. Splitting of the Central Clearing Department (CCD) into two working locations – Head Office and off-site/back-up site;
2. Review the requirement for callback of Inward Clearing Check (ICC) transactions;
3. Electronic transmission of other banks' disputed transactions for validation of LANDBANK acquiring branches; and
4. Development of a LANDBANK Internal Reconciliation System (LIRS) for reconciling items of various ATM and other electronic/digital banking transactions.

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 2022, CG has increased its operational efficiency through:

1. Continuous consolidation of Accounting Centers/Accounting Units thereby reducing manpower and other operating costs;
2. Implementation of the electronic sending of clients' Statement of Securities Accounts to the Bank's treasury investors;
3. Centralization of the booking of payroll transactions of all Bank personnel at the Head Office and the GSIS' remittances of premiums and loan amortization; and
4. initiated the development of the BSP Reports Manager to include the reporting of Consolidated Daily Report of Condition.

The Group likewise participated in various Information Technology (IT) projects and programs for an effective and efficient delivery of Bank services, such as:

1. Enhancement of Inter-branch Transaction Online System (IBTOLS) to allow encoding of additional information to eliminate the preparation of Inter-Office Advice (IOA) for proper branch/unit booking purposes;
2. Enhancement of Agrarian Reform Receivable System (ARRS) to accommodate booking of Land Purchased Expropriated (LPEX) account;
3. Upgrading of the Financial Management and Capital Adequacy Ratio Consolidator Systems to the latest version;
4. Enhancement of various financial systems (PesoNet, PDDTS, SWIFT); and
5. Overseeing the integration of the UCPB operations into LANDBANK, particularly the booking of transactions, monitoring/control of budget, disbursement and payroll processing, transfer/migration of UCPB client's investment to LBP's account with BTR's NRoSS system and the deactivation/termination of the UCPB SWIFT.

For 2023, CG will set-up a unit to provide financial accounting support to LANDBANK and former UCPB subsidiaries to maximize resources and facilitate intra-group transactions among the parent bank and subsidiaries. In line with the Group's effort to streamline operations, the callback of transactions will be eliminated given the existence of sufficient control measures. The preparation of regulatory and management reports will also be centralized at the Head Office. The Group will continue to pursue consolidation of Accounting Centers/ Accounting Units and further improvement of the electronic sending of Confirmation Of Sale (COS) to clients in order to reduce costs (paper, manhours, mailing).

Technology Management Group

Technology Management Group (TMG) handles the Bank's Information Technology (IT) management, plans, architectural designs, implementation of IT programs, management and enhancement of IT systems and infrastructure, including IT security.

The emergence of digitalization has also emphasized the critical importance of digital products and services, along with the need for heightened cyber security measures. IT systems including their supporting architectures are continuously being updated to accommodate the growing requirements.

For the list of IT projects and initiatives implemented in 2022 and IT plans for 2023, please turn to the report on Information Technology Support and Bank Process Automation on pages 31-32.



TREASURY AND INVESTMENT BANKING SECTOR

In 2022, the Treasury and Investment Banking Sector (TIBS) undertook the following major initiatives:

Secured approvals of the LANDBANK-UCPB merger

Started in 2021, IBG took the lead in structuring and securing the necessary approvals to ensure the successful integration and merger activities of the LANDBANK and UCPB.

Pursuant to Malacañang Executive Order No. 142, series of 2021, the merger between LANDBANK and UCPB, with the former as the surviving entity became effective on March 1, 2022.

Major investment banking deals

LANDBANK acted as the Lead Issue Manager for the 27th Tranche of the BTr's 5-year Retail Treasury Bonds (RTBs) and 28th Tranche of the 5.5-year RTB issued in February and September 2022 respectively, in support of the government's fund-raising activities. The National Government received P457.80 billion from RTB 27th Tranche and P420.50 billion from RTB 28th Tranche. The proceeds of these issuances funded the country's emergency, recovery, and resiliency efforts, and financed government expenditures that are geared to support sectors most affected by the COVID-19 pandemic, particularly the unemployed, MSMEs, and healthcare system; construction of infrastructure projects; refinancing of existing debt, and other key national expenditures.

The Bank also acted as the Sole Arranger and Advisor for the National Home Mortgage Finance Corporation's BALAI SHELTER Compliance Asset-Backed Securities (ABS) Issuance issued in December 2022, which is the first ever ABS offered to real estate developers as an alternative to the Balanced Housing Development Program.

Other major deals include:

1. Mandated Lead Arranger and Bookrunner in the P20 billion Medium-Term Loan Facility of SMC SLEX Holdings Company, Inc.;
2. Participation in the P5-Billion Syndicated Loan Facility for the Makati Life Nurture Medical Center project; and
3. Financial Advisor to Overseas Filipino Bank and LBP Resources and Development Corporation for various projects that helped improve their income and capital.

The Bank's investment portfolio also grew by P95.26 billion or 7.88% from P1,208.90 billion in 2021 to P1,304.16 billion in 2022 funded by the increase in the Bank's

deposit liabilities from P2,268.79 billion to P2,762.61 billion year-on-year. In addition, the merger with UCPB further boosted LANDBANK's investment assets. Income from the investment portfolio expanded by P8.36 billion or 25.93% from P32.24 billion in 2021 to P40.60 billion in 2022. This was achieved by maintaining a short investment duration to take advantage of increasing market yields on the short end of the curve following the 350-bps and 425-bps policy rate hikes implemented by the BSP and the Federal Reserve, respectively

The Bank was also a major selling agent for BTr's RTB Tranches 27 and 28 and for major corporate issuances of various private companies such as San Miguel Corporation, SM Prime Holdings, SM Investment Corporation, Robinsons Land Corporation, Megawide Construction Corporation, among others.

For 2023, TIBS plans and programs include the following:

Generate optimum income for the bank's investment portfolio while managing risk

For 2023, TIBS will focus on managing the impact of rising interest rates to the Bank's capital. With the goal of strategically managing the Bank's balance sheet by addressing interest rate gaps in the banking book, TIBS will continuously track the impact of interest rate risks on both earnings and capital. It is pivotal for an inherently mismatched maturity of loans and deposits to maintain a portfolio of investments with short duration that would effectively confine gaps. This will also help maintain a strong capital level in support of credit growth, expansion requirements and regulatory compliance.

TIBS will also continue to reduce the Bank's exposure to market risk while ensuring the availability of adequate funding at all times for its operational and commercial requirements.

Continuing support to the Bank and National Government's Strategic initiatives

With TIBS' major role in the implementation of several of the Bank's strategic initiatives, the Sector will continue to handle various special projects including those from the Department of Finance and the BTr. The successful completion of these projects is expected to add value to the national coffers and financial resources of the national government

TIBS will reinforce its dominance in getting mandates for government deals such as bond issuances, valuation advisories and designation as Lead Arranger or Advisor for various government agency transactions.

UNITS UNDER OFFICE OF THE PRESIDENT AND THE BOARD

Assets Recovery Group

The Asset Recovery Group (ARG) handles a more focused and aggressive remedial management, collection and recovery of past due, litigated and written-off accounts. ARG likewise handles the disposal and marketing of the Bank's acquired assets.

In 2022, ARG pursued the engagement of external collection agencies to intensify collection and recoveries. Similarly, to intensify marketing and disposal, the Group has conducted the wholesale/bulk disposition of ROPAs and the Modified/Virtual Public Biddings and accredited licensed brokers.

To improve its operational efficiency for 2023, ARG shall focus on the following:

1. Centralization at the Head Office of remedial accounts administration;
2. Conceptualization and launching of the Bank's ROPA Tagline/Mascot;
3. Commission of Notary Public;
4. Generation of Quick Response (QR) codes re Invitations for bidding and Negotiated Sale Offers for the Bank's ROPAs;
5. Development of an instructional video/tutorial for the pre-bidding processes/procedures; and
6. Focused marketing of the ROPAs with the Local Government Units (housing/other projects in the locality), and the car dealers.

Compliance Management Group

In 2022, the Compliance Management Group (CMG) oversaw the implementation of the Bank's Compliance Risk Management System which is designed to identify and mitigate compliance risks which may erode the franchise value of the Bank such as risks of regulatory sanctions, material financial loss or loss to reputation that the Bank may suffer, as a result of its failure to comply with laws, rules, regulations, related self-regulatory organization standards, and codes of conduct applicable to its activities.

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

CMG is headed by a Chief Compliance Officer (CCO) who functionally reports to the LANDBANK Board of Directors through the Audit and Compliance Committee (ACCom). It has two departments, namely: Regulatory Compliance Department (RCD) and Anti-Money Laundering Department (AMLD) which are responsible for the management of implementation of the Bank's Compliance Program and Money Laundering and Terrorist Financing Prevention Program (MTPP), respectively.

For 2023, CMG will continuously perform its functions in accordance with the provisions of BSP Circular 972 Series of 2017 Enhanced Guidelines in Strengthening Compliance Frameworks.

Internal Audit Group

In 2022, the Internal Audit Group (IAG) completed a total of 495 audit engagements or 111% of its target, composed of 483 business units, application systems, and processes including the independent validation of the ICAAP document and Recovery Plan, review of risk measurement models, outsourced systems, and system development advisories while the remaining 12 comprise the audit of non-System Development Life Cycle projects, Customer Security Program of the Society for Worldwide Interbank Financial Telecommunication, Business Continuity Management Plan, Information Security Program, Emergency Drills, and IT Drills. In addition to these regular audit engagements, IAG also conducted 135 special audit engagements of the former UCPB branches upon conversion. Likewise, the Group performed confirmation of private deposit accounts.

IAG completed the documentary requirements and sought the approval of the Head Office Bids and Awards Committee (HOBAC) for the procurement of consultancy service of a third party reviewer for External Quality Assessment, a requirement of BSP Circular No. 871 series 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.

To adapt to the "next normal" that is driven by the changes in the business environment, emerging risks, and advancement in technology, IAG performed technology-enabled analyses of the Bank's transactions through the use of Audit Command Language and Enterprise Fraud Management System. Likewise, it continuously explored the various applications of M365 not only as a collaboration tool with its audit clients and other Bank units but also as a means of automating

certain processes and activities of the internal audit processes to generate efficiencies within the business and audit engagements.

For 2023, IAG shall continue to conduct a risk-based internal audit of various business units, IT systems and processes, review of risk models, and review of the ICAAP document, and Recovery Plan. It shall undergo an External Quality Assurance Review by a third party appraiser who will assess and express an opinion about internal audit's conformance to the International Audit Standards, Definition of Internal Auditing, and Code of Ethics and to include recommendations for improvements, as appropriate.

Additionally, relative to the LANDBANK and UCPB merger, the Group shall conduct a special audit of the remaining 78 UCPB branches upon their conversion/closure. Also included in IAG's 2023 Plans and Programs is the automation of its major audit activities from audit planning up to monitoring to be developed internally by IAG personnel using various applications available in M365 instead of purchasing an off the shelf system. This program aims to promote process improvement, better collaboration, decrease redundancies via workflow automation, contribute to the Bank's thrust of digitalization of documents and contribute to the cost reduction. IAG shall also perform confirmation of Salary Loan and Regular Loan Balances through electronic mail.

Legal Services Group

In 2022, the Legal Services Group (LSG) supported the major business initiatives of the Bank by fulfilling its mandate in providing legal services to all units. Some of its major accomplishments include the following:

1. Obtained 707 favorable decisions in Agrarian, Banking, Lending, Litigation, and Administrative cases involving an estimated amount of P1.1 Billion, 39 of which were handled by the OGCC but monitored by the Special Legal Concerns Department [SLCD];
2. Prepared and/or reviewed 59,815 contracts including MOA and other documents;
3. Issued 3,504 Legal Opinions;
4. Notarized 40,015 documents which translated to about P12.6 billion savings (notarial fees) for the Bank; e.) Acted on 25,080 Garnishment Cases;
5. Issued 8,606 administrative clearances for resignation, promotion, travel, fidelity bond, and employees' applications for GSIS loans, separation, or retirement claims;

6. Issued 1,957 Final Demand Letters and 72 Final Notices to Vacate;
7. Authenticated 2,532 Agrarian Reform Bonds and Reviewed 1,403 Claim Folders; and
8. Endorsed 78 Cases and Transmitted 1,117 Documents to the OGCC.

The Group also had an active participation in the preparation, provision, and contribution on documentary submissions for the LANDBANK-UCPB Merger and Hanjin loan account.

Finally, the LSG provided templates for loan documents for additional credit facilities established upon the LANDBANK-UCPB merger (e.g. motor vehicle loans); launched the pilot implementation of the Legal Management Information System (LIMS on M365) in December 2022; and finalized the SLCD's Manual of Operations.

For 2023, LSG's main thrust focuses on placing the Bank "at the forefront of nation-building" by providing streamlined, efficient, and responsive services to our intended clients. One of its programs focuses on the execution of Service Level Agreements (or SLAs) aimed at ensuring the organized, streamlined, and well-defined rendition of LSG-related services with the other bank units.

By the end of 2023, LSG also aims for the implementation of the following programs:

1. Full implementation of the Legal Information Management System (LIMS) M365 which will serve as the centralized database of all LSG-referred cases; legal referrals; garnishment-related matters; and opinions. This System will also serve as the central repository of digitized copies of all contracts entered into by the Bank;
2. Conduct an Interactive Workshop where the Administrative Legal Department will impart relevant knowledge and techniques to the Bank's investigators and auditors to guarantee substantial evidence-build up in administrative prosecution; and
3. Facilitate the eLearning Access Portal (or LEAP) Refresher Course on Administrative/Disciplinary cases with the ultimate goal of raising awareness of the Bank's existing rules on administrative cases and the pertinent processes involved therein, and to serve as a deterrent in the occurrence of violations or reportable incidents in the Bank.

Risk Management Group

The Enterprise Risk Management Framework dawned to its transformation in 2022 with the inclusion of environmental and social risks in its risk universe. These are introduced consistent with the sustainability goals of LANDBANK and in support of the thrust of the BSP with its issuance of BSP Circulars 1085 and 1128. The Risk Management Group (RMG) has integrated its information technology and information security risk in the framework to highlight the importance of the management of cybersecurity risk in the bank's risk strategies.

The Group also delivered process efficiencies through a number of streamlining and automation activities which include among others:

1. Implementation of an enterprise-wide risk rating tool which improved turn around time of the credit rating process by a remarkable 80%;
2. Continuous improvement in operational risk management tools that streamlined the operational risk and control self-assessment process year-on-year by 86%;
3. Completion of the development and testing of an automated expected credit loss (ECL) calculation system which is expected to deliver improved turnaround time and seamless integration of loan data to the ECL calculation system; and
4. Adoption of a paperless standard which helped reduce paper and ink year-on-year target by 63%.

The biggest project of RMG to commence in 2023 is the Operational Risk Management System (ORMS). The ORMS aims to deliver improved efficiencies and eliminate procedural redundancies throughout the Bank and its subsidiaries with the automation of the operational risk management tools and processes including the calculation of advanced approaches for operational risk capital charge.

In support of digital transformation, the IT and information security risk is driven to provide risk management tools through the following initiatives and programs:

1. Security risk rating - a data-driven dynamic measurement of the Bank's cybersecurity performance which can be used to reduce risk, operate more efficiently, protect reputation, and improve reporting;

2. Improved phishing simulation - automated phishing simulation exercises to intensify awareness and equip our personnel with first-hand experience in identifying, detecting, and reporting phishing emails through simulation of almost to real scenario attacks; and
3. Performance of regulatory and industry standard assessments like enterprise IT security risk assessment (EITSRA), payment card industry data security standards (PCIDSS), and SWIFT customer security controls framework (CSCF).

Strategy and Knowledge Management Group

Strategy and Knowledge Management Group (SKMG) provides analytical guidance to the Bank through the strategic management of the Bank's corporate planning, research and policy studies, enterprise data, and quality and innovation. SKMG is composed of four (4) Bank Units, namely, Corporate Planning and Strategy Management Department, Enterprise Data Management Department, Economic and Policy Research Department and Quality and Innovation Management Department.

In 2022, SKMG led the crafting of the Bank's Medium-Term Plan for 2023-2028 which will serve as the blueprint of all strategies and initiatives of the Bank for the next five years. This is aligned with the new administration's 8-point socioeconomic agenda which aims to address the immediate concerns of the country, such as inflation, by protecting the purchasing power of families and consumers and mitigate the socioeconomic scarring brought by the COVID-19 pandemic.

SKMG facilitated 82 LGU Focal Teams in the crafting of their LGU engagement plans containing comprehensive strategies to get a bigger share in deposits and loans, while onboarding them to the various digital channels available. By the end of 2022, LANDBANK has already covered 80% of the 1,634 cities and municipalities nationwide.

In view of the UCPB-LANDBANK merger, SKMG recommended the final assessment of the former UCPB branches using the existing LANDBANK branching parameters that took into consideration deposit levels and transaction volume, location, and proximity to nearest LANDBANK branch, capacity of the absorbing branch, among others.

In preparation for the 2023 IMS accreditation, SKMG conducted assessments to 10 HO units and 12 cross-

functional processes, involving 41 bank units in head office.

For 2023, SKMG will continue to provide technical support and assistance to top management and other units of the bank through provision of comprehensive analysis of the various factors that will support the Bank's strategies.

To improve the internal process of the Bank, SKMG will take the lead in the recertification to QMS ISO 9001:2015 by the end of 2023.

SKMG shall also continue to provide management, branch banking, lending, digital banking, and investment sectors with relevant information including processed data to update the LGU Engagement Plan to ensure extensive presence of LANDBANK especially in the unbanked and underserved areas.

In the area of digital transformation, SKMG will continue to shepherd the Bank's journey through the Data and Digital Academy with training programs to be administered by the Organizational Development Department. SKMG will also establish metrics and framework for technology innovation to manage these through the stages of ideation, experimentation, and adoption.

SKMG shall support the achievement of the 2023 commitments, monitor and ensure compliance by all Bank units on the LANDBANK President's 6-point agenda which include increase in net income, establishment of LANDBANK touchpoints in all LGUs, onboarding all government merchants in the Bank's digital portals, grow digital transactions in terms of value and volume, increase the number of assisted small farmers and fishers and MSMEs and improve the cost-to-income ratio of the Bank.

Trust Banking Group

LANDBANK's Trust Banking Group (TBG) has achieved a significant milestone in 2022, surpassing its Asset Under Management (AUM) target by an impressive 26% and reaching P523.58 billion. This achievement has enabled TBG to become the fourth-largest trust entity in the industry based on AUM, up from its fifth position in 2021. This is attributed to its unwavering dedication in offering high-quality products and services, improving customer service, and providing clients with convenient ways to invest, access, and monitor their trust and investment portfolios.

TBG remains optimistic about 2023 as it inches closer to its goal of P600 billion AUM in time for the Bank's 60th anniversary. It plans to further expand its business and enhance customer experience by introducing new products and services, such as the online account opening facilities for Unit Investment Trust Fund (UITF) through the LANDBANK Mobile Banking Application (MBA). This will allow clients to submit their UITF account opening application to TBG from the comfort of their homes. Additionally, TBG is partnering with OFBank to offer UITFs on the OFBank MBA, and enable Overseas Filipinos to open and manage their LANDBANK UITF online.

Further, as part of TBG's continuing support of the National Government's efforts to promote savings and investment for retirement, TBG shall expand its product offerings on the Personal Equity and Retirement Account (PERA) Digital Platform to include the LANDBANK PERA Money Market Fund UITF. This will complement the already available LANDBANK PERA Bond Fund and provide customers with an additional option to invest in their retirement plans.

Moreover, TBG plans to expand its service offerings to include loan management services for clients who avail themselves of its Provident Fund and Employee Benefit Trust services. This new feature will allow TBG to efficiently manage the loans of its client's members in addition to processing employee retirement and separation benefits. With this service, TBG aims to streamline its clients' loan management processes, providing a convenient and hassle-free experience for both the client and their employees.

In line with the Bank's vision to be at the forefront of nation-building, TBG aims to sustain its growth and become a leading trust entity in the country.



Risk Management

Philosophy and Culture

Risk Management (RM) goes hand-in-hand with LANDBANK's business strategy. The Bank has adequate RM framework, policies, and internal controls. The RM systems, processes and procedures are continuously reviewed and updated with the guidance and active participation of the LANDBANK Board, Risk Oversight Committee (RiskCom) and Senior Management.

The Bank's 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.

Results of audit engagements disclosed that the Bank's overall internal control, risk management, and compliance processes provide reasonable assurance that the operating objectives are met in the areas of: (1) efficiency and effectiveness of operations; (2) reliability, timeliness, and transparency of internal and external information; and (3) compliance with laws, regulations, bank policies, and contracts.

LANDBANK's RM approach is governed by the Board-approved Enterprise RM (ERM) anchored on its mission, vision and strategic objectives. The LANDBANK's implementation of the ERM system with defined proactive RM departs from the 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 including its subsidiaries. ERM is implemented in three levels namely strategic, portfolio and transactional levels.

At the **Strategic Level**, the LANDBANK Board through the RiskCom and Senior Management, are actively involved in an enterprise-wide RM oversight which involves formulation and approval of RM framework, policies and strategies, internal controls, and RM system as well as the annual review thereof. The LANDBANK Board and Senior Management are also involved in an organizational-wide risk monitoring which is used as basis for decision-

making and review of LANDBANK's controls/mitigating measures (operational, financial and compliance control) and RM system.

At the **Portfolio Level**, the Groups and Departments oversee the implementation of policies and processes and monitor possible breaches. The Risk Management 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 related party transactions risk, among others) of the Bank. RMG reports functionally to the RiskCom and administratively to the President and Chief Executive Officer (PCEO) of LANDBANK.

In 2022, the Risk Governance Framework Manual was further improved to include Environmental and Social Risk in support of the Bank's overall Sustainable Finance Framework (SFF).

Subsidiaries Risk Management

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

The Bank provides RM oversight to LSFs, acknowledging that their operations also bear impact on the Bank's financial statements. It monitors and reports risk exposures of the LSFs through the submission of consolidated financial reports.

RM oversight to the LSFs is also an essential component of corporate governance of LANDBANK, which 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 eight 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)
6. UCPB Savings Bank (USB)
7. UCPB Leasing and Finance Corporation (ULFC)
8. LANDBANK Securities, Incorporated (LSI)

RM Program for Subsidiaries (RMPS)

The RMPS includes relevant methodologies, processes and tools which guide 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, Structure, Roles and Responsibilities
2. Risk Management Approaches
3. The Enterprise Risk Management Approach
4. Risk Management Culture Development in LBP Subsidiaries

In 2022, the following enhancements of the RMPS was approved by the LANDBANK RiskCom which enabled LANDBANK as parent bank to strengthen its RM oversight on its eight subsidiaries to:

1. Cover the three subsidiaries acquired from UCPB;
2. Inclusion of Environmental and Social Risk Management and Business Continuity Management;
3. Enhancement of the roles and responsibilities of key players to include overall oversight and implementation of sustainability principles, Environmental and Social Risk (E&S Risk) objectives and mapping of new/emerging risks such as E&S Risk; and
4. Provision for customization of ERM tools and

templates based on the size, risk profile, nature/ scope of business operations of the LSF.

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 "Guidelines on Risk Governance" dated Aug. 22, 2017. The RMPS also takes into consideration the diversity of LSFs' mandate, nature of business operations, structure, risk appetite and other variables.

Pursuant to BSP Circular 900 series of 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 Operational Risk and Loss Database which includes 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
8. Other risk events not classified under the Basel II category, i.e., Environmental and Social Risk, Violation of Data Privacy Act (DPA) RA 10173

The said 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.

Internal Capital Adequacy Assessment Process

LANDBANK, as one of the major players in the banking industry, annually conducts a thorough and comprehensive Internal Capital Adequacy Assessment Process (ICAAP) to determine the quality and adequacy of its capital, given the existing risk exposures as well as future risks arising from growth, new markets and expansion of the product portfolio.

The LANDBANK Board and Senior Management performed collaborative governance and provided directions to align with the local and global best practices, to enhance the ICAAP development and Risk Management (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; and
- Enhanced the articulation of bases of assumptions for the quantification of Pillar 1 and Pillar 2 risks.

Internal Capital Adequacy Assessment Process Culture

The Internal Capital Adequacy Assessment Process (ICAAP) is embedded in the Bank's operating philosophy and has been cascaded down to the Business Unit (BU) level, forming an integral part of the Bank's risk management 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 risk management 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 2022, 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 2022 year-end Common Equity Tier 1 (CET 1) ratio at 14.27%.

As of Dec. 31, 2022, LANDBANK's consolidated (CET 1) ratio and Basel III Leverage Ratio (BLR) stood at 13.93% and 5.79%, respectively. The Bank's ratios are well within the regulatory limits.

LANDBANK's General Policy on Capital Planning was enhanced to establish capital levels that will adequately support the Bank's 2023 Vision and ensure continued compliance with the evolving capital and capital ratio requirements of the BSP.

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 major initiatives to achieve strong capital are as follows:

1. Maximize profitability given that it remains the principal source of the Bank's capital accumulation:
 - Reduce cost of funds and increase net interest margins of loans and investments;
 - More intensive marketing to increase the transaction volume of digital banking and ATM services, trade transactions, remittance and other products and services to improve fee-based income;
2. Constant review and rebalancing of the Bank's loan and investment portfolios to maximize returns from its risk-taking activities; and
3. Increase authorized and paid-up capital to strengthen its capital base.

The Bank shall likewise continue to vigorously preserve capital to sustain developmental pursuit and service its mandated clients while maintaining acceptable Return on Equity (ROE) comparable with the average ROE of the industry.

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.

Credit Risk Management

Credit risk arises from the failure of a 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	2022 (In P Millions)							
	CEA	0%	20%	50%	75%	100%	150%	CRWA
Cash on Hand	55,971	55,971	-	-	-	-	-	0
Checks & Other Cash Items (COCI)	33	-	33	-	-	-	-	7
Due from Bangko Sentral ng Pilipinas (BSP)	564,529	564,529	-	-	-	-	-	0
Due from Other Banks	17,995	-	1,525	16,449	-	21	-	8,550
Financial Assets Designated at FVTPL	1,109	-	-	-	-	1,109	-	1,109
Available-for-Sale (AFS) Financial Assets	426,629	348,619	3,940	70,931	-	3,139	-	39,392
Held-to-Maturity (HTM) Financial Assets	847,257	813,993	8,162	21,623	-	3,479	-	15,923
Loans & Receivables	1,002,524	-	6,142	101,243	-	857,937	37,202	965,591
1. Interbank Loans Receivables	49,487	-	5,746	8,928	-	34,658	155	40,504
2. Loans & Receivables - Others								
a. LGUs & Public Sector Entities	69,930	-	-	-	-	69,930	-	69,930
b. Government Corporation	2,022	-	-	-	-	2,022	-	2,022
c. Corporates	691,213	-	-	-	-	691,213	-	691,213
d. Microfinance/ Small and Medium Enterprise	71,719	-	396	71,189	-	-	134	35,875
e. Loans to individuals	75,651	-	-	21,126	-	54,525	-	65,088
3. Defaulted Exposures	42,502	-	-	-	-	5,589	36,913	60,959
Other Loans and Receivables ^{1/}	29,200	26,547	-	2,653	-	-	-	1,326
Sales Contract Receivable (SCR)	1,831	-	-	-	-	913	918	2,290
Real & Other Properties Acquired (ROPA)	12,619	-	-	-	-	-	12,619	18,929
Total Exposures Excluding Other Assets	2,959,697	1,809,659	19,802	212,899	-	866,59	50,739	1,053,117
Add: Other Assets	42,989	270	-	-	-	42,719	-	42,719
Total On-BS RWA covered by CRM	118,161	115,761	402	1,998	-	-	-	1,079
Total On-BS Exposures		1,925,690	20,204		-	909,317	50,739	1,096,915

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

On-Balance Sheet (BS) Items	2022 (In P Millions)							
	CEA	0%	20%	50%	75%	100%	150%	CRWA
A. Direct credit substitutes	2,940	-	-	13	-	2,927	-	2,933
B. Transaction-related contingencies	77,206	-	-	-	-	77,206	-	77,206
C. Trade-related contingencies	4,171	-	-	2413	-	1,758	-	2,964
D. Other commitments	-	-	-	-	-	-	-	0
Total Off-BS Exposures	84,317	-	-	2,426	-	81,891	-	83,103
Counterparty RWA In The Banking Book	CEA	0%	20%	50%	75%	100%	150%	CRWA
Available for Sale	18,531	-	10,499	8,032	-	-	-	6,116
TOTAL	18,531	-	10,499	8,032	-	-	-	6,116
Counterparty RWA In The Trading Book	CEA	0%	20%	50%	75%	100%	150%	CRWA
Exchange Rate Contracts	4,570	3,229	-	-	-	1,341	-	1,341
TOTAL	4,570	3,229	-	-	-	1,341	-	1,341
Less: General Loan Loss Provision (in excess of the amount permitted to be included in Tier 2)	-	-	-	-	-	-	-	-
TOTAL	3,228,265	1,928,919	30,703	225,355	0	992,549	50,739	1,187,475

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, 2022, LANDBANK's Gross Loans and Receivables (GLR) amounted to P1,002,524 million, net of credit risk mitigation which consists mainly of prime collaterals such as deposit holdout, government securities (GS) and sovereign guarantees. Net of Loans and Receivables, Corporates stood at P691,213 million (68.95%), followed by Loans to Individuals at P75,651 million (7.55%), Local Government Units (LGUs)/Public Sector Entities/Government Corporations at P71,952 million (7.18%) and Micro, Small and Medium Enterprises (MSMEs) at P71,719 million (7.15%). The Bank also holds substantial receivables arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse, and Securities Lending and Borrowing Transactions amounting to P29,200 million. The P83,103 million credit risk-weighted asset of net Off-balance Sheet exposures of P84,317 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 the movement of goods and trust transactions. Outstanding derivative exposures are mainly over-the-counter foreign exchange option contracts.

The Bank's GLR has a corresponding Credit RWA of P965,591 million following the Standardized Approach. This represents 81.31% of the Total Credit RWA of P1,187,475 million. Further, total Credit RWA represents 88.58% of the Bank's Aggregate RWA of P1,340,572 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, 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 a comprehensive set of credit policies through the issuance of Credit Manuals, 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 reviews to assure proper loan classification and setting-up of valuation reserves. As of Dec. 31, 2022, the Bank's net Non-Performing Loan (NPL) stood at P38,902.30 million or 3.32% of the total loan portfolio of P1,172,076.24 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 creditworthiness. 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 has developed and implemented the following statistical-based credit scoring models using CRES:

- 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 Large Enterprise
- Behavioral Scoring Model for Cooperatives
- Application Scoring Model for Credit Card
- Behavioral Scoring Model for Partner Financial Institutions (PFIs)

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

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 portfolios 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 the 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 Asset and Liability Committee (ALCO), ILC and the RiskCom. The recovery of written-off accounts is also on 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 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 other eligible guarantees. In the case of agricultural and agriculture-related loans that are vulnerable to the effects of climate and weather disturbances, borrowers are encouraged to avail of crop insurance guarantees and other insurance mechanisms to shield them from these risks.

Credit Stress Test

LANDBANK regularly conducts stress testing of individual large exposure and its loan portfolio taking into account plausible risk events with a 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 CET 1 Ratio. Stress testing also includes prescribed regulatory tests such as Uniform Stress Testing and REST. Likewise, various loan portfolio assessments and reviews are conducted to determine the impact of a certain event and government regulation on 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, Foreign Exchange (FX) and other securities, as well as, in derivatives or financial instruments that derive their values from price, price fluctuations and price expectations of an underlying instrument (e.g., share, bond, FX or index). The Bank's exposure on derivatives is currently limited to currency swaps and currency forwards to manage FX exposure. The Bank is also exposed to derivatives that are embedded in some financial contracts, although these are relatively insignificant in volume.

The Bank uses a combination of risk sensitivities, Value-at-Risk (VaR), stress testing, CET 1 ratio and capital metrics to manage market risks and establish limits. The LANDBANK Board, RiskCom and ALCO, define and set the various market risk limits for each trading portfolio. The Treasury and Investment Banking Sector (TIBS), particularly the Financial Markets Group (FMG) which manages the Bank's trading units, as well as the Asset and Liability Management Group (ALMG) which manages the liquidity and reserve positions, conduct 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, 2022, the LANDBANK's Total Market RWA stood at P16,502 million which is broken down as follows:

PARTICULARS	AMOUNT
Interest Rate Exposure	1,886
Equity Exposure	0
FX Exposure	5,437
Options	9,179
Total Market RWA	16,502

The Total Market RWA represents 1.26% of the Bank's Aggregate RWA of P1,305,580 million.

Managing Market Risk Components

Market Risk is associated with 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:

- 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 VaR 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.
- 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.
- 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.

Market Risk Measurement and Validation Tools

1. Value-at-Risk (VaR)

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 the 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 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 Bank also determines Diversified VaR that takes into account the diversification effect in which all losses in all securities in a portfolio are imperfectly correlated.

2. Stress Test

RM models have recently become the main focus of RM efforts in the banking industry where banking activities are exposed to changes in fair value of financial instruments. However, the Bank believes that the statistical models alone do not provide a reliable method of monitoring and controlling risk because these models, while relatively sophisticated, have several known limitations. At the same time, these do not incorporate the potential loss caused by very unusual market events. Thus, the VaR process is complemented by Stress Testing to measure this potential risk.

Stress Test is a RM tool used to determine the impact on earnings and capital of market movements considered “extreme”, i.e., beyond “normal” occurrence. The Bank utilizes Stress Tests to estimate possible losses which the VaR does not capture.

The Bank’s Market Risk Stress Test 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 capabilities to deal with shocks such as price risk, interest rate risk, and FX risk.

Results are also simulated in the CET 1 ratio computation to be able to assess its impact said ratio set at 10.25% by BSP for LANDBANK as Domestic Systemically Important Banks (DSIB) for 2022.

3. Model Validation

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, an 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:

PARTICULARS	AMOUNT
Interest Rate Exposure	zero to four exceptions
Equity Exposure	five to nine exceptions
FX Exposure	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.

Model Review

Risk models used in managing market risk are subjected to model review being done by Risk Modeling and Quantitative Analytics Unit (RMQAU) of MLRMD. On the other hand, Internal Audit Group (IAG) is tasked to do model audit of RM models.

Liquidity Risk Management

Liquidity Risk Management Framework

The Bank’s liquidity RM process is consistent with its general RM framework covering risk identification, measurement, monitoring and control. The policies and procedures that govern liquidity RM are reviewed and endorsed on a regular basis by ALCO and ROC for approval of the LANDBANK Board of Directors. The liquidity policy of the Bank is to always maintain fund availability to be in a position to meet all of its obligations in the normal course of business.

The Bank considers liquidity risk based on market and funding liquidity risk perspectives. Trading or market liquidity risk refers to the inability to unwind positions created from market, exchanges, and counterparties due to temporary or permanent factors. It is the risk that the Bank cannot easily offset or eliminate a position at the market price because of inadequate market depth or through market disruption.

Funding liquidity risk is the risk that the Bank will not be able to efficiently meet both the expected and unexpected current and future cash flow and collateral needs without affecting either daily operations or the financial condition of the Bank. Funding liquidity risk is being monitored and controlled through the classification of maturities of assets and liabilities over time bands and across functional currencies as reflected in the Liquidity Gap Report (LGR).

The LANDBANK Board exercises oversight through ROC and has delegated the responsibility of managing the overall liquidity of the Bank to the ALCO. The ALCO and the TIBS are responsible for the daily implementation and monitoring of relevant variables affecting the Bank's liquidity position. The ALCO reviews the assets and liabilities position on a regular basis and, in coordination with the TIBS, recommends measures to promote diversification of its liabilities according to source, instrument and currency to minimize liquidity risks resulting from concentration in funding sources.

The RMG, through the Market and Liquidity Risk Management Department (MLRMD), 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 ROC 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 MLRMD - Risk Modeling and Quantitative Analytics Unit (RMQAU) and model audit by the IAG.

Liquidity Risk Measurement

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.

MLRMD reports RBU (Peso and FX Regular), FCDU, Solo (Parent) LGR on a weekly and monthly basis to ALCO and ROC, respectively. Parent and Subsidiary LGR is reported on a quarterly basis.

The following behavioral assumptions are used in measuring the Bank's liquidity gap:

- **Non-Maturing Deposits (NMD):** Using historical balances of NMD accounts, a behavioral analysis is conducted to determine the rate of deposit outflow per time bucket. The calculated deposit run-off rates are the basis for the withdrawal pattern or actual behavior of NMDs.
- **Term Deposits (TDs):** TDs are 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 are likely to roll-over based on 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.
- **Drawing Pattern of Credit Lines and Credit Cards:** A behavioral model to capture and estimate the drawing pattern for credit cards and credit line products.

As of Dec. 31, 2022, 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.

The Bank has established guidelines for liquidity risk limit setting to enable it to properly and prudently manage and control liquidity risk, consistent with the nature and complexity of its business activities, overall level of risk and its risk appetite.

The MCO limit set by the LANDBANK Board is one of the tools used to manage and control the liquidity risk in the Bank's gap report. MCO limits put a cap on the total amount of negative gaps in the '1 day to 1 year' time buckets.

2. 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
- FX Regular Stress Test
- Foreign Currency Deposit Unit (FCDU) Stress Test

3. 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:

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

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 seventy-five percent (75%) of outflow amounts.

PARTICULARS	December 31 (In P Million)	
	2022	2021
High Quality Liquid Assets	1,813,654	1,591,389
Total Net Cash Outflows	854,680	714,858
LCR	212.20%	222.62%

As of Dec. 31, 2022, the Bank's LCR is higher than the 100% minimum requirement for the CY 2022.

Interest Rate Risk in the Banking Book

Interest Rate Risk in the Banking Book Management Framework

Interest Rate Risk in the Banking Book (IRRBB) is the current and prospective risk to earnings and capital arising from adverse movements in interest rates that affect banking book positions. LANDBANK's IRRBB arises from the core banking activities. The main source of this type of IRRBB is gap risk which 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.

The Bank manages IRRBB based on approved policies and procedures. LANDBANK uses Repricing Gap/ Earnings-at-Risk (EaR) and Economic Value of Equity-at-Risk (EaR) to analyze the impact of changes in interest rates to both future earnings and net worth.

The Bank has established guidelines for IRRBB limit setting. To control repricing risk, a limit has been set on the EaR, putting a cap on the magnitude of repricing 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. RMG-MLRMD recommends interest rate limits in coordination with Asset and Liability Management Group (ALMG) and is approved by the ALCO, ROC and the LANDBANK Board. 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 the Bank's risk appetite and approves business strategies relative to the management of IRRBB. It delegates to ALCO the establishment and management of the Bank's IRRBB position. The ALCO decides and allocates resources to manage IRRBB within the risk appetite set by the Bank. The TIBS ensures that ALCO's decisions pertaining to the management of structural IRRBB are implemented.

IAG is tasked to do model audit of RM models. The conduct 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.

In addition, model validation is also being done by the Risk Modeling and Quantitative Analytics Unit (RMQAU) of MLRMD to check for any enhancements or calibrations needed in the models.

To date, the Bank does not engage in hedging transactions.

Interest Rate Risk in the Banking Book Measurement Models

The two complementary measures of the potential impact of IRRBB are as follows:

1. **Earnings-Based Measure:** The Bank uses the EaR to estimate changes in NII under a variety of interest rate scenarios over a 12-month horizon. As of Dec. 31, 2022, the NII impact of change in interest rates amounted to P47,491.50million
2. **Economic Value-Based Measure (EVEaR):** The Bank uses the EVEaR to assess the impact of changes in interest rates over the remaining life of its assets, liabilities and off-balance sheet items. As of Dec. 31, 2022, the EVEaR impact of change in interest rates amounted to P5,946.09million.

Both measures are assessed to determine the full scope of the Bank's IRRBB exposure. 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 risks.

The interest rate risk exposures of the Bank are measured and reported to the ALCO and ROC on a weekly and monthly basis. Parent and Subsidiary EaR and EVEaR are prepared on a quarterly basis.

Key Behavioral and Modelling Assumptions

Behavioral assumptions enable the Bank to analyze how an instrument's actual maturity or repricing may vary from its 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/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, the Bank analyzed its deposits for the past 10 years to estimate the proportion of core (stable) and non-core (non-stable) deposits.

2. Term Deposits subject to Early Termination

A behavioral analysis to estimate the amount of term deposits that will be withdrawn before its maturity.
Fixed Rate Loans subject to Prepayment

3. Fixed Rate Loans subject to Prepayment
A behavioral analysis to estimate the percentage of loan balances that is likely to repay before the due date.

4. Drawing Pattern of Credit Lines and Credit Cards
Behavioral methodology to capture and estimate the drawing pattern for credit cards and credit line products.

Interest Rate Shocks and Stress Scenarios

The Bank has a wide range of static interest rate shocks consisting of parallel and non-parallel shifts in the yield curve including but not limited to the Market Outlook of the Bank's Economist, interest rate volatility for the past 10 years and standardized rate shocks prescribed under Basel Committee on Banking Supervision (BCBS) framework on IRRBB.

The Bank conducts Interest Rate Stress Testing using EaR and EVEaR. Results of scenario analysis help the Bank focus on coming up with contingency measures to reduce the impact of IRRBB.

Credit Risk on Investments

The Bank adopts a forward-looking Expected Credit Loss (ECL) parameter-based estimation approach as an impairment approach, as prescribed by PFRS 9. ECL Assessment shall be applied to the following treasury exposures:

1. Investments in debt instruments that are measured at amortized cost;
2. Investments in debt instruments that are measured at fair value through other comprehensive income (FVOCI); and
3. Due from BSP and Due from Other Banks.

To measure the ECL, 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 twelve 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 are considered in the ECL calculation.

Assessment of ECL for Treasury Exposures

The Bank 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 identify significant increases in credit risk on a timely basis. The segmentation is 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 conducted on a per security basis to determine its level of credit risk.

Moreover, the Bank conducts an assessment to determine whether a financial instrument is subject to 12-Month or Lifetime ECL. Financial instruments under treasury are deemed to have a significant increase in 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.

