

LANBANK OF THE PHILIPPINES (LBP)
Validation Result of 2019 Performance Scorecard

| Component | | | | | | LBP Submission | | GCG Validation | | Supporting Documents | GCG Remarks | |
|--|---------|--|-------------------------------|--------|--|-----------------------|-------------------------------------|----------------|----------------|----------------------|--|--|
| Objective/Measure | Formula | Wt. | Rating Scale | Target | Actual | Rating | Actual | Rating | | | | |
| SO 1 Promote Inclusive Growth by being the Catalyst of Financial Inclusion in the Unbanked and Underserved Areas of the Country | | | | | | | | | | | | |
| Amount of Outstanding Loans under the following sectors/ programs: | | | | | | | | | | | | |
| SOCIO-ECONOMIC IMPACT | SM 1 | a. 20 Poorest Provinces ¹ as identified by the PSA | Total Outstanding Loan Amount | 10% | (Actual / Target) x Weight 0% = If lower than P42.002 Billion | P44.50 Billion | P52.13 Billion | 10% | P52.13 Billion | 10% | -Outstanding Loans for 20 Poorest Provinces as of 31 December 2019 | Reported Accomplishment acceptable. Target exceeded. |
| | | b. <u>Amount of loan releases for the HARVEST² Programs</u> | <u>Actual Loan Releases</u> | 10% | (Actual / Target) x Weight 0% = If lower than P0.68 Billion | <u>P0.897 Billion</u> | Total Loan Releases: P1.043 Billion | 10% | P1.043 Billion | 10% | - List of Enrolled Accounts under Harvest Program -Total Loan releases for the year and outstanding balance as of 31 December 2019 - Operating Procedure | Reported accomplishment is acceptable. LandBank requested to revise the measure to "Amount of Loan Releases for the HARVEST Program" to better monitor the implementation of the program |

¹ Based on the Philippine Statistics Authority List of 20 Poorest Provinces (2017): 1. Mt. Province, 2. Catanduanes, 3. Sorsogon, 4. Negros Oriental, 5. Siquijor, 6. Leyte, 7. Eastern Samar, 8. Northern Samar, 9. Western Samar, 10. Zamboanga Del Norte, 11. Sulu, 12. Zamboanga Sibugay, 13. Agusan Del Sur, 14. Bukidnon, 15. Lanao Del Norte, 16. Lanao Del Sur, 17. Sarangani, 18. North Cotabato, 19. Maguindanao, 20. Sultan Kudarat.

² Harnessing Agribusiness Opportunities Through Robust and Vibrant Entrepreneurship Supportive of Peaceful Transformation.

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| | | Objective/Measure | Formula | Wt. | Rating Scale | Target | Actual | Rating | Actual | | |
| | | | | | | | | | | Guidelines of HARVEST Program | rather than measuring the outstanding loan amount which is not reflective of the real status of disbursing the fund as outstanding loan amount can be affected by loan repayments made during the year. Considering that the objective of the measure is to monitor fund disbursement under the program, the GCG recommends ACCEPTING the proposed revision of the measure. |
| | c. Agriculture and Fisheries Sector (including the Small Farmers and Fishers) | Total Outstanding Loan Amount | 15% | (Actual / Target) x Weight 0% = If lower than ₱201.83 Billion | ₱231.25 Billion | ₱236.45 Billion | 15% | ₱236.45 Billion | 15% | -LBP Gross Loan Portfolio as of 31 December 2019 | Reported accomplishment acceptable. Target exceeded. |