A. Staging Assessment

Treasury exposures shall be classified into the following stages:

STAGE	CHARACTERISTICS	ECL ASSESSMENT
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
2	Credit exposures with significant increase in credit risk since initial recognition as follows: <ol style="list-style-type: none"> 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
3	Credit exposures with objective evidence of impairment or has defaulted	LIFETIME

B. ECL Parameters and Methodologies

The ECL is determined by the following parameters:

1. Exposure at Default (EAD) is defined as the total credit exposure to a counterparty at the time of default. LANDBANK uses 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 on the counterparty's characteristics. The Bank 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.
 - 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. 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 based on Bloomberg peers or industry average.
 - d. Credit Default Swaps Spread Curves.
3. Loss Given Default (LGD) is the assigned loss estimate when a counterparty has defaulted, after all recoveries are considered. It depends on the transaction, not on the counterparty. It is computed as one (1) 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 BSP are considered to have low credit risk and carry zero ECL.

Concentration of Credit Risk

The table shows the concentration of the Bank's treasury exposures by location:

Location	2022	2021
Philippines	1,520,976.34	1,559,530.50
USA	25,237.20	17,998.46
Indonesia	26,407.61	32,710.22
Asia	13,078.61	14,538.57
Europe	7,414.20	9,107.94
Others	87.85	5.18
Total	1,593,201.81	1,633,890.87

Credit Risk Exposures

The Bank is guided by its investment policy in its treasury activities. The Bank uses credit ratings provided by external rating agencies like Moody's, Standard & Poor (S&P), Fitch Ratings, or other reputable rating agencies. The following indicate the level of credit quality for each rating agency 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								



LANDBANK considers instruments that are rated 'investment grade' to have low credit risk. The tables below present the credit quality of the Bank's treasury exposure:

INVESTMENTS (As of September 2022)	EXPOSURE-AT-DEFAULT (In Million P)			
	TOTAL	STAGE 1	STAGE 2	STAGE 3
Due from BSP and SPURA				
<i>External Credit Rating</i>				
Baa2 or equivalent	294,208.20	294,208.20	-	-
Due from Other Banks, Repo – Cash				
<i>External Credit Rating</i>				
Aaa or equivalent	5,286.02	5,286.02	-	-
Aa1 or equivalent	51.37	51.37	-	-
Aa2 or equivalent	5,195.05	5,195.05	-	-
Aa3 or equivalent	9,153.32	9,153.32	-	-
A1 or equivalent	7,773.53	7,773.53	-	-
A2 or equivalent	910.47	910.47	-	-
Baa1 or equivalent	14.19	14.19	-	-
Baa2 or equivalent	55.9	55.9	-	-
Baa3 or equivalent	15.28	15.28	-	-
Ba2 or equivalent	0.65	-	0.65	-
<i>Benchmarking</i>				
Baa1 or equivalent	2,014.11	2,014.11	-	-
Unrated	16.7	16.7	-	-
FVOCI debt investments				
<i>Internal Credit Rating</i>				
Prime	1,219.85	1,219.85	-	-
High Grade	815.53	815.53	-	-
Good	717.27	717.27	-	-
<i>External Credit Rating</i>				
Aaa or equivalent	7,289.40	7,289.40	-	-
Aa2 or equivalent	276.83	276.83	-	-
A1 or equivalent	289.76	289.76	-	-
A2 or equivalent	584.58	584.58	-	-

Baa2 or equivalent	434,765.68	434,765.68	-	-
<i>Benchmarking</i>				
A3 or equivalent	1,378.65	1,378.65	-	-
Baa1 or equivalent	1,101.12	1,101.12	-	-
Baa2 or equivalent	13.83	13.83	-	-
Ba1 or equivalent	916.54	-	916.54	-
B1 or equivalent	765.1	-	765.1	-
HTC investments				
<i>Internal Credit Rating</i>				
High Grade	2,890.84	2,890.84	-	-
Good	1,457.73	1,457.73	-	-
<i>External Credit Rating</i>				
Aaa or equivalent	7,597.54	7,597.54	-	-
Aa2 or equivalent	58.32	58.32	-	-
Aa3 or equivalent	1,849.37	1,849.37	-	-
Baa2 or equivalent	795,686.94	795,686.94	-	-
<i>Benchmarking</i>				
A3 or equivalent	556.5	556.5	-	-
Baa1 or equivalent	6,383.94	6,383.94	-	-
Baa2 or equivalent	160.99	160.99	-	-
Ba1 or equivalent	951.24	-	951.24	-
Ba3 or equivalent	84.92	-	84.92	-
<i>Unrated</i>	694.54	-	-	694.54
TOTAL	1,593,201.80	1,589,788.81	2,718.45	694.54

INVESTMENTS (As of September 2021)	EXPOSURE-AT-DEFAULT (In P Million)			
	TOTAL	STAGE 1	STAGE 2	STAGE 3
Due from BSP and SPURA				
<i>External Credit Rating</i>				
Baa2 or equivalent	410,244.70	410,244.70	-	-
Due from Other Banks & IBLR				
<i>External Credit Rating</i>				
Aaa or equivalent	3,989.98	3,989.98	-	-
Aa1 or equivalent	51.1	51.1	-	-
Aa2 or equivalent	9,657.82	9,657.82	-	-
Aa3 or equivalent	4,886.87	4,886.87	-	-
A1 or equivalent	6,959.33	6,959.33	-	-
A2 or equivalent	2,155.87	2,155.87	-	-
Baa1 or equivalent	11.59	11.59	-	-
Baa2 or equivalent	7.09	7.09	-	-
Ba2 or equivalent	0.65	-	0.65	-
<i>Benchmarking</i>				
Baa1 or equivalent	2,022.60	2,022.60	-	-
Unrated	9.52	9.52	-	-
FVOCI debt investments				
<i>External Credit Rating</i>				
Aaa or equivalent	13,613.84	13,613.84	-	-
Baa2 or equivalent	597,233.35	597,233.35	-	-
Unrated	746.4	746.4	-	-
HTC investments				
<i>Internal Credit Rating</i>				
High Grade	1,013.46	1,013.46	-	-
<i>External Credit Rating</i>				
Aaa or equivalent	719.46	719.46	-	-
Baa2 or equivalent	571,988.57	571,988.57	-	-
<i>Benchmarking</i>				
A3 or equivalent	83.51	83.51	-	-
Baa1 or equivalent	7,066.46	7,066.46	-	-
Baa3 or equivalent	208.1	208.1	-	-
Ba1 or equivalent	358.78	-	358.78	-
Ba2 or equivalent	610.8	-	-	610.8
Ba3 or equivalent	167.28	-	167.28	-
Unrated	83.74	-	-	83.74
TOTAL	1,633,890.87	1,632,669.62	526.71	694.54

As of Sept. 30, 2022, the Bank's total treasury exposure is P1,593.20 billion. Due from BSP and SPURA decreased from P410.24 billion to P294.21 billion while Due from Other Banks increased from P7.26 billion to P14.24 billion. The Bank's FVOCI debt investments decreased from P611.59 billion to P450.13 billion. However, HTC investments grew from P582.30 billion to P818.37 billion.

The Bank's exposure classified as Stage 1, Stage 2, and Stage 3 amounted to P1,589.79 billion, P2.72 billion, and P0.69 billion, respectively. No exposure was transferred from Stage 1 to Stage 2. The table below presents the Bank's exposure for 2022 and 2021:

INVESTMENTS (In P Million)	TOTAL		STAGE 1		STAGE 2		STAGE 3	
	2022	2021	2022	2021	2022	2021	2022	2021
Due from BSP and SPURA	294,208.20	410,244.70	294,208.20	410,244.70	-	-	-	-
Repo-Cash Margin	262.48	-	262.48	-	-	-	-	-
Due from Other Banks	14,243.65	7,261.35	14,243.00	7,260.70	0.65	0.65	-	-
Interbank Loans and Receivables	15,980.46	22,491.07	15,980.46	22,491.07	-	-	-	-
FVOCI debt investments	450,134.14	611,593.59	448,452.50	611,593.59	1,681.64	-	-	-
HTC investments	818,372.87	582,300.16	816,642.17	581,079.56	1,036.16	526.06	694.54	694.54
TOTAL	1,593,201.80	1,633,890.87	1,589,788.81	1,632,669.62	2,718.45	526.71	694.54	694.54

The calculated ECL for Treasury Exposures as of September 2022 increased from P705.78 million to P740.83 million. The table shows the computed ECL for 2022 and 2021:

INVESTMENTS (In Thousand ₱)	TOTAL		STAGE 1		STAGE 2		STAGE 3	
	2022 ^{1/}	2021 ^{2/}	2022 ^{1/}	2021 ^{2/}	2022 ^{1/}	2021 ^{2/}	2022 ^{1/}	2021 ^{2/}
Due from BSP and SPURA	-	-	-	-	-	-	-	-
Due from Other Banks, IBLR, & Repo-Cash Margin	4,847.42	1,855.17	4,845.30	1,852.89	2.12	2.28	-	-
Due from Foreign Banks	3,968.29	1,569.00	3,968.29	1,569.00	-	-	-	-
Due from Local Banks and FIs	816.59	244.33	814.47	242.05	2.12	2.28	-	-
Repo-Cash Margin	20.91	-	20.91	-	-	-	-	-
Inter-bank loan and receivables	41.63	41.84	41.63	41.84	-	-	-	-
FVOCI debt investments	17,964.43	-	7,987.13	-	9,977.30	-	-	-
Local Debt Securities	-	-	-	-	-	-	-	-
Foreign Debt Securities	-	-	-	-	-	-	-	-
Private Securities	17,964.43	-	7,987.13	-	9,977.30	-	-	-
HTC investments	718,018.76	703,928.35	17,056.49	7,312.80	6,418.45	2,071.73	694,543.82	694,543.82
Local Debt Securities	-	-	-	-	-	-	-	-
Foreign Debt Securities	-	-	-	-	-	-	-	-
Private Securities	-	-	-	-	-	-	-	-
Local	712,980.79	697,788.17	12,949.64	2,354.99	5,487.33	889.36	694,543.82	694,543.82
Foreign	5,037.97	6,140.18	4,106.85	4,957.81	931.12	1,182.37	-	-
TOTAL	740,830.61	705,783.52	29,888.92	9,165.69	16,397.87	2,074.01	694,543.82	694,543.82

Operational Risk Management

The Operational Risk Management (ORM) system of the Bank underwent a thorough review and validation to ensure adherence with BSP MORB 146 (Circular 900) Operational Risk Management (ORM), BSP MORB 149 (Circular 951) Business Continuity Management (BCM), BSP MORB 148 (Circular 808) IT Risk Management, BSP MORB 153 (Circular 1085) Sustainable Finance Framework 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 are 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 Risk Governance Framework, ORM, BCM, IT and Information Security. Dissemination of ORM 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 reinforce 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 MORB 149 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 regulations and 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.

Despite the threat of the COVID-19 pandemic, the Bank was able to continuously conduct business and provide services while ensuring the health and safety of 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 called Pandemic Response Plan.

The Bank ensures that business and risk management activities, including the ORM functions, 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 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 the 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 and subsidiaries conduct risk 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 currently uses the BIA for calculating the capital charge for operational risk under Pillar 1. The formula is based on the average gross revenues of the Bank for the last three years to calculate the Operational Risk Weighted Assets (ORWA). As of Dec. 31, 2022, the Bank's Total ORWA using the BIA was P136.55 billion or 10.19% of the Bank's Aggregate Risk Weighted Assets (RWA) of P1,340.57 billion. With the sustained gross revenues of the Bank relative to its expanding business operations, ORWA is expected to increase annually.

LANDBANK is firm in its resolve to fortify its ORM system including the development of an internal economic capital measurement model to better capture the Bank's operational vulnerabilities and be able to provide 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. In addition, the simulation conducted by the Bank for 2022 using its historical loss data resulted in a lower operational capital charge by **P4.97 billion** and **P8.63 billion** using the SMA and AMA-based ICA, respectively, compared to the computed operational capital charge of **P13.65 billion** using the BIA.

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. The lower capital charge will allow LANDBANK to lend more to its mandated sector, especially small farmers and fishers (SFFs), micro, small and medium enterprises (MSMEs), countryside financial institutions (CFIs) and local government units (LGUs).

Consumer Protection Risk Management System (CPRMS)

In compliance with BSP Circular 1160 – “Regulations on Financial Consumer Protection (FCP) to Implement RA No. 11765, otherwise known as the “Financial Products and Services Consumer Protection Act (FCPA),” LANDBANK continues to update the Consumer Protection Risk Management System (CPRMS) as part of its enterprise-wide risk management system. It identifies, measures, monitors, and controls consumer protection risks inherent in the delivery of financial services to the general public. The Bank ensures to readily assist customers’ needs and concerns across all channels and guarantee consumer protection practices, address and prevent or mitigate identified or associated risk of financial harm to the Bank and its clientele (depositors, borrowers, and other clients).

As part of oversight function on CPRMS, RMG ensures that board-approved CPRMS policies and procedures are in place, complaints management are strictly implemented, escalation of CPRMS-related issues are within the set timeline, and training of Bank personnel are undertaken. Periodic reports are submitted to the ManCom and the RiskCom. 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 11765, to cover (1) Disclosure and Transparency; (2) Protection of Client Information; (3) Fair Treatment; (4) Effective Recourse; and (5) Protection of Consumer Assets against Fraud and Misuse. 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.

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.

To keep abreast with the evolving threat landscape and efforts towards digital transformation, the Bank continuously improves its security posture through the following:

- Adoption of global standards and industry best practices on information security and technology management
 - Swift Customer Security Controls Framework (SCSCF)
 - Payment Card Industry Data Security Standards (PCIDSS)
 - International Organization for Standardization (IOS)
 - National Institute of Standards and Technology (NIST)
 - Control Objectives for Information and Related Technologies (COBIT)

- Formulation, development, review, updating, and issuance of documented policies and procedures to guide employees and other stakeholders on the Bank's security controls, practices, and measures, aligned with legal and regulatory requirements, covering various domains
 - Revised Information Security Program and Information Security Strategic Plan
 - Revised Cyber Resiliency Plan
 - Revised Guidelines on Vulnerability Management of the Bank's Information Technology Systems
 - Revised Guidelines on the Management of Information Assets
- Conduct of assessments and reviews by internal and external parties to measure the Bank's security posture
 - Internal Vulnerability Assessment
 - Enterprise Information Technology Security Risk Assessment
 - Information Security Program Review
- Facilitation 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 and conduct of simulation and testing exercises
- Subscription to threat intelligence feeds, monitoring services, and other reputable sources to keep abreast with the threat landscape, attack vectors, and trends on information security, IT security, and cybersecurity
- Employment 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/digital banking channels





Compliance Management

In 2022, the Bank continued to effectively carry out its compliance functions through the adoption and implementation of various measures, policies, assessment tools and process improvements which help in the identification and mitigation of compliance risk related to regulatory sanctions which may result in material financial losses or may cause reputational repercussions on the Bank's corporate image.

Through the years, 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.

The compliance management functions of the Bank and its subsidiaries are centralized in Compliance Management Group (CMG) in accordance with the LANDBANK Centralized Compliance Management Framework (CCMF), which sets out the principles and standards for the compliance management functions with the following key components:

1. The Compliance Manual and Money Laundering and Terrorist Financing Prevention Program (MTPP) Manual

- a. The Compliance Manual documents the risk-based Compliance Program of the Bank. It sets out the planned activities such as the identification and assessment of new laws, rules and regulations, 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 and to the Board of Directors of LANDBANK and its subsidiaries, respectively. This allows Bank personnel to keep abreast of new laws, rules and regulations and other regulatory issuances applicable and relevant to the Bank's operations. The updated Compliance Manual was approved by the Board in August 2022.
- b. The MTPP Manual embodies the comprehensive and risk-based operating policies and procedures geared towards the promotion of high ethical and professional standards and the prevention of the Bank being used, intentionally or unintentionally, for ML/TF/ PF activities.

2. Identification and Assessment of Compliance Risk, Monitoring Compliance and Reporting

CMG undertakes the identification and compliance risk assessment of laws, rules and regulations including AML/CTPF and other areas with exposure to compliance risks. These are disseminated through Compliance Bulletins which contain identified

regulatory requirements to help update personnel on new regulatory issuances. Actions taken or action plans for compliance are monitored and validated. To further check and ensure compliance, different compliance testing approaches including AML/CTPF Compliance Testing (ACT) suited to the identified and assessed regulatory risks are adopted. Pre-testing, which involves the checking of initial actions taken or plan of action to implement the requirements of new regulatory issuances, is being conducted. Likewise, periodic testing is undertaken to regularly check compliance with existing laws, rules and regulations. A more detailed review of areas/activities exposed or vulnerable to high compliance risk is also in place.

CMG reviews and submits Covered Transaction Reports (CTRs) and Suspicious Transaction Reports (STRs) to AMLC, and monitors system-generated transaction alerts, among others.

The Chief Compliance Officer (CCO) reports directly to the Bank's AMLCom, ManCom, and Board through ACCom. He also reports directly to the Senior Management, the Board of Directors and/or relevant Board-level Committees of the subsidiaries. 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 or the subsidiary's regulatory compliance, areas with compliance vulnerabilities, emerging regulatory risks, and status/updates on the Bank's or subsidiary's compliance with BSP directives and COA audit observations and recommendations.

3. Training and Communication

In order to instill a compliance culture within the organization, appropriate training programs are implemented to increase the employees' knowledge of regulatory compliance. Virtual training sessions are continuously conducted to increase employees' awareness of the Bank's risks and their role in mitigating them.

Compliance advisories/bulletins and compliance nuggets, which are easy-to-read tidbits of information on significant regulations including AML/CTPF, are regularly issued both for the Bank and its subsidiaries, as necessary. AML/CTPF training materials are kept updated to ensure that all personnel are aware of the new regulatory issuances.

The Compliance Function Database, a repository or central record of regulations which are accessible to Bank employees, is kept updated. To continuously build and strengthen the working relationship with BUs, meetings with the designated Compliance Coordinators (CCs) are held. Advisory service and guidance in managing compliance

issues are also provided. CMG also participates in various committees and Technical Working Groups for the preparation of guidelines implementing the regulations.

4. **Constructive with Various Working Regulatory Relationship 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 are closely coordinated with various BUs concerned and their timely submission monitored.

AML Governance and Culture

LANDBANK has sound risk management policies and practices that ensured ML/TF/PF risks were identified, assessed, monitored, mitigated, and controlled.

The four areas of sound risk management practices are:

1. **Board and Senior Management Oversight**

The Board of Directors is responsible for overseeing the management of business risk and is ultimately responsible for ensuring the effective implementation of the compliance system. Specifically, the Board of Directors shall approve the compliance system, ensure that a compliance system is defined for the Bank and that compliance issues are resolved expeditiously.

The Senior Management is responsible for the effective implementation of the compliance system, execution of the company's strategy; and management of the day-to-day operations of the business. They report to the Board of Directors and are responsible for implementing the policies and procedures that the Board has put in place.

2. **Money Laundering and Terrorist Financing Prevention and Program (MTPP)**

The MTPP includes the policies and procedures on customer identification, transaction monitoring, alert investigation, covered and suspicious transaction reporting, record keeping, retention, training program, AML/CTPF compliance testing program and internal audit program.

The provisions of the MTPP are being implemented on a group-wide basis encompassing the Bank's branches, offices, and subsidiaries. It is posted in the Integrated Documents and Reports Archival and Retrieval System (IDRARS) for easy viewing and downloading to properly guide all Bank employees on the Bank's AML/CTPF policies and procedures.

3. **Monitoring and Reporting Tools/ Management Information System**

The Bank adopts both manual and electronic monitoring systems for customers' transactions.

As part of the Bank's internal processes, the BUs

including the subsidiaries, 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.

LANDBANK transactions are captured by the AML System, a web-based analytics system that generates CTRs, aggregated customer transactions with multiple accounts and transaction alerts for evaluation to identify red flags for filing of suspicious transactions to AMLC, if warranted.

Likewise, the Audit Command Language (ACL) is being utilized in the extraction and analysis of data to detect, prevent and manage the risk of possible fraud/ AML-related activities on remittance transactions.

4. **Internal Control and Audit**

The Internal Audit Group (IAG), which functionally reports to the LANDBANK Board through the ACCom is responsible in the conduct of periodic and independent evaluation on soundness of risk management, degree of adherence to internal control mechanisms related to KYC and due diligence policies and procedures, covered and suspicious transaction reporting, record keeping and retention, efficiency of the electronic money laundering transactions monitoring system's functionalities and effectiveness of other existing controls on AML/CTPF, among others.

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

5. **Sustainable Finance Framework**

CMG serves as a member of the Project Working Team of the LANDBANK Sustainable Finance Framework (LSFF). It reports the results of the periodic compliance testing being conducted on a quarterly basis to check the status of the Bank's compliance with the regulatory requirements of BSP Circular 1085 s. 2020, Sustainable Financial Framework. The Bank's policies and practices regarding compliance testing and the audit of Bank Units' adherence to Environmental and Social Risk Management are being reviewed by CMG and IAG.

The scope of the compliance testing covers 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.

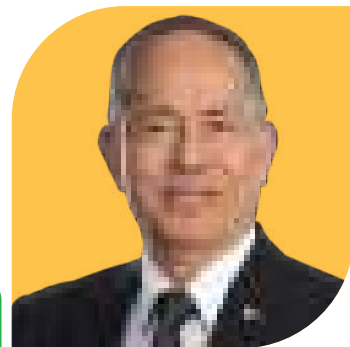


Board of Directors

As of December 31, 2022



**President Ferdinand
R. Marcos, Jr.**
Secretary
Department of Agriculture



Bienvenido E. Laguesma
Secretary
Department of Labor
and Employment



Conrado M. Estrella III
Secretary
Department of Agrarian Reform



Benjamin E. Diokno

Chairman
Secretary - Department of Finance



Cecilia Cayosa-Borromeo

Vice Chairperson
President and CEO



Atty. Jaime L. Miralles

Representative
Agrarian Reform Beneficiaries



Virgilio DV. Robes

Representative
Agrarian Reform Beneficiaries



Nancy D. Irlanda

Representative
Private Sector



Alternate Board Members

As of December 31, 2022



Rosalia V. de Leon
Treasurer of the Philippines,
Bureau of the Treasury



Atty. Erwin D. Sta. Ana
Deputy Treasurer of the Philippines,
Bureau of the Treasury



**Benedicto Ernesto
R. Bitonio, Jr.**
Undersecretary
Department of Labor
and Employment



Atty. Napoleon U. Galit
Undersecretary
Department of Agrarian Reform



Domingo F. Panganiban
Senior Undersecretary
Department of Agriculture



Management Team

As of December 31, 2022



Liduvino S. Geron
Executive Vice President
Branch Banking Sector



Alex A. Lorayes
Executive Vice President
Corporate Services Sector



Alan V. Bornas
Executive Vice President
Operations Sector



Carel D. Halog
Executive Vice President
Treasury and Investment
Banking Sector



Ma. Celeste A. Burgos
Senior Vice President
National Development
Lending Sector



Randolph L. Montesa
Senior Vice President
Digital Banking Sector



Branch Banking Sector

As of December 31, 2022



Marilou L. Villafranca
Senior Vice President
North NCR Branches
Group



Ramon R. Monteloyola
Senior Vice President
South NCR Branches
Group



Ma. Belma T. Turla
Senior Vice President
North Luzon Branches
Group



Sylvia C. Lim
Senior Vice President
Central Luzon Branches
Group



Ma. Cielito D. Valdivia
Senior Vice President
Southwest Luzon Branches
Group



Althon C. Ferolino
Senior Vice President
Southeast Luzon Branches
Group



Khurshid U. Kalabud
Senior Vice President
East Visayas Branches
Group



Delma O. Bandiola
Senior Vice President
West Visayas Branches
Group



Camilo C. Leyba
Senior Vice President
East Mindanao Branches
Group



Lina K. Pacio
Vice President
West Mindanao Branches Group



Corporate Services Sector

As of December 31, 2022



Atty. Joselito B. Vallada
First Vice President
Human Resource
Management Group



Atty. Marife Lynn O. Pascua
Vice President
Agrarian Services Group



Emmanuel G. Hio, Jr.
Vice President
Facilities and Engineering
Services Group



Vivian M. Cañonero
Vice President
Corporate Affairs Group



Digital Banking Sector

As of December 31, 2022



Randolph L. Montesa
Senior Vice President
Customer Acquisition
and Partnership Group



Pacifico C. De Paz, Jr.
Vice President
Digital Solutions and Product
Management Group



Operations Sector

As of December 31, 2022



**Winston Rochel
L. Galang**
Senior Vice President
Banking Operations Group



Alden F. Abitona
Senior Vice President
Technology
Management Group



Annalene M. Bautista
Senior Vice President
Controllershship Group



Reynaldo C. Capa
First Vice President
Banking Services Group



National Development Lending Sector

As of December 31, 2022



Filipina B. Monje
Senior Vice President
Northern and Central
Luzon Lending Group



Lucila E. Tesorero
Senior Vice President
Corporate Banking 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



Marietta B. Cajuguiran
Vice President
Southern Luzon
Lending Group



Esperanza N. Martinez
Vice President
Lending Program
Management Group



Treasury and Investment Banking Sector

As of December 31, 2022



Gonzalo Benjamin A. Bongolan
Senior Vice President
Investment Banking Group



Ma. Francia O. Titar
First Vice President
Financial Markets Group



Adelfa R. Masacupan
First Vice President
Asset and Liability
Management Group



Units under the Board and Office of the President

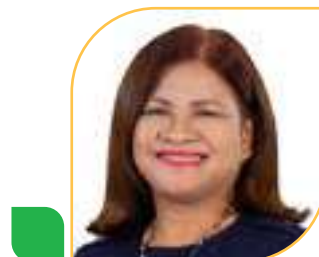
As of December 31, 2022



Elcid C. Pangilinan
Senior Vice President
Strategy and Knowledge
Management Group



Emellie V. Tamayo
Senior Vice President
Asset Recovery Group



Maria Edelwina D. Carreon
First Vice President
Internal Audit Group



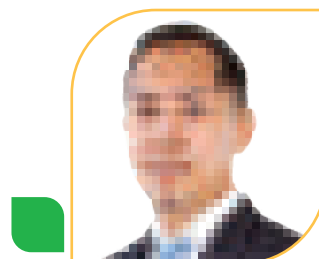
Atty. Roderick P. Sacro
First Vice President
Legal Services Group



Lolita M. Almazar
First Vice President
Trust Banking Group



Amelita H. Carrillo
First Vice President
Risk Management Group



Atty. Cesar S. Cabañes
Vice President
Compliance Management
Group

Profiles

BOARD OF DIRECTORS



BENJAMIN E. DIOKNO

Chairperson

Secretary, Department of Finance

74 years old, Filipino

Mr. Diokno is the current Secretary of Finance under the administration of President Ferdinand R. Marcos, Jr. He leads the economic team in pursuit of three broad development goals: reduce the deficit-to-GDP ratio to pre-pandemic rates, bring down poverty incidence to single-digit, and achieve upper-middle-income economy status by 2028.

Under his leadership, the Philippine Central Bank was among the first to respond to the pandemic and deploy decisive measures to cushion the adverse impact of the pandemic and pave the road to recovery.

Prior to his appointment as the head of monetary affairs at the BSP, he served as Budget Secretary under three presidents where he pursued an expansionary fiscal policy to finance investments in human capital development and public infrastructure.

Secretary Diokno holds a bachelor's degree in Public Administration from the University of the Philippines. He obtained a master's degree in Public Administration and Economics from the same university and a master's degree in Political Economy from the Johns Hopkins University. He completed his doctor's degree in Economics at Syracuse University.



CECILIA C. BORROMEIO

Vice Chairperson

President and CEO

63 years old, Filipino

Ms. Borrromeo holds the distinction of assuming the highest leadership post in the country's two top government banks – LANDBANK and the Development Bank of the Philippines (DBP). Throughout her 42 years as a civil servant, she spent more than three decades of it in development banking, a unique field that strikes a balance between generating profits and advancing local economic growth.

Prior to her appointment as President and CEO of LANDBANK, she had been part of the organization for 28 years, holding positions in agricultural and development lending, treasury and investment banking, public sector lending, corporate banking, global banking, wholesale banking, and lending program management.

She completed her bachelor of science degree in Agribusiness at the University of the Philippines-Los Baños and earned MBA units from the De La Salle University - Business School. She is a graduate of the Advanced Bank Management Course of the Asian Institute of Management and the Pacific Rim Bankers Program at the University of Washington Executive Education Foster School of Business. She likewise attended the International Study on Rural Banking and Finance at the Massey University in New Zealand.



PRESIDENT FERDINAND R. MARCOS, JR.

Secretary

Department of Agriculture

65 years old, Filipino

President Ferdinand "Bongbong" R. Marcos Jr. has remained steadfast in his vision of uniting the nation towards a brighter future for the Filipino people throughout his career in public service spanning over two decades.

In 2022, he rose to the Presidency anchored on the support and trust of 31 million Filipinos, the largest vote count of any Presidential candidate in the nation's history.

Under his leadership as Ilocos Norte Governor from 1983 to 1986 and again from 1998 to 2007, he prioritized advancing agriculture in the province by supporting the establishment and operation of cooperatives to promote better market opportunities for local farmers, while also driving meaningful investments in sustainable development and renewable energy.

From his stint as Representative of the 2nd District of Ilocos Norte, he helped spur economic growth by steering the establishment of a special economic freeport zone in the province. He also remained a champion of sustainable energy and filed House Bill No. 8617 on the establishment of a National Institute for Clean Energy Research, among several house bills and resolutions he authored and co-authored to serve the needs of his constituency.

As Senator from 2010 to 2016, he drew strongly from his extensive experience in the local arena to advocate for greater autonomy for local government units. He also prioritized protecting the welfare and interests of overseas Filipino workers (OFWs), including those seeking employment in Taiwan.

As the 17th President of the Republic, Pres. Marcos Jr. has taken on the role of concurrent Agriculture Secretary and forms part of the LANDBANK Board of Directors, in his mission to modernize the agriculture sector and achieve food sufficiency for the Philippines.



CONRADO M. ESTRELLA III
Secretary
Department of Agrarian Reform

62 years old, Filipino

Mr. Estrella is the Department of Agrarian Reform's Secretary. His support for farmers and compassion for them led to his election as a provincial board member for Pangasinan, and in 1987, he became the youngest lawmaker to ever serve in the House of Representatives. From 1987 to 1995 and again from 2001 to 2010, he was elected as the representative for Pangasinan's 6th District. Since then, he has never lost an election. From 2013 to 2022, Mr. Estrella served as the ABONO Party-List's representative and furthered the cause of farmers.



BIENVENIDO E. LAGUESMA
Secretary
Department of Labor and Employment

72 years old, Filipino

Mr. Laguesma takes on the role of the current Secretary of the Department of Labor and Employment (DOLE). He has a long track record of championing the welfare of Filipino workers as he served the Labor Department in various capacities for over 25 years. He was appointed as Labor Secretary in 1998 under Pres. Estrada's administration and as Commissioner under the Social Security Commission during the administration of the late President Benigno Aquino III.

He obtained a bachelor's degree in Political Science from the Lyceum of the Philippines University. He also graduated from the Ateneo de Manila University with a bachelor's degree in Law. Apart from this, he pursued post-graduate studies on Career Executive Service and Public Sector Administration from the Development Academy of the Philippines and Royal Institute of Public Administration in London, respectively.



ATTY. JAIME L. MIRALLES
Representative
Agrarian Reform Beneficiaries

72 years old, Filipino

Atty. Miralles serves as a representative of the Agrarian Reform Beneficiaries in the LANDBANK Board. A graduate of the University of the East Law School, he is a Labor Law practitioner and labor leader who remains committed to serving the cause of industrial and agrarian workers. He acted as a Commissioner at the National Anti-Poverty Commission (NAPC) from 1998 to 2001, practiced law for many years, and then returned to government service as a Trustee and Labor Sector representative in Pag-IBIG Fund or the Home Development Mutual Fund (HDMF) from 2010 to 2017. At present, he is also the Lead Convener of the Labor Power Movement and the National President of the Association of Genuine Labor Organization.



VIRGILIO DV. ROBES
Representative
Agrarian Reform Beneficiaries

75 years old, Filipino

Mr. Robes sits in the LANDBANK Board as a representative of the Agrarian Reform Beneficiaries (ARBs). He served as OIC-Vice Governor of Bulacan from 1987 to 1988 and undertook the role of Senior Adviser to former Bulacan Governor Roberto Pagdanganan from 1988 to 1989. He is one of the founders and former president of Pugad Lawin Philippines, Inc. – San Jose del Monte, an NGO comprised of socio-civic leaders, professionals, entrepreneurs and other volunteers which focuses on addressing the plight of the less fortunate and promoting community building. He has decades of experience in the field of Real Estate Business. Mr. Robes practices and promotes healthy lifestyle movement.



NANCY D. IRLANDA
Representative
Private Sector

53 years old, Filipino

Ms. Irlanda is the first female Appointive Independent Director on the LANDBANK Board. She brings a well-rounded and market-oriented perspective to her role as Private Sector Representative, and has been a staunch advocate of digital transformation and data analytics to bring about financial inclusivity. Her pursuit of corporate governance has resulted in more robust loan policies that safeguard the people's money, as well as the environment. As a news anchor, she made her early mark specializing in business and the economy at the ABS-CBN News Channel (ANC), where she also anchored and produced mainstream and political news and current affairs. Apart from her work in media, she is also a former consultant with Petron Corporation, and worked in both cash and relationship management at Citibank. As an Economics graduate from the University of the Philippines Diliman, she was conferred the Dean's Medal and the award for Best Thesis for a co-authored work published in the Philippine Review of Economics and Business. She has served as moderator for highly-specialized events including Bangko Sentral ng Pilipinas' CEO Forum, Management Association of the Philippines' International CEO Conference, Internet and Mobile Marketing Association of the Philippines' Digital Congress, and the Semiconductor and Electronics Industries in the Philippines' CEO Conference.

She also serves as Chairperson of the Committees on Corporate Governance and Related Party Transactions, Vice-Chairperson of the ITCOM and Member of the Risk Oversight and Trust Committees.

ALTERNATE MEMBERS OF THE BOARD



ROSALIA V. DE LEON
Primary Alternate Board Member
Treasurer of the Philippines, Bureau of the Treasury

61 years old, Filipino

Ms. De Leon is the Treasurer of the Philippines, leading the Bureau of the Treasury since 2017. She also assumed key positions in the Department of Finance, including Undersecretary for International Finance Group, Chief-of-Staff, and Officer-in-Charge/Head for the International Finance Group. She also served as an Independent Director of the Philippine Dealing System Holdings Corp., Philippine Securities Settlement Corp., Philippine Dealing and Exchange Corp., and Philippine Depository and Trust Corp.

She completed her Economics degree at the University of the Philippines Diliman. Ms. De Leon also earned her master's degree in Development Economics from Williams College, Massachusetts, USA.



ATTY. ERWIN D. STA. ANA

Alternate Board Member

Treasurer of the Philippines, Bureau of the Treasury

40 years old, Filipino

Mr. Sta. Ana started his career in the Bureau of the Treasury as Deputy Treasurer in 2015. He is handling various services such as Liability Management Service, Management Information Systems Service, and Regional Operations. Prior to this, he held various positions in the Philippine Deposit Insurance Corporation and the Department of Finance. He is a lawyer and a graduate of the Arellano University School of Law. He took up a bachelor of science degree in Economics at the University of the Philippines Diliman.



BENEDICTO ERNESTO R. BITONIO, JR.

Alternate Board Member

Treasurer of the Philippines, Bureau of the Treasury

61 years old, Filipino

Mr. Bitonio currently serves as the Undersecretary of the Department of Labor and Employment. Prior to his appointment in 2022, he held various positions including the Executive Vice President at the Development Bank of the Philippines, Chairman at the National Labor Relation Commission, and Assistant Secretary and Director at the Department of Labor and Employment, and Head Executive Secretary of the Department of Labor and Employment, among others.

Mr. Bitonio completed his bachelor's degree in Arts and Laws from the University of the Philippines. He also holds a master's degree in Public Management from the National University of Singapore Kennedy School of Government, Harvard University. He obtained his bar license in 1989.



DOMINGO F. PANGANIBAN

Senior Undersecretary

Department of Agriculture

83 years old, Filipino

Domingo Flores Panganiban is the Senior Undersecretary for the Department of Agriculture (DA). An agriculturist by profession, his career as a public servant has spanned over three decades, culminating in his appointment as Agriculture Secretary in 2001 and 2005.

Panganiban rose from the ranks in the DA, beginning his career in the Department as a Plant Pest Control Worker in the Bureau of Plant Industry (BPI) in Zamboanga City. He would later on hold various leadership positions in the Department, including as Undersecretary for Operations, Executive Director of the National Food and Agriculture Council (NFAC), Acting Administrator of the National Food Authority (NFA), and Director of BPI. He holds the rank of Career Executive Service Officer (CESO) I, the highest in the Philippine career executive service.

His extensive experience in the agriculture sector is supplemented by his work in the social sector. In 2006, he became the Lead Convenor, with the rank of Cabinet Secretary, of the National Anti-Poverty Commission (NAPC). He also served as Chief of the Staff of Senator Loren B. Legarda.

Panganiban earned his Bachelor of Science (BS) in Agriculture, major in Agronomy and Plant Protection, from the University of the Philippines, Los Baños (UPLB). In 1999, he was named Most Distinguished Alumnus of UPLB.

He is also a recipient of various awards and distinctions, such as the Lingkod Bayan Award from the Career Executive Service Board (CESB) in 1982, the Dangal ng Batangas Award in 1979, and the Presidential Plaque of Merit in 1967.

Fondly called "Ding" by family, friends, and close colleagues, he is a native of Tanauan, Batangas.



ATTY. NAPOLEON U. GALIT
Undersecretary
Department of Agrarian Reform

70 years old, Filipino

Mr. Galit was appointed as Undersecretary of the Department of Agrarian Reform in 2022 under the Marcos administration. Prior to his appointment as such, he was a Senior Managing Partner of Galit Law Firm, where his experience and expertise focused primarily on land disputes and escrow accounts, including but not limited to foreclosure of collaterals, their remedies, and its dispositions within the five-year limitation – from the date of consolidation under the General Banking Law, R.A. 8791.

Mr. Galit graduated from the Manuel L. Quezon University with a bachelor's degree in Commerce, and completed his Bachelor of Laws (LL.B.) degree at the University of Manila. He became a Member of the Philippine Bar in 1994.

MANAGEMENT TEAM



LIDUVINO S. GERON
Executive Vice President
Branch Banking Sector

58 years old, Filipino

EVP Geron is equipped with over 28 years of experience in various areas of banking, particularly in branch banking, strategic planning, and lending. He joined LANDBANK as a Management Trainee in 1994 and rose from the ranks, later on heading various bank units such as the Visayas Branches Group, Lending Program Management Group, Credit Policy Department, Agricultural and Development Lending Sector, and the Branch Banking Sector. He was also assigned as Officer-in-Charge (OIC) of the United Coconut Planters Bank, which merged with LANDBANK in 2022. He earned a bachelor's degree in Agricultural Engineering from the University of the Philippines Los Baños and a master's degree in Systems Agriculture from the University of Western Sydney.



ALEX A. LORAYES
Executive Vice President
Branch Banking Sector

60 years old, Filipino

EVP Lorayes has been with LANDBANK for more than three decades, serving in various capacities before being appointed as Head of the Corporate Services Sector. He joined the Bank as a Project Analyst in 1988 and gained experience through his work in agrarian operations, lending and credit management, and branch banking operations. He is a licensed Environmental Planner, Real Estate Consultant, Civil Engineer and Geodetic Engineer. He earned his bachelor's degree in Civil Engineering and master's degree in Business Administration and Financial Management from the Divine Word College of Legazpi, where he also served as a Lecturer before joining LANDBANK.



ALAN V. BORNAS
Executive Vice President
Operations Sector

56 years old, Filipino

EVP Bornas has over three decades of experience in managing and responding to the technical and operational needs of LANDBANK. At present, he heads the Operations Sector in further improving the Bank's technology and operations. He joined LANDBANK in 1989 as a Technical Specialist and handled various management positions that allowed him to lead the improvement of the Bank's customer service and business through automation and information technology. He obtained a bachelor's degree in Computer Science from the University of the Philippines-Diliman and completed the Pacific Rim Bankers Executive Banking Course at the University of Washington in 2012.



CAREL D. HALOG
Executive Vice President
Treasury and Investment Banking Sector

56 years old, Filipino

EVP Halog heads the Treasury and Investment Banking Sector. He joined LANDBANK in 1988 as a Senior Appraiser in the Agrarian Affairs Coordinating Department and gained experience and expertise in the areas of treasury, investment banking, financial markets and branch loans review and accounts management. He is a licensed Treasury Professional and earned a master's degree in Business Administration from De La Salle University. He also completed the Ateneo Graduate School of Business Management Development Program. He is a licensed Geodetic Engineer and a former state scholar of the Mines and Geo-Sciences Bureau.



MA. CELESTE A. BURGOS
Senior Vice President
National Development Lending Sector

58 years old, Filipino

SVP Burgos has 36 years of service in LANDBANK, joining the Cash Department in 1986 and gaining experience in accounts management and corporate banking before heading the Mindanao Lending Group and Northern and Central Luzon Lending Group. Prior to her appointment as the head of the National Development Lending Sector, she was the Officer-in-Charge of the Agricultural and Development Lending Sector. She earned her bachelor's degree in Commerce from St. Paul College Manila and earned units for her master's degree in Business Administration from the Pamantasan ng Lungsod ng Maynila. She is a CPA.



RANDOLPH L. MONTESA
Senior Vice President
Digital Banking Sector

55 years old, Filipino

SVP Montesa joined LANDBANK in 2003 as Assistant Department Manager of the Enterprise Systems Department. Prior to his appointment as the Officer-in-Charge of the Digital Banking Sector, he led the IT-Project Management Department, Consumer E-Banking Group, Customer Acquisition and Partnership Group, and the Card and Electronic Banking Group. Before being a part of LANDBANK, he handled various management positions in Philippine Airlines, Oracle Philippines and IBM Philippines. He completed his bachelor's degree in Civil Engineering at the University of the Philippines. He earned his master's degree in Business Administration from the College of the Holy Spirit - Manila.

BRANCH BANKING SECTOR



MARILOU L. VILLAFRANCA
Senior Vice President
North NCR Branches Group

54 years old, Filipino

SVP Villafranca has served LANDBANK for 30 years and currently heads the North NCR Branches Group. She joined the Bank in 1992 as a Cashier under the Customer Development Office and handled various positions including heading various branches and the Southeast Luzon Branches Group. She obtained her bachelor's degree in Philosophy from the University of Santo Tomas and her master's degree in Development Management from the Asian Institute of Management.



RAMON R. MONTELOYOLA
Senior Vice President
South NCR Branches Group

61 years old, Filipino

SVP Monteloyola joined the Bank in 1983 as a Clerk in the Branch Banking Department and worked in various positions before leading branches and regional offices. He headed the Southern Luzon and Bicol Branches Group, East Visayas Branches Group and Central Luzon Branches Group. He is currently heading the South NCR Branches Group. He earned his bachelor's degree in Accountancy from the Polytechnic University of the Philippines and finished his master's degree in Business Administration at the College of the Holy Spirit Manila. He is a CPA.



MA. BELMA T. TURLA
Senior Vice President
North Luzon Branches Group

55 years old, Filipino

SVP Turla joined the Bank in 1989 as an Accounting Clerk at the Quezon City Branch and climbed her way up the corporate ladder as she took on supervisory roles in various branches. With over three decades of banking experience, she currently heads the North Luzon Branches Group. She completed her bachelor's degree in Commerce at the University of Nueva Caceres and her master's degree in Business Administration at the Philippine School of Business Administration. She is a CPA.



SYLVIA C. LIM
Senior Vice President
Central Luzon Branches Group

55 years old, Filipino

SVP Lim is a homegrown Landbanker, with a career spanning over three decades. She started as a New Accounts Clerk at the South Harbor Extension Office in 1987. She handled different positions and managed various branches and lending centers before being appointed as Central Luzon Branches Group Head. She earned a bachelor's degree in Commerce from Manuel L. Quezon University and a master's degree in Business Administration from the Columban College Graduate School.



MA. CIELITO D. VALDIVIA
 Senior Vice President
 Southwest Luzon Branches Group

58 years old, Filipino

SVP Valdivia joined the Bank in 1987 as a Teller in Sta. Cruz, Laguna Branch and worked her way up to become the Head of the Southwest Luzon Branches Group. Before joining LANDBANK, she served as a High School Teacher at Liceo De Paete and a Research Assistant at the Forest Research Institute. She earned her bachelor's degree in Agricultural Economics from the University of the Philippines Los Baños.



ALTHON C. FEROLINO
 Senior Vice President
 Southeast Luzon Branches Group

56 years old, Filipino

SVP Ferolino joined LANDBANK in 1991 starting as a Field Operations Analyst I at the Lanao Del Sur Field Office. He led various branches before heading the Digital Banking Management Department, Central Luzon and West Visayas Branches Groups. He currently heads the Southeast Luzon Branches Group. Prior to his work at LANDBANK, he worked as a Development Officer at the National Irrigation Administration and as an Instructor at the Mindanao State University and Iligan Medical Center Colleges. He earned his bachelor's degree in Political Science from the Mindanao State University. He also earned units for a bachelor's degree in Law at the same university. He completed his master's degree in Business Administration at the Laguna College of Business and Arts.



KHURSHID U. KALABUD
 Senior Vice President
 East Visayas Branches Group

54 years old, Filipino

SVP Kalabud joined the Bank in 1990 as a Field Operations Analyst at the Jolo Field Office. He took on different positions and led various lending centers and branches in Mindanao before heading the East Mindanao and West Mindanao Branches Groups. Currently, SVP Kalabud heads the East Visayas Branches Group. Prior to LANDBANK, he worked as a Radio Announcer in DXMM Sulu, Tawi-Tawi Broadcasting Foundation as well as a Broadcast Program Producer, and Announcer at the Bureau of Broadcast Services. He holds a bachelor's degree in Commerce from the Notre Dame of Jolo College. He earned MBA units from the Western Mindanao State University before completing his master's degree in Public Administration at the Sulu State College.



DELMA O. BANDIOLA
 First Vice President
 West Visayas Branches Group

52 years old, Filipino

FVP Bandiola joined LANDBANK in 1992 as an Accounting Clerk at the Cash Department. She took on different positions and consecutively led various branches and groups in North NCR before being appointed as head of the West Visayas Branches Group. She earned a bachelor's degree in Commerce at St. Anthony's College and a master's degree in Business Administration at the Pamantasan ng Lungsod ng Maynila. She is a CPA.



CAMILO C. LEYBA
Senior Vice President
East Mindanao Branches Group

60 years old, Filipino

SVP Leyba joined LANDBANK in 1984 as an Emergency Accounting Clerk at the Davao Branch. He rose from the ranks and led various branches and lending centers in Mindanao before being appointed as the head of the West Visayas Branches Group. He currently leads the East Mindanao Branches Group. SVP Leyba earned a Commerce Degree and a master's degree in Business Administration from the Ateneo de Davao University. He is a CPA.



LINA K. PACIO
Vice President
West Mindanao Branches Group

60 years old, Filipino

VP Pacio has served the Bank for over 34 years, starting as a Clerk at the Davao City Field Office then handling various positions before heading branches in Mindanao. She currently heads the West Mindanao Branches Group. She earned undergraduate and master's degrees in Business Administration from Silliman University. She also graduated with a bachelor's degree in Law from Misamis University.

CORPORATE SERVICES SECTOR



ATTY. MARIFE LYNN O. PASCUA
Vice President
Agrarian Services Group

55 years old, Filipino

Atty. Pascua joined LANDBANK in 2005 as a Legal Officer in the CARP Legal Services Department before handling several positions and eventually heading the Land Transfer Processing Department and Agrarian Support Department. She currently heads the Agrarian Services Group. Prior to joining LANDBANK, she worked as a Legislative Officer in the Philippine Senate and a Court Attorney in the Office of Presiding Justice Minita C. Nazario. She also handled several positions in the Municipality of Candon, Ilocos Sur. She earned a B.S. Biology degree from the University of Northern Philippines and a bachelor's degree in Law from the Pamantasan ng Lungsod ng Maynila.



ATTY. JOSELITO B. VALLADA
First Vice President
Human Resource Management Group

51 years old, Filipino

Atty. Vallada joined the Bank in 2003 as a Legal Officer, gaining experience in the Administrative Legal and Litigation Department. He was appointed as Head of the Personnel Administration Department before his current position as Head of the Human Resource Management Group. Prior to joining LANDBANK, he practiced law as an Associate in various law offices. He graduated with a bachelor's degree in Economics from the University of the Philippines-Los Baños and a bachelor's degree in Law from Manuel L. Quezon University.

**EMMANUEL G. HIO, JR.**

Vice President

Facilities and Engineering Services Group

50 years old, Filipino

VP Hio joined the Bank in 1994 as a Human Resource Management Officer, gaining experience in Personnel Administration before being appointed as Head of the Organization Development Department. He currently heads the Facilities and Engineering Services Group. He has a Philosophy Degree from the De La Salle University where he also became a faculty member. He earned a master's degree in Business Administration from the College of the Holy Spirit-Manila.

**VIVIAN M. CAÑONERO**

Vice President

Corporate Affairs Group

58 years old, Filipino

VP Cañonero has served LANDBANK for over 27 years, joining the Bank in 1996 as Division Chief at the Branch Administration Office and eventually heading various lending centers and branches in Panay, Iloilo, Cebu, and Negros Occidental. She currently heads the Corporate Affairs Group. Prior to joining LANDBANK, she worked in various positions including as Chief Accountant, Finance Officer and Acting Comptroller at the AFC Agribusiness Corporation and AFC Fertilizer and Chemicals, Inc. She has a bachelor's degree in Business Management major in Accounting and a master's degree in Management major in Business Management from the University of the Philippines-Visayas. She is a CPA.

DIGITAL BANKING SECTOR**PACIFICO C. DE PAZ, JR,**

Vice President

Digital Solutions and Product Management Group

61 years old, Filipino

VP De Paz has been with LANDBANK since 1993, starting as a Property Appraiser at Kidapawan Branch. He rose from the ranks and consecutively led various branches and departments including the Payment Cards Management Department, Credit Card Administration Department, and Digital Banking Management Department. Currently, he serves as the Officer-in-Charge of the Digital Solutions and Product Management Group. VP De Paz earned his bachelor's degree in Civil Engineering from the Mapua Institute of Technology.

OPERATIONS SECTOR**WINSTON ROCHEL L. GALANG**

Senior Vice President

Banking Operations Group

59 years old, Filipino

SVP Galang joined LANDBANK in 1990 and has handled various positions such as head of the Project Management and Engineering Department and Property Valuation and Credit Information Department. He currently heads the Banking Operations Group. He completed his bachelor's degree in Civil Engineering at the Mapua Institute of Technology.



REYNALDO C. CAPA
First Vice President
Banking Services Group

59 years old, Filipino

FVP Capa has over 35 years in service in LANDBANK, starting as a Clearing/Distributing Clerk at the Cash Department in 1988. He worked in various areas before heading the Central Clearing Department and currently, the Banking Services Group. He graduated with a bachelor's degree in Business Administration major in Accounting from the University of the East and a master's degree in Business Administration from Las Piñas College.



ANNALENE M. BAUTISTA
Senior Vice President
Controllership Group

59 years old, Filipino

SVP Bautista has been with LANDBANK for the last 37 years, taking on different positions and leading various branches, departments and groups before being appointed as head of the Controllership Group. She is a CPA who completed her bachelor's degree in Accountancy at the Polytechnic University of the Philippines and her master's degree in Business Administration at the Philippine Christian University. She also earned her master's degree in Risk and Insurance Management from the De La Salle University - Manila.



ALDEN F. ABITONA
Senior Vice President
Technology Management Group

52 years old, Filipino

SVP Abitona is a homegrown Landbanker with a career spanning over three decades. He started as a Clerk at the Rural Banking Group in 1991 and obtained experience from the various roles he took under the Technology Department, Data Center and Network Operations Department and Data Center Management Department. He currently heads the Technology Management Group. He earned his bachelor's degree in Electronics and Communication Engineering from the Polytechnic University of the Philippines and earned MBA units from the University of Santo Tomas.

NATIONAL DEVELOPMENT LENDING SECTOR



LUCILA E. TESORERO
Senior Vice President
Corporate Banking Group

59 years old, Filipino

SVP Tesorero started her professional career with LANDBANK in 1985 as an Emergency Clerk of the Loans Legal Action Office. She took on different positions and consecutively led various departments and groups including the Fund Sourcing Department, Public Sector Department, Corporate Banking Department, Program Lending Group, and Southern Luzon Lending Group. She is currently the head of Corporate Banking Group. SVP Tesorero completed her bachelor's degree in Agricultural Economics at the University of the Philippines-Los Baños. She completed her master's degree in Business Administration at the College of the Holy Spirit-Manila.

**CIELITO H. LUNARIA**

First Vice President

Retail and Mid-Market Lending Group

59 years old, Filipino

FVP Lunaria joined LANDBANK in 1994 as a Chief Accounts Management Specialist in the Program Lending Department. She was assigned to various departments before heading the Financial Institutions Department. Currently, she leads the Retail and Mid-Market Lending Group. Prior to joining LANDBANK, she worked as a Junior Processing Engineer and Sales Engineer in other companies. She is a certified Chemical Engineer who obtained her bachelor's degree from the Mapua Institute of Technology and obtained a bachelor's degree in Law from the Far Eastern University.

**ESPERANZA N. MARTINEZ**

Vice President

Lending Program Management Group

55 years old, Filipino

VP Martinez has over 31 years in service in LANDBANK, starting as a Bookkeeper at the Provident Fund Office. Prior to her appointment as the head of the Lending Program Management Group, she served as an Accounts Officer at the SME-MID-Market Lending Department and Corporate Banking Department, and Accounts Manager at the Public Sector Department. She completed her bachelor's degree in Business Administration major in Accounting from the Pamantasan ng Lungsod ng Maynila.

**FILIPINA B. MONJE**

Senior Vice President

Northern and Central Luzon Lending Group

61 years old, Filipino

SVP Monje has served the Bank for 39 years, joining the Bank in 1983 as an Accounting Clerk in Urdaneta Branch. She served as Department Manager of various LANDBANK branches and lending centers in North and Central Luzon before heading the South Luzon Lending Group and serving as OIC of the Agricultural and Development Lending Sector. She currently heads the Northern and Central Luzon Lending Group. She graduated with a bachelor's degree in Commerce from Luzon Colleges. She earned bachelor's degree units in Law at Northwestern College, units leading to a master's degree in Business Management from La Sallette College, and master's in Business Administration units from the De La Salle University. She is a CPA.

**MARIETTA B. CAJUGUIRAN**

Vice President

Southern Luzon Lending Group

57 years old, Filipino

VP Cajuguiran joined the Bank in 1988 as a New Accounts Clerk at the Cash Department. She took on different positions including Account Management Specialist and Accounts Officer at the Account Management Department. She also led the SME-MID-Market Lending Department and Corporate Banking Group before becoming the Head of the Southern Luzon Lending Group. VP Cajuguiran graduated with a bachelor's degree in Business Administration major in Accounting from the University of the East. She also obtained a master's degree in Business Administration from the Pamantasan ng Makati.



ELSIE FE B. TAGUPA
Senior Vice President
Visayas Lending Group

62 years old, Filipino

SVP Tagupa started her professional career with LANDBANK in 1983 as a Clerk at the Bicol/Visayas Regional Office. With over 39 years in public service, she led various field units before heading lending centers in Cebu and Negros. She currently heads the Visayas Lending Group. SVP Tagupa finished her Bachelor's Degree in Commerce from Fatima College of Camiguin. She earned master's degree units in Business Management at the University of San Jose Recoletos and graduated with a master's degree in Business Administration from the College of the Holy Spirit-Manila.



CHARLOTTE I. CONDE
Senior Vice President
Mindanao Lending Group

57 years old, Filipino

SVP Conde has served the Bank for 34 years, starting as an Accounting Clerk in the Davao del Norte Field Office in 1988 before being promoted to various positions and eventually heading a number of branches and lending centers in Mindanao. She currently heads the Mindanao Lending Group. SVP Conde graduated with a BS Accountancy degree from the Ateneo de Davao University and earned her master's degree in Business Administration at the University of the Immaculate Conception Davao City. She is a CPA.

TREASURY AND INVESTMENT BANKING SECTOR



ADELFA R. MASACUPAN
First Vice President
Asset and Liability Management Group

49 years old, Filipino

FVP Masacupan joined the Bank in 2003 and worked in various positions before heading the FX Sales and Hedging Solutions Department, and Liquidity and Reserve Management Department. She currently heads the Asset and Liability Management Group. She is a Certified Treasury Professional and a Licensed Fixed Income Market Salesman. Prior to working in LANDBANK, she worked as a Legislative Staff Officer at the Office of Senator Heherson Alvarez and a Researcher at the Department of Environment and Natural Resources. She graduated with a bachelor's degree in Mass Communication from the University of the Philippines-Diliman and a master's degree in Business Administration from the De La Salle University.



MA. FRANCIA O. TITAR
First Vice President
Financial Markets Group

52 years old, Filipino

FVP Titar has over 30 years of service in LANDBANK, starting as a clerk at the Treasury Services Department in 1992. She handled various positions before heading the Domestic Currency Department, the Capital Markets Trading Department and the Asset and Liability Management Group. She currently heads the Financial Markets Group. She graduated with a bachelor's degree in Business Management from the Polytechnic University of the Philippines.



GONZALO BENJAMIN A. BONGOLAN
Senior Vice President
Investment Banking Group

57 years old, Filipino

SVP Bongolan joined the Bank in 2018 as the head of the Investment Banking Group. Prior to LANDBANK, he was the Vice President for Philippine Commercial Capital, Inc., Assistant Vice President for the PCCI Securities Broker Corp. and held management positions in Belson-Prime East Asia Capital, First Metro Investment Corp. and Home Guaranty Corporation. He also worked as a Senior Economist at the Banque Nationale de Paris-Prime East and likewise served as a Legislative Staff Officer in the House of Representatives. He has a bachelor's degree in Economics from the University of the Philippines School of Economics where he has also worked as a teaching fellow.

UNITS UNDER BOD AND OP



ATTY. CESAR S. CABAÑES
Vice President
Compliance Management Group

48 years old, Filipino

VP Cabañes started his career with LANDBANK in 2003, joining as a Legal Officer at the Banking Legal Services Department. He rose from the ranks in the department before becoming its Head in 2016. VP Cabañes was later assigned as the Officer-in-Charge of the Legal Services Group and was appointed as the Head of the Compliance Management Group in 2022. He graduated with a bachelor's degree in Classical Studies from the University of Santo Tomas. He also earned units from the Ateneo de Manila University before completing his bachelor's degree in Law from the Arellano University.

**MARIA EDELWINA D. CARREON**

First Vice President
Internal Audit Group

62 years old, Filipino

FVP Carreon has over 34 years of service in LANDBANK, having started as a Project Assistant at the Rural Banking Audit Department in 1988. She gained experience in various areas of audit before heading the Countryside Financial Institutions Audit Department 2 and 3, Loans Implementation Department and Loans Operations Management Department. She is currently the head of the Internal Audit Group. She has a bachelor's degree in Commerce major in Accounting from the University of Santo Tomas and a master's degree in Business Administration from De La Salle University.

**EMELLIE V. TAMAYO**

Senior Vice President
Asset Recovery Group

55 years old, Filipino

SVP Tamayo joined LANDBANK as a Management and Audit Officer of the Management and Operations Audit Department in 1989. She took on different positions, heading the Financial Asset Department, Loan Recovery Department and Lending Program Management Group. Currently, she is serving as the head of the Asset Recovery Group. Prior to LANDBANK, she worked as a Junior Auditor at Sycip, Gorres, Velayo and Company. SVP Tamayo earned a bachelor's degree in Business Administration from the Philippine School of Business Administration and a master's degree in Business Administration from the College of the Holy Spirit-Manila. She is a CPA.

**ATTY. RODERICK P. SACRO**

First Vice President
Legal Services Group

50 years old, Filipino

Atty. Sacro is a CPA-lawyer who heads the Legal Services Group. He joined LANDBANK in 1995, gaining experience in Management and Operations Audit, Treasury Operations, Litigation, and Risk Management before heading the Litigation Department, and Asset Recovery Group. Prior to LANDBANK, he worked in various positions in PCI Bank and ALC Group of Companies. He has a bachelor's degree in Accountancy from St. Louis University, a bachelor's degree in Law from the Arellano University Law School, and a master's degree in Business Administration from the Ateneo de Manila University.

**AMELITA H. CARRILLO**

First Vice President
Risk Management Group

42 years old, Filipino

FVP Carrillo joined LANDBANK upon the merger of the Bank and the former United Coconut Planters Bank (UCPB) in March 2022. She gained her expertise in risk management by serving as Risk Officer in various banks including the Malayan Bank Savings and Mortgage Bank, Export and Industry Bank, and Philippine Business Bank; head of Risk in Accion International and Bridge Philippines Investment; and Market and Liquidity Risk Department in UCPB. She graduated from the University of Santo Tomas with a bachelor's degree in Mathematics.

**ELCID C. PANGILINAN****Senior Vice President****Strategy and Knowledge Management Group**

54 years old, Filipino

SVP Pangilinan joined LANDBANK in 1995 as Bank Executive Officer at the Economics and Policy Studies Department and now leads the Strategy and Knowledge Management Group. His previous engagements were with various international organizations such as the United States Agency for International Development, the Millennium Challenge Account-Philippines, and the United Nations Development Programme. His passion as a development professional also includes 30 years of government service in the Department of Education and the Office of the President's Presidential Management Staff under the administration of President Corazon C. Aquino.

Currently, he holds active membership and leadership roles in the government as a Member of the CITEM Board of Governors, UCPB Leasing and Finance Corp Board, and LANDBANK Securities Inc. Board, and in non-government entities as President of Chevening Alumni Foundation of the Philippines, Inc. Immediate Past President of the Hubert H. Humphrey Alumni Association, as well as the British Alumni Association.

He earned his bachelor's degree in Behavioral Science from the De La Salle University and his masteral degree in Economics from the London School of Economics in the United Kingdom.

**LOLITA M. ALMAZAR****First Vice President****Trust Banking Group**

58 years old, Filipino

FVP Almazar started her career in LANDBANK in 1986 as an Emergency Records Clerk at the Accounts Management Department. She handled various positions before heading several branches and areas in the NCR. She was then appointed to lead the Investment Sales and Distribution Department before her current position as head of the Trust Banking Group. She has a bachelor's degree in Commerce major in Business Administration from the University of Santo Tomas and a master's degree in Business Administration from the Philippine Women's University.



Other Senior Officers

As of December 31, 2022

BRANCH BANKING GROUP

Abdulkadil A. Alabat

Cotabato, Maguindanao Branch

Vivian P. Bisnar

Plaza Independencia Branch

Francisco E. Burgos Jr.

North NCRBG Cluster C

Natividad R. Francisco

South NCR Branches Group

Anthony Evan A. Lluch

Branch Banking Sector

Virgilio C. Paranal

Buendia Branch

Elenita C. Rapanut

Branch Banking Support Department

CORPORATE SERVICES SECTOR

May D. Arizabal

Personnel Administration Department

Ma. Luisa S. Gopico

Merger Business Continuity Team (MBCT)

Mira Leah B. Patio

Employee Relations Department

Alwin I. Reyes

Procurement Department

Rose Marie E. Sotelo

Corporate Services Sector

NATIONAL DEVELOPMENT LENDING SECTOR

Jimmy P. Arco

Cagayan De Oro Lending Center

Teresita S. Aringo

Lending Support Department

Bernardo B. Bayangos

Southern Isabela Lending Center

Allan R. Bisnar

Cebu South Lending Center

Emma M. Brosas

Corporate Banking Department I

Jesse J. Calibuso

Cavite Lending Center

Jose Enecto G. Faune

Davao Lending Center

Eden B. Japitana

General Santos Lending Center

Eulalio G. Lagapa Jr.

Cebu North Lending Center

Eduardo N. Reyes Jr.

Northern & Central Luzon Lending Group



Other Senior Officers

As of December 31, 2022

OPERATIONS SECTOR

Rosanna F. Berones

Enterprise Systems Department

Reynaldo Michael R. Bien

Financial Accounting Department

Arthur E. Dalampan

Electronic Banking Systems Department

Grace Ofelia Lovely V. Dayo

Retail Banking Systems Department

Enrique L. Sazon Jr.

Network Operations Department

Rosemarie A. Tam

IT-Project Management Department

TREASURY AND INVESTMENT BANKING SECTOR

Emmanuel G. Dimaano

Capital Markets Trading Department

Ivy C. Sacramento

Balance Sheet Management Department

UNITS UNDER THE BOARD AND OFFICE OF THE PRESIDENT

Benjamin P. Apan

Strategic Initiatives Office

Maria Aurora R. Bocato

Credit Risk Management Department

Marjorie R. Cortez

Operational Risk Management Department

Kristine Marie G. Cuevas

Strategic Initiatives Office

Sandra May C. Daraman

Corporate Planning and Strategy Management Department

Dennis P. Dinglasan

Field Legal Services Department

Leila C. Martin

Strategic Initiatives Office

Lizette Margaret Mary J. Racela

Strategic Initiatives Office

Mario S. Sabino Jr.

Trust Account Management Department

Romulo E. Sapitula

Security Department

Janette L. Tempongko

Strategic Initiatives Office



Products and Services





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.

Savings Account with ATM Access

An interest-bearing peso savings account wherein deposit transactions are made over-the-counter (OTC) or through CDM during official banking hours/days. Withdrawals may be done OTC or at any LANDBANK ATM and other ATMs with Bancnet and Visa* logo. Cashless purchases may also be done online* and through any Point-of-Sale (POS) terminal of partner merchants from department stores, supermarkets and accredited establishments bearing the Bancnet and Visa logos.

**applicable to LANDBANK Visa Debit Card only.*

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 and are tiered based on ADB levels.

Regular Current Account

A non-interest bearing peso account, also known as Checking or Demand Deposit Account, wherein deposits are made OTC and withdrawals are made through the issuance of a check.

Current Account with ATM Access

A non-interest bearing peso checking account wherein deposit transactions are made OTC during official banking hours/days or via CDM. Withdrawals may be done either through the issuance of a check, or OTC. ATM withdrawals may also be made at any LANDBANK ATM and other ATMs with Bancnet and Visa* logos. Cashless

purchases may also be done online* and through any Point-of-Sale (POS) terminal of partner merchants from department stores, supermarkets and accredited establishments bearing the Bancnet and Visa logo.

**applicable to LANDBANK Visa Debit Card only.*

Peso Earning Access & Sure Yield (EASY) Check

An interest-bearing peso checking account (IBCA), with a minimum initial deposit of P10,000 for individual customers, P20,000 for private institutional customers, and P30,000 for government customers. Deposits are made OTC while withdrawals are made through issuance of a check.

Peso Earning Access & Sure Yield (EASY) Check with ATM Access

An interest-bearing peso checking account wherein deposit transactions are made OTC or via CDM during official banking hours/days. Withdrawals may be done either through the issuance of a check, or OTC. ATM withdrawals may also be made at any LANDBANK ATM and other ATMs with Bancnet and Visa* logos. Cashless purchases may also be done online* and through any Point-of-Sale (POS) terminal of partner merchants from department stores, supermarkets and accredited establishments bearing the Bancnet and Visa logos.

**applicable to LANDBANK Visa Debit Card only.*

Regular Peso Time Deposit

A specific amount of funds in peso which earns interest at a predetermined competitive rate for a fixed period of time/term with a "Certificate of Time Deposit" (CTD) as proof of deposit. This is offered to individuals and institutions with peso-denominated funds which may be locked-in for at least 30 days.

High Yield Savings Account (HYSA)

A peso account wherein funds of a specific amount are given pre-determined competitive rates for a fixed term. Passbook also serves as a proof of deposit. HYSA is offered to institutional customers only.

Auto-Save Deposit Account

A payroll-linked savings account for payroll account holders whereby a minimum of P100 is automatically debited from the payroll account and credited to the Auto-Save account every payday.

Perang Inimpok Savings Option (PISO) Account

An ATM Basic Deposit Account (BDA) with an initial deposit of P1.00, no minimum maintaining balance, requires at least P2,000 to earn interest and with a maximum outstanding balance of P50,000 at any given time.

US Dollar Savings Account

An interest-bearing dollar savings account with a minimum initial deposit of USD100 for individual customers and USD1,000 for institutional customers 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 predetermined competitive rate for a fixed period of time/term (minimum of 30 days) with a Certificate of Time Deposit (CTD) as proof of deposit.



Easy US Dollar Pension

A deposit account wherein 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 (HYUSD TD)

A special time deposit account, with a minimum initial deposit of USD2,000 for a two-year term, and USD10,000 for a three-year term, which earns a much higher interest than a regular time deposit account.

Digital Banking Products

iAccess (Retail Internet Banking Facility)

The LANDBANK iAccess is a retail internet banking facility that allows individual clients with enrolled savings ATM, regular current, and current accounts with ATM access to enjoy the convenience of secure online banking services anytime and anywhere. It offers banking services such as fund transfers to own account and nominated third-party accounts, as well as fund transfers to any PESONet and InstaPay participating banks or e-wallet issuers, bills payment to over 90 billers, checkbook request, account balance and transaction history, lost or stolen card reporting and check status inquiry.

weAccess (Institutional Internet Banking Facility)

The LANDBANK weAccess is the Bank's internet banking facility for institutional clients which allows private and government entities with enrolled regular savings, current, and high yield savings accounts 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 LANDBANK account, 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 login and authorization of select financial transactions to ensure that transactions and data are protected from online threats.

Electronic Modified Disbursement System (eMDS)

The LANDBANK's eMDS is a secured internet banking facility developed for the Bank's National Government Agencies (NGAs) that allows them to do selected MDS transactions online. It also aims to streamline the tedious and costly processing of MDS transactions and eliminate the physical transmission of required documents. The eMDS covers transactions such as the transmission of ACIC, processing of payment of accounts payable to creditors, fund allocation transfers initiated and approved by the government agency, and checkbook requisition.

Mobile Banking Application (MBA)

The Mobile Banking Application (MBA) is one of the Bank's popular digital banking channels providing retail clients with convenient access to a wide array of financial and non-financial transactions through their smartphones anytime, anywhere.

By downloading the MBA from the Google Play or App Store, clients can enjoy mobile banking services such as balance and transaction history of deposits, cash card, prepaid and credit card accounts, opening of savings account and USD deposit account, purchase of Retail Dollar Bond (RDB) and Retail Treasury Bond (RTB), checkbook request, card less withdrawal, intra-bank and inter-bank fund transfers, bills payment to over 130 merchant billers, locking or unlocking of ATM card transactions through Mobilock, Foreign Exchange and Unit Investment Trust Fund rates inquiry, and LANDBANK ATM and Branch locator.

Digital Onboarding System (DOBS)

The Digital Onboarding System (DOBS) is a web application which aims to reduce account opening time and simplify the account enrollment process. The system allows immediate capturing and validation of the customer's information and enables easy retrieval of information from its digital records, making LANDBANK compliant in the requirements on data quality by various regulatory bodies.

Digital Onboarding System (DOBS) Corporate Payroll Facility

The Corporate Payroll Facility (CPF) of the DOBS was designed to accommodate the enrollment to the payroll accounts of the personnel, employees, beneficiaries or regular creditors of an institution/agency. The DOBS-CPF front-end application is accessible by the institutional agency. Access to DOBS-CPF back-end application is also granted to the authorized personnel of the institutional agency for the Know-Your-Client procedures, review and authentication of the information provided by the account enrollee prior the submission of the application to the Branch of Account thru the DOBS.

Easy Padala

LANDBANK Remittance System (LBRS) or Easy Padala is a web-based remittance system that is able to process incoming and outgoing remittances 24/7, ensuring a fast and secure way for OFWs to send their hard-earned money through the Bank's remittance partners present in various countries. It allows beneficiaries to receive remittances through their local bank accounts or simply cash out through LANDBANK's payout agents nationwide.

Electronic Salary Loan (eSL)

The electronic-based salary loan (eSL) offers a facility for eligible employees of government agencies and private institutions to apply for a salary loan, inquire loan details, view payment history, and conduct loan payment through the LANDBANK MBA.

CheckWriter.biz

CheckWriter.biz is an online check disbursement service offered to agencies and institutions for convenient check request preparation and processing of check payments to third parties. It also allows the viewing and downloading of online reports to facilitate monitoring and reconciliation of check payments.

Post-dated Check (PDC) Warehousing Facility (PDC.biz)

PDC.biz is an online facility that complements the Post-Dated Check (PDC) Warehousing Facility where agencies/institutions and individual customers can view, download, or print the status of their PDCs.

LANDBANK Bulk Credit System (LBSCS)

LBSCS is a web-based application where institutional clients can perform electronic batch crediting or fund transfer to its intended recipients (e.g., constituents, members, pensioners, investors, borrowers, beneficiaries, creditors, etc.). The system shall connect to the Philippine Electronic Fund Transfer (EFT) System and Operations Network (PESONet) platform for the batch crediting of accounts to other local banks.

LANDBANK Mobile Payment Application (LANDBANKPay)

LANDBANKPay is a customer-enabled mobile application that facilitates the opening of a virtual (cardless) transactional prepaid account that offers mobile-based payment services which stores payment card information in a mobile device. It is free to download from the Google Play Store and iOS App Store for all users, even those without an existing LANDBANK account.

Automated Fare Collection System (AFCS)

The AFCS is an automated and modernized fare collection system in the Philippines for the greater convenience and safety of the passengers and public drivers by initiating the use of contactless fare payment.

Digital Payment and Collections Services

LANDBANK Link.BizPortal

The LANDBANK Link.BizPortal is a web-based digital payment channel designed to accept payments of fees, dues and charges from customers of 1,136 enrolled government and private merchants. Customers can use their LANDBANK or OFBank ATM Cards/Visa Debit Cards, LANDBANK Mastercard Prepaid Card, BancNet Member Bank ATM/Debit Cards, PCHC Paygate, OTC cash payment and eWallets.

Electronic Tax Payment System (eTPS)

The Electronic Tax Payment System (eTPS) is LANDBANK's proprietary channel under the Electronic Filing and Payment System (eFPS) of the Bureau of Internal Revenue (BIR). With eFPS, transmission of tax returns including attachments, if any, and payment of taxes due to the government are made over the internet through the BIR website. The taxpayer is provided a paperless tax filing experience including the convenience of paying taxes online through an internet banking service via debit of an enrolled bank account.

BOC PAS6-Electronic Payment System (PAS6 – EPS)

The Payment Application Secure Version 6 (PAS6) – Electronic Payment System (PAS6-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 PAS6 of the Bureau of Customs (BOC), offers customers a convenient online payment channel that is available seven days a week, including holidays, except during scheduled system maintenance.

Card Products

LANDBANK Debit Cards

The LANDBANK Debit Card is a payment card linked to a deposit account. It has two main types: a) the ATM Regular Card and b) the LANDBANK VISA-branded Debit Card.

The LANDBANK Regular ATM Card can be used locally for ATM withdrawals and Point-of-Sale (POS) purchases. Non-Over-the-Counter (OTC) deposit transactions can be done through the Cash Deposit Machine (CDM) while card present and cardless withdrawals can be done via ATMs nationwide 24/7 and through the accredited LANDBANK Agent Banking Partners (ABPs) and POS Cash-out merchants nationwide.

The LANDBANK VISA Debit Card is an enhanced version of the LANDBANK ATM Regular Card which enables its cardholders to transact in VISA-accepting ATMs worldwide, shop online, pay bills, pay for purchases via POS or mobile, mail order/telephone order (MOTO), and receive overseas remittance through the VISA partners.



LANDBANK Prepaid Cards

The LANDBANK Prepaid Card is a stored value payment card which is not linked to any deposit account. It has two main types: a) the LANDBANK Cash Card and b) the LANDBANK Mastercard-branded Prepaid Card.

The LANDBANK Cash Card can be used locally for ATM withdrawals, fund transfer, POS purchases, bills payment and prepaid reload. As a transaction account, it can be re-loaded individually via OTC at LANDBANK Branches, CDMs, and accredited Agent Banking Partners (ABPs). It can also receive funds as a destination account of fund transfers via LANDBANK ATMs and other Bank's ATM, MBA, iAccess, InstaPay, and remittances via the LBRS.

The LANDBANK Mastercard-branded Prepaid Card can be used in all LANDBANK ATMs nationwide and all Mastercard-accepting ATMs, POS, and e-commerce worldwide. Funds can be loaded or withdrawn at all LANDBANK Branches and accredited ABP. Cardholders can also pay their bills through the ABPs and transfer funds using the LANDBANK MBA and LANDBANKPay without an existing LANDBANK account.

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:

Bank Drafts

Negotiable instruments issued by a foreign or local bank and drawn against said bank's demand deposit account with a foreign correspondent bank

Money Orders

Negotiable instruments issued by a bank in the form of a money order drawn against its depository bank or themselves

Personal Checks

Negotiable instruments issued by an individual drawn against his/ her demand account with a foreign bank

- **Deposit via FX Currencies**

Authorized LANDBANK branches accept bills/notes and coins of eligible LANDBANK FCDU deposit to an FCDU account maintained with the Bank

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 service 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
- **Via Outgoing Real Time Gross Settlement (RTGS) Local Electronic Fund Transfer**
Local Electronic Fund Transfer of Peso deposits from LANDBANK to any beneficiary bank within the Philippines in real time
- **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**

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

Via Company Check

Negotiable instruments issued by a company/firm to their client and drawn against their demand deposit account with a foreign bank

Via Postal Money Order

Negotiable instruments issued by a post office to a client and drawn against the demand deposit account with a foreign bank

Via USTW Checks

Negotiable instruments issued by the US Treasury Department to a client

Via on "US" Checks

Negotiable instruments issued by an FX bank and drawn against LANDBANK's USD maintained either in LANDBANK's USD account, FX bank's USD account with LANDBANK or FX bank's peso account with LANDBANK

Via Personal Checks

A negotiable instrument issued by an individual drawn against his/her demand deposit account with a foreign bank

- **Sale of FX through International 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 Domestic telegraphic Transfer (GSRT)**

Debiting the accountholder's FCDU/Peso account and applying the proceeds for electronic fund transfer payable in USD in various local banks in the Philippines

Incoming Remittances

- **Incoming Local Remittance through PDDTS via GSRT MODE/EOD Netting**

Incoming dollar 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 or regular account

- **Incoming Local Remittance through RTGS/PESONet**

Incoming peso fund transfers from participating local banks under Philippine Domestic Dollar Transfer System (PDDTS) - Real Time Gross Settlement (RTGS) and PhilPass - PESONet for credit to accounts maintained in a LANDBANK branch

- **Incoming Foreign Remittance from any Foreign Bank**

Incoming remittance from any foreign bank coursed through LANDBANK's foreign depository banks for credit to LANDBANK FCDU or regular account

- **Incoming Remittances from RAPs**

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

Sale of Foreign Currency – Non Trade Transactions

- **Sale of FX Currency Notes**
Sale of foreign currency notes to both institutional and individual clients
- **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



Loan Products

Salary Loan

A loan product offered to all qualified employees of government corporations and agencies, LGUs and private institutions, including barangay centers, provided the institution/agency maintains a reciprocal business with the Bank.

Loan Against Hold-out on Deposits (LAHOD) or Assignment of Government Securities

A loan product offered to qualified depositors provided the loan is secured by an assignment of deposits or government securities, and covered by a Promissory Note with Deed of Assignment (PN with DA).

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 for administration.

Ancillary Products

Deposit Pick-Up and Cash Delivery Services

Allows the mobilization/transmittal of voluminous cash/check deposits of customer via pick-up/delivery at the customer's premises through the use of the bank's armoured car facilities and other authorized bank vehicles, provided the customer maintains a reciprocal business with the Bank.

Payroll Services

Offered to government line agencies, GOCCs, LGUs and private corporate entities maintaining reciprocal business with the Bank.

Payroll is effected by debiting the total payroll amount from the customer institutional account and crediting each of the individual ATM accounts of employees on payroll date.

Safety Deposit Box

Box which is rented to selected customers of the Bank for the purpose of keeping their asset valuables and important documents

Demand Draft

Negotiable instrument sold by a bank to a customer and drawn against said bank's demand deposit account with other depository banks.

Manager's Check

Negotiable instrument which is being sold by LANDBANK to customers that may be presented for encashment/deposit to any LANDBANK branch or deposited to any bank subject to one day clearing.

LANDBANK Gift Check

A peso-denominated check which works just like a Manager's Check. It is offered to customers 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.

Clearing of FX Checks

Foreign Currency Checks received from the depositor and sent as collection items and credited to the deposit account once cleared.

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
- **Republic Act (RA) No. 9700**
An Act Strengthening the Comprehensive Agrarian Reform Program (CARP), Extending the Acquisition and Distribution of All Agricultural Lands, Instituting Necessary Reforms, Amending for the Purpose Certain Provisions of RA No. 6657, Otherwise Known as the Comprehensive Agrarian Reform Law of 1988, as Amended

Land Transfer Payment

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

Bond Servicing Transactions

Bond Interest and Maturities Payment

- Processing, approval and payment of maturities and interest due to the Bondholders of 10-year AR Bonds and 25-Year LANDBANK Bonds
- For 10-year AR Bonds, 10% of the face value of the bond matures every year up to the 10th year. Interest

is based on the outstanding principal balance of the AR Bond aligned with the applicable 91-day Treasury Bill rates, computed every six months from the date of issuance until the 10th 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 Servicing Transactions

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

- **Assignment**
Transfer from an inscribed bearer bond to named assignee/s
- **Conversion**
Change of the inscribed bond to a bearer bond and vice versa
- **Exchange**
Issuance of one bond by consolidating two or more bonds and vice versa
- **Replacement**
Issuance of a new AR bond in lieu of lost, destroyed, or mutilated bond

Issuance of Certification of Outstanding AR Bond

Certification that the AR Bond is still outstanding and is not among those included in the list of bonds with adverse claims

Assistance to Landowners

Bond Sale and Marketing

Assistance to original bondholders in the marketing of their AR Bonds by offering it for sale to interested buyers (i.e., banks, insurance companies, foreign corporations or private individuals) as a risk-free instrument.

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 upon full payment by the ARB to LANDBANK. It is signed by the authorized signatories in the Field Support Services Centers (FSSCs) and duly notarized by the LANDBANK field lawyer. Subject to presentation of ODC of title and other supporting/identification 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 by the system.

Moratorium in the Payment of ARB Accounts

ARBs are obliged to pay the annual amortizations of the lands awarded to them under the Agrarian Reform Program. On Sept. 13, 2022, Malacañang issued Executive Order No. 04, series 2022 directing the implementation of a moratorium on the payment of the principal obligation and interest of the amortization due and payable by ARBs.

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 amortizations 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 payments through the PARCS. It allows DAR and LANDBANK to interact with ARBs in a cost-effective and timely manner.

ALERT ARBOs Program

Through the implementation of the DLS-PARCS Interface, ASG will provide assistance to NDLS in the collection of loan amortization payments from ARB organizations (i.e., cooperatives and farmers association with ARB members) via PARCS.

Lending Programs

Agricultural Lending Programs

- **Agricultural Competitiveness Enhancement Fund (ACEF) Lending Program**

A credit window created pursuant to RA No. 10848 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 purchase of farm inputs and acquisition and establishment of agricultural production and processing facilities, and for farm improvement with minimal documentary and collateral requirements and interest rate.

- **Coconut Farmers and Industry Development (CFID) Lending Program**

This program aims to provide coconut farmers and their organizations with easy and affordable credit, and increase productive investments and economic activities in the countryside, especially in coconut-producing communities. It also aims to comply with RA No. 11524 known as Coconut Farmers and Industry Trust Fund (CFITF) Act, which created the Coconut Farmers and Industry Trust Fund.

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

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

A lending program implemented pursuant to RA No. 10659 or the Sugarcane Industry Development Act (SIDA) of 2015 to promote the competitiveness of the local sugarcane industry and increase the incomes of sugarcane farmers/planters and farm workers through improved productivity and production efficiency.