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| SO 2 | | Support National Development Programs³ including CFIs, LGUS, and MSMEs in Support of Countryside Development | | | | | | | | | | |
| SM 2 | Amount of Outstanding Loans Supporting Other Government Programs | Total Outstanding Loan Amount | 10% | (Actual / Target) x Weight 0% = If lower than ₱460 Billion | ₱508.87 Billion | ₱540.62 | 10% | ₱540.62 | 10% | -LBP Gross Loan Portfolio as of 31 December 2019 | Reported accomplishment acceptable. Target exceeded. | |
| | <i>Sub-total</i> | | 45% | | | | 45% | | 45% | | | |
| SO 3 | | Increase Retail and Private Deposit Based | | | | | | | | | | |
| FINANCIAL | SM 3 | Growth in Stable Deposits (Personal, Individual, and Single Proprietorship) | (Total Amount of Current Year's Deposits – Total Amount of Previous Year's Deposits) / Total Amount of Previous Year's Deposits | 5% | (Actual / Target) x Weight | 14% | 25.31% | 5% | 25.31% | 5% | - LBP Deposit Profile as of 27 December 2019 - LBP Deposit Profile as of 31 December 2018 | Reported accomplishment is acceptable. Target Exceeded. GCG notes that LandBank requested for the revision of the measure to "Maintain the Minimum Required Net Stable Funding Ratio (NSFR) of 100%". LandBank justified that it is aligned with the compliance to |
| | | | | | | | | | | | | |

³ MSMEs, Communications, Transportation, Housing, Education, Health Care, Environment-related projects, Tourism, Utilities, and Others.

| Objective/Measure | | | Component | | | | LBP Submission | | GCG Validation | | Supporting Documents | GCG Remarks |
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| | | | Formula | Wt. | Rating Scale | Target | Actual | Rating | Actual | Rating | | |
| | | | | | | | | | | | <p>BSP Circular No. 1034 which aims to promote long-term resilience of the bank against liquidity risk through maintaining a stable funding profile in relation to the composition of its assets and off-balance sheet activities.</p> <p>Considering the Strategic Objective (SO) of "Increase Retail and Deposit Base", the GCG DENIES the proposed revision on the measure as it does not reflect the intention of the SO.</p> <p>Nevertheless, the intention of LandBank to monitor its compliance with the BSP guidelines is</p> | |

| Objective/Measure | | Component | | | | LBP Submission | | GCG Validation | | Supporting Documents | GCG Remarks |
|---|---------------------|---|-----|--|-----------------|-----------------|--------|-----------------|--------|---|---|
| | | Formula | Wt. | Rating Scale | Target | Actual | Rating | Actual | Rating | | |
| | | | | | | | | | | | hereby acknowledged. |
| SO 4 Strengthen the Capital Level of the Bank to Support Its Growth and Expansion Requirements | | | | | | | | | | | |
| SM 4 | Increase Net Income | (Interest Income + Other Operating Income) - (Interest Expense + Provision for Credit Losses + Other Operating Expenses + Provision for Income Tax) | 10% | (Actual / Target) x Weight 0% if less than ₱13.66 Billion | ₱16.638 Billion | ₱18.513 Billion | 10% | ₱19.051 Billion | 10% | - Statement of Income and Expenses for the period ended 31 December 2019 - COA Audited Report. | Target exceeded. Accomplishment is 19% higher than the net income registered in 2018. |
| | <i>Sub-total</i> | | 15% | | | | 15% | | 15% | | |

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| STAKEHOLDERS | SO 5 | Provide Timely, Accessible & Responsive Products and Services on Multiple Platforms & Customer Touchpoints | | | | | | | | | |
| | SM 5 | Percentage of Loan Application Processed within the Applicable Turnaround Time (TAT) | Number of loan proposals processed within prescribed TAT/ Number of loan proposals processed | 5% | (Actual / Target) x Weight 0% if less than 90% | 100% ⁴ | 99.95% | 4.99% | 99.90% | 4.99% | <ul style="list-style-type: none"> - Data extracted from the Loans Origination System - Accomplishment report on turn-around time |
| SM 6 | Percentage of Service Availability of Automated Teller Machines and Internet Banking Services ⁵ | <u>Actual Accomplishment</u> | 5% | (Actual / Target) x Weight | 90% ⁶ | Average ATM Availability: 91.43% Average of Service Availability for ATM and Internet: 95.47% | 5% | 90% | 5% | <ul style="list-style-type: none"> - Monthly report on availability and downtime for ATM and Internet Banking - Statement of Services of Internet Banking - Summary report of availability for ATM and Internet Banking | Based on the recomputation, LandBank ATM's were inaccessible for a total of 34.01 days while Internet Banking facilities were inaccessible for a total of 25.10 days. Based on the ITIL requirement, LandBank was able to maintain the service availability of its |