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

On June 25, 2020, the Monetary Board approved the adoption of the Internal Rules and Regulations (IRR) of R.A. No. 10878 which mandates the development of a direct credit support to ARBs and SFFs. Under this, LANDBANK shall allocate at least 5% of its regular loan portfolio for socialized credit to qualified SFFs and ARBs through qualified conduits. Loans under this socialized credit shall have an interest rate equivalent to not more than 75% of the Bank's prevailing rates to cooperatives provided that these conduits shall have an interest spread rate of not more than 5% to its sub-borrowers, excluding reasonable fees and charges, such as but not limited to, crop insurance premiums and guarantee fees that may be imposed.

Thus, LANDBANK launched this program that aims to provide socialized credit facility to qualified SFFs and ARBs through qualified conduits or PFIs.

Agricultural Lending Programs (in partnership with the National Government)

- **Accelerated Loans for Empowered, Resilient, and Transformed Agrarian Reform Beneficiaries Organizations (ALERT ARBOs) Program**
A joint program of DA, DA-ACPC, DAR, DENR and LANDBANK to provide accessible, adequate, timely, and affordable loans to eligible ARBOs and their member-ARBs for the purpose of financing their individual or communal agriculture and fisheries activities, agri- and fishery-based enterprises, and other agri-related projects.
- **Expanded Assistance to Restore and Install Sustainable Enterprises for Agrarian Reform Beneficiaries and Small Farm Holders (E-ARISE-ARBs) Program**
A joint program of DAR and LANDBANK which provides a contingent credit facility to ARBs, cooperatives and farmers' associations, otherwise known as Agrarian Reform Beneficiaries Organizations (ARBOs), which and whose members were adversely affected by natural calamities/disasters, pest and diseases and viral infections/outbreaks.
- **Accessible Funds for the Delivery to Agrarian Reform Beneficiaries (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 with DA, DAR, DENR, 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 finance 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 institutional contracts.
- **LANDBANK-BFAR Partnership for the Promotion and Development of Mariculture Parks**
The partnership between LANDBANK and BFAR promotes mariculture as alternative livelihood including ancillary industries primarily among small fishers but also covers MSMEs and other mariculture park locators and stakeholders. A Fishery Trust Fund of P100 million was provided by BFAR as guarantee fund covering 100% of the unsecured outstanding principal balance of past due loan for all fisheries projects but gives priority to projects financed in mariculture parks including ancillary industries.
- **Masustansyang Inumin Para sa Likas na Kalusugan (MILK)**
A program tie-up of LANDBANK with the DA National Dairy Authority (NDA) that aims 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 LANDBANK and the Department of Agriculture (DA) that provides credit assistance to eligible municipal, city and provincial local government units (LGUs) to procure the palay and corn produced by local farmers to ensure the ready and steady/reasonable price of the commodities of farmers.

The program aims to continue providing credit facility for LGUs to support their palay and corn procurement, that in a way will (1) serve as safety net for low prices of these commodities, which is the original objective of the programs, as well as (2) provide a ready market for rice and corn to support the Government's thrusts for food security and self-sufficiency.

- **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 DA that 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 training which enhance the Program's sustainability.

- **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 program tie-up between 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.

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.

- **Consolidation of Business Operations and Support for Primary Cooperatives thru Federations (COOP-FEDERATION) Lending Program**

This program provides credit assistance to Cooperative Federations duly registered with the Cooperative Development Authority for the management of their income generating projects and for the provision of technical, marketing, and capacity building services among their primary coop-members.

- **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**

Pursuant to RA 10816 or Farm Tourism Development Act, the program aims 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 the modernfarming system through the adoption of greenhouse technology.

In-House Agricultural Lending Programs

- **Agri-Mechanization Financing Program**

The Program provides credit assistance to promote

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

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 through financing among others the construction of climate-controlled poultry buildings including associated modern equipment for more efficient poultry farming and help promote sustainable, competitive and self-sufficient poultry production.

- **Sugarcane Financing Program**

A program which provides credit assistance to sugar industry stakeholders along the sugarcane value chain.

- **Sulong Saka Program**

A program that extends credit assistance to various qualified stakeholders to support their crop diversification, particularly for high-value crops such as abaca, bamboo, banana, cacao, cassava, citrus fruits, coffee, mango, oil palm, onion, pineapple, rubber, tomato, vegetables, among others.

- **Sustainable Aquaculture Lending Program (SALP)**

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.

- **Special Window and Interim Support to Nurture Hog Enterprises (SWINE) Program**

A program to support the local hog industry amid threats from the african swine fever (ASF) and help increase local production and mitigate potential deficit of pork supply.

- **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 support. It also aims to encourage enterprising young individuals to prioritize farming and agri-business enterprise.

Housing and Mortgage Programs

- **Housing and Opportunities Made Easy (HOME) Loan Program**

The LANDBANK HOME Program is a lending program that caters to both homebuyers and home developers:

Easy Home Loan (EHL) Program

EHL Program allows individual home buyers to purchase residential units or house and lot, the construction of a 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.

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.

Bahay sa Bagong Bayani (3B) Program

A special lending program for Overseas Filipino Workers (OFWs) which allows them to purchase townhouse, condominium unit, lot, house and lot or construction/improvement of residential building on a lot owned by the borrower or to refinance current and existing home loans from other banks, financing firms or developers' in-house financing.

Housing Project Developers Financing

This is a financing program that allows real estate developers to access credit for the development of purely residential subdivision, condominium buildings and integrated housing communities. It also allows financing for the working capital requirements of developers.

- **Mortgage Loan**

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 Loan

- **Electronic 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 a salary loan, inquire loan details, view 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 (CFP-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 loans to eligible partner financial institutions (PFIs) such as 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.

- **Countryside Financial Institutions – Rehabilitation and Support to Typhoon Odette-Affected Areas (CFI-RESTORE) Lending Program**

A lending program to help eligible CFIs adversely affected by Typhoon Odette through the provision of a term loan facility and restructuring of existing loan accounts.

- **Digitalization of Countryside Financial Institutions (DIGI-CFI) Lending Program**

Financial assistance to CFIs in digitizing their banking operations to improve efficiency and provide more responsive and innovative products and services to their clients.

Rehabilitation Programs

- **Calamity Assistance and 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.

- **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.

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 pursuing expansion of existing businesses.

- **Lending Program for Economic Zone Developers**

A credit facility for developers of economic zones.

- **Local Government Unit (LGUs) Lending Program**

A loan program that aims to provide any LGU with credit facilities to finance local infrastructure and other socio-economic development projects in accordance with the approved local development plan and public investment program.

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

RISE UP LGUs 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 (MDF) Lending Program**

A lending program that aims to consolidate the various lending windows of MDFO, rationalized with the Bank's existing program for LGUs. The program provides financing to LGU programs, plans, and activities that are geared towards the recovery from the COVID-19 pandemic.

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

A lending program that aims to consolidate the various lending windows of MDFO, rationalized with the Bank's existing program for LGUs. The program provides financing to LGU programs, plans, and activities that are geared towards the recovery from the COVID-19 pandemic.

Power/Water/Health Sector Development and Environment Protection Programs

- **Bringing Inclusive Growth in Every Household through National Electrification Support Services (BRIGHTNESS)**

A financing assistance to qualified electric cooperatives and wholesale power aggregators that complements RA No. 9136 otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA Law) which promotes 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(RE)/energy-efficient projects and supports 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 a sizable 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**

This program for climate change mitigation offers financing and technical assistance to piggery, sanitary landfill, and mini-hydro projects in order to generate carbon credits. LANDBANK has two active UNFCCC-registered Program of Activities (PoA):

PoA for Animal Waste (Piggery)

This involves the introduction of a biodigester/methane recovery system in the management of wastewater of piggeries that usually use open anaerobic systems. Through the construction of a biodigester/methane recovery system, the GHG emissions of the piggery are captured, flared and/or used in power generation.

PoA for Landfill Gas Recovery

The program encourages LGUs 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.

Business Development and Entrepreneurial Credit Programs

- **Access of Small Entrepreneurs to Sound Lending Opportunities (ASENSO)**

In support of the National SME Development Plan, GFIs collaborated to design a uniform lending program to meet the funding needs of SMEs. Under the unified lending program, the participating GFIs shall apply simplified and standardized lending procedures and guidelines (e.g., loan purpose, fee structures, interest rates, application forms, financial ratios, and other lending parameters) for evaluating the loan applications of SMEs. To adapt to the financing needs of SMEs, short-term loans payable in one year and long-term loans payable up to five years are available under the program. The unified lending scheme is in addition to the existing financial services of the participating GFIs.

- **Franchising Lending Program**

The program extends credit assistance to qualified players in the franchising industry, particularly the franchisees and franchisors.

- **Health-PLUS Program**

A loan program which aims to provide credit assistance to government units, medical colleges/universities and private medical and health goods/services providers mandated to and engaged in the delivery of healthcare goods and services.

- **Innovation & Technology Lending Program (I-TECH)**

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.

- **BALIK-LOOB Lending Program**

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 and former violent extremists 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.

Special Package for Environment-Friendly and Efficiently-Driven Public Utility Vehicle or SPEED PUV Program

A program launched by LANDBANK under the banner of the Public Transport Financing Program to support the 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.

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.

LANDBANK TeRrain And Naval Special Program On Reliable means of Transport (TRANSPORT)

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.

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.

Interim REhabilitation Support to Cushion Unfavorably-affected Enterprises by COVID-19 for Better Urban Services (I-RESCUE BUS) Lending Program

A program that aims to provide financing to Public Utility Bus (PUB) operators for the acquisition of modern PUBs

Credit Programs for Educational Support

- **Access to Academic Development to Empower the Masses towards Endless Opportunities (ACADEME) 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.

- **Lending Program for State Universities and Colleges**

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 of LANDBANK**

LANDBANK's bridge financing facility in support of schools participating in the DepEd's Educational Service Contracting (ESC) and Senior High School Voucher Program (SHS-VP) for the implementation of the K to 12 Program.

International Trade Service

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 (EPCL) 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 Purchased (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 (DST) fees imposed by the Bureau of Customs (BOC) on goods exported by the clients. Client exporter shall be enrolled in the BOC Payment Application System (PASS 6) by submitting the required documents to the LANDBANK branch where he maintains his deposit account. Settlement of BOC DST and service fees are made by debiting the Exporter's LANDBANK account upon receipt of data from PCHC through PASS 6.

- **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 credit line or paid in cash for the full amount of the 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.

- **Opening or Issuance of Domestic Commercial LC**

Bank issuance charged to the client or local buyer's credit line or paid in cash 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. The 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.

- **Opening or Issuance of Standby 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.

- **Issuance of Guarantee (against Foreign Bank 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.

- **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 the importer's receipt of the original Bill of Lading/Airway Bill.

- **Processing of Commercial LC Amendment (Foreign & Domestic)**

Changes in LC terms and conditions such as: (a) increase/decrease in LC amount; (b) extension of expiry/shipment date; and (c) documents required/terms and conditions may be amended as requested by the client and confirmation of beneficiary as applicable.

- **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 is made. Documents booked under domestic bills may be paid outright or converted to Trust Receipt (TR) upon request of the buyers/client.

- **Processing of Trust Receipts (TR)**

A credit accommodation granted to importers that 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.

- **Processing of 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. Client's availment of D/P can be charged against the importer's credit line.

- **Processing of Documents Against Acceptance (D/A)**

A mode of payment for a non-LC transaction whereby the original shipping documents are received from the seller or exporter's bank with the instruction to release these documents to the buyer or importer only upon their acceptance to pay collection proceeds at a specific future date. Client's availment of D/A can be charged against the importer's credit line.

- **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. Client's availment of O/A can be charged against the importer's credit line.

- **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.

- **Collection of Import Duties**

The Bank acts as a collecting or remitting bank for the advance and final duties imposed by the BOC on the goods imported by the client. The client importer shall be enrolled in the BOC Payment Application System (PASS 6) by submitting the required documents to the LANDBANK branch where he maintains his deposit account. Settlement of Advance or Final duties and service fees are made by debiting the importer's LANDBANK account upon receipt of data from PCHC through PASS 6.

Trust Products and Services

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 investment vehicle to participate in the financial markets.

LANDBANK Money Market Fund

A conservative fund suitable for financial objectives with an investment horizon of one year or less. The fund aims to provide high liquidity, decent returns, and minimal risk on the invested capital, from placements in short-term investments.

LANDBANK Cash Management Fund

A more affordable moderate fund intended for clients with an investment horizon of one to three years. The fund offers investors an affordable and relatively liquid investment that can provide higher potential income from placements in short-term fixed-income securities and special bank deposits.

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 potentially higher income from a portfolio of short-term bonds and fixed-income securities.

LANDBANK Medium-Term Bond Fund

A moderate fund that is ideal for investors with an investment horizon of three to five years. The fund aims to achieve income by investing in a diversified portfolio of marketable peso-denominated fixed-income instruments with medium-term tenors which may provide a potentially higher return than a traditional deposit product.

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 with longer tenors such as government securities, corporate bonds, and special bank deposits.

LANDBANK Growth Fund

An aggressive fund intended for financial objectives with an investment horizon of five to seven years. The fund aims to generate capital growth while maintaining a steady stream of income through a combination of investments in tradable fixed-income securities and up to 60% of the fund in peso-denominated listed equities.

LANDBANK Balanced Fund

An aggressive fund that is suitable for investment objectives with an investment horizon of five to seven years. The fund seeks to provide its participants with long-term capital appreciation and income by investing in a diversified portfolio of fixed-income securities and up to 80% of the fund in peso-denominated listed equities.

LANDBANK High-Dividend Equity Fund

An aggressive fund intended for investors with an investment horizon of five to seven years. The fund aims to achieve growth through long-term appreciation and dividend income by investing in a portfolio of listed equities of Philippine companies that offer dividend payouts.

LANDBANK Equity Fund

An aggressive fund intended for clients whose investment horizon is greater than five years. The fund aims to achieve returns at par with its benchmark and attain long-term capital growth through investments in a diversified portfolio of peso-denominated listed equities.

LANDBANK Blue-Chip Equity Fund

An aggressive fund intended for long-term investment objectives with an investment horizon of five to seven years. The fund seeks to provide investors with long-term capital growth by investing in the top 50 exchange-listed securities based on market capitalization on the Philippine Stock Exchange (PSE).

LANDBANK Alpha Equity Fund

An aggressive fund intended for clients with an investment horizon of five to seven years. The fund seeks to outperform its benchmark and provide investors with long-term capital growth by actively investing in a diversified holding of equities listed on the Philippines Stock Exchange (PSE).

LANDBANK US \$ Money Market Fund

A US dollar-denominated conservative fund ideal for investors with an investment horizon of less than a year. The fund seeks to provide capital preservation and potentially higher income for its participants through investments in high-quality and credit-worthy short-term dollar-denominated fixed-income instruments.

LANDBANK Global \$ Fund

A moderate US-dollar-denominated fund that is 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 investment products associated with the Contributor's investment and risk profile, and/or the age of near retirement.

- **LANDBANK PERA Money Market Fund**

A conservative PERA-accredited fund that aims to provide high liquidity and decent returns from short-term and flexible investments with minimal risk on capital.

- **LANDBANK PERA Bond Fund**

A moderate PERA-accredited fund that aims to generate a moderate steady stream of income through investments in a diversified portfolio of peso-denominated fixed-income securities.

UITF Facilities¹

- **LANDBANK UITF Auto-Invest Facility**

An option that allows clients to automatically contribute to their existing UITF account by authorizing LANDBANK Trust Banking Group to debit their nominated LANDBANK deposit account and purchase additional units regularly for as low as Php1,000.00 per quarter.

- **LANDBANK i-Invest**

An online investment platform for LANDBANK UITFs accessible through the LANDBANK Mobile Banking App.

The facility allows clients to:

- Enroll their existing LANDBANK UITF account;
- View the latest status of their UITF portfolio; and
- Subscribe/Add to their existing UITF Investment.

¹Available for LANDBANK funds except for PERA-UITFs.

Individual Trust Accounts

Refer to trust arrangements established by a natural person, typically for the disposition of assets to designated beneficiaries and the settlement of the estate of the deceased. These trust accounts are established during the lifetime of the individual and are managed by a trustee, such as LANDBANK TBG.

Individual Trust Accounts offer a range of benefits, including asset protection, tax efficiency, and professional management. They can be used to manage a variety of assets, including cash, stocks, bonds, and real estate, and can be tailored to meet the specific needs and goals of the individual.

The trustee is responsible for managing the assets in accordance with the terms of the trust agreement and ensuring that the assets are distributed to the designated

beneficiaries upon the death of the individual. The trustee is also responsible for filing tax returns and ensuring that the trust account complies with all relevant laws and regulations.

- **Personal Management Trust (PMT)**

A type of arrangement that allows individuals to preserve or earn from their assets for their current needs or future use. It is a trust agreement established between the trustor and LANDBANK TBG during the trustor's lifetime to provide for their financial needs and/or designated beneficiaries.

The PMT is an ideal solution for individuals who want to ensure that their assets are managed effectively and efficiently. It provides a flexible and customizable approach to managing wealth and can be tailored to the specific needs and goals of the trustor.

Under the PMT, LANDBANK TBG acts as the trustee and is responsible for managing the assets following the terms of the trust agreement. The trustor retains control over the assets during their lifetime and can make changes to the trust agreement as needed.

The PMT offers a range of benefits, including professional asset management, tax efficiency, and asset protection. It allows individuals to preserve their wealth for their own financial needs or the benefit of their designated beneficiaries, such as their children or grandchildren.

- **Personal Retirement Trust Account (PRTA)**

A type of trust arrangement established between a client and LANDBANK TBG during the client's lifetime. The PRTA allows the client to place assets in the trust account, which will be managed by LANDBANK TBG with the objective of catering to the client's financial needs during retirement.

The PRTA provides a flexible and customizable approach to retirement planning, allowing clients to tailor their retirement savings to their specific needs and goals. It offers professional asset management and can be used to invest in a variety of financial instruments, including stocks, bonds, and mutual funds.

By placing their assets in the PRTA, clients can benefit from tax advantages and protection against potential creditors. The trust account also allows clients to pass on their retirement savings to their designated beneficiaries, such as their spouse or children.

- **Life Insurance Trust**

Is an arrangement where LANDBANK TBG is appointed as the trustee to collect the proceeds of a life insurance policy upon the death of the insured and distribute the proceeds to the designated beneficiaries stated in the trust agreement.

The purpose of a Life Insurance Trust is to provide a means of managing the proceeds of a life insurance policy in a way that is tax-efficient and ensures that the proceeds are distributed to the intended beneficiaries in a timely and appropriate manner. By establishing a trust, the proceeds of the life insurance policy are not subject to probate, which can result in delays and additional expenses.

As the trustee, LANDBANK TBG is responsible for managing the assets of the trust and ensuring that the proceeds are distributed to the beneficiaries per the terms of the trust agreement. The trustee is also responsible for filing tax returns and ensuring that the trust complies with all relevant laws and regulations.

Institutional Trust Accounts

Institutional Trust Accounts refer to trust arrangements where the trustor is a juridical entity (i.e., but not limited to corporations, institutions, organizations) or incorporated funds (i.e., retirement funds, pension funds, etc.).

- **Employee Benefit**

This refers to trust arrangements established to hold the assets of an employee benefit plan wherein the beneficiaries are the employees of the corporation or institution.

Defined Benefit Retirement Plan (Gratuity Plan)

A retirement benefit program in which an employer promises to pay its employees a specific and predetermined benefit upon retirement. The benefit is typically calculated based on the employee's length of service and final salary.

To ensure that the company can meet its obligation to its retired employees, an actuarial valuation is conducted to estimate how much funds the company should contribute or set aside. This valuation takes into account various factors, such as the employee's age, salary, and life expectancy, as well as investment returns and inflation rates.

One key feature of a Defined Benefit Retirement Plan is that the company is the sole contributor to the fund. Employees do not have the option to contribute to the plan. This means that the company bears the financial risk of ensuring that there are sufficient funds to meet its retirement benefit obligations to its employees.

Defined Contribution Retirement Plan (Provident Plan)

A type of retirement benefit program in which both the employer and employee contribute to a retirement fund. The amount of retirement benefit that the employee receives is determined by the contributions made to the plan.

Contributions to the Defined Contribution Retirement Plan are typically based on a specific amount or a percentage of the employee's salary. The employer may specify a matching contribution, up to a certain limit, to encourage employees to save for retirement. This plan does not require an actuarial valuation, as the retirement benefit is based on the contributions made by both the employer and employee.

However, under Philippine law (RA No. 7641), if the employer's contributions are not sufficient to provide the minimum retirement benefit required by law, the employer will need to top up the employee's retirement benefit to meet the legal requirement.

One advantage of a Defined Contribution Retirement Plan is that it allows employees to take control of their retirement savings and decide how much to contribute to the fund. This can give employees greater flexibility and control over their retirement planning. Additionally, the employer's contributions can help employees build a larger retirement nest egg over time.

Hybrid Retirement Plan

A type of retirement benefit program that combines features of both Defined Benefit and Defined Contribution plans. It is designed to offer employees a more flexible and personalized approach to retirement planning.

In a Hybrid Plan, employees have the option to participate in both a Defined Benefit Plan (Gratuity Plan), which is based on an actuarial valuation and a Defined Contribution Plan

(Provident Plan), in which both the employer and employee contribute to the fund.

The Defined Benefit portion of the Hybrid Plan typically provides a fixed retirement benefit based on the employee's length of service and final salary. The Defined Contribution portion allows employees to contribute a percentage of their salary to a retirement savings account, and employers may also offer matching contributions. This provides employees with the opportunity to receive a guaranteed retirement benefit while also being able to save and invest for their retirement.

Hybrid Plans are also registered with the Bureau of Internal Revenue (BIR) for tax exemption approval and certification. This ensures that the plan meets all legal requirements and provides employees with the necessary tax benefits.

- **Pre-Need Accounts**

Refer to trust arrangements established by pre-need companies in compliance with regulatory requirements to maintain trust accounts for their activities. These trust accounts are established to ensure that the pre-need company can fulfill its obligations to its customers and provide the promised services and benefits.

Pre-need companies typically offer a range of products and services, including educational plans, pension plans, and life insurance policies. By establishing trust accounts, these companies can ensure that they have sufficient funds to meet their obligations to their customers and that these funds are managed in a secure and transparent manner.

The trustee, such as LANDBANK TBG, is responsible for managing the trust account following the terms of the trust agreement and ensuring that the funds are used only for the purposes specified. The trustee is also responsible for maintaining accurate records of all transactions and providing regular reports to the pre-need company and regulatory authorities.

Other Fiduciary Services

These types of arrangements require LANDBANK TBG to act as the depository of the assets and properties that shall manage the same per the provisions of the agreement.

Legislated and Quasi-Judicial Trust Services

This refers to trust arrangements mandated by law, executive order, a court, or other government regulatory agency, such as in cases of, but not limited to receivership, receiving/custodianship arrangements for IPOs, rights, or offerings.

Corporate Fiduciary Account

- **Mortgage Trust Indenture (MTI)**

An arrangement where LANDBANK TBG holds a pool of properties, real estate, and/or chattel mortgages on behalf of creditors. Mortgage Participation Certificates are issued to represent the proportionate share of creditors on the collateral pool. As the trustee, LANDBANK TBG acts as an intermediary between the borrower and the creditors, as well as among the creditors themselves, in the administration of the loan agreement and the mortgaged properties.

The purpose of an MTI is to provide a means for creditors to invest in a pool of mortgages secured by real estate or other assets. By pooling their resources, creditors can achieve a more diversified portfolio of assets, which can help to reduce risk. The Mortgage Participation Certificates represent the creditors' proportionate share in the pool of assets and provide a means for them to earn a return on their investment.

As the trustee, LANDBANK TBG is responsible for managing the assets of the trust and ensuring that the terms of the loan agreement are followed. This includes collecting payments from the borrower, distributing payments to the creditors, and administering the mortgaged properties.

- **Facility and Loan/Paying Agency**

A service provided by LANDBANK-TBG where it acts as an intermediary between the borrower/issuer and a syndicate of lenders/noteholders. The agency is appointed as a facility agent to centralize the monitoring and administration of the loan/notes facility. It ensures that payments due under the facility are settled promptly, reports are submitted as stipulated in the agreement, and the terms and conditions of the agreement are faithfully complied with by all parties. In addition, LANDBANK-TBG may also serve as a paying agent to ensure the disbursement of periodic interest to creditors/lenders.

Escrow Agency

LANDBANK TBG acts as a third and impartial party to intervene or hold escrow contracts involving money, securities, property titles, or documents. Its role is to secure faithful compliance by either or both parties with the terms of the contract. This service provides security and protection for the parties involved in the transaction, ensuring that the terms and conditions of the agreement are fully met before the release of the assets or funds held in escrow.

- **POEA Escrow**

A mandated escrow arrangement for recruitment and employment agencies of land-based Overseas Filipino Workers (OFW) and seafarers. The POEA requires that all overseas employment agencies set up an Escrow account with an accredited reputable bank and deliver to the Escrow agent an amount of at least P1 million or US \$20,000. This ensures that funds are set aside by the manning/recruitment agency in case of any disputes between the agency and the OFW, and for any eventuality of garnishment. The POEA Escrow is based on the 2002 POEA rules and regulations for land-based OFW recruitment and employment, and the 2003 POEA rules and regulations for seafarer recruitment and employment.

- **Capital Gains (BIR) Escrow**

A type of escrow arrangement governed by BIR Revenue Regulation No. 13-99, as amended by BIR Regulation No. 14-00. It pertains to the exemption of certain individuals from the capital gains tax on the sale, exchange, or disposition of their Principal Residence. Under this arrangement, a Filipino citizen who has sold their Principal Residence (house and lot) may set up an Escrow with the BIR and deposit the amount equivalent to the capital gains tax derived

from the sale, exchange, or disposition of their Principal Residence with the Escrow Agent or Authorized Agent Bank (AAB). The seller has 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 their old Principal Residence. Once the seller provides proof of acquisition/construction and clearance from the BIR, the Escrow Agent/AAB shall release the deposited amount to the Seller/Transferor.

- **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, and source codes to the Escrow agent as specified in the contract or upon fulfillment of the contract or service. Release of funds, securities, legal documents, TCTs/CCTs, or source codes will only be triggered upon fulfillment of the conditions of the contract or service by either or both parties to the agreement.

- **Escrow Services for Funds/Assets under Dispute of Ownership**

A type of escrow arrangement that is typically used when there is a dispute over the ownership of certain assets or funds. This arrangement is usually initiated either by a court order or by the mutual agreement of all parties involved.

Under this arrangement, the disputed funds or assets are set aside and held by an Escrow Agent until a final decision is made by a competent body regarding the rightful owner of the assets. Alternatively, the funds or assets may be released to all parties based on final instructions agreed upon by all parties involved. This type of escrow arrangement can be applied in various situations, such as in government BOT/PPP projects and procurement, disputes over inheritance, tax refunds, and other similar circumstances.

Third-Party Securities Custody and Registry Services

As a custodian, the bank's Third-Party Custodianship and Registry Department (TCRD) enters into a written agreement with clients to hold securities and facilitates the receipt and delivery of securities based on clients' instructions.

As a registrar, TCRD establishes and maintains an official record of all registered holders of a corporate or bank issuance as designated or appointed by the issuer. This includes maintaining accurate and up-to-date records of the names, addresses, and shareholdings of each registered shareholder. TCRD also provides various other services related to securities registration, such as processing transfers, issuing new certificates, and handling dividend payments.

- **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, safe keeps, delivers, records, and preserves the properties consisting of non-marketable securities, titles, and other documents placed under safekeeping and delivers the same, upon instruction by the client.

Agency - Investment Management Services/ Portfolio Management (Peso Or Us Dollar Denominated)

Are arrangements where LANDBANK-TBG manages the funds or assets of clients based on their investment objectives, risk profiles, and liquidity requirements. LANDBANK-TBG acts as an investment/portfolio manager with the primary goal of preserving capital, optimizing risk, and ensuring liquidity. LANDBANK-

TBG prudently assesses and evaluates various types of investments, such as bank deposits, government securities, corporate bonds, equities, UITFs, mutual funds, and other alternative investments, to suit the client's requirements and risk appetite.

The investment management/portfolio management arrangement can be directional, where prior consent from the client is required before any decision is made, or discretionary, where the Bank is given full authority to invest the fund based on pre-agreed investment guidelines.

The Bank's investment decisions are made after considering market trends, economic indicators, and the client's investment objectives, among others, to ensure that the client's funds are managed optimally.

Special Purpose Trust

LANDBANK-TBG acts as an independent party to a special purpose trust (SPT) that holds undivided ownership interest in a segregated or identifiable pool of assets or receivables.

These assets or receivables are sold or transferred to LANDBANK-TBG for management, after which the LANDBANK-TBG will sell securities backed by the assets to investors. The cash flows generated by the underlying assets are then transferred to investors.

This arrangement is commonly used for securitization transactions, where the SPT is established to purchase and manage a pool of receivables or assets, and the LANDBANK-TBG acts as the trustee of the SPT. The trustee ensures that the interests of the investors and the SPT are protected and that the terms of the securitization transaction are complied with.





Foundation and Subsidiaries



LANDBANK Countryside Development Foundation, Inc.

The **LANDBANK Countryside Development Foundation, Inc. (LCDFI)** is a non-stock, non-profit corporate foundation of Land Bank of the Philippines (LANDBANK), established in March 1983 as a non-governmental organization (NGO).

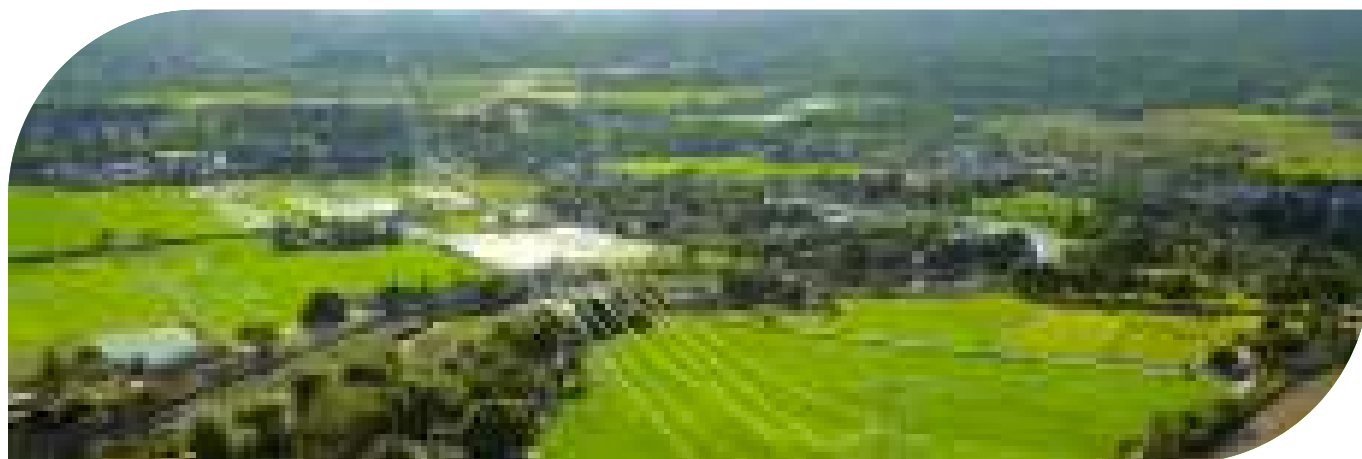
In 2013, it was classified by the Governance Commission for GOCCs (GCG) as a government-owned and controlled corporation (GOCC), and as such, LCDFI endeavors to comply with all pertinent rules and regulations governing GOCCs and government entities

Through the conduct of capacity building programs for LANDBANK Borrowing Cooperatives and MSMEs under the LCDFI's Capacity Building Program (CBP), the Foundation embodies LANDBANK's commitment to spur development in the countryside particularly among its priority sectors, namely: small farmers and fishers, agrarian reform beneficiaries (ARBs), Countryside Financial Institutions (CFIs), Micro, Small and Medium Enterprises (MSMEs), and Overseas Filipino Workers (OFWs).

In response to the initiative of LANDBANK to promote inclusive growth, especially in the unbanked areas, the Financial Literacy Program (FLP) was adopted by LCDFI in 2020. It is a two-pronged approach to inclusive growth as ensured by (1) the Banks' innovation of financial products and services through digitization and (2) engaging in a "whole-of-nation" approach to financial inclusion. The Bangko Sentral ng Pilipinas (BSP) defines an "unbanked municipality" as those without a banking presence and financial access points.

The FLP was designed to introduce key financial concepts and products to small farmers, fishers, and farm laborers located in unbanked municipalities across the Philippines. The unbanked municipalities under the Landbank Foundation are located in regions 1, 2, 4A & B, 5, 7, 8, 9, 10, 11, 12, 13, CAR, and BARMM.

Partnership is the key element and cornerstone of the Program. The FLP involves partnerships designed to provide training and developmental interventions by identified government institutions using a fund created for such purpose and tapping networks/linkages with partner agencies/institutions to improve farmers' financial management skills and create "agripreneurship" or improve cooperative's capacity to deliver quality services to its membership, positively impacting to their business performance. The program is geared to contribute to increased and stable household incomes and improved access to economic, social, and financial services.





LBP Insurance Brokerage, Inc.

The LBP Insurance Brokerage, Inc. (LIBI) was organized as a wholly-owned subsidiary of LANDBANK on October 22, 1981 under Securities and Exchange Commission (SEC) Registration No. 105764.

It was created primarily for the purpose of engaging in the business of general insurance brokerage management and consultancy more particularly as follows:

- To act as Insurance Broker for life, health, accident, motor car, casualty, surety and fidelity, marine cargo and hull, comprehensive liability insurance, and other insurance coverage allied with an aforementioned incident.
- To engage in management and consultancy work on insurance and in this connection, to hold, own, purchase, acquire, underwrite, obtain participation in and manage the business of any corporation, partnership, or equity.



LBP Leasing and Finance Corporation

LBP Leasing and Finance Corporation (LLFC) was established on March 17, 1983 to complement services of LANDBANK by making available various leasing and financial facilities. It supports priority sectors in the acquisition of equipment and other capital assets as well as in providing working capital requirements which allows them to expand, upgrade or modernize their operations. LLFC also provides property lease to National Government Agencies and Government Owned and Controlled Corporations to help them acquire building and/or permanent office space to improve the delivery of their services. Moreover, LLFC also offers special leasing and financing programs to support government initiatives consistent with the national development plan.



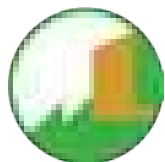
Overseas Filipino Bank

The Overseas Filipino Bank (OFBank) is the first branchless and digital-only bank in the Philippines. It is a subsidiary of LANDBANK established in 2017 in response to the government's mandate to create a bank that caters to the banking and financial needs of Overseas Filipinos (OFs), Overseas Filipino Workers (OFWs), and their beneficiaries.

Positioned to serve Filipinos in the digital economy, the Bank leverages on the latest technological solutions to bring affordable and reliable financial services to Filipinos worldwide primarily through its Mobile Banking Application and other digital platforms.



Foundation and Subsidiaries



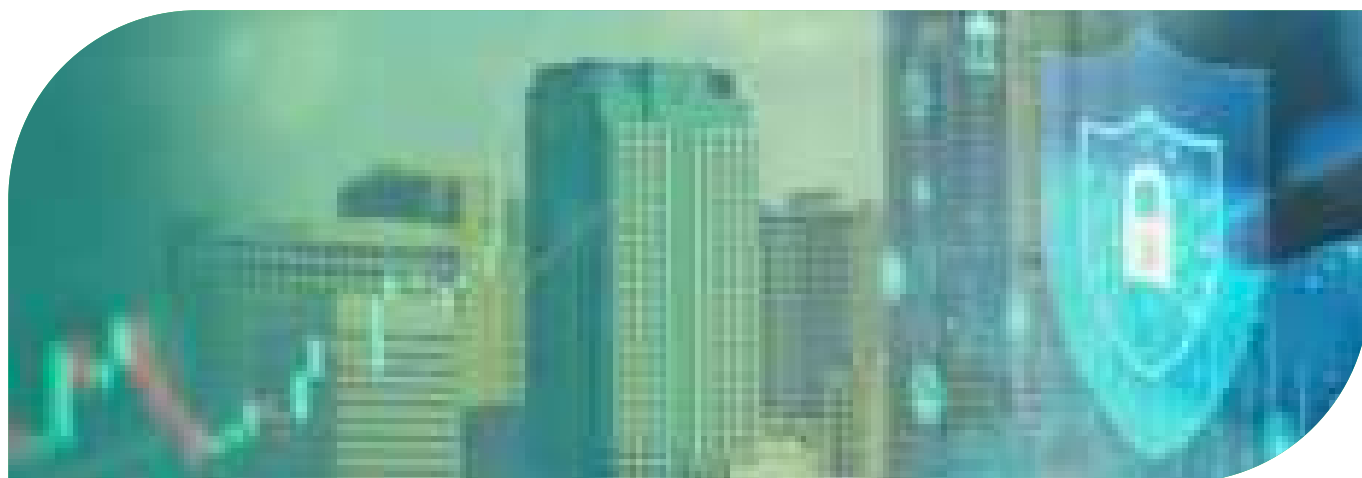
LBP Resources and Development Corporation

LBP Resources and Development Corporation (LBRDC) was established in May 1975 and exists under the laws of the Republic of the Philippines, with **SEC Company Reg. no. 61385**. LBRDC is a government-owned and controlled corporation (GOCC), and is a wholly owned subsidiary of the Land Bank of the Philippines. It is presently engaged in property management and maintenance services, brokering and manpower services, construction management, and appraisal services. It is also the developer/operator of the only manufacturing Special Economic Zone in Metro Manila, which was registered under PEZA Certificate of Registration No. 2022-00055-PEZA -DM-L68-1 on June 29, 2022.



LANDBANK Securities, Inc. (formerly UCPB Securities, Inc.)

LANDBANK Securities, Inc. is the wholly-owned stock brokerage subsidiary of LANDBANK. The company was founded in 1990 and has been an active member of the Philippine Stock Exchange since inception. LSI provides an array of services to invest in publicly listed companies at the Philippine Stock Exchange, offering clients an option to open either an Online Trading Account or a Broker-Assisted Account. In addition, the company has consistently provided extensive support in market research, trade execution, and other value-added services for over 30 years to facilitate sound investment decisions to vast clientele.





UCPB Leasing and Finance Corporation

UCPB Leasing and Finance Corporation (ULFC) is a wholly-owned subsidiary of LANDBANK, registered with SEC since 1989. ULFC provides personal and proactive services that effectively respond to its clients' diverse needs through its product offerings. ULFC will continue to manage and improve its financial ratios through the efficient management of past-due loans and by granting new loans/leases to its target market.



UCPB Savings Bank

UCPB Savings Bank (UCPBS) started its operations on Oct. 18, 1962 as a result of mergers of several savings and loans associations, thrift, and rural banks. It now has 63 branches/branch-lites located mostly in rural areas nationwide. True to its vision "to be the Bank of choice in the communities it serves and be a catalyst for financial inclusion," UCPBS offers a wide range of deposit and loan products, and services that suit the financial needs of its customers.

Now, as a subsidiary of LANDBANK, it aims to complement its parent bank's mandate of serving the nation. It shall remain solid, standing firm to its commitment of "Kasama Mo" in the communities it serves.



Global Reporting Initiative (GRI)

Content Index

GRI Standard	Disclosures	Page number(s), direct answers, and/or URLs
GRI 101: Foundation 2016		
GRI 102: Organizational Disclosures		
Organizational Profile		
102-1	Name of organization	
102-2	Activities, brands, products, and services	
102-3	Location of the headquarters	
102-4	Location of the operations	
102-5	Ownership and legal form	
102-6	Markets served	
102-7	Scale of the organization	
102-8	Information on employees and other workers	
102-9	Supply chain	
102-10	Significant changes to the organization and its supply chain	
102-11	Precautionary principle or approach	
102-12	External initiatives	
102-13	Membership of associations	
Strategy		
102-14	Statement from senior decision-maker	
102-15	Key impacts, risks, and opportunities	
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior (Code of Conduct)	
102-17	Mechanisms for advice and concerns about ethics	
Governance		
102-18	Governance structure	
102-19	Delegating authority	
102-20	Executive-level responsibility for economic, environment, and social topics	
102-21	Consulting stakeholders on economic, environment, and social topics	
102-22	Composition of the highest governance body and its committees	
102-23	Chair of the highest governance body	
102-24	Nominating and selecting the highest governance body	

102-26	Board and executives' roles in the organization's mission statements, strategies, policies, and goals related to sustainability
102-28	Evaluating the highest governance body's performance
102-29	Identifying and managing economic, environmental and social impacts
102-30	Effectiveness of risk management processes
102-31	Review of economic, environmental, and social topics
102-32	Highest governing body's role in sustainability reporting
102-36	Process for determining remuneration
Stakeholder Engagement	
102-40	List of stakeholder groups
102-41	Collective bargaining agreements
102-42	Identifying and selecting stakeholders
102-43	Approach to stakeholder engagement
102-44	Key topics and concerns raised
Reporting Practice	
102-45	Entities included in the consolidated financial statements
102-46	Defining report content and topic boundaries
102-47	List of material topics
102-48	Restatement of information
102-49	Changes in reporting
102-50	Reporting period
102-51	Date of most recent report
102-52	Reporting cycle
102-53	Contact person for questions regarding the report
102-54	Claims of reporting in accordance with GRI Standards
102-55	GRI content index
102-56	External assurance
Economic Performance	
GRI 103: Management Approach	
103-1	Explanation of the material topic and its boundary
103-2	The management approach and its components
103-3	Evaluation of the management approach
GRI 201: Economic Performance	
201-1	Direct economic value generated and distributed
201-2	Financial implications and other risks and opportunities due to climate change
201-3	Defined benefit plan obligations and other retirement plans
Market Presence	
GRI 103: Management Approach	
103-1	Explanation of the material topic and its boundary

103-2	The management approach and its components
103-3	Evaluation of the management approach
GRI 202: Market Presence	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage
202-2	Proportion of senior management hired from the local community
Indirect Economic Impact	
GRI 103: Management Approach	
103-1	Explanation of the material topic and its boundary
103-2	The management approach and its components
103-3	Evaluation of the management approach
GRI 203: Indirect Economic Impacts	
203-1	Infrastructure investments and services supported
203-1	Significant indirect economic impacts
Anti-Corruption	
GRI 103: Management Approach	
103-1	Explanation of the material topic and its boundary
103-2	The management approach and its components
103-3	Evaluation of the management approach
GRI 205: Anti-Corruption	
205-1	Operations assessed for risk-related corruption
205-2	Communication and training about anti-corruption policies and procedures
Biodiversity	
GRI 103: Management Approach	
103-1	Explanation of the material topic and its boundary
103-2	The management approach and its components
103-3	Evaluation of the management approach
GRI 304: Biodiversity	
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
304-2	Significant impacts of activities, products, and services on biodiversity
304-3	Habitats protected and restored
Environmental Compliance	
GRI 103: Management Approach	
103-1	Explanation of the material topic and its boundary
103-2	The management approach and its components
103-3	Evaluation of the management approach

GRI 307: Environmental Compliance

307-1 Non-compliance with environmental laws and regulations

Employment**GRI 103: Management Approach**

103-1 Explanation of the material topic and its boundary

103-2 The management approach and its components

103-3 Evaluation of the management approach

GRI 401: Employment

401-1 New employee hires and employee turnover

401-2 Benefits provided to full-time employees that are not provided temporary or part-time employees

Labor/Management Relations**GRI 103: Management Approach**

103-1 Explanation of the material topic and its boundary

103-2 The management approach and its components

103-3 Evaluation of the management approach

GRI 402: Labor/Management Relations

402-1 Minimum notice periods regarding operational changes

Occupational Health and Safety**GRI 103: Management Approach**

103-1 Explanation of the material topic and its boundary

103-2 The management approach and its components

103-3 Evaluation of the management approach

GRI 403: Occupational Health and Safety

403-1 Workers representation in formal joint managementworker health and safety committees

403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

Training and Education**GRI 103: Management Approach**

103-1 Explanation of the material topic and its boundary

103-2 The management approach and its components

103-3 Evaluation of the management approach

GRI 404: Training and Education

404-1 Average hours of training per year per employee

404-2 Programs for upgrading employee skills and transition assistance programs

Diversity and Equal Opportunity**GRI 103: Management Approach**

103-1	Explanation of the material topic and its boundary
103-2	The management approach and its components
103-3	Evaluation of the management approach
GRI 405: Diversity and Equal Opportunity	
405-1	Diversity of governance bodies and employees
405-2	Ratio of basic salary and remuneration of women to men
Freedom of Association and Collective Bargaining	
GRI 103: Management Approach	
103-1	Explanation of the material topic and its boundary
103-2	The management approach and its components
103-3	Evaluation of the management approach
GRI 407: Freedom of Association and Collective Bargaining	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
Human Rights Assessment	
GRI 103: Management Approach	
103-1	Explanation of the material topic and its boundary
103-2	The management approach and its components
103-3	Evaluation of the management approach
GRI 412: Human Rights Assessment	
412-2	Employee training on human rights policies or procedures
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening
Local Communities	
GRI 103: Management Approach	
103-1	Explanation of the material topic and its boundary
103-2	The management approach and its components
103-3	Evaluation of the management approach
GRI 413: Local Communities	
413-1	Operations with local community engagement, impact assessments, and development programs
Customer Health and Safety	
GRI 103: Management Approach	
103-1	Explanation of the material topic and its boundary
103-2	The management approach and its components
103-3	Evaluation of the management approach
GRI 416: Customer Health and Safety	
416-1	Assessment of the health and safety impacts of product and service categories

Marketing and Labeling

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundary
103-2	The management approach and its components
103-3	Evaluation of the management approach

GRI 417: Marketing and Labeling

417-1	Requirements for product and service information and labeling
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Customer Privacy

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundary
103-2	The management approach and its components
103-3	Evaluation of the management approach

GRI 418: Customer Privacy

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data
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Socioeconomic Compliance

GRI 103: Management Approach

103-1	Explanation of the material topic and its boundary
103-2	The management approach and its components
103-3	Evaluation of the management approach

GRI 419: Socioeconomic Compliance

419-1	Non-compliance with laws and regulations in the social and economic area
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Financial Statements

Independent Auditor's Report



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Ave., Quezon City
CORPORATE GOVERNMENT AUDIT SECTOR
CLUSTER 1 – BANKING AND CREDIT

INDEPENDENT AUDITOR'S REPORT

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, 2022 and 2021, 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, 2022 and 2021, 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 (Code of Ethics) 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 and Code of Ethics. 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 Bank 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 Bank'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 Bank'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 Bank'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 Bank 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 Nos. 19-2011 and 15-2010 in Note 27 and the Bangko Sentral ng Pilipinas (BSP) Circular No. 1074 in Notes 29, 32, 33, 39, and 40 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 Bank 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


MARIE FRANCES HAZEL S. ACEBEDO
Supervising Auditor

August 16, 2023

Statement of Management's Responsibility for Financial Statements

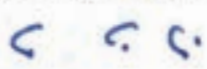
The management of **Land Bank of the Philippines and Subsidiaries (the Group)** and the **Land Bank of the Philippines (the Parent)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021 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.


BENJAMIN E. DIOKNO
Chairman of the Board




MA. LYNETTE V. ORTIZ
President and Chief Executive Officer


ALAN V. BORNAS
Executive Vice President/Head, Operations Sector

Signed this 16th day of August 2023

Statements of Financial Position

December 31, 2022 and 2021
(In Philippine Peso)

	NOTE	GROUP		PARENT	
		2022	2021 As Restated	2022	2021 As Restated
ASSETS					
Cash and other cash items	5	51,093,909,679	54,351,919,143	50,440,553,932	47,435,011,722
Due from Bangko Sentral ng Pilipinas	6	568,924,698,774	475,030,892,501	566,640,049,889	393,384,744,904
Due from other banks	7	18,608,577,940	25,918,936,571	20,501,057,254	13,960,454,520
Interbank loans receivable	8	14,674,497,972	11,474,804,466	14,674,497,972	11,474,804,466
Securities purchased under agreements to resell	9	29,199,764,104	16,643,098,719	28,747,260,221	15,801,019,516
Fair value thru profit or loss	10	19,069,167,492	32,061,547,408	18,924,595,398	31,368,533,543
Fair value thru other comprehensive income	11	442,211,398,690	616,825,978,835	441,449,432,840	576,310,439,551
Hold to collect - net	13	848,862,188,560	626,311,150,811	845,562,971,634	601,604,553,141
Loans and receivables - net	14	1,110,804,259,731	1,026,975,112,750	1,092,789,441,578	863,424,997,720
Investments in subsidiaries	15	0	0	5,654,367,708	5,363,344,580
Investments in associates	16	0	121,775,654	0	0
Investment property - net	17	13,742,352,464	10,516,203,075	12,566,053,420	8,059,086,056
Property and equipment - net	18	14,180,226,428	12,047,765,360	12,884,873,959	9,597,280,256
Non-current assets held for sale		938,382,076	5,219,745,062	915,525,537	522,250,955
Other intangible assets - net	20	1,992,566,251	1,759,501,915	1,927,797,415	1,188,761,507
Other assets - net	21	23,726,701,045	8,484,735,938	23,687,046,951	6,865,327,642
Deferred income tax	26	13,682,960,614	9,694,763,702	12,754,419,707	6,571,947,725
TOTAL ASSETS		3,171,711,651,820	2,933,437,931,910	3,150,119,945,415	2,592,932,557,804
LIABILITIES AND EQUITY					
Liabilities					
Deposit liabilities	23	2,767,321,049,139	2,567,955,478,480	2,753,618,779,979	2,268,420,378,729
Bills payable	24	33,488,882,866	25,782,587,188	31,593,982,866	23,765,830,863
Bonds payable		4,543,923,875	9,054,306,654	4,543,923,875	9,054,306,654
Derivative liabilities		8,570,935	349,635,797	8,570,935	349,085,832
Treasurer's, Manager's and Cashier's checks		3,669,797,857	3,357,704,414	3,617,829,923	2,391,701,710
Payment order payable		280,519,967	260,579,128	280,519,967	260,579,128
Marginal deposits		177,973,762	513,692,858	177,973,762	450,604,377
Cash letters of credit		18,192,335,451	14,220,889,448	18,192,335,451	4,329,334,868
Other liabilities	25	110,559,848,551	76,271,379,982	108,469,945,621	65,167,555,405
Total Liabilities		2,938,242,902,403	2,697,766,253,949	2,920,503,862,379	2,374,189,377,566
Equity					
Common stock	34	163,787,711,308	53,790,777,708	163,787,711,308	53,790,777,708
Paid-in surplus		101,098,220	101,098,220	101,098,220	101,098,220
Retained earnings free		30,084,977,444	49,796,368,195	25,425,089,320	48,365,915,835
Retained earnings reserve		15,516,734,836	85,839,433,625	13,541,374,740	84,368,454,010
Undivided profits		35,810,617,292	37,389,098,417	38,763,379,763	24,956,754,124
Revaluation increment		61,200,000	61,200,000	0	0
Other Comprehensive Income					
Net unrealized gains on securities available for sale		(12,175,686,352)	6,602,915,529	(12,240,086,455)	7,059,030,179
Remeasurement of retirement benefit obligation		(14,992,553)	(9,557,754)	0	0
Translation Difference and Others		237,733,085	99,917,550	237,516,140	101,150,162
Minority Interest		59,356,137	2,000,426,471	0	0
Total Equity		233,468,749,417	235,671,677,961	229,616,083,036	218,743,180,238
TOTAL LIABILITIES AND EQUITY		3,171,711,651,820	2,933,437,931,910	3,150,119,945,415	2,592,932,557,804

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021
(In Philippine Peso)

NOTE	GROUP		PARENT	
	2022	2021 As Restated	2022	2021
INTEREST INCOME				
Loans	51,928,504,108	43,827,088,193	50,509,917,546	40,650,274,592
Investments	39,070,866,036	31,653,669,297	38,941,341,949	30,938,369,641
Due from Bangko Sentral ng Pilipinas	2,840,780,038	2,838,780,955	2,763,129,855	2,666,888,791
Deposit in banks	59,069,882	7,950,899	75,274,540	24,446,377
Others	45,766,262	1,051,694	173,428,441	1,051,694
	93,944,986,326	78,328,541,038	92,463,092,341	74,281,031,095
INTEREST EXPENSE				
Deposit liabilities	13,588,808,848	11,399,759,792	13,461,189,046	10,995,434,258
Borrowed funds	1,098,095,454	756,976,677	1,027,101,193	672,888,873
Bonds payable	754,506,176	292,024,616	754,506,176	292,024,616
Finance Lease Payment Payable	69,151,629	128,366,318	199,404,154	130,523,414
Others	56,787,510	74,036,576	56,787,510	173,667
	15,567,349,617	12,651,163,979	15,498,988,079	12,091,044,828
NET INTEREST INCOME	78,377,636,709	65,677,377,059	76,964,104,262	62,189,986,267
PROVISION FOR CREDIT AND IMPAIRMENT LOSSES	14 & 22	10,467,600,844	2,831,942,632	10,258,407,382
NET INTEREST INCOME AFTER PROVISION FOR CREDIT AND IMPAIRMENT LOSSES		67,910,035,865	62,845,434,427	66,705,696,880
OTHER OPERATING INCOME				
Dividends	1,064,512,946	933,722,805	1,054,950,998	932,149,988
Fees and commission	4,212,962,506	2,829,211,109	3,581,723,151	2,191,714,597
Foreign exchange gains from revaluation	3,253,600,885	2,335,858,762	3,253,601,208	2,295,742,670
Gain from dealings in foreign currency	764,555,867	492,565,619	764,555,867	492,565,619
Gain from sale/redemption/reclass of non-trading of FA and Liab	36(b)	43,922,381	69,480	43,380,681
Gain on financial assets at fair value thru profit or loss		59,376,922		69,480
Gain on financial assets & liabilities designated at FV thru P/L	36(d)	0	31,500,408	0
Miscellaneous income	35	12,237,660,001	13,760,260,183	14,478,740,168
		21,577,214,586	20,442,565,288	23,176,952,073
OTHER OPERATING EXPENSES				
Compensation and fringe benefits	19,464,173,291	15,556,000,554	18,728,610,307	14,284,684,314
Taxes and licenses	7,547,847,494	6,138,262,478	7,381,789,022	5,590,758,425
Loss on financial assets at fair value thru profit or loss	36(c)	3,223,633,191	1,846,610,753	3,218,508,804
Loss on financial assets & liabilities designated at FV thru P/L	36(d)	31,562,951		31,562,951
Depreciation and amortization		3,737,282,581	2,930,221,011	3,557,021,459
Rent		1,211,590,245	488,803,615	1,217,474,407
Miscellaneous expenses	37	20,898,686,200	17,812,660,503	19,557,028,877
		56,114,775,953	44,772,758,914	53,691,995,827
INCOME BEFORE INCOME TAX		33,372,474,498	38,515,240,801	36,190,653,126
PROVISION FOR INCOME TAX	26	723,502,772	1,126,142,384	573,935,462
INCOME TAX BENEFIT	26	(3,162,565,753)		(3,146,662,099)
NET INCOME		35,811,537,479	37,389,098,417	38,763,379,763
Attributable to:				
Equity of the Parent Bank		35,810,617,292		34,966,754,124
Non Controlling Interests		920,187		
		35,811,537,479		
NET INCOME		35,811,537,479	37,389,098,417	38,763,379,763
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	34			
Items that may not be reclassified to Profit or Loss:				
Change in net unrealized gain(loss) on equity securities at FVOCI		(1,156,101,820)	405,935,299	(1,174,821,969)
Remeasurement of retirement benefit obligation		(5,434,799)	3,358,616	
Translation adjustment and Others		137,815,535	63,955,499	136,365,978
		(1,023,721,084)	473,249,414	(1,038,455,991)
Items that may be reclassified to Profit or Loss:				
Change in net unrealized gain(loss) on debt securities at FVOCI		(17,622,500,061)	(9,959,990,311)	(18,124,294,665)
		(17,622,500,061)	(9,959,990,311)	(18,124,294,665)
		(18,646,221,145)	(9,486,740,897)	(19,162,750,656)
Attributable to:				
Equity of the Parent Bank		(18,645,900,256)		
Non Controlling Interests		(320,889)		
		(18,646,221,145)		
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		17,165,316,334	27,902,357,520	19,600,629,107

Statements of Changes in Equity - Group

For the years ended December 31, 2022 and 2021
(In Philippine Peso)

	Common Stock (Note 34) Shares	Amount	Paid-in Surplus	Retained Earnings Free	Retained Earnings Reserve (Note 34)	Undivided Profits	Revaluation Increment	Other Comprehensive Income (Loss) (Note 34)	Minority Interest	TOTAL
Balance, December 31, 2020, as restated	262,907,777	26,290,777,708	101,098,220	28,527,668,098	85,738,076,617	22,309,561,611	61,200,000	16,043,923,920	2,000,426,471	179,077,304,174
Minority interest in UCPB										
Net income during the year						37,389,098,417			2,000,426,471	2,000,426,471
Transfer to retained earnings free				22,309,561,611		(22,309,561,611)				0
Fund transfer from BTR in support of loan programs for beneficiaries affected by COVID-19 pandemic pursuant to RA 11494	275,000,000	27,500,000,000								
Net unrealized gain on securities(loss) on securities				26,002,866				(9,554,055,012)		27,500,000,000
Reversal of retirement benefit obligation								3,358,616		(9,528,052,146)
Payment of Dividends				(279,719,062)						3,358,616
Fees and Commission Income from Subsidiaries				8,446,137						(279,719,062)
Prior period adjustment				(764,321,636)						8,446,137
Increase in retained earnings-reserve				(116,357,008)						(764,321,636)
Payment of Tax Deficiency for 2018				(1,552,154)						0
Reversal of appropriation for Plant Expansion (MSI)				15,000,000						(1,552,154)
Revised capitalization threshold for Bank Premises, Furnitures, Fixtures & Equipment				(105,956,049)						0
Currency translation difference and others				177,597,392						(105,956,049)
								200,047,801		377,845,193
Balance, December 31, 2021, as restated	537,907,777	53,790,777,708	101,098,220	40,796,580,195	86,836,453,626	37,389,098,417	61,200,000	6,693,275,325	4,000,000	235,671,677,961
Begin Balance UCPB Subsidiaries				1,697,464,027						2,108,481,070
Net income during the year					411,017,043					35,810,617,292
Net unrealized gain(loss) on securities				37,389,098,417				(18,258,008,895)		(18,258,008,895)
Transfer to retained earnings free										0
Closure of Minority Interest in UCPB										0
Minority interest in UCPB Savings Bank										0
Transfer to retained earnings reserve				(93,363,438)						(2,000,426,471)
Conversion of Unrestricted RE to Paid-up Capital of the NG as approved by the Office of the President per Memo dated 02.14.22	428,169,336	42,816,933,600		(42,816,933,600)					59,356,137	59,356,137
Transfer of RE-Reserve to RE-Free per LBP Board Resolution No. 22-165				67,180,000,000						0
Conversion of Unrestricted RE to Paid-up Capital of the NG per LBP Board Resolution No. 22-165 dated 03.09.22	671,800,000	67,180,000,000		(67,180,000,000)						0
Write off of investment accounts booked under FVOCI				(9,688,522)				9,688,522		(1,160,908,020)
Reversal of depreciation expense on ROPA per LBP Board Resolution No. 2022-351				(1,160,908,020)						0
FX currency translation for the accrual of ERP payments										0
Gain on sale of Equity Investment				135,353,624				(135,353,624)		0
Furnitures, Fixtures & Equipment per LBP Board Resolution No. 22-924				394,927,884				(394,927,884)		0
Payment of dividends to the NG				(481,394,774)						(481,394,774)
BIR Audit Tax Deficiency				(8,628,651,170)						(8,628,651,170)
Re-appropriation of RE Reserve-General Provision to RE-Free				(1,332,434)						(1,332,434)
Transfer from UCPB Reserve General Provision				4,986,855,520						0
Reclassification of Gain on UCPB merger										1,339,776,250
Currency translation difference and others				(9,976,940,476)						(9,976,940,476)
Prior period adjustments				(1,921,221,351)				137,815,535		(1,783,405,816)
Reversal of retirement benefit obligation				776,343,562				(5,434,799)		776,343,562
										(5,434,799)
Balance, December 31, 2022	1,637,877,113	163,787,711,308	101,098,220	30,084,977,444	15,516,734,836	35,810,617,292	61,200,000	(11,952,945,820)	59,356,137	233,468,749,417

Statements of Changes in Equity - Parent

For the years ended December 31, 2022 and 2021
(In Philippine Peso)

	Common Stock (Note 34)		Paid-in Surplus	Retained Earnings Free	Retained Earnings Reserve (Note 34)	Undivided Profits	Other Comprehensive Income (Loss) (Note 34)	TOTAL
	Shares	Amount						
Balance, December 31, 2020, as restated	262,907,777	26,290,777,708	101,098,220	26,464,102,845	84,368,454,010	22,801,278,262	16,001,423,300	176,027,134,345
Net income during the year						24,956,754,124		24,956,754,124
Fund transfer from BTR in support of loan programs for beneficiaries affected by COVID-19 pandemic pursuant to RA 11494								
Net unrealized gain/(loss) on securities	275,000,000	27,500,000,000		26,002,866				27,500,000,000
Transfer to retained earnings free				22,801,278,262		(22,801,278,262)	(9,042,523,372)	(9,016,520,506)
Fees and Commission Income from Subsidiaries				8,446,137				8,446,137
Revised capitalization threshold for Bank Premises, Furnitures, Fixtures & Equipment				(105,956,049)				(105,956,049)
Prior period adjustment				(761,466,321)				(761,466,321)
Currency translation difference and others				(66,491,905)			201,280,413	134,788,508
Balance, December 31, 2021, as restated	537,907,777	53,790,777,708	101,098,220	48,365,915,835	84,368,454,010	24,956,754,124	7,160,180,341	218,743,180,238
Net income for CY 2022						38,763,379,763		38,763,379,763
Transfer of 2021 net income to retained earnings-free				24,956,754,124		(24,956,754,124)	(18,778,523,648)	(18,778,523,648)
Net unrealized gain/(loss) on securities								
Conversion of Unrestricted Retained Earnings (RE) to Paid-up Capital of the National Government (NG) as approved by the Office of the President per Memorandum dated 02.14.22	428,169,336	42,816,933,600		(42,816,933,600)				0
Transfer of RE-Reserve to RE-Free per LBP Board Resolution No. 22-165				67,180,000,000	(67,180,000,000)			0
Conversion of Unrestricted RE to Paid-up Capital of the NG per LBP Board Resolution No. 22-165 dated 03.09.22	671,800,000	67,180,000,000		(67,180,000,000)				0
Transfer from UCPB Reserve General Provision					1,339,776,250		9,688,522	1,339,776,250
Write off of investment accounts booked under FVOCI				(9,688,522)				0
Reversal of depreciation expense on ROPA per LBP Board Resolution No. 2022-351								
Payment of dividends to the NG per LBP Board Resolution No. 22-376				(1,160,908,020)				(1,160,908,020)
FX currency translation for the accrual of ERP payments				(8,449,273,026)				(8,449,273,026)
Gain on sale of Equity Investment				135,353,624			(135,353,624)	0
Revised capitalization threshold for Bank Premises, Furnitures, Fixtures & Equipment per LBP Board Resolution No. 22-924				394,927,884			(394,927,884)	0
Re-appropriation of RE Reserve-General Provision to RE-Free				(481,394,774)				(481,394,774)
Reclassification of gain on UCPB merger				4,986,855,520	(4,986,855,520)			0
Prior Period Adjustments				(1,339,776,250)				(1,339,776,250)
Currency translation difference				774,355,174				774,355,174
Balance, December 31, 2022	1,637,877,113	163,787,711,308	101,098,220	25,425,089,320	13,541,374,740	38,763,379,763	136,365,978	229,616,083,036

Statement of Cash Flows

For the year ended December 31, 2022
(In Philippine Peso)

	Group		Parent	
	2022	2021 As restated	2022	2021 As restated
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	93,383,403,283	74,681,583,624	88,827,721,531	73,937,203,714
Interest paid	-14,525,136,329	-12,745,240,243	-14,373,023,138	-12,263,419,631
Fees and commission	4,212,962,506	2,829,211,109	3,581,723,151	2,191,714,597
Loss on Financial Assets & Liab - Fair Value Through Profit or Loss	-3,223,633,191	-1,787,233,831	-3,218,508,804	-1,846,610,753
Loss on Financial Assets & Liabilities (Note 36(d)) Designated at FV Thru P/L	-31,562,951	31,500,408	-31,562,951	31,500,408
Gain from dealings in foreign currency	764,555,867	492,565,619	764,555,867	492,565,619
Miscellaneous Income	12,237,660,001	13,760,260,183	14,478,740,168	1,213,151,064
General and administrative expenses	-46,727,311,102	-39,703,077,130	-43,294,127,933	-37,747,847,052
Operating income before changes in operating assets and liabilities	46,090,938,084	37,559,569,739	46,735,517,891	26,008,257,966
Changes in operating assets and liabilities:				
Decrease/ (Increase) in operating assets				
Interbank Loans Receivable	-3,188,748,375	-909,715,000	-3,188,748,375	-909,715,000
Fair Value Through Profit or Loss	13,014,658,348	-21,176,984,871	12,465,077,133	-20,483,971,006
Loans and Receivable	-94,193,742,865	-206,933,004,925	-236,453,248,615	-49,227,506,398
Other Intangible Assets	-654,795,885	-1,404,075,897	-1,131,262,058	-344,862,004
Other Assets	-15,716,287,287	-3,819,242,379	-17,254,601,515	-2,284,274,917
Deferred Income Tax	-3,988,196,912	-2,418,511,678	-6,182,471,982	539,236,794
Increase/ (Decrease) in operating liabilities				
Deposit liabilities	199,365,570,659	473,675,365,412	485,198,401,250	173,775,164,071
Derivative Liabilities	-341,064,862	339,983,659	-340,514,897	339,433,694
Payment Order Payable	19,940,839	252,474,216	19,940,839	252,474,216
Marginal Deposits	-335,719,096	-629,262,653	-272,630,615	-692,351,134
Cash Letters of Credit	3,971,446,003	10,112,569,937	13,863,000,583	221,015,357
Treasurer's, Manager's & Cashier's Checks	312,093,443	1,419,896,959	1,226,128,213	454,036,114
Other liabilities	30,215,393,449	20,949,324,956	38,026,044,825	11,938,834,866
Net cash generated from operations	174,571,485,543	307,018,387,475	332,710,632,677	139,585,772,619
Income taxes paid	-73,297,376	-45,178,349	0	0
Net cash generated from operating activities	174,498,188,167	306,973,209,126	332,710,632,677	139,585,772,619
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	-4,340,165,918	-2,966,880,318	-5,383,759,680	-795,996,900
Additions to investment property	-4,342,869,602	-3,236,481,775	-5,584,470,727	-1,069,796,623
Disposal of/(Additions to) Non-Current Assets Held for Sale	4,281,362,986	-4,439,643,678	-393,274,582	257,850,429
Dividends received	1,064,512,946	933,722,805	1,054,950,998	932,149,988
Gain from investment securities	43,922,381	69,480	43,380,681	69,480
Decrease/(Increase) in:				
Fair Value Through Other Comprehensive Income	155,154,156,039	-112,199,981,257	114,879,186,185	-71,224,463,986
Held to Collect	-220,960,664,793	-164,918,162,273	-242,373,997,809	-141,157,024,350
Investment in Subsidiaries	0	0	-317,299,617	-4,038,227,868
Investment in associates	121,775,654	942,275,458	0	1,064,051,112
Net cash generated used in investing activities	-68,977,970,307	-285,885,081,558	-138,075,284,551	-216,031,388,718
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash dividends paid	-8,629,651,170	-279,719,062	-8,449,273,026	0
Capital infusion from National Government	109,996,933,600	27,500,000,000	109,996,933,600	27,500,000,000
Other charges to capital	-117,440,580,819	1,446,246,063	-106,992,358,806	-698,184,859
Increase/(Decrease) in:				
Bills and acceptances payable	7,691,965,986	-3,842,909,934	7,813,822,311	-4,275,027,380
Bonds payable	-4,510,382,779	4,053,982,479	-4,510,382,779	4,053,982,479
Net cash generated from/ (used in) financing activities	-12,891,715,182	28,877,599,546	-2,141,258,700	26,580,770,240
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	3,253,600,885	2,335,858,762	3,253,601,208	2,295,742,670
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	95,882,103,563	52,301,585,876	195,747,690,634	-47,569,103,189
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
Cash and other cash items	54,351,919,143	47,532,026,956	47,435,011,722	47,530,891,956
Due from Bangko Sentral ng Pilipinas	475,030,892,501	446,673,817,261	393,384,744,904	444,197,646,081
Due from other banks	25,918,936,571	8,780,206,030	13,960,454,520	10,600,413,170
Securities purchased under agreements to resell	16,643,098,719	16,657,210,811	15,801,019,516	15,821,382,644
	571,944,846,934	519,643,261,058	470,581,230,662	518,150,333,851
CASH AND EQUIVALENTS AT END OF YEAR				
Cash and other cash items	51,093,909,679	54,351,919,143	50,440,553,932	47,435,011,722
Due from Bangko Sentral ng Pilipinas	568,924,698,774	475,030,892,501	566,640,049,889	393,384,744,904
Due from other banks	18,608,577,940	25,918,936,571	20,501,057,254	13,960,454,520
Securities purchased under agreements to resell	29,199,764,104	16,643,098,719	28,747,260,221	15,801,019,516
	667,826,950,497	571,944,846,934	666,328,921,296	470,581,230,662

Notes to Financial Statements

DECEMBER 31, 2022 AND 2021

(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, 2022, 68 per cent 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 15, 2023 while those of the subsidiaries were approved for issue by their respective Board of Directors on various dates.

2. Summary of Significant Accounting Policies

2.1 Statement of Compliance

The consolidated financial statements of the Group and of the Parent have been prepared in compliance with the Philippine Financial Reporting Standards (PFRSs).

2.2 Basis of Financial Statements Preparation

The accompanying financial statements have been prepared on a historical cost basis unless stated otherwise.

The financial statements of the Parent include the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The financial statements individually prepared for these units are combined after eliminating inter-unit accounts.

The functional currency of RBU and FCDU is Philippine Peso and United States Dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated assets and liabilities in the RBU are translated in Philippine Peso based on the Bankers Association of the Philippines (BAP) closing rate prevailing at end of the year and at the BAP Weighted Average Rate for the year for income and expenses.

The consolidated financial statements are presented in Philippine peso and all values are rounded to the nearest peso except when otherwise indicated.

2.3 Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent and the following subsidiaries:

Name	Country of Incorporation	Principal Activity	% of Ownership		Functional Currency
			2022	2021	
LBP Leasing and Finance Corporation	Philippines	Leasing	100%	100%	Philippine peso
LBP Insurance Brokerage, Inc.	Philippines	Insurance brokerage	100%	100%	Philippine peso
LBP Resources and Development Corporation	Philippines	Real estate	100%	100%	Philippine peso
Masaganang Sakahan, Inc.	Philippines	Trading	100%	100%	Philippine peso
Overseas Filipino Bank, Inc.	Philippines	Banking	100%	100%	Philippine peso
United Coconut Planters Bank	Philippines	Banking		88.91%	Philippine peso
UCPB Leasing and Finance Corporation	Philippines	Leasing	100%		Philippine peso
United Foreign Exchange Corporation	Philippines	Trading	100%		Philippine peso
LANDBANK Securities, Inc.	Philippines	Trading	100%		Philippine peso
Green Homes Development, Inc.	Philippines	Real estate	100%		Philippine peso
UCPB Savings Bank, Inc.	Philippines	Banking	97.55%		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.

Acquisition of the United Coconut Planters Bank (UCPB) as Subsidiary and subsequent merger with LBP

UCPB, a universal bank incorporated in the Philippines on May 10, 1963. On May 2, 2012, a resolution was unanimously approved at a special meeting of stockholders, extending the life of the UCPB for another 50 years from and after May 10, 2013, and for this purpose, amending the UCPB's Articles of Incorporation. On August 14, 2012, the Philippine Securities and Exchange Commission (SEC) approved the extension of the UCPB's corporate life for another 50 years up to 2063.

On June 25, 2021, President Rodrigo R. Duterte signed Executive Order No. 142 entitled, "Approving the Merger of the Land Bank of the Philippines (LBP) and the UCPB, and the Acquisition by the LBP of the Special Preferred Shares of the Philippine Deposit Insurance Corporation (PDIC) in the UCPB."

On September 24, 2021, the Parent acquired 12 billion Special Preferred Shares of UCPB held by the PDIC by issuing a 20-year Certificate of Indebtedness (COI) with face value and fair value of at the time of acquisition amounting to P12 billion and P4,038,227,868, respectively. The issuance of the COI represented 88.91 per cent of the total voting rights in UCPB.

At the acquisition date, the Parent classify/designate the identifiable assets acquired and liabilities assumed as necessary on the basis of the contractual terms, economic conditions, its operating or accounting policies and other pertinent conditions as they exist at the acquisition date.

LBP on boarded a total of 2,343 former UCPB employees; 101 reported in Head Office while majority in the field offices.

Gain on Bargain Purchase

The Group recognized a Gain on Bargain Purchase on acquisition date amounting to P11,999,456,312 while on merger date, the Parent recognized a Gain on Bargain Purchase amounting to P10,511,702,503, representing the excess of the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed over the aggregate of the consideration transferred. The gain is recognized in the Profit/Loss under Miscellaneous Income account.

Gain on Bargain Purchase arising from the acquisition has been recognized as follows:

Fair value (provisional) of identifiable net assets	P18,038,110,651
Non-Controlling Interest, based on their proportionate interest in the recognized amounts of the assets and liabilities	(2,000,426,471)
Consideration transferred	(4,038,227,868)
Gain on bargain purchase	11,999,456,312

Gain on Bargain Purchase arising from the merger has been recognized as follows:

Fair value of identifiable net assets	P15,049,783,205
Consideration transferred	(4,538,080,702)
Gain on bargain purchase	10,511,702,503

Consideration transferred

The Parent issued the following COI to former owners of the UCPB:

- 20-year P12 billion face value COI with interest at a fixed rate of 1.75 per cent per annum based on outstanding balance issued to the PDIC on September 24, 2021, payable annually to mature in 2041, with fair value at the time of acquisition amounting to P4.038 billion computed based on the present value of the instrument discounted using the effective interest rate of 14.934 per cent.

The issuer, may, at its sole discretion, make a prepayment on the principal on any Payment Date beginning on the 3rd year from the date of issuance of the COI, and every three years thereafter.

The Issuer warrants and represents that, upon its issuance and until maturity, the COI shall be fully assignable and negotiable, and shall continue to possess the features and terms provided under the Deed of Absolute Sale.

In the event of default in the payment of principal and/or interest in the Payment Date, all the remaining unpaid obligations under the COI, regardless of Payment Schedule, shall be declared to be forthwith due and payable, whereupon all such amounts shall become and be forthwith due and payable without presentment, demand and protest or further notice of any kind, all of which are hereby expressly waived by the Issuer. The total outstanding obligation shall be subject to a penalty of ten per cent per annum from Payment Date until the said obligation shall have been paid in full.

As of December 31, 2022, the principal has an outstanding balance of P11.700 billion.

- 20-year P1.121 billion face value COI with interest at a fixed rate of 1.75 per cent per annum based on outstanding balance issued to the Republic of the Philippines, as represented by the Trust Fund Management Committee (TFMC) on May 25, 2022, payable annually to mature in 2042, with fair value at the time of acquisition amounting to P0.377 billion computed based on the present value of the instrument discounted using the effective interest rate of 14.934 per cent.

The Issuer warrants and represents that, upon its issuance and until maturity, the COI shall be fully assignable and negotiable, and shall continue to possess the features and terms provided under the Deed of Absolute Sale.

In the event of default in the payment of principal and/or interest in the Payment Date, all the remaining unpaid obligations under the COI, regardless of Payment Schedule, shall be declared to be forthwith due and payable, whereupon all such amounts shall become and be forthwith due and payable without presentment, demand and protest or further notice of any kind, all of which are hereby expressly waived by the Issuer. The total outstanding obligation shall be subject to a penalty of ten per cent per annum from Payment Date until the said obligation shall have been paid in full.

As of December 31, 2022, the principal has an outstanding balance of P0.377 billion.

Identifiable assets acquired and liabilities assumed

The Parent measured the net identifiable assets acquired and the liabilities assumed on acquisition date at provisional amounts amounting to P18,038,110,651. After the acquisition date, the Parent have reflected adjustments to the provisional amount on new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. The measurement period is within one year from acquisition date. The Parent has determined the fair values of UCPB's net identifiable assets and liabilities and the total acquisition/transaction related costs as at acquisition date and merger date. As of the merger date, fair value of the net identifiable assets and liabilities is at P15,049,783,205.

The Parent measures at the acquisition and merger dates components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets at provisional amounts. The non-controlling interest at acquisition date stood at 11.09 per cent or P2,000,426,471 while at the merger

date, all the non-controlling interests were acquired by the Parent by setting-up accounts payable to the non-controlling shareholders.

The Parent recognized net loss of UCPB amounting to P139,592,917 covering result of operations from the acquisition date included in the Statement of Comprehensive Income for the reporting period, while it recognized a combined entity net income for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period amounting to P18,513,178,686.

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, 2022.

Amendments to PFRS 3 – Business Combinations - Reference to the Conceptual Framework

The amendments are intended to replace a reference to a previous version of the International Accounting Standards Board (IASB) *Conceptual Framework* (the 1989 *Framework*) with a reference to the current version issued in March 2018 (the *Conceptual Framework*) without significantly changing its requirements.

The amendments add an exception to the recognition principle of PFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope PAS 37 Provisions, Contingent Liabilities, and Contingent Assets or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

This will have no significant impact on the Group as it only serves to update an outdated reference in PFRS 3 without significantly changing its requirements.

Amendments to PAS 16 – Property, Plant and Equipment – Proceeds before Intended Use

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.

This will have no impact on the Group's Financial Statements as the assets of the Group are intended to be used in its operations and not to produce items.

Amendments to PAS 37 – Onerous Contracts – Cost of Fulfilling a Contract

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). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under contract.

The adoption does not have material impact on the Group's Financial Statements

Annual Improvements to PFRS Standards 2018 - 2020

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 caused no effect in the Group's Financial Statements.

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, 2023

PAS 12 (Amendments), Deferred Tax related to Assets and Liabilities from a Single Transaction

The amendments introduce an exception to the initial recognition exemption in PAS 12, narrowing its scope, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

PAS 1 (Amendments) and PFRS Practice Statement 2, Disclosure Initiative – Accounting Policies)

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

PAS 8 (Amendments), Definition of Accounting Estimates

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

PAS 1 (Amendments), Presentation of Financial Statements, Non-current Liabilities with Covenants

The amendments clarify paragraphs 69 to 76 of PAS 1, Presentation of Financial Statements, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

PFRS 16 (Amendments), Leases, Lease Liability in a Sale and Leaseback

The amendment to PFRS 16 Leases specifies requirements for seller-lessees to measure the lease liability in a sale and leaseback transaction.

The amendment does not change the accounting for leases unrelated to sale and leaseback transactions.

The amendment applies to annual reporting periods beginning on or after 1 January 2024 and can be applied earlier.

PFRS 17 – Insurance Contracts

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, Insurance Contracts. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the Financial and Sustainability Reporting Standards Council amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025, with comparative figures required. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two years after its effective date as decided by the IASB. Early application is permitted.

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:

- I. 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 and equity securities 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 SPPI 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 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 'Net unrealized gains/(losses) 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 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 effective interest rate (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 amortized cost.

Determination of fair value

The fair value for financial instruments traded in active markets at the statement of financial position date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. In the absence of an available current bid and asking prices, the price of the most recent transaction is used because it provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which observable market 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 derecognised 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, 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 Assets and Financial Liabilities

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, other expenditures incurred incident to the acquisition 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.

Subsequent costs pertaining to additions (extensions, enlargement or expansion made to an existing asset) shall be capitalized if it is probable that future economic benefits will flow to the Parent for more than one (1) year, and the costs of such additions, replacements and betterments is at least five per cent of the initial cost but should not be less than the set threshold which is P50,000.00 (*per COA Circular No 2022-004*).

Depreciation shall start on the month following the date that the asset is ready for use (even if not actually being used), which is when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Parent, as certified by the Property Supply Officer and Department/Unit Head. Depreciation and amortization are 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.

Effective CY 2022, the Parent adopted COA Circular No 2022-004 providing the guidelines on the increase of the capitalization threshold for tangible assets from P15,000.00 to P50,000.00 per Section 23 of the General Provisions of RA No. 11639 or the FY 2022 General Appropriations Act. The increase in capitalization threshold was envisioned to lead a more efficient utilization of funds in the procurement of goods. The Parent considered this as a change in accounting policy and any effect from the change was applied retrospectively i.e., the new capitalization threshold was applied for all tangible items purchased in CY 2022 onwards and in prior years, as follows:

- a. Tangible items with amounts below P50,000.00 previously classified as Property, Plant and Equipment (PPE) shall be recognized as expenses if acquired and issued to end-user in CY 2022; and

- b. Tangible items acquired prior to CY 2022 with amounts below P50,000.00 previously classified as PPE, the carrying amount of the property shall be recognized as an adjustment to the opening balance of Retained Earnings for CY 2022.

The effect of this change in accounting policy for each financial statement line item is presented as follows:

	2022	2021
BPFEE	0	(1,901,466,126)
Miscellaneous Assets	0	(4,183,156)
Accumulated Depreciation	0	(1,032,899,339)
Allowance for Losses	0	(5,512,655)
Retained Earnings	0	(867,237,288)

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 derecognised 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 (NCAHS) 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. The sale is to be expected to qualify as completed sale within one year from date of reclassification to NCAHS; that, a minimum 10 per cent refundable earnest money based on the purchase price must be paid by the prospected buyer. 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 (Loss of Life and Disability Benefit Program) 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 2022 amounts to P7.697 million. The fund is being administered by the Provident Fund Department 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 which pertains to a lease term of 12 months or less, and leases of low-value assets amounting to P300,000 or less which shall be booked as "Rent Expense" and recognized on a straight-line basis or another systematic basis over the lease term which includes short-term leases of office spaces, transportation, photocopier and other equipment.

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.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If some or all of a provision to be reimbursed is expected and is certain, the reimbursement is recognized as a separate asset. The related expense is presented in the statement of income, net of any reimbursement. Where the effect of the time value of money is material, the amount of provisions recognized is the present value of the expenditures expected to be required to settle the obligation, determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as Interest Expense.

Contingent Liabilities and Contingent Assets

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Revenue Recognition

A Revenue from Contract with Customers is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

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 when (or as) the entity satisfies a Performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. If an entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognizes revenue over time by measuring the progress towards complete satisfaction of that performance obligation, 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 'Gain/(Loss) on Sale/Derecognition of Asset' 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 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 to 'Fees and Commission Income – Others' account 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.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's products and service lines as disclosed in Note 12, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, Operating Segments, are the same as those used in its consolidated financial statements.

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 Group 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 Right of Use (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 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 is 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, 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, Standard & Poor (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 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.

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.

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 on the counterparty. It is computed as one less recovery rate. LGD estimation for treasury exposures follows the same hierarchy used for PD estimation.

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 P442,211,398,690

and P441,449,432,840 as of December 31, 2022 and P616,825,978,835 and P576,310,439,551 as of December 31, 2021 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 the Parent 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 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 P14,180,226,428 and P12,884,873,959 as of December 31, 2022 and P12,047,765,360 and P9,597,280,256 as of December 31, 2021, respectively.

c. Allowance for Credit Loss

The measurement of the allowance for ECL on debt financial assets at amortized cost and at FVOCI is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses).

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

For assets and liabilities not listed in an active market, the Group uses valuation techniques such as net asset value and investment multiple that are appropriate in the circumstances

and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Valuation Techniques:

1. Government debt securities

Government debt securities are financial instruments issued by sovereign governments and include both long-term bonds and short-term bills with fixed or floating rate interest payments. These instruments are generally highly liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Parent uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Parent classifies those securities as Level 2. The Parent does not have Level 3 government securities where valuation inputs would be unobservable.