⁴ Applicable processing time based on compliance with Republic Act No. 11032 or the Ease of Doing Business and Efficient Government Service Delivery Act of 2018.

⁵ Based on Information Technology Infrastructure Library (ITIL) version 3 Availability Management. ITIL provides an internationally accepted set of standards on IT services.

⁶ Downtime per year = 36.5 days; Downtime per month = 72 hours; Downtime per week = 16.8 hours

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| Objective/Measure | Formula | Wt. | Rating Scale | Target | Actual | Rating | Actual | Rating | | | |
| | | | | | | | | | | | ATMs and Internet Banking by 90% of the time. GCG notes that the above-mentioned standards and determination of availability of services was inconsistent with the originally prescribed formula of "Total Service Availability in Days / 365 Days". Hence, GCG revised the formula to "Actual Accomplishment". |
| SM 7 | Percentage of Satisfied Customers | Number of respondents who gave a rating of at least Satisfactory and Very Satisfactory / Total number of respondents | 5% | (Actual / Target) x Weight Below 90% = 0% | 95% | 95.35% Satisfactory Rating | 5% | 95.35% | 5% | - Presentation report from Nielsen Company, Phils - Narrative Report from Nielsen - Five (5) Sample Accomplished | Reported accomplishment acceptable. Target exceeded. The survey covered a total of 3,506 respondents: 2,788 (79.52%) - individual customers; and |

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| | | Objective/Measure | Formula | Wt. | Rating Scale | Target | Actual | Rating | Actual | | |
| | | | | | | | | | | questionnaires | 718 (20.48%) - institutional clients. |
| SM 8 | Number of New Products and Channels Developed | Actual Accomplishment | 5% | (Actual / Target) x Weight | Introduce and Implement the following programs: 1. Rice Competitive-ness Enhancement Lending Program 2. Greenhouse Financing Program | 1. Rice Competitive-ness Enhancement Fund 2. Greenhouse Farming System | 5% | 1. Rice Competitive-ness Enhancement Fund 2. Greenhouse Farming System | 5% | - Implementing Guidelines on Expanded Rice Credit Assistance under the Rice Competitive-ness Enhancement Fund - Implementing Guidelines on Financing Program for Greenhouse Farming System - Board Resolution No. 19-240 and Board Resolution No. 19-486 - Board Resolution No. 19-644 | Acceptable. |
| | <i>Sub-total</i> | | <i>20%</i> | | - | | <i>19.99%</i> | | <i>19.99%</i> | | |

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| INTERNAL PROCESS | SO 6 | Process Land Transfer Claims in a Timely Manner | | | | | | | | | | |
| | SM 9 | Percentage of Claim Folders Processed within the Applicable turn-around time | Number of claims processed within prescribed TAT/ Total number of claims received | 5% | $\frac{\text{Actual}}{\text{Target}} \times \text{weight}$ | 100% ⁷ | 98.87% | 4.94% | 97.68% | 4.88% | - Land Transfer Claim Processing Accomplishment Report (January - December 2019) - Sampled Claim Folders | Validation was based on the review of the submitted report, only 1,642 or 97.68% of the received claim folders were processed within 20 working days To correctly reflect the intention of the measure, the request of LandBank to revise the rating scale from "All or Nothing" to "Actual/Target" is APPROVED. |
| | SO 7 | Synergize Efforts to Effectively and Efficiently Deliver Banking Services | | | | | | | | | | |
| SM 10 | Number of Agent Banks in Unbanked Areas | Actual Accomplishment | 5% | All or Nothing | 1. Approval of Model 2. Award to Partner 3. Roadmap | 1. Approval of Model 2. Award to Partner 3. Roadmap | 5% | 1. Approval of Model 2. Award to Partner 3. Roadmap | 5% | - Contracts with I-Pay Commerce Ventures and Mardigen Construction Supply | Acceptable. | |