2. Debt securities issued by financial institutions and other debt securities

While most of these instruments are standard fixed or floating rate securities, some may have more complex coupon or embedded derivative characteristics. The Parent uses active market prices when available, or other observable inputs in discounted cash flow models to estimate the corresponding fair value including credit default swap data of the issuer to estimate the relevant credit spreads. Municipal bonds and bonds issued by financial institutions are generally Level 1 and corporate bonds are generally Level 2 instruments as well as convertible bonds where usually there is not sufficient third-party trading data to justify Level 1 classification. Level 3 instruments are those where significant inputs cannot be referenced to observable data and, therefore, inputs are adjusted for relative tenor and issuer quality.

3. Equity Securities

The majority of equity instruments are actively traded in the Philippine Stock Exchange with readily available active prices on a regular basis. Such instruments are classified as Level 1. Investments held in funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions. Such instruments are generally Level 2. Equity instruments in non-listed entities are initially recognized at transaction price and re-measured (to the extent information is available) and valued on a case-by-case and classified as Level 3. The Parent holds equity investments that are valued at cost due lack of reliable information to value them.

4. Loans and receivables at fair value through profit or loss

For loans and receivables designated at FVTPL and mandatorily required to be measured at FVTPL (those that did not meet the SPPI criteria), a discounted cash flow model is used based on various assumptions, including current and expected future credit losses, market rates of interest, prepayment rates and assumptions regarding market liquidity, where relevant. The element of fair value attributable to the credit risk is calculated by determining the changes in credit spread implicit in the fair value of bonds issued by entities with similar credit characteristics. Classification between Level 2 and Level 3 is determined based on whether the assessment of credit quality is based on observable or unobservable data.

5. Foreign exchange contracts

Foreign exchange contracts include open spot contracts, foreign exchange forward and swap contracts and over-the-counter foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. With the exception of contracts where a directly observable rate is available which are disclosed as Level 1, the Parent classifies foreign exchange contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Parent determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each statement of financial position date. The Parent also determines the policies and procedures for both recurring fair value measurement, such as financial assets and liabilities at FVTPL, and for non-recurring measurement, such as investment properties.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Assets and Liabilities are valued based on quotes in an active market. In absence of active market quote, the Parent uses various valuation methodologies that maximizes reliance to observable market inputs. Relevant inputs may include the relevant yield curves, industry benchmarks, financial performance and condition of issuer, and other available information.

Valuation methodology to be used shall be agreed upon by the Front, Middle, and Back Office. In some cases, valuation methodology is also agreed upon by other holders of the same asset/liability.

As of December 31, 2022 and 2021, the fair value hierarchy of the Parent's assets and liabilities are presented below:

	As of December 31, 2022				
	Book Value	Level 1	Level 2	Level 3	Total Fair Value
FINANCIAL ASSETS:					
FVTPL	18,902,001,459	13,568,165,624	4,210,632,911	1,123,202,924	18,902,001,459
Debt Securities	13,568,165,624	13,568,165,624	0	0	13,568,165,624
Domestic	10,795,034,454	10,795,034,454	0	0	10,795,034,454
FCDU	2,773,131,170	2,773,131,170	0	0	2,773,131,170
Equity Securities	1,123,202,924	0	0	1,123,202,924	1,123,202,924
Domestic	31,262,235	0	0	31,262,235	31,262,235
FX-Reg	1,091,940,689	0	0	1,091,940,689	1,091,940,689
Derivative w/ positive FV	4,210,632,911	0	4,210,632,911	0	4,210,632,911
FX-Reg	1,473,475,579	0	1,473,475,579	0	1,473,475,579
PLFD	2,593,563,842	0	2,593,563,842	0	2,593,563,842
FCDU	143,593,490	0	143,593,490	0	143,593,490
FVOCI	458,498,166,234	435,582,795,564	0	2,657,382,541	438,240,178,105
Debt Securities	441,534,452,086	421,009,813,422	0	0	421,009,813,422

As of December 31, 2022					
	Book Value	Level 1 af	Level 2 bf	Level 3 cf	Total Fair Value
Domestic	353,842,394,719	339,720,919,799	0	0	339,720,919,799
FX-Reg	11,979,944,437	11,203,489,944	0	0	11,203,489,944
FCDU	75,712,112,930	70,085,403,679	0	0	70,085,403,679
Equity Securities	8,963,714,148	14,572,982,142	0	2,657,382,541	17,230,364,683
Domestic	5,471,507,854	13,855,734,927	0	884,934,335	14,748,669,262
FX-Reg	3,492,206,294	717,247,215	0	1,772,448,206	2,489,695,421
HTC	839,980,279,650	776,831,002,102	5,548,985,485	4,417,335,164	786,797,322,751
Debt Securities	839,980,279,650	776,831,002,102	5,548,985,485	4,417,335,164	786,797,322,751
Domestic	788,065,395,690	730,300,436,049	5,548,985,485	26,351,206	735,875,772,740
FX-Reg	20,151,870,535	16,116,999,729	0	3,146,656,441	19,263,656,170
FCDU	31,763,013,425	30,413,566,324	0	1,244,327,517	31,657,893,841
Total	1,389,380,447,343	1,225,981,963,290	9,759,618,396	8,197,920,629	1,243,939,502,315
FINANCIAL LIABILITIES:					
Bills Payable	31,593,982,866	0	31,425,871,026	168,111,840	31,593,982,866
BSP Rehabilitation Programs	24,303,875	0	0	24,303,875	24,303,875
Domestic Borrowings (ODA thru BTr)	143,807,965	0	0	143,807,965	143,807,965
Foreign Borrowings/ODA	15,299,984,049	0	15,299,984,049	0	15,299,984,049
Deposit Substitute-Repurchase Agreement	16,125,886,977	0	16,125,886,977	0	16,125,886,977
Bonds Payable	4,543,923,875	0	4,543,923,875	0	4,543,923,875
Derivative Liabilities	8,570,935	0	8,570,935	0	8,570,935
	36,146,477,676	0	35,978,365,836	168,111,840	36,146,477,676

As of December 31, 2021					
	Book Value	Level 1 af	Level 2 bf	Level 3 cf	Total Fair Value
FINANCIAL ASSETS:					
FVTPL	31,367,078,592	27,256,480,770	3,048,888,317	1,061,709,505	31,367,078,592
Debt Securities	27,256,480,770	27,256,480,770	0	0	27,256,480,770
Domestic	27,256,480,770	27,256,480,770	0	0	27,256,480,770
Equity Securities	1,061,709,505	0	0	1,061,709,505	1,061,709,505
Domestic	32,262,236	0	0	32,262,236	32,262,236
FX-Reg	1,029,447,269	0	0	1,029,447,269	1,029,447,269
Derivative w/ positive FV	3,048,888,317	0	3,048,888,317	0	3,048,888,317
FX-Reg	2,431,833	0	2,431,833	0	2,431,833
PLFD	2,951,417,960	0	2,951,417,960	0	2,951,417,960
FCDU	95,038,524	0	95,038,524	0	95,038,524
FVOCI	565,359,387,987	548,925,388,026	0	3,493,030,140	572,418,418,166
Debt Securities	556,399,940,527	554,808,498,202	0	0	554,808,498,202
Domestic	468,305,545,495	464,828,264,200	0	0	464,828,264,200
FX-Reg	11,435,607,154	11,553,196,464	0	0	11,553,196,464
FCDU	76,649,787,878	77,627,037,538	0	0	77,627,037,538
Equity Securities	8,968,447,460	14,916,889,824	0	3,493,030,140	18,409,919,964
Domestic	5,077,162,176	13,477,247,268	0	1,051,628,754	14,528,876,022
FX-Reg	3,891,285,284	1,439,642,556	0	2,441,401,386	3,881,043,942
HTC	597,592,191,429	593,807,594,139	3,090,828,491	5,592,600,031	602,490,222,661

As of December 31, 2021					
	Book Value	Level 1 a/	Level 2 b/	Level 3 c/	Total Fair Value
Debt Securities	597,592,191,429	593,807,594,139	3,090,028,491	5,592,600,031	602,490,222,661
Domestic	565,972,562,023	564,589,163,767	3,090,028,491	19,441,268	567,698,633,526
FX-Reg	10,788,928,319	7,041,356,644	0	3,998,893,130	11,040,249,774
FCDU	20,830,701,087	22,177,073,728	0	1,574,265,633	23,751,339,361
Total	1,194,313,658,868	1,189,989,462,935	6,138,916,808	10,147,339,676	1,206,275,719,419
FINANCIAL LIABILITIES:					
Bills Payable	23,765,830,863	0	23,584,881,767	180,949,096	23,765,830,863
BSP Rehabilitation Programs	24,303,875	0	0	24,303,875	24,303,875
Domestic Borrowings (ODA thru BTr)	156,645,221	0	0	156,645,221	156,645,221
Foreign Borrowings/ODA	23,584,881,767	0	23,584,881,767	0	23,584,881,767
Bonds Payable	9,054,306,654	0	9,054,306,654	0	9,054,306,654
Derivative Liabilities	349,085,832	0	349,085,832	0	349,085,832
	33,169,223,349	0	32,988,274,253	180,949,096	33,169,223,349

a/ Level 1 - quoted market price in active markets for identical assets or liabilities

b/ Level 2 - those involving 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)

c/ Level 3 - those with inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Bank follows the Fair Value Hierarchy provided by PFRS 13. As a general rule, Assets and Liabilities are valued using Level 1 Inputs. However, for the following cases, a Level 2 or 3 Inputs are used in determining the fair value:

1. No available quote in the market/not traded in market
2. Traded in a market but is not active

The choice of Level 2 or 3 inputs will depend on the next best available data, or if there is any agreement between holders of the same asset/liability as to what fair valuation methodology to be used.

5. Cash and Other Cash Items

This account consists of:

	Group		Parent	
	2022	2021	2022	2021
Cash on hand	49,942,061,031	53,806,886,456	49,288,805,264	47,361,365,672
Checks and other cash items	32,956,379	11,002,654	32,956,379	11,002,654
Returned checks and other cash items	1,103,187,002	50,955,047	1,103,187,002	50,955,047
Fx Currency Notes & Coins on Hand	0	429,725,250	0	0
Fx Currency Checks and Other Cash Items	0	41,216,387	0	0
Miscellaneous checks and other cash items	2,800	21,536	2,800	21,536
Petty cash fund	15,300,694	11,131,000	15,200,694	10,686,000
Payroll fund	401,773	980,813	401,773	980,813
	51,093,909,679	54,351,919,143	50,440,553,932	47,435,011,722

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.

This account consists of:

	Group		Parent	
	2022	2021	2022	2021
Due from BSP- Regular-DDA	190,997,450,516	198,877,050,887	190,294,744,608	165,356,988,592
Due from BSP- Regular-ODA	336,784,000,000	190,405,000,000	336,200,000,000	158,000,000,000
Due from BSP- Regular-TDA	40,997,000,000	85,720,212,765	40,000,000,000	70,000,000,000
Due from BSP- Small Enterprises	2,136,312	2,136,312	2,136,312	2,136,312
Due from BSP- Others	8,648,969	7,700,000	8,648,969	7,700,000
Accrued Interest Receivable	135,462,977	18,792,537	134,520,000	17,920,000
	568,924,698,774	475,030,892,501	566,840,049,889	393,384,744,904

7. Due from Other Banks

This account consists of:

	Group		Parent	
	2022	2021	2022	2021
Deposit with local banks	552,040,967	3,166,750,040	2,425,303,594	2,964,388,024
Deposit with foreign banks	18,061,337,232	22,754,041,703	18,061,337,232	10,993,977,223
Allowance for Credit Losses	(4,802,892)	(1,854,100)	(4,802,892)	(1,854,100)
Accrued Interest Receivable	5,535	0	19,222,222	3,944,445
Allowance for Credit Losses	(2,902)	(1,072)	(2,902)	(1,072)
	18,608,577,940	25,918,936,571	20,501,057,254	13,960,454,520

The Group maintains nostro accounts on global basis with 36 foreign depository banks totaling 37 and 22 bank accounts in 2022 and 2021, respectively, the most significant of which are as follows:

2022	2021
1. JP Morgan Chase Bank	1. The Bank of New York
2. Deutsche Bank	2. Standard Chartered Bank, N.Y.
3. Wells Fargo	3. Bank of America, N.Y.
4. Standard Chartered Bank, N.Y.	4. JP Morgan Chase Bank
5. Clearstream Bank	5. Citibank, N.Y.

8. Interbank Loans Receivables

This account consists of:

	Group		Parent	
	2022	2021	2022	2021
Foreign Banks	14,663,565,000	11,474,775,000	14,663,565,000	11,474,775,000
Allow. For Credit Losses	(41,608)	0	(41,608)	0
Accrued Interest Receivable	10,974,597	29,466	10,974,597	29,466
Allow. For Credit Losses	(17)	0	(17)	0
	14,674,497,972	11,474,804,466	14,674,497,972	11,474,804,466

The interbank loans receivable will mature within 30 days from date of investment with range of interest rates at December 31, as follows:

	2022		2021	
Foreign	0.01%	to 4.35%	0.01%	to 0.15%

9. Securities Purchased under Agreements to Resell

This account consists of:

	Group		Parent	
	2022	2021	2022	2021
Domestic				
Reverse Repurchase-BSP	26,536,835,743	16,642,386,483	26,084,420,709	15,800,317,280
Repo Lending-Private	2,650,860,167	0	2,650,860,167	0
Accrued Interest Receivable	12,068,194	702,236	11,979,345	702,236
	29,199,764,104	16,643,098,719	28,747,260,221	15,801,019,516

Reverse Repurchase with BSP carry interest rate at 5.50 per cent and 2.00 per cent as at December 31, 2022 and 2021, respectively. Reverse Repurchase with Private carries an interest rate at 7.00 per cent as at December 31, 2022.

10. Fair Value Thru Profit or Loss (FVTPL)

This consists of:

	Group		Parent	
	2022	2021	2022	2021
Government Securities – Domestic	10,795,034,454	27,256,480,770	10,795,034,454	27,256,480,770
Government Securities – Foreign	2,773,131,170	0	2,773,131,170	0
Private Securities – Domestic	174,694,885	725,276,101	31,262,235	32,262,236
Private Securities – Foreign	1,091,940,689	1,029,447,269	1,091,940,689	1,029,447,269
Derivative with positive fair value	4,210,632,911	3,048,888,317	4,210,632,911	3,048,888,317
Accrued Interest Receivable	23,733,363	1,454,951	22,593,939	1,454,951
	19,069,167,492	32,061,547,408	18,924,595,398	31,368,533,543

The FVTPL financial assets of the Group carry interest rates at December 31 as follows:

	2022		2021	
Domestic	2.375%	To 6.25%	2.375%	to 3.75%
Foreign	1.541%	To 4.193%	0.625%	to 6.375%

FVTPL includes the foreign exchange (FX) Risk Cover of the Parent's borrowings from multilateral agencies amounting to P2,593,563,842 and P2,951,417,960 in 2022 and 2021, 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, 2022, the outstanding notional amount of the FX Risk Cover amounted to JPY18,271,147,737 and EUR21,712,730.

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 a decrease in the derivative asset amounting to P357,854,118 in 2022 and P324,794,440 in 2021.

The derivative with positive fair value comprises of the following:

	2022	2021
FX Risk Cover	2,593,563,842	2,951,417,960
Debt Warrants	143,593,490	95,038,524
Forward Contracts	1,473,475,579	2,431,833
	4,210,632,911	3,048,888,317

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.

Financial assets representing the Parent's equity infusions in countryside financial institutions and preference shares in Metro Rail Transit Corporation that are assessed as debt securities but failed the SPPI test are classified as designated at FVTPL.

11. Fair Value Through Other Comprehensive Income (FVOCI)

This account consists of:

	Group		Parent	
	2022	2021	2022	2021
Government				
Domestic	336,141,217,103	493,408,574,296	335,503,574,825	464,828,264,200
Foreign	78,852,324,548	92,873,862,220	78,852,324,548	89,180,234,002
Private				
Domestic	19,081,409,475	20,840,755,683	18,958,014,237	14,528,876,022
Foreign	4,926,264,496	5,810,718,604	4,926,264,496	3,881,043,942
Accrued Interest Receivable	3,210,245,828	3,892,068,052	3,209,317,494	3,892,021,385
Allow. For Credit	(62,760)	0	(62,760)	0
	442,211,398,690	616,825,978,835	441,449,432,840	576,310,439,551

FVOCI of the Group carry interest rates at December 31 as follows:

	2022		2021	
Domestic	2.375%	To 8.125%	2.375%	To 6.375%
Foreign	0.125%	To 10.625%	0.125%	To 10.625%

In 2022, the Parent disposed equity securities at FVOCI with total carrying value of P619,739,476 and recognized a gain on disposal charged against Retained Earnings of P394,927,884. The Parent sold its investments in equity securities as the target fair value of the listed stocks based on discounted cash flow model has been reached. Likewise, disposition of equity investment in countryside financial institution was made to recover the Parent's matured principal investment.

The net gains or losses on FVOCI equity securities classified as FVOCI amounted to P8,266,650,534 and P9,441,472,503 as of December 31, 2022 and 2021, respectively.

Domestic – Private securities

i. Manila Electric Company (MERALCO) shares

LBP and SMC Global entered into a Share Purchase Agreement (SPA) on December 2, 2008. Under the SPA, LBP will transfer and convey 46,596,596 MERALCO shares to SMC Global for a consideration of P4,193,693,640.00 (priced at P90 per share) and a fixed term interest of P553,847,140.06. The SPA was not implemented because the shares were levied on execution on a just compensation case against LBP.

On December 14, 2011, the Supreme Court directed MERALCO to reinstate the shares in LBP's name. LBP was only able to recover 38,635,950 shares.

For failure of the Bank to implement the SPA, SMC Global filed before the Regional Trial Court (RTC) a Complaint for Specific Performance and Damages against LBP on July 3, 2014.

On March 18, 2021, the RTC rendered its decision in favor of SMC Global, ordering LBP and other defendants, jointly and severally, to:

1. Immediately implement the Share Purchase Agreement;
2. Pay SMC Global attorney's fees in the amount of Five Million (P5,000,000.00) and for damages in the amount of Five Million (P5,000,000.00) plus six per cent (6%) legal interest from date LBP is adjudged in delay in the implementation of the Share Purchase Agreement until fully paid;
3. Pay the costs of suits.

On April 30, 2021, LBP filed its Notice of Appeal.

LBP filed its Appellant's Brief before the Court of Appeals (CA) on July 27, 2022. On November 3, 2022, the CA rendered its Decision affirming the RTC. LBP filed its Motion for Reconsideration (MR) on December 2, 2022.

On March 20, 2023, the CA rendered a Resolution denying LBP's MR.

On May 26, 2023, LBP filed a Petition for Review on Certiorari before the Supreme Court.

ii. 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 P73,540,436 in 2022. 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 \$19,584,623.61 (P1,091,940,689.38) in MRTC preference shares and \$31,780,317.76 (P1,771,911,616.71) 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 Metro Rail Transit (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 Light Rail Transit System (LRTS) 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, 2022 (In US Dollars)	Book Value As of December 31, 2022 (In US Dollars)	Percentage in MRTC
▪ MRT III Bonds	29,682,609	78,696,489	
▪ MRT III Preferred Shares	54,000,000	19,584,624	
Securitized ERPs	83,682,609	98,281,113	26.65%
Unsecuritized ERPs	29,775,167	31,780,318	11.12%
	113,457,776	130,061,431	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 LBP 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 LBP and DBP in early 2011 representing Accrued ERPs.

The Parent's Accumulated market gains/losses on FVOCI government and private issues amounted to (P12,250,519,914) and P7,059,030,178 as of December 31, 2022 and 2021, respectively.

Outstanding equity securities at FVOCI as of December 31, 2022 and 2021 generated dividends amounting to P1.05 billion and P0.93 billion, respectively for the Parent. Dividends amounting to P0.01 million and P0.59 million were recognized in 2022 and 2021, respectively, for the disposed securities at FVOCI.

Fair Value of FVOCI-Equity Securities as of December 31, 2022, as follows:

FVOCI Equity Securities	Fair Value
Listed Stocks	14,284,962,142
Shares in Sports Clubs	288,020,000
Rural Banks	3,457,059
INMES	2,653,925,482
	17,230,364,683

The Parent enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Parent:

- Has no obligation to make payments unless it collects equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Has an obligation to remit any cash it collects from the assets without material delay.

Debt securities furnished by the Bank Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Bank retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

As of December 31, 2022, government securities aggregating P18,170,337,471 are used as security for bills payable of the LBP relative of the outstanding repurchase agreement with various foreign banks amounting P16,125,886,977.

12. Segment Information

Business Segments

The Parent's operating businesses are recognized and managed separately according to the nature of services provided and the different markets served by each segment representing a strategic business unit. The Parent derives revenues from the following main operating business segments:

(a) Branch Banking Sector (BBS) and Digital Banking Sector (DBS)

These two sectors oversee the operation of the Parent's branches and ATM networks, which are the primary sales and distribution platforms for products and services. Its primary tasks are to: solicit deposits; cross-sell and distribute all of the Parent Bank's products and services, as allowed by regulation; generate sales leads for specialized products; and manage customer relationships.

(b) National Development Lending Sector (NDLS)

The NDLS manages the growth of the largest asset of the Parent which is the loan portfolio targeting both consumer loan market and the corporate and institutional loan markets.

(c) Treasury and Investment Banking Sector (TIBS)

The TIBS manages the Parent's assets and liabilities. TIBS leads the Asset and Liability Committee (ALCO), it recommends the pricing strategy for deposits and loans to ensure that deposit-taking units offer competitive yields to generate the funding requirements of the Parent, and the lending units, in turn, offer rates that will attract the targeted borrowers. In addition, TIBS manages the regulatory reserve requirements of the Parent as well as ensures compliance to required liquidity position. The TIBS also engages in trading of fixed income securities and foreign exchange.

(d) Other Segments

This segment includes other segments that provide support to its core activities. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net income before income tax, which is measured in a manner consistent with that in the Statement of Comprehensive Income. The Parent's assets producing revenues are located in the Philippines (i.e., one geographical location), therefore, geographical segment information is no longer presented. The Parent has no significant customers which contribute 10 per cent or more of the consolidated revenue, net of interest expense. Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income.

Interest charged for these funds is based on the Parent's cost of capital. There are no other material items of income or expense between business segments.

Statement of Income and
Expense
December 31, 2022

ACCOUNTS	TOTAL	BBS	NDLS	TBS	OTHERS
Income					
Loans	50,509,917,546	66,299,820	22,768,615,656	936,312,823	26,738,689,247
Investments	37,147,455,991	23,080,301	0	37,124,365,690	0
FX Profit/(Loss)	4,018,157,075	90,492,526	55,670,811	766,687,964	3,105,305,774
Others	20,714,442,047	1,153,707,495	1,013,176,635	2,984,296,780	15,563,261,137
Total Income	112,389,972,659	1,333,590,142	23,837,463,102	41,811,663,257	45,407,256,158
Expenses:					
Financial Expenses					
Interest on Deposits	13,481,189,046	1,714,713,591	0	0	11,746,475,455
Interest on Borrowed Funds	1,027,101,194	0	828,565,532	198,030,588	505,074
Other Financial Costs	1,010,697,840	21,653,033	0	0	989,044,807
Total Financial Expenses	15,498,988,080	1,736,366,624	828,565,532	198,030,588	12,736,025,336
Manpower Costs					
Salaries and Wages					
Basic	12,996,829,232	3,108,061,977	859,566,542	155,072,086	8,874,128,627
Contractual	308,526,316	32,828,236	7,097,462	2,648,178	265,952,440
Fringe Benefits	6,025,348,008	1,286,962,878	298,466,229	37,461,463	4,402,457,438
Overtime	246,942,263	63,089,319	2,614,815	56,904	181,181,225
Seminars and Trainings	27,604,309	6,558,184	1,567,666	448,957	19,029,502
Total Manpower Costs	19,605,250,128	4,497,500,594	1,169,312,714	195,687,588	13,742,749,232
Other Operating Expenses					
Taxes & Insurances	18,783,784,393	5,635,491,562	2,310,945,412	2,534,172,580	8,297,174,839
Fees & Other Charges	1,757,136,965	132,463,571	19,222,877	80,616,482	1,524,834,035
Utilities	4,765,272,536	1,332,414,644	40,402,898	5,648,823	3,386,806,171
Business Development	403,281,450	9,983,054	2,783,463	583,863	389,951,070
Information Technology Expenses	1,170,818,400	150,218,153	68,906	16,588	1,020,514,753
Litigation/Asset Acquired Expenses	280,738,697	0	26,552,304	0	254,186,393
Miscellaneous Expenses	118,620,044	159,174,205	24,751,148	53,135	(65,358,444)
Provision/Depreciation/Amortization	11,242,702,203	48,919,660	46,538,451	(3,761,432)	11,151,005,524
Total Other Operating Expenses	38,522,354,688	7,468,664,849	2,477,245,459	2,617,330,039	25,959,114,341
TOTAL COSTS	73,626,592,896	13,702,532,067	4,475,123,705	3,011,048,215	52,437,883,909
TOTAL BANK NET INCOME/LOSS	38,763,379,763	(12,368,941,925)	19,362,339,397	38,800,615,042	(7,030,632,751)

13. Hold to Collect (HTC)

This account consists of:

	Group		Parent	
	2022	2021	2022	2021
Government				
Domestic	704,936,365,866	585,966,522,045	781,798,711,553	562,488,718,774
Foreign	46,011,832,463	24,685,207,759	46,011,832,463	24,665,207,759
Private				
Domestic	6,422,778,831	4,713,045,130	6,266,684,137	3,483,843,249
Foreign	5,903,051,497	6,954,421,647	5,903,051,497	6,954,421,647
Allow. For Credit Losses	(709,599,758)	(695,543,887)	(709,115,405)	(695,136,405)
Accrued Interest Receivable	6,306,663,011	4,716,290,055	6,300,710,739	4,716,290,055
Allow. For Credit Losses	(8,903,350)	(8,791,938)	(8,903,350)	(8,791,938)
	848,862,188,560	626,311,150,611	845,562,971,634	601,604,553,141

HTC investments of the Group carry interest rates at December 31 as follows:

	2022			2021		
Domestic	2.375%	to	18.25%	2.375%	to	18.25%
Foreign	0.125%	to	11.625%	0.125%	to	10.625%

In 2021, a gain of P71,896 was recognized due to the early redemption of San Miguel Corporation corporate securities while there was no similar transaction in 2022.

14. Loans and Receivables

This account consists of:

	Group		Parent	
	2022	2021	2022	2021
Interbank loans receivable	34,823,016,846	13,007,175,852	34,823,016,845	12,190,900,389
Allowance for credit losses	(161,720,381)	(335,689,575)	(161,720,380)	(335,689,575)
	34,661,296,465	12,671,486,277	34,661,296,465	11,855,210,814
Loans to Government	166,996,728,111	130,535,074,943	168,240,149,593	124,381,361,453
Allowance for credit losses	(13,619,142)	(2)	(13,619,142)	(2)
	166,983,108,969	130,535,074,941	168,226,530,451	124,381,361,451
Agrarian Reform and other				
Agriculture Loans	161,505,941,826	174,248,961,607	160,708,163,442	158,603,887,831
Allowance for credit losses	(5,415,396,490)	(5,728,995,640)	(5,385,139,726)	(4,576,583,428)
	156,090,545,336	168,519,965,967	155,323,023,716	154,027,304,403
Microfinance Loans	19,458,496,584	18,709,057,048	19,458,496,505	18,611,649,679
Allowance for credit losses	(442,409,375)	(625,388,572)	(442,409,296)	(603,761,282)
	19,016,087,209	18,083,668,476	19,016,087,209	18,007,888,397
SME/MSE Loans	63,262,431,451	64,382,982,594	61,187,795,137	55,408,574,300
Allowance for credit losses	(4,282,967,919)	(4,001,185,418)	(3,402,707,764)	(2,849,416,048)
	58,979,463,532	60,381,797,176	57,785,087,373	52,559,158,252
Contract to Sell	21,650,117,146	25,638,407,286	20,880,757,539	744,169,523
Allowance for credit losses	(2,804,931,234)	(408,923,575)	(2,619,770,858)	(172,295,478)
	18,845,185,912	25,229,483,711	18,260,986,681	571,874,045

	Group		Parent	
	2022	2021	2022	2021
Loans to Private Corporation	582,571,972,127	527,715,089,940	577,130,188,661	466,696,192,994
Allowance for credit losses	(22,323,986,097)	(13,487,345,362)	(21,193,886,295)	(11,344,913,043)
	560,247,986,030	514,227,744,578	555,936,302,366	455,351,279,951
Loans to Individuals for Housing Purposes	32,005,972,067	32,957,729,110	28,863,675,506	5,530,113,823
Allowance for credit losses	(3,346,984,525)	(1,319,843,136)	(3,260,376,990)	(53,446,644)
	28,658,987,542	31,637,885,974	25,603,298,516	5,476,667,179
Loans to Individual for Personal Use	59,582,786,407	57,766,812,929	55,461,876,979	37,354,349,029
Allowance for credit losses	(1,611,986,017)	(3,255,721,034)	(1,442,810,141)	(851,931,630)
	57,970,800,390	54,511,091,895	54,019,066,838	36,502,417,399
Loans to Individual for Other Purposes	3,321,538,796	1,053,656,327	1,419,576,565	895,887,575
Allowance for credit losses	(123,495,206)	(56,423,003)	(62,815,282)	(18,457,596)
	3,198,043,590	997,233,324	1,356,761,283	877,429,979
Loans & Receivable-Others-non-residents-FCDU	310,567,773	364,424,911	310,567,773	0
Allowance for credit losses	(12,031,852)	0	(12,031,852)	0
	298,535,921	364,424,911	298,535,921	
General loan loss provision	(10,951,755,319)	(6,370,397,901)	(10,810,822,225)	(5,888,396,120)
	1,093,998,285,577	1,010,789,459,329	1,079,676,154,594	853,722,195,750
Accrued interest receivable	12,088,621,223	12,468,767,513	11,825,132,061	9,123,562,162
Allowance for credit losses	(1,357,723,092)	(587,726,104)	(1,296,657,178)	(570,475,978)
	10,730,898,131	11,881,041,409	10,528,474,883	8,553,086,184
Accounts receivable	3,379,706,142	2,649,891,531	2,256,442,796	1,808,525,958
Allowance for credit losses	(1,958,852,797)	(1,897,752,435)	(1,504,637,828)	(1,581,631,665)
	1,420,853,345	752,139,096	751,804,968	226,894,293
Sales contract receivable	1,939,092,929	1,745,077,752	1,737,645,840	772,783,090
Allowance for credit losses	(95,995,649)	(159,133,383)	(87,927,419)	(113,864,846)
	1,843,097,280	1,585,944,369	1,649,718,421	658,918,244
Due from ARF	183,288,712	263,903,249	183,288,712	263,903,249
Lease contract receivable	2,824,360,854	1,918,929,737	0	0
Allowance for credit losses	(196,524,168)	(216,304,439)	0	0
	2,627,836,686	1,702,625,298	0	0
	1,110,804,259,731	1,026,975,112,750	1,092,789,441,578	863,424,997,720

The Parent's interest rates on loans in 2022 range from 0.01 per cent to 20.58 per cent for peso denominated loans and from 3.42 per cent to 8.39 per cent for foreign currency denominated loans.

Allowance for credit losses (ACL)

The details of allowance for credit losses on loans of the Parent are:

	2022	2021
Balance, January 1	26,694,890,846	25,926,451,311
Provision	9,569,055,661	1,935,042,336
Write-offs	(991,024,350)	(338,505,487)
Transfers and other adjustments	13,535,187,794	(828,097,314)
Balance, December 31	48,808,109,951	26,694,890,846

As of December 31, 2022 and 2021, the breakdown of Gross Loans as to secured and unsecured follows:

	Parent			
	2022		2021	
	Amount	%	Amount	%
Secured loans:				
Guarantee of the Republic of the Philippines	107,506,146,959	9.53	95,277,421,675	10.82
Various guarantees	280,993,365,855	24.90	220,840,047,539	25.08
Various mortgages	303,802,457,987	26.92	251,587,625,081	28.58
	692,301,970,801	61.35	567,705,094,295	64.48
Unsecured loans	436,182,293,744	38.65	312,711,992,301	35.52
Gross loan at amortized cost	1,128,484,264,545	100.00	880,417,086,596	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.

	2022	2021
Total NPLs	58,723,557,050	27,757,301,539
Allowance for credit losses	(18,522,358,922)	(8,791,496,775)
Net NPLs	40,201,198,128	18,965,804,764

15. Investment in Subsidiaries

This account consists of the following investments in subsidiaries which are 100 per cent owned by the Parent except for UCPB Savings Bank which is 97.55 per cent owned and are accounted for at cost:

Name	2022	2021
Overseas Filipino Bank, Inc.	2,108,992,000	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
UCPB	0	4,038,227,868
UCPB Leasing & Finance Corp.	1,393,465,252	0
UCPB Savings Bank, Inc.	1,981,688,477	0
LANDBANK Securities, Inc.	237,550,439	0
Green Homes Development Inc.	334,831,317	0
Total	6,495,302,492	6,178,002,875
Allowance for credit losses	(840,934,784)	(814,658,295)
Net	5,654,367,708	5,363,344,580

Overseas Filipino Bank (OFB)

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 P1,701,000,000 into Overseas Filipino Bank (OFB). The initial infusion in the amount of P428,992,000 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 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.

In 2022 LBP Board of Directors and as affirmed by the Corporate Secretary dated March 28, 2022, the LBP Board Resolution (LBR) No. 18-886 dated November 13, 2018 superseded the LBR 18-119, and mentioning that the capital infusion of P1,680,000,000 is on top of the P428,992,000, capital infused initially by the Parent last July 06, 2018 or prior to the release of LBR No. 18-886. Acting on the letter of OFB for the capital infusion plan sent to the Parent and through the instruction of Investment Banking Group, the remaining balance and final tranche amounting to P407,992,000 was released and booked last May 26, 2022.

United Coconut Planters Bank (UCPB)

In 2021, through Presidential Directive under Executive Order No. 142 Series of 2021, the Parent acquired the Philippine Deposit Insurance Corporation's (PDIC) Special Preferred Shares totaling 88.91 per cent in the amount of P4,038,227,868 for the voting shares in the UCPB with total par value of P12.00 billion.

Following the full acquisition of UCPB and the issuance of Certificate of Indebtedness to PDIC, the same was reversed thru the Parent's Accounting Transaction Unit on March 02, 2022 for proper consolidation of books.

The resulting full acquisition of UCPB, its subsidiaries namely UCPB Savings Bank, UCPB Leasing and Finance Corporation, UCPB Securities, Inc., now LANDBANK Securities, Inc., and Green Homes Development Inc. were eventually transferred to the Parent and booked on July 18, 2022. All are 100 per cent owned by the Parent except for UCPB Savings Bank which is at 97.55 per cent.

The Parent measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

National Livelihood Development Corporation (NLDC)'s Investment in Northern Foods Corporation (NFC)

- On September 02, 2015 pursuant to Memorandum Order (MO) No. 85, NLDC was abolished and directed that all of its assets and liabilities be transferred to LBP. The liquidation and winding up of NLDC's operations were undertaken until December 31, 2017 and the transfer of its assets and liabilities to LBP was completed on June 29, 2018. NLDC's investment in NFC totaled to P84,905,000 representing 81.21 per cent of ownership of NLDC. The said investment has been fully provided with allowance for credit losses resulting to zero value in the books of NLDC based on the

terminal audit report of COA as of December 31, 2017. Hence, the NFC investment was not part of the total assets that was transferred to LBP.

- On December 09, 2020, COA issued an Audit Observation Memorandum (AOM) recommending the recognition of the correct cost of equity investment in NFC, the corresponding allowances for credit losses in the books of LBP and provide the sufficient and required disclosures in the Parent's FS.
- On February 02, 2023, a meeting was conducted attended by representatives from LBP, COA and Governance Commission for Government-Owned or Controlled Corporations (GCG) to discuss the cited COA AOM. In the said meeting LBP emphasized its position on not to book said investment due to its zero value and NFC's abolition pursuant to MO No. 58 series of 2021 where LBP will eventually request for write-off of this investment. Further, per Section 376-A of the MORB, limits the equity ownership in NFC, a non-allied enterprise to just 35 per cent. However, COA pointed out that in compliance with existing auditing rules, the recording of the subject equity investments in the books of LBP should be made. In view of diverse opinions, LBP, COA and GCG agreed to seek for BSP's regulatory guidance pertaining to the subject investment.
- On March 10, 2023, LBP wrote BSP requesting for guidance on the recognition of NFC investment in the books of LBP and clarification on the prescribed limit under Section 376-A of the MORB.
- On May 12, 2023, LBP received the response from BSP with the following comments on the matter:
 1. BSP agrees with COA to:
 - a. record the equity investment and the corresponding allowance for credit losses in the books of LBP;
 - b. provide the required disclosures on the investment in NFC in the Notes to Financial Statements (FS) of LBP;
 - c. cause the transfer of NFC shares of stocks to LBP, subject to compliance with the ceiling under Section 376-A of the Manual of Regulations for Banks (MORB).
 - d. write-off the equity investment in NFC, subject to compliance with the provision of Section 143 of the MORB, considering the abolition of NFC per MO No. 58 dated December 01, 2021.
 2. On compliance with the prescribed ceiling on equity investment, BSP stated that LBP can only acquire 35 per cent of the total equity of NFC and the same should not exceed 35 per cent of NFC's voting stock. This is pursuant to Section 27 of the General Banking Law (GBL) as implemented by Section 376-A of the MORB.
 3. With respect to the remaining 65 per cent of the equity investment of NFC, BSP suggested to refer the same to the Technical Working Group (TWG) which was created to resolve issues on the transfer of equity investment of the defunct NLDC in NFC taking into consideration of the above cited prescribed limit.

- On May 23, 2023, LBP provided copy of the letter from BSP to GCG referring to the TWG the necessary actions to be undertaken relative to the remaining 65 per cent of the equity of NFC.
- LBP's investment in NFC will be consolidated in the group when the decision/action of the TWG on the issues concerning NLDC's equity investment in NFC is rendered.

16. Investment in Associates

This account represents the Group's significant influence over UCPB Coconut Industry Investment Fund Finance and Development Corporation (UCFDC), Legaspi Oil Company, Inc. (LOCI), San Pablo Manufacturing Corporation (SPMC), Southern Luzon Coconut Oil Mills, Inc. (SLCOMI), and Granexport Manufacturing Corporation (GMC) through UCPB's direct ownership in such investee companies and the exercise of its fiduciary functions as administrator of the UCPB Coconut Industry Investment Fund (CIIF) amounting to P121,775,654 as of December 31, 2021. However, relative to the transfer of the equity investments in private institutions of the UCPB to LBP due to merger in 2022, the Investment in Associate was reclassified to FVOCI.

17. Investment Property

This account consists of:

	Group							
	2022		2021		2022		2021	
	Land	Building	Others	Total	Land	Building	Others	Total
At Cost								
At January 1	7,452,457,060	7,091,293,791	0	14,543,750,850	7,077,173,949	6,794,634,436	0	13,871,808,384
Additions/Disposals	3,407,696,659	5,975,640,474	40,952,720	9,443,669,652	436,047,329	214,975,574	0	650,022,902
Transfers/Adjustment	(2,159,516,159)	(2,609,928,901)	0	(4,769,445,059)	(59,764,209)	81,483,782	0	21,719,572
At December 31	8,720,637,560	10,456,005,364	40,952,720	19,218,995,643	7,452,457,060	7,091,293,791	0	14,543,750,850
Accumulated depreciation and impairment								
At January 1	786,430,934	3,241,116,851	0	4,027,547,785	270,327,872	3,146,235,965	0	3,416,563,837
Depreciation	0	713,233,072	33,226,499	746,459,571	0	368,423,094	0	368,423,094
Transfers/Adjustment	(406,011,000)	456,886,343	0	90,875,343	0	(221,932,123)	0	(221,932,123)
Impairment Loss	373,559,751	238,129,152	72,587	611,760,490	516,103,002	(41,610,059)	0	474,492,943
At December 31	753,978,685	4,689,365,418	33,299,086	5,476,643,189	786,430,934	3,241,116,851	0	4,027,547,785
Net book value	7,966,658,874	5,766,639,946	7,653,634	13,742,952,454	6,666,026,135	3,850,176,940	0	10,516,203,075

	Parent					
	2022		2021	2022		2021
	Land	Building	Total	Land	Building	Total
At Cost						
At January 1	5,202,916,395	4,401,181,582	9,604,097,977	4,814,364,555	4,073,087,127	8,887,451,682
Additions/Disposals	2,697,869,299	5,307,545,183	8,005,414,482	388,561,000	309,094,455	697,655,455
At December 31	8,100,785,694	9,728,726,765	17,829,512,459	5,202,916,395	4,401,181,582	9,604,097,977
Accumulated depreciation and impairment						
At January 1	374,060,418	1,170,929,503	1,545,011,921	263,990,366	1,064,691,136	1,328,681,502
Depreciation	0	609,042,753	609,042,753	0	278,897,101	278,897,101
Transfers/Adjustment	0	2,517,061,668	2,517,061,668	0	(126,315,819)	(126,315,819)

	Parent					
	2022			2021		
	Land	Building	Total	Land	Building	Total
Impairment Loss	359,468,714	232,873,793	592,342,507	110,092,062	(45,882,915)	64,409,147
At December 31	733,551,132	4,529,907,987	5,263,459,039	374,082,418	1,170,829,503	1,545,011,921
Net book value	7,367,234,562	5,198,818,858	12,566,053,420	4,828,833,977	3,236,252,079	8,059,086,056

Investment properties include real estate properties acquired in settlement of loans and receivables.

As of December 31, 2022 and 2021, the carrying value of investment properties still subject to redemption amounted to P568,718,439 and P933,194,228, respectively, for the Parent. Investment properties with on-going cases amounted to P1,417,601,587 and P583,984,233 as of December 31, 2022 and 2021, respectively. Properties amounting to P96,585,504 and P38,394,724 as of December 31, 2022 and 2021, respectively, are agricultural lands covered by the government's agrarian reform program.