⁷ Applicable processing time based on compliance to Republic Act No. 1132 or the Ease of Doing Business and Efficient Government Service Delivery Act of 2018.

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| | | | Objective/Measure | Formula | Wt. | Rating Scale | Target | Actual | Rating | Actual | | |
| | | | | | | | | | | | <ul style="list-style-type: none"> - Board Resolution to outsource banking agents to perform banking services - LandBank Agent Banking Strategy/ Model - ManCom Approved Roadmap | |
| | | | <i>Sub-total</i> | | 10% | | | 9.94% | | 9.88% | | |
| LEARNING & GROWTH | SO 10 | Establish a High Performance “One Culture Bank” | | | | | | | | | | |
| | SM 11 | Percentage of Employees Meeting Required Competency | <u>Number of Employees with Addressed Competency Gaps / Total Number of Targeted Employees</u> | 5% | All or Nothing | 100% of the employees with competency gaps (based on 2016 competency assessment) are addressed | 100% of the employees with competency gaps (based on 2016 competency assessment) are addressed | 5% | 100% of the employees with competency gaps (based on 2016 competency assessment) are addressed | 5% | <ul style="list-style-type: none"> - January to December 2019 Target and Performance/ Accomplishment - Sample Competency Assessment Report of Employees | Target met. LandBank explained that an employee whose competency gaps were addressed, signified the attainment of the required proficiency of the position based on the position competency profile. The |

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| | | | Objective/Measure | Formula | Wt. | Rating Scale | Target | Actual | | | Rating | Actual |
| | | | | | | | | | | | | <p>supporting documents provided by LandBank shows the total number of competency gaps per employee and the Competency-Based Individual Development Plan (CIDP) report. The CIDP report indicates the breakdown of the competency gaps and the required competency level. It also includes the intervention made by the Bank to address the competency gaps and the remarks by the immediate supervisor.</p> <p>GCG APPROVES the requested modification of formula from "Number of Employees</p> |

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| | | | Objective/Measure | Formula | Wt. | Rating Scale | Target | Actual | Rating | Actual | | |
| | | | | | | | | | | | <p><i>Meeting the Required Level / Total Number of Employees” to “Number of Employees with Addressed Competency Gaps / Total Number of Targeted Employees i.e., Employees whose assessment results are below 80%” as it is consistent with the target and with the revalidation made on the 2018 Performance Scorecard of Landbank.</i></p> | |
| SM 12 | Implement Quality Management System | Actual Accomplishment | 5% | All or Nothing | Integrated Management System Certification (Integration of Quality Management | Integrated Management System Certification (Integration of Quality Management System and Environmental | 5% | ISO 9001: 2015 and ISO 14001: 2015 for the Provision of sustainable banking products and services | 5% | - Certificate of Registration on ISO 9001:2015 and ISO 14001:2015 for the Provision of sustainable | Reported Accomplishment acceptable. Target met. | |

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| Objective/Measure | | Formula | Wt. | Rating Scale | Target | Actual | Rating | Actual | Rating | | |
| | | | | | System and Environmental Management System) | Management System) | | involving branch banking, lending, agrarian, trust, treasury, and support operations. | | banking products and services involving branch banking, lending, agrarian, trust, treasury, and support operations. | |
| | | <i>Sub-total</i> | | | | | <i>10%</i> | | <i>10%</i> | | |
| | | TOTAL | | | | | 99.93% | | 99.87% | | |