In 2022 and 2021, the rental income (included under 'Rent' in the Statements of Comprehensive Income) on investment properties, which are leased out under operating leases, amounted to P1,865,432 and P88,690, respectively, for the Parent. In 2022 and 2021, 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 P609,042,753 and P278,897,101, respectively.

18. Property and Equipment

This account consists of:

	Group									Total 2022
	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	2,107,587,183	193,118,659	7,119,361,573	1,034,965,846	319,291,716	9,982,644,919	412,334,687	1,129,383,316	4,077,912,946	27,218,872,942
Additions	254,673,555	279,270,523	3,600,402,303	1,419,889,777	476,687,212	3,119,575,460	61,758,236	279,034,699	75,163,516	8,883,884,221
Deposits	(536,728,000)	0	(871,100,215)	(21,425,518)	(242,423,219)	(224,561,779)	0	(444,552)	(7,301,361)	(2,091,138,835)
Transfers	(12,447,757,329)	(83,067,753)	(3,945,954,809)	(1,114,616,389)	(37,486,792)	(2,349,654,219)	(6,772,546)	(179,088,771)	96,486,431	(18,792,225,282)
At December 31	2,812,175,409	489,291,429	8,874,196,289	1,728,989,886	698,291,682	9,997,813,371	694,484,889	1,226,111,763	5,192,794,953	38,982,414,738
Accumulated Depreciation, Amortization & Impairment Loss										
At January 1	0	0	4,713,118,287	615,092,359	241,967,940	7,294,095,861	146,247,497	202,237,842	1,481,337,372	16,885,969,468
Depreciation & amortization	0	419,875	277,675,754	(234,361,798)	5,496,367	954,465,179	(81,909,161)	(407,599,238)	927,209,844	2,818,917,654
Deposits	0	0	(846,334,387)	(724,742)	(93,401,883)	(251,372,691)	0	(3,474,647)	(1,195,464)	(1,079,837,355)
Transfers/Reversals	0	0	(838,106,712)	(84,911,119)	306,827,152	(872,919,520)	(33,460,119)	(257,248,553)	(271,146,876)	(2,015,430,695)
At December 31	0	419,875	3,729,418,943	689,229,820	258,382,829	7,264,287,829	(488,288,827)	(689,281,891)	1,746,829,918	16,987,899,949
Allow for Losses	0	0	3,432,15,440	(494,552)	6,127,881	28,642,425	0	3,362,216	0	78,888,382
Net book value	2,812,175,409	489,811,304	5,144,777,346	1,044,768,058	439,913,861	2,733,525,542	216,196,062	797,829,872	3,445,964,035	22,004,514,789

	Group REIT-ADO									
	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
At Cost										2021
At January 1	1,824,541,746	182,348,265	8,382,479,790	1,524,265,881	89,315,094	8,099,882,364	299,616,475	1,045,279,889	2,271,086,429	21,452,972,792
Additions	299,488,148	59,542,194	1,579,394,779	1,496,122,194	312,786,081	1,379,204,082	8	214,224,268	1,638,477,426	9,194,954,549
Deposits	0	0	(95,124,806)	(84,376,195)	(84,611,839)	(29,879,770)	0	(800,162)	(14,571,324)	(827,758,732)
Transfers	(2,814,911)	(110,371,836)	1,547,369	(1,147,250,005)	(270,574)	(2,167,891,633)	(95,891,989)	(162,534,216)	229,288,245	(5,246,538,019)
At December 31	2,107,987,183	191,518,659	10,191,381,579	1,884,963,469	218,281,718	9,962,944,819	612,934,687	1,125,948,289	4,273,912,880	27,214,822,582
Accumulated Depreciation, Amortization & Impairment loss										
At January 1	0	0	2,797,421,534	637,964,272	65,764,369	6,946,587,326	202,319,889	126,307,575	1,110,287,486	11,187,313,541
Depreciation & amortization	0	0	267,483,611	187,867,188	35,196,196	672,576,971	16,642,399	246,488,738	665,781,582	2,508,363,341
Deposits	0	0	(7,397,176)	(82,302,328)	(87,484,524)	(252,461,246)	0	(1,389,871)	(20,490,648)	(863,728,628)
Transfer/Adjustments	0	0	1,251,388,833	(25,489,877)	(265,430,732)	(628,685,663)	(1,624,552)	(185,395,281)	(183,263,892)	1,181,883,882
At December 31	0	0	4,719,813,488	888,882,253	241,887,888	7,764,201,881	296,887,157	1,681,201,842	1,468,822,827	16,888,919,883
Allow for Losses	0	0	47,883,274	1,430,742	8,596,622	33,571,763	0	(5,363,097)	0	91,716,784
Net book value	2,107,987,183	191,518,659	5,471,568,091	917,724,384	98,258,914	2,222,778,288	217,887,530	989,818,340	2,785,815,114	12,947,763,699

	Parent									Total 2021
	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	1,973,894,857	814,293,179	5,429,423,545	1,369,481,583	73,419,188	7,395,763,274	467,862,331	1,187,661,581	1,356,219,990	20,476,157,882
Additions	234,195,626	272,481,598	1,451,511,819	1,347,583,881	471,314,967	2,387,889,144	8	250,314,876	8	7,835,444,952
Deposits	(826,128,088)	0	(876,193,213)	(21,625,388)	(248,523,558)	(222,211,547)	0	(194,552)	(7,325,981)	(2,697,978,737)
Transfers	1,326,353,485	(89,182,377)	(2,273,112,711)	(1,619,188,237)	186,471,983	(836,648,749)	8,773,186	(167,758,716)	1,111,448,172	1,222,481,736
At December 31	2,319,894,148	497,592,400	6,614,824,229	1,596,851,825	612,695,188	9,964,982,869	416,638,327	1,189,884,789	4,467,624,181	26,928,216,952
Accumulated Depreciation and Amortization										
At January 1	0	0	3,327,955,319	694,947,221	94,616,353	8,295,963,898	216,022,882	248,672,624	1,352,896,118	11,696,892,719
Depreciation and amortization	0	0	246,946,283	152,648,073	3,737,419	375,239,152	41,999,381	448,752,457	573,979,622	2,246,163,954
Deposits	0	0	(648,638,887)	(274,740)	(198,214,916)	(257,693,379)	0	(1,964,547)	(8,109,494)	(1,076,702,381)
Transfer/Adjustments	0	0	(432,333,987)	(52,396,089)	(477,282,941)	(113,916,581)	(24,223,425)	(268,110,538)	56,164,776	(1,387,916,168)
At December 31	0	0	2,889,153,889	762,868,819	263,165,262	9,722,832,769	211,789,889	462,465,181	1,861,872,602	13,876,195,489
Allow for Losses	0	0	34,521,449	484,952	8,127,489	28,216,733	0	3,190,204	0	744,48,528
Net book value	2,319,894,148	497,592,400	3,725,670,340	792,883,796	274,765,328	2,083,940,389	441,123,789	749,973,192	2,775,832,148	12,894,373,939

	Parent REIT-ADO									
	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 2021
At Cost										
At January 1	1,692,793,746	152,348,265	5,175,414,459	1,323,019,636	72,579,492	8,389,852,719	497,195,642	1,344,263,278	2,267,381,342	21,043,917,797
Additions	194,376,922	154,228,712	276,542,486	135,624,728	2,982,396	822,172,689	8	211,119,242	8	1,984,616,288
Deposits	0	0	(85,123,195)	(22,941,522)	(8,546,632)	(146,371,823)	0	(2,407,648)	(54,571,334)	(292,248,344)
Transfers	(2,444,371)	(119,671,656)	(22,400,712)	(27,485,235)	(281,378)	(1,720,290,523)	(82,416)	(148,765,245)	407,847,371	(5,705,625,503)
At December 31	1,873,889,867	196,905,321	5,429,423,545	1,598,481,583	73,419,688	8,765,763,274	497,862,331	1,187,881,581	1,356,881,889	26,676,157,882

	Parent RESTATED								
	Land	Building Under Construction	Buildings	Leasehold Rights and Improvements	Transportation and Equipment	Furniture and Office Equipment	Transportation Equipment Under Lease	Other	Right of Use Assets
Accumulated Depreciation and Amortization									
At January 1	0	0	2,425,845,536	8,039,311,342	64,241,534	3,882,106,323	225,482,848	430,271,638	1,148,079,589
Depreciation and amortization	0	0	118,752,740	198,712,433	3,695,137	722,927,791	12,032,863	219,222,636	484,676,426
Deposits	0	0	(7,297,171)	(8,944,942)	(1,546,490)	(906,369,375)	0	(5,126,137)	(5,630,648)
Transfers/Adjustment to	0	0	(311,414,212)	(81,090,280)	(11,382,588)	(8,152,314,121)	(8,634,652)	(181,765,819)	(80,762,460)
At December 31	0	0	2,117,886,913	8,044,989,223	64,938,903	2,965,988,469	236,881,063	246,873,838	1,682,886,718
Allow for Leases	0	0	49,469,258	1,838,742	8,000,122	20,051,287	0	(5,844,002)	0
Net book value	1,873,888,857	188,282,173	1,889,883,883	8,053,927,965	18,480,811	2,945,842,289	71,846,119	241,029,836	1,682,886,718

During the acquisition of UCPB, LBP acquired property and equipment amounting to P4,552,580,338.

Depreciation and amortization of the Group amounting to P2,616,517,054, and P2,530,368,641 and of the Parent amounting to P2,246,163,154 and P1,773,344,273 in 2022 and 2021, 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 P55,689,218 and P178,521,604 in 2022 and 2021, respectively, are temporarily idle. The carrying amounts of properties which are held for disposal are P44,829,089 and P25,136,734 in 2022 and 2021, respectively, while the carrying amount of fully depreciated assets still in use are P191,716,377 and P441,664,954 in 2022 and 2021, respectively.

19. 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, 2022 for the Parent is as follows:

	Within 1 Year	After 1 Year but not more than 5 Years	More than 5 Years	Total
Finance Charge	230,809,235	388,625,609	125,905,672	745,340,516
Lease Liability	978,359,653	1,827,163,237	582,184,563	3,387,707,453
Lease Payment	1,209,168,888	2,215,788,846	708,090,235	4,133,047,969

As of December 31, 2022, the Parent recognized interest expense on lease liabilities (included in the Statements of Comprehensive Income) amounting to P199,404,154 and rent expense from short-term leases and leases of low-value assets amounting to P1,217,474,407.

Lease Liability can be found in Note 25, presented as part of the item 'Others'.

Parent's right-of-use assets as of December 31, 2022 consist of the following:

Particulars	Building	Transportation Equipment	Office Equipment	IT Equipment	Total ROU Assets
At Cost	3,929,788,306	506,097,635	2,501,669	23,236,571	4,461,624,181
Accumulated Depreciation	(1,626,487,975)	(52,727,104)	(1,772,012)	(1,084,942)	(1,682,072,033)
Net Book Value	2,303,300,331	453,370,531	729,657	22,151,629	2,779,552,148

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 is included in the Statements of Comprehensive Income of the Parent and part of Note 35.

Future minimum rentals receivable under non-cancellable operating leases as at December 31, 2022 are as follows:

	Within 1 Year	After 1 Year but not more than 5 Years	More than 5 Years	Total
Operating Lease	3,198,526	2,837,357	0	6,035,883

20. Other Intangible Assets

This account consists of:

	Group		Parent	
	2022	2021 As Restated	2022	2021
Balance at the beginning of the year	1,770,175,415	1,149,733,556	1,189,435,007	1,124,727,370
Addition	1,188,875,877	903,881,955	1,131,262,058	345,535,504
Transfer to Parent due to merger	(544,040,488)	0	0	0
Amortization for the year	(421,771,053)	(283,440,096)	(392,226,150)	(280,827,867)
Balance at the end of the year	1,993,239,751	1,770,175,415	1,928,470,915	1,189,435,007
Allow for Losses	(673,500)	(10,673,500)	(673,500)	(673,500)
Net book value at end of year	1,992,566,251	1,759,501,915	1,927,797,415	1,188,761,507

21. Other Assets

This account consists of:

	Group		Parent	
	2022	2021 As Restated	2022	2021 As Restated
Sundry debits	9,659,785,731	2,319,848,835	9,615,511,593	2,234,392,803
Prepaid expenses	590,804,214	633,743,762	444,333,598	445,848,592
Documentary stamps	544,771,411	996,940,509	543,755,617	902,921,991
Stationery & supplies on hand	230,749,703	118,616,802	227,927,062	113,983,697
Accounts receivable bank officers & employees-net	176,869,433	174,731,405	175,656,459	174,607,895
Inter-office float items	183,750,297	27,465,690	183,750,297	20,062

	Group		Parent	
	2022	2021 As Restated	2022	2021 As Restated
Deferred Charges	61,380,606	127,488,684	0	0
Others	12,309,232,053	4,113,935,850	12,526,754,728	3,021,608,201
	23,757,343,448	8,512,771,537	23,717,689,354	6,893,363,241
Allowance for credit losses	(30,642,403)	(28,035,599)	(30,642,403)	(28,035,599)
	23,726,701,045	8,484,735,938	23,687,046,951	6,865,327,642

The others account under other assets includes miscellaneous assets, due from FCDU/RBU-Fx Reg-Clearing account and Due from FCDU/EFCDU net realized/unrealized losses recognized in profit or loss in equity.

22. Allowance for Credit Losses and Impairment Losses

Changes in the allowance for credit losses and impairment losses of the Parent are as follows:

	2022	2021 As Restated
Balance at beginning of year:		
Loans (Note 14)	26,694,890,846	25,926,451,311
Investments (Note 11, 13 & 15)	1,518,586,638	1,487,216,535
Receivables from customers and Other assets (Note 7, 14, 18, 20, & 21)	2,934,176,162	2,608,053,807
Contingent	491,173,088	290,595,757
	31,638,826,734	30,312,317,410
Provisions charged to operations	10,258,407,382	2,456,430,325
Accounts charged off and others	(999,848,145)	(837,261,681)
Transfer/adjustments	14,256,665,636	(292,659,320)
	23,515,224,873	1,326,509,324
Balance December 31	55,154,051,607	31,638,826,734
Balance at end of year:		
Interbank Loans Receivables (Note 8)	41,608	0
Loans (Note 14)	48,808,109,951	26,694,890,846
Investments (Note 11, 13 & 15)	1,559,016,299	1,518,586,638
Receivables from customers and Other assets (Note 7, 8, 14, 18, 20, & 21)	4,242,782,530	2,934,176,162
Contingent (Note 25)	544,101,219	491,173,088
	55,154,051,607	31,638,826,734

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:

	2022	2021
Loans	9,569,004,293	1,935,042,336
Investments	49,889,816	31,450,065
Receivables from customers and Other assets	666,383,591	483,978,142
Contingent	(26,870,318)	5,959,782

10,258,407,382 2,456,430,325

Higher set up of provision for loans was provided to cover the past due loan accounts from UCPB and to protect the asset quality of the Bank.

The calculated ECL for Treasury Exposures as of September 2022 increased from P705.78 million to P740.83 million. The table shows the computed ECL for 2022 and 2021:

INVESTMENTS (In Thousand P)	TOTAL		STAGE 1		STAGE 2		STAGE 3	
	2022 ^{1/}	2021 ^{2/}	2022 ^{1/}	2021 ^{2/}	2022 ^{1/}	2021 ^{2/}	2022 ^{1/}	2021 ^{2/}
Due from BSP and SPURA	0	0	0	0	0	0	0	0
Due from Other Banks, IBLR, & Repo-Cash Margin	4,847.42	1,855.17	4,845.30	1,852.89	2.12	2.28	0	0
Due from Foreign Banks	3,968.29	1,569.00	3,968.29	1,569.00	0	0	0	0
Due from Local Banks and FIs	816.59	244.33	814.47	242.05	2.12	2.28	0	0
Repo-Cash Margin	20.91	0	20.91	0	0	0	0	0
Inter-bank loan and receivables	41.63	41.84	41.63	41.84	0	0	0	0
FVOCI debt investments	17,964.43	0	7,987.13	0	9,977.30	0	0	0
Local Debt Securities	0	0	0	0	0	0	0	0
Foreign Debt Securities	0	0	0	0	0	0	0	0
Private Securities	17,964.43	0	7,987.13	0	9,977.30	0	0	0
HTC investments	718,018.76	703,928.35	17,056.49	7,312.80	6,418.45	2,071.73	694,543.82	694,543.82
Local Debt Securities	0	0	0	0	0	0	0	0
Foreign Debt Securities	0	0	0	0	0	0	0	0
Private Securities								
Local	712,980.79	697,789.17	12,949.64	2,354.99	5,487.33	889.36	694,543.82	694,543.82
Foreign	5,037.97	6,140.18	4,106.85	4,957.81	931.12	1,182.37	0	0
TOTAL	740,830.61	705,783.52	29,888.92	9,165.69	16,397.87	2,074.01	694,543.82	694,543.82

^{1/} Result for the ECL calculation of Treasury exposures as of September 2022 is the basis for the allowance for 2022

^{2/} Result for the ECL calculation of Treasury exposures as of September 2021 is the basis for the allowance for 2021

The calculated ECL for Loans, Other Exposures and Off-Balance Sheet as of September 2022 increased from P29,452.04 million to P52,241.43 million. The table shows the computed ECL for 2022 and 2021:

LOANS, OTHER EXPOSURES & OFF-BALANCE SHEET ITEMS (In Millions)	TOTAL		STAGE 1		STAGE 2		STAGE 3	
	2022	2021	2022	2021	2022	2021	2022	2021
Loans	50,099.21	27,299.83	10,789.17	5,883.20	7,010.50	5,361.32	32,299.54	16,055.31
Corporates	25,856.05	21,802.11	6,094.49	4,580.98	5,614.33	5,047.26	14,147.23	12,173.87
Financial Institutions	6,382.23	3,325.69	3,007.46	1,184.41	603.58	175.06	2,771.19	1,965.22
Government	1,019.93	118.15	892.10	0	9.15	0.47	117.68	117.68
Retail Loans	2,104.67	1,797.90	417.81	85.62	118.52	122.37	1,568.34	1,589.91
Others	14,737.33	255.98	377.31	32.19	664.92	16.16	13,695.10	207.63
Other Exposures	1,598.12	1,661.04	21.65	5.20	401.88	169.67	1,174.59	1,486.17

LOANS, OTHER EXPOSURES & OFF-BALANCE SHEET ITEMS (in Millions)	TOTAL		STAGE 1		STAGE 2		STAGE 3	
	2022	2021	2022	2021	2022	2021	2022	2021
Sales Contract Receivable	93.91	118.94	5.90	2.03	2.17	1.18	85.64	115.73
Accounts Receivable	1,504.21	1,542.10	15.75	3.17	369.71	168.49	1,098.75	1,370.44
Off-Balance Sheet Items	544.10	491.17	544.10	491.17	0	0	0	0
Loan Commitments	503.47	460.35	503.47	460.35	0	0	0	0
Trade and Trust Receipts	23.48	28.42	23.48	28.42	0	0	0	0
Financial Guarantees	17.15	2.40	17.15	2.40	0	0	0	0
TOTAL	52,241.43	29,452.04	11,354.92	6,379.57	7,412.38	5,530.99	33,474.13	17,541.48

23. Deposit Liabilities

This account consists of:

	Group		Parent	
	2022	2021	2022	2021
Domestic				
Demand deposits	1,369,814,859,810	1,278,620,364,010	1,367,248,584,084	1,205,400,842,027
Savings deposits	1,252,079,880,367	1,081,636,637,172	1,245,155,575,705	940,301,551,394
Time certificate of deposits	24,704,987,879	85,988,072,872	20,492,670,701	1,006,895,586
	2,646,599,708,056	2,446,245,074,053	2,632,896,830,490	2,146,709,289,007
Foreign				
Savings deposit - FCDU/EFCDU	33,343,559,991	17,872,343,844	33,344,168,397	17,873,029,149
Time certificate of deposit- FCDU/EFCDU	87,377,781,082	103,838,060,573	87,377,781,092	103,838,060,573
	120,721,341,083	121,710,404,417	120,721,949,489	121,711,089,722
	2,767,321,049,139	2,567,955,478,480	2,753,618,779,979	2,268,420,378,729

The Parent's domestic deposit liabilities earn annual fixed interest rates ranging from 0.05 to 0.75 per cent and 0.05 to 0.75 per cent in 2022 and 2021, respectively. Foreign deposit rates range from 0.025 to 0.50 per cent and from 0.025 to 0.50 per cent in 2022 and 2021, respectively. In 2022 and 2021, P1,866,335,527,916 or 68 per cent and P1,472,045,372,443 or 65 per cent, respectively, of the Parent's deposit portfolio came from the government while the rest came from private depositors.

24. Bills Payable

This account consists of:

	Group		Parent	
	2022	2021	2022	2021
Bangko Sentral ng Pilipinas	24,303,875	24,303,875	24,303,875	24,303,875
Domestic borrowings	2,038,707,965	2,173,401,546	143,807,965	156,645,221
Deposit Substitute-Repurchase Agreement	16,125,886,977	0	16,125,886,977	0
Foreign Borrowings ODA	15,299,984,049	23,564,881,767	15,299,984,049	23,564,881,767
	33,468,882,866	25,782,587,188	31,593,982,866	23,765,830,863

The breakdown of Parent's ODA foreign borrowings are as follows:

Creditor/Funder	2022	2021
World Bank/IBRD	7,106,567,736	13,374,620,390
Asian Development Bank (ADB)	174,994,999	248,831,513
Japan International Cooperation Agency (JICA)	6,727,202,525	8,649,986,547
Kreditanstalt für Wiederaufbau (KfW)	1,291,218,789	1,311,443,317
	15,299,984,049	23,584,881,767

The total ODA foreign borrowings of P15,299,984,049 is guaranteed by the National Government. Foreign borrowings relent in local currency amounting to P9,062,310,015 are provided with foreign exchange (FX) Risk Cover by the National Government. This has historical value of P9,582,012,728. 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 2022 range from 0.01 to 4.51 per cent and 4.75 per cent, respectively, for foreign and domestic borrowings, respectively.

25. Other Liabilities

This account consists of:

	Group		Parent	
	2022	2021 As Restated	2022	2021
Accrued interest, fringe benefits, taxes and other expense payable	14,088,075,088	10,107,814,612	14,268,654,034	8,224,002,617
Accounts payable	56,738,490,661	48,053,690,742	56,162,564,380	43,989,185,917
Due to Agrarian Reform Fund	86,454,685	175,428,263	86,454,685	175,428,263
Sundry credits	16,148,899,361	2,014,178,210	16,114,657,915	1,933,086,445
Unearned income	1,068,735,085	458,199,574	86,388,313	12,094,504
Withholding tax payable	611,165,374	423,457,916	588,220,573	284,230,947
Miscellaneous liabilities	8,516,335,548	8,561,322,937	8,345,503,883	5,619,699,920
Provision for estimated credit losses	597,052,933	491,173,088	544,101,219	491,173,088
Others	12,704,639,816	5,986,114,640	12,273,400,619	4,438,653,704
	110,559,848,551	76,271,379,982	108,469,945,621	65,167,555,405

Accounts Payable consists of issuance of e-money by authorized Electronic Money Issuer-Banks (EMI-Banks) and conditional cash transfer to DSWD.

Miscellaneous Liabilities mostly consists of security deposits on leased vehicle.

The Others account include finance lease payment payable, due to Treasury of the Philippines, other taxes and licenses payable, due from FCDU/RBU-Fx Reg-Clearing account and Due from FCDU/EFCDU net realized/unrealized losses recognized in profit or loss in equity.

26. 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 either Provision for or (Benefit from) Income Tax.

On March 26, 2021, Republic Act No. 11534, or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law, was signed into law and amended certain provisions of the National Internal Revenue Code of 1997 effective July 1, 2020. Among major changes brought about by the CREATE Law that are relevant to and considered by the Group includes reduced Regular Corporate Income Tax (RCIT) rate from 30 per cent to 25 per cent, Minimum Corporate Income Tax (MCIT) rate from two per cent to one per cent and allowable deduction for interest expense is reduced from 33 per cent to 20 per cent of the interest income subjected to final tax.

Under the Tax Code, as amended, the income tax to be paid by a taxpayer is the higher between RCIT at a rate of 25 per cent or the MCIT at a rate of one per cent. For taxable year 2021, the Parent paid its income tax based on RCIT computation since it resulted to a higher tax payable than MCIT computation.

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	
	2022	2021	2022	2021
Current:				
Normal/MCIT	723,502,772	491,555,915	573,935,462	235,636,891
Income Tax - Final	0	0	0	0
	723,502,772	491,555,915	573,935,462	235,636,891
Deferred	(3,162,565,753)	634,586,469	(3,146,662,099)	539,236,793
Provision for Income Tax	(2,439,062,981)	1,126,142,384	(2,572,726,637)	774,873,684

The reconciliation of the provision for income tax computed at the statutory tax rate to the actual provision is as follows:

	Group		Parent	
	2022	2021	2022	2021
Statutory income tax	9,055,953,159	7,453,357,978	8,910,971,840	6,432,906,952
Additions to (reductions in) income taxes arising from:				

	Group		Parent	
	2022	2021	2022	2021
Non-deductible interest expense	2,597,076,654	2,042,120,372	2,597,073,886	2,042,033,070
Other Deductible/Non-deductible expense	888,408,555	553,576,470	936,221,865	528,013,193
FCDU income	(1,174,210,485)	(739,370,720)	(1,174,210,485)	(764,378,177)
Tax exempt & tax paid income	(12,927,395,550)	(8,557,696,160)	(12,973,486,539)	(8,567,629,725)
Others	(878,895,314)	374,156,444	(869,317,204)	1,103,928,371
	(2,439,062,981)	1,126,142,384	(2,572,726,637)	774,873,684

The net deferred income tax asset reported by the Parent amounted to P12,754,419,707 and P6,571,947,725 for CY 2022 and 2021, respectively while the subsidiaries recognized deferred tax assets of P928,540,907 and P3,122,815,977 for CY 2022 and 2021, 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	
	2022	2021
Deferred tax asset:		
Provision for credit and impairment losses	13,639,577,497	5,085,233,312
Excess MCIT over NIT	0	188,517,229
Accrued expenses	60,441,770	557,167,437
Foreign exchange loss from revaluation	0	1,165,460,137
Loss on fair value thru profit and loss	0	148,290,578
	13,700,019,267	7,144,668,693
Deferred tax liability:		
Gain on fair value thru profit and loss	123,933,591	0
Foreign exchange gain from revaluation	821,665,969	572,720,968
	945,599,560	572,720,968
Net Deferred Tax Asset	12,754,419,707	6,571,947,725

27. 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, 2022, the Parent reported the following revenues and expenses for income tax purposes:

Revenues	
Services/operations	46,507,975,806
Non-operating and taxable other income:	

Trading and securities gain	2,732,821,276
Service charges, fees and commissions	3,528,112,196
Income from trust operations	251,111,992
Others	1,347,935,014
Total Revenues	54,367,956,284
Expenses	
Cost of services:	
Compensation and fringe benefits	10,844,110,379
Others	13,273,170,723
Total cost of services	24,117,281,102
Itemized deductions:	
Compensation and fringe benefits	7,285,205,278
Taxes and Licenses	6,015,726,589
Documentary Stamps Used	6,162,739,947
Depreciation and amortizations	1,781,679,236
Security, messengerial and janitorial	1,314,421,642
Information Technology Expenses	1,170,818,401
Bad Debts	119,125,830
Fees and Commission	707,861,252
Communications, Light and Water	970,719,756
Litigation/Asset Acquired Expenses	298,346,170
Miscellaneous	281,941,936
Management and professional fees	188,014,251
Office Supplies	100,802,284
Rent	480,002,430
Representation and entertainment	163,854,483
Transportation and Travel	159,524,810
Insurance	156,309,687
Repairs and Maintenance	148,004,633
Donations and Charitable Contribution	58,708,137
Advertising	203,404,636
Fuel and Oil	83,074,325
Freight Expense	62,437,509
Trainings and seminars	19,422,867
Membership Fees and Dues	14,287,418
Directors Fee	5,808,000
Fines, Penalties & Other Charges	2,653,747
Periodicals and Magazines	38,099
Total Itemized Deductions/Expenses	27,954,933,333
Total expenses	52,072,214,435
Net taxable income	2,295,741,849

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 2022 are as follows:

Documents / transactions	DST Paid
Debt instruments, bonds, certificate of time deposits	7,523,963,968
Original issue of shares of stocks	1,363,008,316
Mortgages, pledges, deed of assignments/trust	765,827,840
Foreign bills of exchange, letters of credit	163,922,652
Banks, checks, drafts and telegraphic transfer/others	96,110,848
Acceptance of bills of exchange payable in the Phils	82,106,137
Others	2,967,952
Total DST Paid	9,997,907,713

II. All other taxes, local and national, paid for the tax period 2022:

National	
Percentage taxes (GRT)	5,988,268,044
Fringe benefits tax	34,364,442
National taxes	782,671,499
Total National Taxes	6,805,303,985
Local	
Real estate tax	72,238,662
Local business tax	81,026,713
Mayor's Permit/Municipal License/Other Regulatory Fees/License Permit	160,686,242
Other local taxes	13,103,457
Total Local Taxes	327,055,074
Total National and Local Taxes	7,132,359,059

III. The amount of withholding taxes paid/accrued for the year amounted to:

Tax on Compensation and benefits	2,113,304,093
Creditable withholding taxes	573,175,870
Final withholding taxes	2,020,026,180
	4,706,506,143

IV. Taxes withheld by client on their income payments to the Parent were claimed as tax credits:

Tax Credits against Income Tax	3,268,449,495
Tax Credits against Gross Receipts Tax	155,592,338
	3,424,041,833

28. 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 2022 and 2021 amounted to P907,400,462 and P1,144,057,161, respectively.

29. 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, 2022 amounted to P108,987,482,220 of which P108,754,149,989 are government borrowings covered by BSP Circular No. 547.

The following are the significant transactions of the Parent with related parties:

	2022				2021			
	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	15,946,273	1,719,373,300	107,727,775,126	109,460,094,699	19,663,270	902,299,292	97,079,966,236	98,060,807,759
Deposit liabilities	0	1,365,403,169	0	1,365,403,169	0	957,644,759	0	957,644,759
Other liabilities	0	1,094,924,683	0	1,094,924,683	0	667,265,893	0	667,265,893
	15,946,273	4,166,701,152	107,727,775,126	111,910,422,951	19,663,270	2,187,198,945	97,079,966,236	99,295,718,451

The following are the percentage of DOSRI loans:

	2022	2021
Total DOSRI	108,987,482,220	97,098,519,506
Unsecured DOSRI Loans	0	7,401,933
Total RPT Loans	0	0
Total RPT Loans (inclusive of DOSRI)	108,987,482,220	97,098,519,506
% of DOSRI Loans to Total Loans	9.30%	11.03%
Unsecured DOSRI to Total DOSRI	0	0.01%
% of RPT Loans to Total Loans	0	0
% of DOSRI and RPT Loans to Total Loans	9.30%	11.03%
% of Past due DOSRI to Total DOSRI	0	0
% Non-performing DOSRI to Total DOSRI	0.001%	0

The following are the significant transactions with subsidiaries:

	2022	2021
Interest income	60,273,696	60,202,894
Interest expense	(138,168,084)	(7,768,596)
Other income	19,755,385	1,242,771
Other expenses	(168,240,628)	(583,758,989)

Compensation of key management personnel:

	Group		Parent	
	2022	2021	2022	2021
Short-term employee benefits	379,729,447	166,996,822	307,596,098	139,807,877
Post-employment benefits	55,621,749	34,293,119	53,649,806	33,560,013
Other long-term benefits	124,576,499	9,297,965	124,576,499	9,297,965
	559,927,695	210,587,906	485,822,203	182,665,855

Terms and conditions of transactions with related parties:

The Parent's related party transactions with its subsidiaries as of December 31, 2022 and December 31, 2021 amounted to P115,499,686,651 and to P99,285,718,451, respectively. There have been no guarantees provided or received for any related party receivables or payables. For the years ended December 31, 2022 and 2021, 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.

30. 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 P523,578,034,176 and P373,873,463,976 as of December 31, 2022 and 2021, respectively.

Summary of Assets under Management is as follows:

	2022 (Unaudited)	2021 (Unaudited)
Special Purpose Trust	247,553,879	13,978,586
Other Fiduciary Accounts	473,009,584,222	330,664,036,232
Agency	35,258,305,235	32,923,573,482
Trust	15,062,590,840	10,271,875,676
	523,578,034,176	373,873,463,976

In compliance with the requirements of the General Banking Law, government securities with total face value of P1,350,000,000 in 2022 and P950,000,000 in 2021 are deposited with BSP as security for the Parent's faithful performance of its fiduciary obligation.

31. 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, 2022, the Parent's outstanding notional amount of the currency sell forward/swap agreements with maturity of less than nine months amounted to P39,419,400,000 with market value of P37,939,703,831 while currency bought forward amounted to P289,250,000 with a market value of P280,325,543.

Over the Counter Interest Rate Option Contract Bought

As of December 31, 2022, the Parent's outstanding notional amount of the debt warrants bought to mature on November 29, 2032 amounted to P126,555,584 with market value of P143,593,490.

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, 2022, the Parent's outstanding notional amount of the FX Risk Cover amounted to JPY18,271,147,737 and EUR21,712,730.

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.

32. 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	
	2022	2021
Trust Department accounts	523,578,034,176	373,873,463,976
Commitments	154,011,556,154	131,491,488,755
Standby/commercial letters of credit	20,896,524,503	10,485,624,640
Derivatives	47,402,045,748	46,108,219,720
Outstanding guarantees	1,899,078,731	1,871,283,728
Spot exchange contracts	446,040,000	509,990,000
Late deposits received	818,654,800	65,463,114
Outward bills for collection	47,115,712	110,622,734
Liability Indemnity Fund	74,950,227	69,950,227
Others	20,241,725,136	17,264,330,343
	769,415,725,187	581,850,437,237

Municipal Development Fund

Created through Presidential Decree (PD) No. 1914 on March 29, 1984, the Municipal Development Fund (MDF) is a special revolving fund for re-lending to Local Government Units (LGUs). It became an effective mechanism that enabled LGUs to avail of financial assistance from local and international sources for the implementation of various social and economic development projects. The MDF is administered by the Department of Finance (DOF) - Bureau of Local Government Finance and the Department of Public Works and Highways - Central Project Office.

In order to simplify credit administration and tighten managerial control of the MDF, Executive Order No. 41 was issued on November 20, 1998 creating the Municipal Development Fund Office (MDFO) under DOF.

Section 4 (ttt) of the Republic Act (RA) No. 11494 provides that any unutilized or unreleased balance of the MDF, including investments and undrawn portions of all loans shall be considered to have their purpose abandoned and the remaining assets of MDFO shall be immediately transferred to Parent. These Funds shall be utilized and are hereby automatically appropriated to LGU loans and borrowings from the Government Financial Institutions.

Transfer of the funds was assigned by MDFO to Parent through the executed Deed of Assignment dated December 15, 2020, as follows:

Assets	Amount (in Peso)
Cash in Bank (LBP Account Nos:1772-1007-91 and 1772-1008-05)	1,711,657,604.51

Assets	Amount (in Peso)
Loan Balances assigned to Parent	
Loans Receivable	9,426,900,233.47
Interest Receivable	84,203,942.90
Other Receivables	79,293,457.57
	9,590,397,633.94
Government Securities	
Treasury Bills (ISIN PIBL1220B052)	84,615,000.00
Treasury Bonds (ISIN PIID10261057)	73,407,000.00
	158,022,000.00
	11,460,077,238.45

Total Loan Balances assigned to Parent amounting P9,590,397,633.94 were booked as Miscellaneous Contingent Asset (MCA) Account.

Breakdown of MDFO Fund balance amounting to P 11,844,892,363.44 as of December 31, 2022 is shown below:

Assets	Amount (in Peso)	Recorded as
Funds in LANDBANK Trust	2,320,511,105.26	
Operating Fund	707,337,873.18	Accounts Payable – Government Entities
Net Loan Balance		
Loans Receivables	8,673,940,736.46	MCA
Interest Receivables	19,915,336.70	MCA
Other Receivables (Penalty)	53,271,531.52	MCA
Other Payables (Excess Payment of LGUs)	(3,491,219.68)	MCA
Government Securities		
Treasury Bonds	73,407,000.00	
	11,844,892,363.44	

The Parent collects a Management Fee (MF) of 3 per cent per annum for the administration of the Fund which is booked under Miscellaneous Income. MF is computed every end of semester based on the quarterly average loan balance.

33. Financial Performance

The following basic ratios measure the financial performance of the Parent:

	2022	2021
Net interest margin ratio	2.96%	2.85%
Return on average assets	1.35%	1.01%
Return on average equity	17.29%	12.64%

34. Equity

As of December 31, 2022, the Parent's authorized capital stock consisted of 2 billion common shares with par value of P100 per share totaling P200 billion.

In accordance with Section 3 of Malacañang 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's Paid-up capital stood at P163.79 billion equivalents to 1,637,877,113 shares with par value of P100 per share.

On February 28, 2022 and March 9, 2022, the Unrestricted Retained Earnings was converted into Paid-up Capital amounting to P42.82 billion and P67.18 billion, respectively as approved by the LBP Board of Directors per board resolution No. 22-124 and 22-165 dated February 14, 2022 and March 9, 2022, respectively. This is in compliance with Section 42 of Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines, stock corporations are prohibited from retaining surplus profits in excess of 100 per cent of their paid-in capital stock.

On June 3, 2022 the Parent paid dividend of P8,449,273,026 to the National Government representing the amount of net gain realized from the merger with UCPB as approved by the LBP Board of Directors per board resolution No. 22-376 dated June 2, 2022.

On December 29, 2022 the Retained Earnings-reserves of the Parent pertaining to General Provision amounting to P4,986,855,520 was transferred to Retained Earnings-Free as approved by the LBP Board of Directors per board resolution No. 22-923 dated December 21, 2022.

The Retained Earnings- reserves of the Group and the Parent consist of:

	Group		Parent	
	2022	2021	2022	2021
(Amounts in Millions)				
Reserve for trust business	5,045.00	5,045.00	5,045.00	5,045.00
Reserve for contingencies	5,102.50	5,032.50	5,002.50	5,002.50
Reserve for PPE and software acquisition	64.98	335.48	0.00	0.00
Reserve for retirement fund and insurance	33.36	0.00	0.00	0.00
Reserve for business expansion	1,330.00	1,070.00	0.00	0.00
Reserve for others	3,940.89	74,356.45	3,493.87	74,320.95
	15,516.73	85,839.43	13,541.37	84,368.45

Retained Earnings Reserve-Others consists of reserve for automation, expansion and retirement.

The following table shows the components of Other Comprehensive Income of the Group and Parent:

		Group		
	Re-measurement of retirement benefit obligation	Net Unrealized Gain(loss) on AFS securities	Translation Adjustment and Others	Total
Balance, as of December 31, 2021	(9,557,754)	6,602,915,529	99,917,550	6,693,275,325
Increase/(Decrease) in CY 2022	(5,434,799)	(18,778,601,881)	137,815,535	(18,646,221,145)
Balance, as of December 31, 2022	(14,992,553)	(12,175,686,352)	237,733,085	(11,952,945,820)

	Net Unrealized Gain(loss) on AFS securities	Parent Translation Adjustment and Others	Total
Balances, as of January 1, 2022	7,059,030,179	101,150,162	7,160,180,341
Increase/(Decrease) in CY 2022	(19,299,116,634)	136,365,978	(19,162,750,656)
Balance, as of December 31, 2022	(12,240,086,455)	237,516,140	(12,002,570,315)

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. All Business Unit of the Group are aware of the corresponding capital charge for the losses that could arise from any transaction or business they undertake.

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.

The Parent's capital was strong and sufficient to deliver its mandated services and to cover the risks inherent in its operations. The Parent maintains a strong capital base at all times to boost customer confidence, enhance competitiveness, ensure stability and sustain long-term growth and viability. The Parent's policy on Capital Planning was enhanced to establish capital levels that will adequately support the Parent's vision and its strategic plans and ensure continued compliance with the evolving capital and capital ratio requirements of BSP. Given that internal capital generation through earnings remains as the principal source of the Parent's capital accumulation, the primary thrust of Parent's capital planning activities is to maximize its profitability and consequently, attain higher retained earnings.

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	
	2022	2021	2022	2021
	(Amounts in Millions)			
Tier 1 Capital	211,539	215,460	210,591	204,031
Tier 2 Capital	7,206	10,765	7,045	9,082
Less: Required Deductions	24,847	25,132	29,150	25,833
Total Qualifying Capital	193,898	201,093	188,486	187,280
Risk Weighted Assets	1,340,572	1,203,958	1,305,580	1,032,945
Common Equity Tier 1 Ratio (CET1)	13.93%	15.81%	13.90%	17.25%
Total Capital Adequacy Ratio (CAR)	14.46%	16.70%	14.44%	18.13%

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 December 23, 2020 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 the maturity of the equity securities on August 14, 2025.

In support of the Bayanihan Law, BSP issued Memorandum No. M-2020-034 reducing the Credit Risk Weight for Loans to Micro-, Small-, and Medium-sized Enterprises (MSMEs) from 75 per cent to 50 per cent until December 31, 2021 and extended until June 30, 2023 per BSP Circular No. 1164 dated January 5, 2023.

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, 2022
(Amounts in Millions)

Item		Leverage Ratio Framework	
		Group	Parent
1	Total consolidated assets as per published financial statements	3,155,882,082	3,137,088,113
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation		

Item		Leverage Ratio Framework	
		Group	Parent
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	1,032.976	1,032.976
5.	Adjustments for securities financial transactions (i.e., repos and similar secured lending)	221.682	221.682
6.	Adjustments for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	86,296.682	86,094.096
7.	Other adjustments	-18,409.429	-22,873.400
8.	Leverage ratio exposure	3,225,023.993	3,201,563.467

Basel III Leverage Ratio Common Disclosure Template
As of December 31, 2022

(Amounts in Millions; Ratios in Per cent)

Item		Leverage Ratio Framework	
		Group	Parent
On-balance sheet exposures			
1.	On-balance sheet items ^{1/}	3,158,965.610	3,140,374.107
2.	Asset amounts deducted in determining Basel III Tier 1 Capital	-24,847.079	-29,150.044
3.	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	3,134,118.531	3,111,224.063
Derivative exposures			
4.	Replacement cost associated with all derivatives transactions	2,990.651	2,990.650
5.	Add-on amounts for Potential Future Exposure associated with all derivative transactions	1,032.976	1,032.976
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)	4,023.627	4,023.626
Securities financing transaction exposures			
12.	Gross SFT assets (with no recognition of netting)	363.471	0.000
13.	Netted amounts of cash payables and cash receivables of gross SFT assets ^{2/}		
14.	CCR exposures for SFT assets	221.682	221.682
15.	Agent transaction exposures ^{2/}	0.000	0.000
16.	Total securities financing transaction exposures (sum of lines 12 to 15)	585.153	221.682
Other off-balance sheet exposures			
17.	Off-balance sheet exposure at gross notional amount	108,006.921	195,981.813
18.	Adjustments for conversion to credit equivalent amounts	-111,710.239	-109,887.717
19.	Off-balance sheet items	86,296.682	86,094.096
Capital and total exposures			
20.	Tier 1 capital	186,691.685	181,440.970
21.	Total exposures (sum of lines 3, 11, 16 and 19)	3,225,023.993	3,201,563.467
Leverage ratio			
22.	Basel III leverage ratio	5.79%	5.67%

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

Non-controlling Interests

This represent the portion of the net assets and profit or loss not attributable to the Group and are presented separately in the statements of comprehensive income and within equity in the statements of financial position and changes in equity.

35. Miscellaneous Income

This account is composed of:

	Group		Parent	
	2022	2021	2022	2021
Gain from sale/derecognition of non-financial assets	3,198,173,244	692,297,232	3,123,863,305	601,412,711
Rent income	87,218,517	112,157,462	3,466,916	17,379,563
Miscellaneous income	8,837,890,277	12,874,854,611	11,241,665,693	513,407,912
Recovery on charged-off assets	114,377,963	80,950,878	109,744,254	80,950,878
	12,237,660,001	13,760,260,183	14,478,740,168	1,213,151,064

Miscellaneous Income includes recovery on charged off assets, gain on bargain purchase and income on renewal fees, fines and penalties.

36. Investment Income

The Investment Income of the Parent consists of:

a. Interest Income

	2022	2021
FVOCI	10,738,421,896	11,839,605,052
FVTPL	132,442,250	70,337,166
HTC	28,070,477,803	19,028,427,423
	38,941,341,949*	30,938,369,641*

*Interest Income using the effective interest rate method.

b. Gain/(Loss) on Sale/Redemption/Derecognition of Financial Assets for FVOCI amounting to P43,380,681 and P69,480 in CY 2022 and CY 2021, respectively.

c. Gain/(Loss) on Financial Assets and Liabilities-FVTPL

	2022	2021
Realized Gain/(Loss) from Sale/Derecognition	124,559,815	229,134,632
Unrealized Gain/(Loss)-Mark-to-Market	1,055,878,587	(593,162,312)
Realized Gain/(Loss) from Sale/Derecognition-Derivative-FX	(4,843,361,001)	(1,721,655,239)
Realized Gain/(Loss) from Foreign Exchange Transactions-Derivative	444,413,795	239,072,166
	(3,218,508,804)	(1,846,610,753)

d. **Gain/(Loss) on Financial Assets – Designated as FVTPL (DFVPL)**

	2022	2021
Gain/(Loss) on Financial Assets – DFVPL	(31,562,951)	31,500,408

Fees earned from securities brokering, advisory, underwriting, arranging and asset management activities amounted to P137,480,509 and P111,767,709, in 2022 and 2021, respectively. On the other hand, expenses incurred relative to BTr maintenance fees, RTGS and PHILPASS fees amounted to P28,355,463 and P21,497,480 in 2022 and 2021, respectively.

37. Miscellaneous Expenses

This account is composed of:

	Group		Parent	
	2022	2021 As Restated	2022	2021
Finance Charges	405,144	102,049	0	0
Management and other professional fees	235,219,342	210,654,832	188,014,251	177,460,933
Supervision fees	826,398,172	649,750,423	819,563,357	648,204,870
Fines, penalties and other charges	28,317,853	264,952	3,018,747	212,472
Insurance	5,299,497,936	5,017,718,123	5,239,255,424	4,791,488,486
Fees and commission expense	749,608,434	619,208,704	733,618,160	621,467,692
Litigation/asset acquired expenses	317,535,043	470,933,974	280,738,696	316,455,209
Other Expenses	13,441,704,276	10,844,227,446	12,292,820,242	9,720,194,526
	20,898,686,200	17,812,860,503	19,557,028,877	16,275,484,188

Other Expenses mainly include security, clerical, messengerial and janitorial services, information technology expenses, documentary stamps used and other bank expense.

38. Events After Reporting Period

Valuation of the assets and liabilities of the UCPB

The Parent reported in its financial statements the provisional amounts of the assets and liabilities of the UCPB. During the measurement period, the Parent retrospectively adjusted the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. As of December 31, 2022, the Parent recognized a decrease in the Gain on Bargain Purchase amounting to P21,202,693 representing the net change in the determined fair values of the net assets of UCPB.

During the measurement period, the Parent shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. As of December 31, 2022, the Parent is in the process of completing the validation of the existence of the assets acquired and liabilities transferred UCPB.

Adjustments discovered after the measurement period ends will be treated in accordance with PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Request for relief and dividend relief from the acquisition of UCPB

Per Republic Act (RA) No. 7656 or the Dividend Law, GOCCs including GFIs are required to remit cash dividends annually to the National Government (NG). The Parent remitted a special cash dividend to the NG amounting to P8.45 billion on June 03, 2022 following the instruction of the Department of Finance (DOF) to remit this amount considered as extraordinary gain from the acquisition of UCPB.

To preserve its capital, maintain its capital ratios within acceptable levels and continuously comply with the regulatory requirements, the Parent engages the DOF on the annual dividend requirement. The discussions covered the Parent's net earnings for 2020, 2021 and 2022, and the Parent's requests have already been favorably endorsed by the DOF to the Office of the President (OP) of the Philippines for evaluation and approval.

Maharlika Investment Fund Law (Republic Act 11954)

The RA No. 11954 an "Act Establishing the Maharlika Investment Fund, Providing for the Management, Investment, and Use of the Process of the Fund and for Other Purposes" was enacted into law on July 18, 2023. The internal rate of return (IRR) is expected to be promulgated within 90 days from the effectivity of the law as indicated under Section 54 of RA No. 11954.

LBP as one of the Founding Government Financial Institutions (Founding GFIs) is mandated to contribute P50 billion for the initial funding and capitalization of the Maharlika Investment Corporation (MIC). The MIC is the corporate body, which shall act as the sole vehicle for the purpose of mobilizing and utilizing the Maharlika Investment Fund (MIF).

39. Secured Liabilities and Assets Pledged as Security (Supplementary Information Required under BSP Circular No. 1074)

On January 8, 2020, the Monetary Board approved the amendments to the relevant provisions of the Manual of Regulations for Banks and Manual of Regulations for Foreign Exchange Transactions. Among the provisions is the requirement to include the following additional information to the Audited Financial Statements.

Secured Liabilities and Assets Pledged as Security

The following are the carrying values of government debt securities pledged and transferred under Securities Sold Under the Repurchased Agreement (SSURA) transactions of the Parent:

Particulars	2022		2021	
	Transferred Securities	SSURA	Transferred Securities	SSURA
Investment securities at FVOCI	18,170,337,471	16,125,886,977	0	0

40. 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 Parent's maximum exposure to credit risk, before and after considering eligible collateral held or other credit enhancements.

On-Balance Sheet (BS) Items	2022 (In P Millions)							
	CEA	0%	20%	50%	75%	100%	150%	CRWA
Cash on Hand	55,971	55,971	0	0	0	0	0	0
Checks & Other Cash Items (COCI)	33	0	33	0	0	0	0	7
Due from Bangko Sentral ng Pilipinas (BSP)	564,529	564,529	0	0	0	0	0	0
Due from Other Banks	17,995	0	1,525	16,449	0	21	0	8,550
Financial Assets Designated at FVTPL	1,109	0	0	0	0	1,109	0	1,109
Available-for-Sale (AFS) Financial Assets	426,629	348,619	3,940	70,931	0	3,139	0	39,392
Held-to-Maturity (HTM) Financial Assets	847,257	813,993	8,162	21,623	0	3,479	0	15,923
Loans & Receivables	1,002,524	0	6,142	101,243	0	857,937	37,202	965,591
1. Interbank Loans Receivables	49,487	0	5,746	8,928	0	34,658	155	40,504
2. Loans & Receivables - Others								
a. LGUs & Public Sector Entities	69,930	0	0	0	0	69,930	0	69,930
b. Government Corporation	2,022	0	0	0	0	2,022	0	2,022
c. Corporates	691,213	0	0	0	0	691,213	0	691,213
d. Microfinance/Small & Medium Enterprise	71,719	0	396	71,189	0	0	134	35,875
e. Loans to individuals	75,651	0	0	21,126	0	54,525	0	65,088
3. Defaulted Exposures	42,502	0	0	0	0	5,589	36,913	60,959
Other Loans and Receivables ¹	29,200	26,547	0	2,653	0	0	0	1,326
Sales Contract Receivable (SCR)	1,831	0	0	0	0	913	918	2,290
Real & Other Properties Acquired (ROPA)	12,619	0	0	0	0	0	12,619	18,929
Total Exposures Excluding Other Assets	2,959,697	1,809,659	19,802	212,899	0	886,596	50,739	1,053,117
Add: Other Assets	42,989	270	0	0	0	42,719	0	42,719
Total On-BS RWA covered by CRM	118,161	115,761	402	1,998	0	0	0	1,079
Total On-BS Exposures	3,120,846	1,925,690	20,204	214,897	0	909,317	50,739	1,096,915

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

Off-BS Items	2022 (In P Millions)							
	CEA	0%	20%	50%	75%	100%	150%	CRWA
A. Direct credit substitutes	2,940	0	0	13	0	2,927	0	2,933

On-Balance Sheet (BS) Items	2022 (In P Millions)							
	CEA	0%	20%	50%	75%	100%	150%	CRWA
B. Transaction-related contingencies	77,206	0	0	0	0	77,206	0	77,206
C. Trade-related contingencies	4,171	0	0	2413	0	1,758	0	2,964
D. Other commitments	0	0	0	0	0	0	0	0
Total Off-BS Exposures	84,317	0	0	2,426	0	81,891	0	83,103
Counterparty RWA in The Banking Book	CEA	0%	20%	50%	75%	100%	150%	CRWA
Available for Sale	18,531	0	10,499	8,032	0	0	0	6,116
TOTAL	18,531	0	10,499	8,032	0	0	0	6,116
Counterparty RWA in The Trading Book	CEA	0%	20%	50%	75%	100%	150%	CRWA
Exchange Rate Contracts	4,570	3,229	0	0	0	1,341	0	1,341
TOTAL	4,570	3,229	0	0	0	1,341	0	1,341
Less: General Loan Loss Provision (in excess of the amount permitted to be included in Tier 2)	0	0	0	0	0	0	0	0
TOTAL	3,228,265	1,928,919	30,703	225,355	0	992,549	50,739	1,187,475

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, 2022, Parent's Gross Loans & Receivables (GLR) amounted to P1,002,524 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 P691,213 million (68.95%), followed by Loans to Individuals at P75,651 million (7.55%), Local Government Units (LGUs)/Public Sector Entities/Government Corporations at P71,952 million (7.18%) and Micro, Small & Medium Enterprises (MSMEs) at P71,719 million (7.15%). The Parent also holds substantial receivables arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse, and Securities Lending and Borrowing Transactions amounting to P29,200 million. The P83,103 million credit risk-weighted asset of net Off-balance Sheet exposures of P84,317 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 the movement of goods and trust transactions. Outstanding derivative exposures are mainly over-the-counter foreign exchange option contracts.

The Parent's GLR has a corresponding Credit RWA of P965,591 million following the Standardized Approach. This represents 81.31 per cent of the Total Credit RWA of P1,187,475 million. Further, total Credit RWA represents 88.58 per cent of the Parent's Aggregate RWA of P1,340,572 million.

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 Parent's 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 & Loan Committee (ILC) and up to the Parent's 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 a comprehensive set of credit policies through the issuance of Credit Manuals, Credit Policy Issuances (CPIs) and Credit Bulletins (CBs). As the Parent'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 Parent conducts annual qualitative and impairment reviews to assure proper loan classification and setting-up of valuation reserves. As of December 31, 2022, the Parent's net Non-Performing Loan (NPL) stood at P40,201,198,128 or 3.56 per cent of the total loan portfolio of P1,128,484,464,545.

Credit Risk Rating

Parent'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 creditworthiness. 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 has developed and implemented the following statistical-based credit scoring models using CRES:

- 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 Large Enterprise
- Behavioral Scoring Model for Cooperatives
- Application Scoring Model for Credit Card
- Behavioral Scoring Model for Partner Financial Institutions (PFIs)

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

Credit Risk Monitoring

The Parent has continuously adopted a formal reporting system for the Parent's Board and Senior Management to be able to monitor the credit quality of individual and loan portfolios 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 the 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 Asset and Liability Committee (ALCO), ILC and the Risk Oversight Committee (RiskCom). The recovery of written-off accounts is also on the radar of the Parent's Board, RiskCom and Senior Management.

Collateral and Other Credit Enhancements

The Parent 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 Parent diligently evaluates the enforceability, realizable value, and marketability of offered collaterals. The Parent's Credit Manual and CPIs provide 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 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

Parent regularly conducts stress testing of individual large exposure and its loan portfolio taking into account plausible risk events with a 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. Stress testing also includes prescribed regulatory tests such as Uniform Stress Testing and REST. Likewise, various loan portfolio assessments and reviews are conducted to determine the impact of a certain event and government regulation on 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, 2022, the Parent's qualifying capital covering credit risk is P188.486 billion.

On the other hand, the Parent's Single Borrower's Limit (SBL) is pegged at P65.758 billion for direct lending.

Overall credit risk management oversight is a function of the Board of Directors -level 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, 2022, and 2021, the Parent does not have credit concentration in any particular industry.

Credit Exposures as to Industry/Economic Sectors

As of December 31, 2022 and 2021, information on the concentration of credit as to industry based on carrying amount is shown below:

	Parent			
	2022		2021	
	Amount	%	Amount	%
Financial intermediation	111,872,323,358	10	72,722,947,356	8
Agriculture, hunting and forestry	71,371,746,292	6	74,720,261,239	9
Real estate, renting and business activities	157,991,064,957	14	93,641,341,591	11
Public administration and defense	94,008,596,285	8	90,970,465,540	10
Manufacturing	82,974,066,746	7	67,097,902,164	8
Community, social and personal services	15,707,626,840	1	15,813,041,160	2
Electricity, gas and water	186,893,077,362	16	130,844,149,397	15
Wholesale & retail trade, repair of motor vehicles, motorcycles & personal and household goods	100,830,212,865	9	78,008,342,482	9
Transport, storage and communication	104,387,091,874	9	97,852,939,679	11

	Parent			
	2022		2021	
	Amount	%	Amount	%
Construction	98,843,377,116	9	74,161,197,896	8
Private households	55,466,368,524	5	37,350,774,148	4
Hotel and restaurant	21,192,091,350	2	11,420,099,594	1
Others	41,610,185,976	4	35,813,624,350	4
	1,143,147,829,545	100	880,417,086,596	100
Allowance for losses	(48,808,151,559)		(26,694,890,846)	
	1,094,339,677,986		853,722,195,750	

BASEL III LIQUIDITY COVERAGE RATIO DISCLOSURE (In Single Currency, Absolute Amount)
As of December 31, 2022

Nature of Item	Weighted Amount	
	Group	Parent
A. Total Stock of High-Quality Liquid Assets (After Cap)	1,819,523,153,267.57	1,813,654,295,724.91
A.1 Stock of Level 1 Assets	1,809,881,439,878.48	1,804,020,997,335.82
A.2 Stock of Level 2 Assets	9,641,713,389.09	9,633,298,389.09
A.3 Total Stock of High-Quality Liquid Assets (Before Cap)	1,819,523,153,267.57	1,813,654,295,724.91
A.4 Adjustment for 40% Cap on Level 2 Assets	0.00	0.00
B. Total Net Cash Outflows	858,021,631,476.00	854,679,552,663.61
B.1 Total Expected Cash Outflows	934,883,549,326.97	931,306,252,099.53
B.2 Total Expected Cash Inflows Before Ceiling	76,861,917,850.97	76,626,699,435.92
B.3 Adjustment for 75% Ceiling on Cash Inflows	0.00	0.00
B.4 Total Expected Cash Inflows After Ceiling	76,861,917,850.97	76,626,699,435.92
C. Liquidity Coverage Ratio	212.06%	212.20%

BASEL III NET STABLE FUNDING RATIO DISCLOSURE (In Single Currency, Absolute Amount)
As of December 31, 2022

Nature of Item	Weighted Amount	
	Group	Parent
A. Available Stable Funding	1,785,254,928,299.88	1,771,902,369,161.55
Capital	218,693,003,735.80	217,635,938,766.54
Retail Deposits	452,061,555,591.62	442,606,158,314.18
Wholesale Deposits	1,094,528,231,509.47	1,092,323,805,019.26
Secured and Unsecured Funding	19,920,467,061.65	19,336,467,061.57
Other Liabilities and Equities	51,670,401.34	0.00
B. Required Stable Funding	1,119,789,719,719.79	1,108,667,771,253.19
NSFR High-Quality Liquid Assets (HQLA)	108,139,503,017.47	108,010,737,121.06
Deposits Held at Other Financial Institutions	9,220,187,505.71	10,196,976,427.82
Performing Loans and Non-HQLA Securities	797,444,146,025.31	788,959,054,320.45
Other Assets	197,655,843,210.75	194,191,215,101.11
Off-Balance Sheet Exposures	7,330,039,960.55	7,309,788,282.75
C. Net Stable Funding Ratio	1.59	1.60

Assessment on Significant Increase in Credit Risk (SICR) since Initial Recognition

ECL assessment/provisioning shall cover all financial assets booked as amortized cost/hold to collect (AC/HTC) and fair value through other comprehensive income (FVOCI) such as:

1. Loans and receivables, and other financial assets that are measured at AC;
2. Investments in debt instruments that are measured at AC/HTC and FVOCI;
3. Credit commitments and financial guarantee contracts (e.g., unutilized credit lines, undrawn approved term loans, etc.) that are not measured at fair value through profit or loss (FVTPL); and
4. Due from BSP and Due from Other Banks.

The Parent's exposures shall be classified into three (3) stages as follows:

Stage 1	Credit Exposures that are considered "performing" and with no significant increase in credit risk since initial recognition or with low credit risk
Stage 2	Credit Exposures that are considered "under-performing" or not yet non-performing but with significant increase in credit risk since initial recognition
Stage 3	Credit Exposures with objective evidence of impairment, thus considered as "non-performing"

As a general rule, Staging Assessment and Account Classification for Loans, Sales Contract Receivable and Accounts Receivable (Loan and Non-Loan Related) shall be based on missed payments as follows:

Individually Assessed Loans (for loans with outstanding balance of ₱10 million and above)

Number of Days Unpaid/with Missed Payment	Account Classification	Stage
<i>For Unsecured Loans and Other Credit Exposures</i>		
31-90 days	Substandard (Underperforming)	2
91-120 days	Substandard (Non-Performing)	3
121-180 days	Doubtful	3
181 days and over	Loss	3
<i>For Secured Loans and Other Credit Exposures</i>		
31-90 days	Substandard (Underperforming)	2
91-365 days	Substandard (Non-Performing)	3
Over a year – 5 years	Doubtful	3
Over 5 years	Loss	3

Collectively Assessed Loans (for exposures other than those subject to individual assessment)

This includes microfinance loans, micro enterprises and small business loans and consumer loans such as salary loans, credit card receivables, auto loans, housing loans, and other consumption loans, and other loan types which fall below ₱10 million threshold for individual assessment.

Number of Days Unpaid/with Missed Payment	Account Classification	Stage
<i>For Unsecured Loans and Other Credit Exposures</i>		
1-30 days	Especially Mentioned	2
31-60 days/ 1 st restructuring	Substandard	2 (Underperforming) 3 (Non-Performing)
61-90 days	Doubtful	3
91 days and over/ 2 nd restructuring	Loss	3
<i>For Secured Loans and Other Credit Exposures</i>		
31-90 days	Substandard (Underperforming)	2
91-120 days	Substandard (Non-Performing)	3
121-360 days	Doubtful	3
Over 360 days	Loss	3

Non-Loan Related Accounts Receivable

STAGE	SECURED	UNSECURED
1	0-30 Days Outstanding/Missed Payment	
2	31-360 days Outstanding/ Missed Payment	31-90 Days Outstanding/ Missed Payment
3	More than 360 Days Outstanding/ Missed Payment	More than 90 Days Outstanding/ Missed Payment

Notes:

- a. Secured Non-Loan Related A/Rs shall refer to Cash Advance, Agrarian Reform Fund Proclamation # 131, Parent Officers and Employees, Government Entities and Domestic Loan Program.
- b. Unsecured Non-Loan A/Rs shall refer to Various Receivables, and Foreign Currency Deposit Unit (FCDU)/Expanded FCDU.

Allowance for credit losses (ACL) Adjustment

1. Lending Units (LUs)/Treasury Units/Branches shall assess the ACL provided and may propose ACL adjustment, under the following cases:
 - a. There is objective evidence of impairment; or
 - b. There is objective evidence of recovery.
2. ACL Adjustments shall be made through Specific Impairment Testing (SIT) by calculating the Present Value of Future Cash Flows of the financial asset/investment.

3. For Credit Exposures, Account Staging Upgrade to "Pass" shall have one per cent ECL Rate (for GLLP booking) and use of Loan Impairment Testing Sheet (LITS) shall be no longer required. Minimum ECL rates for Stage 2 (Especially mentioned (EM) and Substandard) and Stage 3 (Doubtful and Loss) are five per cent and 50 per cent, respectively.

Definition of Default

Under BSP Circular 941, s. 2017, credit obligations are considered non-performing if:

- Loans, investments, receivables, or any financial asset shall be considered non-performing, even without any missed contractual payments, when it is considered impaired under existing accounting standards (i.e., PAS 39/PFRS 9), and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any;
- Classified as doubtful or loss, in litigation;
- All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than 90 days from contractual due date (excluding cure period not exceeding 30 days), or accrued interests for more than 90 days have been capitalized, refinanced, or delayed by agreement;
- Microfinance and other small loans with similar credit characteristics shall be considered non-performing after contractual due date or after it has become past due (or on the 11th day if with cure period not exceeding 10 days); and,
- Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained.

Credit Rating and ECL Calculation Process

- a. The Parent credit rating process using the Credit Risk Engine System (CRES) shall be used to rate UCPB borrowers for credit transactions (i.e., line renewals, new/additional loan facilities, credit line/term loan review and other credit transactions).
- b. The UCPB ECL Models and calculation procedures for Auto Loan shall be adopted. Credit Risk Management Department (CRMD) shall conduct assessment of the models and shall propose revisions, if needed.
- c. The Parent parameters, policies and procedures in the ECL calculation shall be used for UCPB loans booked/processed at the UCPB Silverlake-Axis Integrated Banking System (SIBS). ACL adjustments for UCPB loans shall be made through Specific Impairment Testing using the existing guidelines.
- d. Booking Units handling the UCPB SIBS shall provide report to CRMD for calculation of the ECL on a monthly basis. Calculated ECL shall be provided to the Controllership Group for booking.

CREDIT RISK ON INVESTMENTS

The Parent adopts a forward-looking ECL parameter-based estimation approach as an impairment approach, as prescribed by PFRS 9. ECL Assessment shall be applied to the following treasury exposures:

- Investments in debt instruments that are measured at amortized cost;
- Investments in debt instruments that are measured at FVOCI; and
- Due from Bangko Sentral ng Pilipinas and Due from Other Banks.

To measure the ECL, 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 twelve months if there is no 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.

Concentration of Credit Risk

The table shows the concentration of the Parent's treasury exposures by location:

In Million Pesos

Location	2022	2021
Philippines	1,520,976.34	1,559,530.50
USA	25,237.20	17,998.46
Indonesia	26,407.61	32,710.22
Asia	13,078.61	14,538.57
Europe	7,414.20	9,107.94
Others	87.85	5.18
Total	1,593,201.81	1,633,890.87

Credit Risk Exposures

The Parent is guided by its investment policy in its treasury activities. 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								

Rating Agency	Rating Grade	External Rating									
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								

The Parent considers instruments that are rated 'investment grade' to have low credit risk. The tables below present the credit quality of the Parent's treasury exposure:

INVESTMENTS (As of September 2022)	EXPOSURE-AT-DEFAULT (In Million P)			
	TOTAL	STAGE 1	STAGE 2	STAGE 3
Due from BSP and SPURA				
External Credit Rating				
Baa2 or equivalent	294,208.20	294,208.20	0	0
Due from Other Banks, Repo – Cash Margin, & IBLR				
External Credit Rating				
Aaa or equivalent	5,286.02	5,286.02	0	0
Aa1 or equivalent	51.37	51.37	0	0
Aa2 or equivalent	5,195.05	5,195.05	0	0
Aa3 or equivalent	9,153.32	9,153.32	0	0
A1 or equivalent	7,773.53	7,773.53	0	0
A2 or equivalent	910.47	910.47	0	0
Baa1 or equivalent	14.19	14.19	0	0
Baa2 or equivalent	55.90	55.90	0	0
Baa3 or equivalent	15.28	15.28	0	0
Ba2 or equivalent	0.65	0	0.65	0
Benchmarking				
Baa1 or equivalent	2,014.11	2,014.11	0	0
Unrated	16.70	16.70	0	0
FVOCI debt investments				

INVESTMENTS (As of September 2022)	EXPOSURE-AT-DEFAULT (In Million P)			
	TOTAL	STAGE 1	STAGE 2	STAGE 3
<i>Internal Credit Rating</i>				
Prime	1,219.85	1,219.85	0	0
High Grade	815.53	815.53	0	0
Good	717.27	717.27	0	0
<i>External Credit Rating</i>				
Aaa or equivalent	7,289.40	7,289.40	0	0
Aa2 or equivalent	276.83	276.83	0	0
A1 or equivalent	289.76	289.76	0	0
A2 or equivalent	584.58	584.58	0	0
Baa2 or equivalent	434,765.68	434,765.68	0	0
<i>Benchmarking</i>				
A3 or equivalent	1,378.65	1,378.65	0	0
Baa1 or equivalent	1,101.12	1,101.12	0	0
Baa2 or equivalent	13.83	13.83	0	0
Ba1 or equivalent	916.54	0	916.54	0
B1 or equivalent	765.10	0	765.10	0
HTC investments				
<i>Internal Credit Rating</i>				
High Grade	2,890.84	2,890.84	0	0
Good	1,457.73	1,457.73	0	0
<i>External Credit Rating</i>				
Aaa or equivalent	7,597.54	7,597.54	0	0
Aa2 or equivalent	58.32	58.32	0	0
Aa3 or equivalent	1,849.37	1,849.37	0	0
Baa2 or equivalent	795,686.94	795,686.94	0	0
<i>Benchmarking</i>				
A3 or equivalent	556.50	556.50	0	0
Baa1 or equivalent	6,383.94	6,383.94	0	0
Baa2 or equivalent	160.99	160.99	0	0
Ba1 or equivalent	951.24	0	951.24	0
Ba3 or equivalent	84.92	0	84.92	0
Unrated	694.54	0	0	694.54
TOTAL	1,593,201.80	1,589,788.81	2,718.45	694.54

INVESTMENTS (As of September 2021)	EXPOSURE-AT-DEFAULT (In Million P)			
	TOTAL	STAGE 1	STAGE 2	STAGE 3
Due from BSP and SPURA				
<i>External Credit Rating</i>				

INVESTMENTS (As of September 2022)	EXPOSURE-AT-DEFAULT (In Million ₱)			
	TOTAL	STAGE 1	STAGE 2	STAGE 3
Baa2 or equivalent	410,244.70	410,244.70	0	0
Due from Other Banks & IBLR				
<i>External Credit Rating</i>				
Aaa or equivalent	3,989.98	3,989.98	0	0
Aa1 or equivalent	51.10	51.10	0	0
Aa2 or equivalent	9,657.82	9,657.82	0	0
Aa3 or equivalent	4,886.87	4,886.87	0	0
A1 or equivalent	6,959.33	6,959.33	0	0
A2 or equivalent	2,155.87	2,155.87	0	0
Baa1 or equivalent	11.59	11.59	0	0
Baa2 or equivalent	7.09	7.09	0	0
Ba2 or equivalent	0.65	0	0.65	0
<i>Benchmarking</i>				
Baa1 or equivalent	2,022.60	2,022.60	0	0
Unrated	9.52	9.52	0	0
FVOCI debt investments				
<i>External Credit Rating</i>				
Aaa or equivalent	13,613.84	13,613.84	0	0
Baa2 or equivalent	597,233.35	597,233.35	0	0
Unrated	746.40	746.40	0	0
HTC investments				
<i>Internal Credit Rating</i>				
High Grade	1,013.46	1,013.46	0	0
<i>External Credit Rating</i>				
Aaa or equivalent	719.46	719.46	0	0
Baa2 or equivalent	571,988.57	571,988.57	0	0
<i>Benchmarking</i>				
A3 or equivalent	83.51	83.51	0	0
Baa1 or equivalent	7,066.46	7,066.46	0	0
Baa3 or equivalent	208.10	208.10	0	0
Ba1 or equivalent	358.78	0	358.78	0
Ba2 or equivalent	610.80	0	0	610.80
Ba3 or equivalent	167.28	0	167.28	0
Unrated	83.74	0	0	83.74
TOTAL	1,633,890.87	1,632,669.62	526.71	694.54

As of September 30, 2022, the Parent's total treasury exposure is P1,593.20 billion. Due from BSP and SPURA decreased from P410.24 billion to P294.21 billion while Due from Other Banks increased from P7.26 billion to P14.24 billion. The Parent's FVOCI debt investments

decreased from P611.59 billion to P450.13 billion. However, HTC investments grew from P582.30 billion to P818.37 billion.

The Parent's exposure classified as Stage 1, Stage 2, and Stage 3 amounted to P1,589.79 billion, P2.72 billion, and P0.69 billion, respectively. No exposure was transferred from Stage 1 to Stage 2. The table below presents the Parent's exposure for 2022 and 2021:

INVESTMENTS (In Million Pesos)	TOTAL		STAGE 1		STAGE 2		STAGE 3	
	2022	2021	2022	2021	2022	2021	2022	2021
Due from BSP and SPURA	294,208.20	410,244.70	294,208.20	410,244.70	0	0	0	0
Repo-Cash Margin	262.48	0	262.48	0	0	0	0	0
Due from Other Banks	14,243.65	7,281.35	14,243.00	7,260.70	0.65	0.65	0	0
Interbank Loans and Receivables	15,980.46	22,491.07	15,980.46	22,491.07	0	0	0	0
FVOCI debt investments	450,134.14	611,593.59	448,452.50	611,593.59	1,681.64	0	0	0
HTC investments	818,372.87	582,300.16	816,642.17	581,079.56	1,036.16	526.06	694.54	694.54
TOTAL	1,593,281.80	1,633,890.87	1,589,788.81	1,632,669.62	2,718.45	526.71	694.54	694.54

MARKET RISK MANAGEMENT

Market Risk Management Framework

The Parent 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, Common Equity Tier 1 (CET1) ratio and capital metrics to manage market risks and establish limits. The Parent's 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 Parent's trading units as well as the Asset and Liability Management Group (ALMG) which manages the liquidity and reserve positions, conducts risk-taking activities within limits and ensures that breaches are escalated to the Senior Management for appropriate action.

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

Market Risk Weighted Assets

As of December 31, 2022, the Parent's Total Market RWA stood at P16,502 million, broken down as follows:

PARTICULARS	AMOUNT (IN MILLIONS)
Interest Rate Exposure	1,886
Equity Exposure	0
FX Exposure	5,437
Options	9,179
Total Market RWA	16,502

The Total Market RWA represents 1.26 per cent of the Parent's Aggregate RWA of P1,305,580 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. Parent continues to manage interest rate risk in trading activities through factor sensitivities and the use of VaR 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.

2. Equity Price Risk Management

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

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.

Market Risk Measurement and Validation Tools

1. Value-at-Risk (VaR)

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 per cent confidence level, assuming a static portfolio.

The Parent uses the Historical Simulation Model in computing VaR of Equities, FS, GS and FX trading portfolios as well as FX Net Open Position which is acceptable to BSP. Moreover, the Parent continuously pursues initiatives to improve its processes.

The VaR 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 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

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 Market Risk Stress Test 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, and FX risk.

Results are also simulated in the CET1 Ratio computation to be able to assess its impact said ratio set at 10.25 per cent by BSP for Parent as Domestic Systemically Important Banks (DSIB) for 2022.

3. Model Validation

Back-Test

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

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

ZONE CLASSIFICATION	NUMBER OF EXCEPTIONS
safe/green zone	zero to four exceptions

ZONE CLASSIFICATION	NUMBER OF 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.

Model Review

Risk models used in managing market risk are subjected to model review being done by Risk Modeling and Quantitative Analytics Unit (RMQAU) of Market and Liquidity Risk Management Department (MLRMD). On the other hand, Internal Audit Group (IAG) is tasked to do model audit of RM models.

LIQUIDITY RISK MANAGEMENT

Liquidity Risk Management Framework

The Parent's liquidity RM process is consistent with its general RM framework covering risk identification, measurement, monitoring and control. The policies and procedures that govern liquidity RM are reviewed and endorsed on a regular basis by ALCO and Risk Oversight Committee (ROC) for approval of the Parent's Board of Directors. The liquidity policy of the Parent is to always maintain fund availability 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.

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. 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's Board exercises oversight through ROC and has delegated the responsibility of managing the overall liquidity of the Parent to the ALCO. The ALCO and the TIBS are responsible for the daily implementation and monitoring of relevant variables affecting the Parent's liquidity position. The ALCO review 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 Risk Management Group (RMG), through the MLRMD 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 ROC in a timely manner.

The Parent performs a comprehensive liquidity risk measurement and control using the LGR, covering the Parent balance sheet, as a tool. Risk models used in liquidity RM are subjected

to independent model validation as conducted by MLRMD - RMQAU and model audit by the IAG.

Liquidity Risk Measurement

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 to determine any future mismatch such as long-term assets growing faster than long term liabilities.

MLRMD reports RBU (Peso and FX Regular), FCDU, Solo (Parent) LGR on a weekly and monthly basis to ALCO and ROC, respectively. Parent and Subsidiary LGR is reported on a quarterly basis.

The following behavioral assumptions are used in measuring the Parent's liquidity gap:

- Non-Maturing Deposits (NMD): Using historical balances of NMD accounts, a behavioral analysis is conducted to determine the rate of deposit outflow per time bucket. The calculated deposit run-off rates are the basis for the withdrawal pattern or actual behavior of NMDs.
- Term Deposits (TDs): 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.
- Drawing Pattern of Credit Lines and Credit Cards: A behavioral model to capture and estimate the drawing pattern for credit cards and credit line products.

As of December 31, 2022, 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.

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 Maximum Cumulative Output (MCO) limit set by the Parent's 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. 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
- FX Regular Stress Test
- Foreign Currency Deposit Unit (FCDU) Stress Test

3. Liquidity Coverage Ratio (LCR)

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

The Parent computes the LCR using the BSP prescribed formula:

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

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 Parent'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 per cent of outflow amounts.

PARTICULARS	31 December (In ₱ Million)	
	2022	2021
High Quality Liquid Assets	1,813,654	1,591,389
Total Net Cash Outflows	854,680	714,858
LCR	212.20%	222.62%

As of December 31, 2022, the Parent's LCR is higher than the 100 per cent minimum requirement for the CY 2022.

INTEREST RATE RISK IN THE BANKING BOOK

Interest Rate Risk in the Banking Book Management Framework

Interest Rate Risk in the Banking Book (IRRBB) is the current and prospective risk to earnings and capital arising from adverse movements in interest rates that affect banking book positions. Parent's IRRBB arises from the core banking activities. The main source of this type of IRRBB is gap risk which 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.

The Parent manages IRRBB based on approved policies and procedures. Parent uses Re-pricing Gap/Earning-at-Risk (EaR) and Economic Value of Equity-at-Risk (EVEaR) to analyze the impact of changes in interest rates to both future earnings and net worth.

The Parent has established guidelines for IRRBB limit setting. 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. RMG-MLRMD recommends interest rate limits in coordination with ALMG and is approved by the ALCO, ROC and the Parent's Board. 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 Parent's Board defines the Parent's risk appetite and approves business strategies relative to the management of IRRBB. It delegates to ALCO the establishment and management of the Parent's IRRBB position. The ALCO decides and allocates resources to manage IRRBB within the risk appetite set by the Parent. The TIBS ensures that ALCO's decisions pertaining to the management of structural IRRBB are implemented.

IAG is tasked to do model audit of RM models. The conduct 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.

In addition, model validation is also being done by the RMQAU of MLRMD to check for any enhancements or calibrations needed to the models.

To date, the Parent does not engage in hedging transactions.

Interest Rate Risk in the Banking Book Measurement Models

The two complementary measures of the potential impact of IRRBB are as follows:

1. **Earnings-Based Measure**: The Parent uses the EaR to estimate changes in net interest income under a variety of interest rate scenarios over a 12-month horizon. As of December 31, 2022, the NII impact of change in interest rates amounted to P47,491.50 million
2. **Economic Value-Based Measure**: The Parent uses the EVEaR to assess the impact of changes in interest rates over the remaining life of its assets, liabilities and off-balance sheet items. As of December 31, 2022, the EVEaR impact of change in interest rates amounted to P5,946.09 million

Both measures are assessed to determine the full scope of the Parent's IRRBB exposure. 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 risks.

The interest rate risk exposures of the Parent are measured and reported to the ALCO and ROC on a weekly and monthly basis. Parent and Subsidiary EaR and EVEaR are prepared on a quarterly basis.

Key Behavioral and Modelling Assumptions

Behavioral assumptions enable the Parent to analyze how an instrument's actual maturity or re-pricing may vary from its contractual terms because of behavioral options. Parent 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, the Parent analyzed its deposits for the past 10 years to estimate the proportion of core (stable) and non-core (non-stable) deposits.

2. Term Deposits subject to Early Termination

A behavioral analysis to estimate the amount of term deposits that will be withdrawn before its maturity.

3. Fixed Rate Loans subject to Prepayment

A behavioral analysis to estimate the percentage of loan balances that is likely to repay before the due date.

4. Drawing Pattern of Credit Lines and Credit Cards

Behavioral methodology to capture and estimates the drawing pattern for credit cards and credit line products.

Interest Rate Shocks and Stress Scenarios

The Parent has a wide range of static interest rate shocks consisting of parallel and non-parallel shifts in the yield curve including but not limited to the Market Outlook of the LBP Economist, interest rate volatility for the past 10 years and standardized rate shocks prescribed under Basel Committee on Banking Supervision (BCBS) framework on IRRBB.

The Parent conducts Interest Rate Stress Testing using EaR and EVEaR. 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 MORB 146 (Circular 900) Operational Risk Management (ORM), BSP MORB 149 (Circular 951) Business Continuity Management (BCM), BSP MORB 148 (Circular 808) IT Risk Management, BSP MORB 153 (Circular 1085) Sustainable Finance Framework 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 Risk Governance Framework, 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 Group 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 MORB 149 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 regulations and industry best practices.

As part of the Parent's BCM process, the Parent conducts annual Business Impact Analysis and Business Continuity Risk Assessment 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.

Despite the threat of the COVID-19 pandemic, the Parent was able to continuously conduct business and provide services while ensuring the health and safety of 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 called Pandemic Response Plan.

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 RMG through the certification programs where employees were licensed as Certified Risk Analysts, Certified Risk Manager and Bank Risk Management certification exams of Asian Institute of Chartered Banks.

Embedding of ORM across the institution is manifested with the banking 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 and Subsidiaries conduct risk 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

The Parent currently uses the Basic Indicator Approach (BIA) for calculating the capital charge for operational risk under Pillar 1. The formula is based on the average Gross Revenues of the Parent for the last three years to calculate the Operational Risk Weighted Assets (ORWA). As of 31 December 2022, the Parent's Total ORWA using the BIA was **P136.55 billion** or **10.19 per cent** of the Parent's Aggregate Risk Weighted Assets (RWA) of **P1,340.57 billion**. With the sustained Gross Revenues of the Parent relative to its expanding business operations, ORWA is expected to increase annually.

The Parent is firm in its resolve to fortify its 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.

In addition, the simulation conducted by the Parent for 2022 using its historical loss data resulted in a lower operational capital charge by **P4.97 billion** and **P8.63 billion** using the SMA and AMA-based ICA, respectively, compared to the computed operational capital charge of **P13.65 billion** using the BIA.

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 BIA. The lower capital charge will allow Parent to lend more to its mandated sector especially small farmers and fishers, micro, small and medium enterprises, countryside financial institutions and local government units.

CONSUMER PROTECTION RISK MANAGEMENT SYSTEM (CPRMS)

In compliance with BSP Circular 1160 – "Regulations on Financial Consumer Protection (FCP) to Implement RA No. 11765, Otherwise Known as the "Financial Products and Services Consumer Protection Act (FCPA)", Parent continues to update the 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 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 is within the set timeline and training of Parent personnel are

undertaken. Periodic reports are submitted to the Management Committee and the Risk Com. 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 Parent's clients.

The CPRMS Oversight Framework is aligned with and adheres to the Financial Consumer Protection Standards of Conduct prescribed under BSP Circular 11765, to cover (1) Disclosure and Transparency; (2) Protection of Client Information; (3) Fair Treatment; (4) Effective Recourse; and (5) Protection of Consumer Assets against Fraud and Misuse. Parent 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.

Corporate Information

Ownership



The Land Bank of the Philippines (LANDBANK) is wholly owned by the National Government.

Bank Website



The LANDBANK website, www.landbank.com, contains a variety of information about the Bank, including its history, products and services, most recent news, career opportunities, as well as the profiles of its key officers, among others.

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Acknowledgement



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