



2011
SUSTAINABILITY
REPORT

Creating Positive Handprints for the Future Today

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About the Cover

To promote a countryside that is environmentally, socially, and economically healthy — a countryside teeming with life. This is LANDBANK's mandate and vision as it furthers its sustainability initiatives on all fronts, and to measured success — creating significant handprints today to impact tomorrow's environment, while improving the quality of life of its people.

The 2011 Sustainability Report of Land Bank of the Philippines, with the theme "Creating Positive Handprints for the Future Today" highlights the Bank's economic, environmental, social, and governance performance and details the processes on how it was achieved.

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ABOUT THIS REPORT

Scope of the Report

This Sustainability Report contains the accomplishments of the Land Bank of the Philippines (LANDBANK) for calendar year 2011 following the prescribed guidelines of the Global Reporting Initiative (GRI) at the self-declared B Level, guided by LANDBANK's five Sustainability Cornerstones:

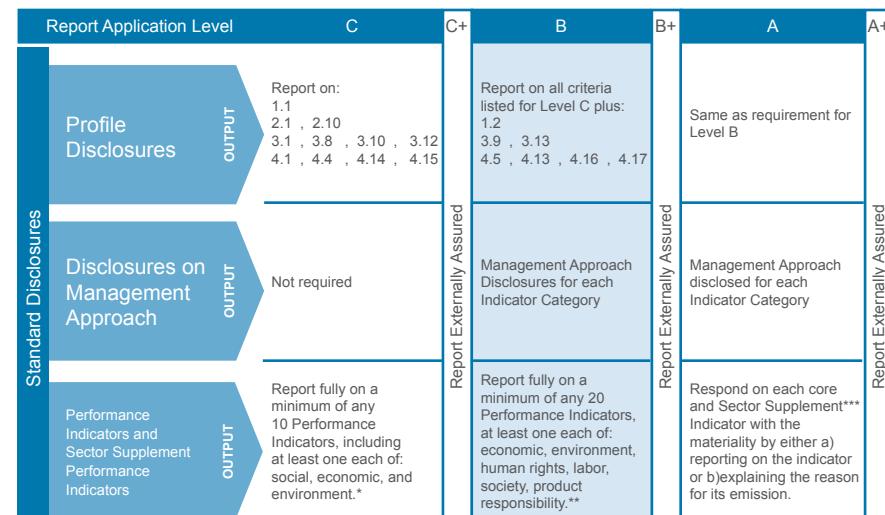
1. Enterprise Development
2. Community Development
3. Environmental Protection and Management
4. Customer Service
5. Employee Development

This report is a consolidation of data from all Bank units nationwide, except those relating to the Environmental Management System (EMS), which covers the LANDBANK Head Office and eighteen (18) branches and the Quality Management System (QMS), which covers three (3) Bank units. Details will be discussed in their respective sections since these two systems cover specific processes. This report also contains some of the accomplishments of the LANDBANK Countryside Development Foundation, Inc. (LCDFI) particularly on community development.

Preparation and Production

The preparation and production of this report was made possible through the effective direction and overall leadership of the LANDBANK Board of Directors and Management Committee, which was constituted as the Corporate Social Responsibility (CSR) Steering Committee.

The previous CSR Task Force, composed of the heads of various groups and units responsible for identifying and reporting the areas of operation included in this report, was reconstituted as the CSR Technical Working Group (TWG). As such, they were tasked to gather relevant data and information from concerned Bank units in the preparation of this report. In order to facilitate the drafting of subsequent Sustainability Reports, the CSR TWG also recommended that all concerned Bank units must file and collect data on a semestral basis.



*Performance Indicator may be selected from any finalized Sector Supplement, but 7 of the 10 must be from the original GRI Guidelines

**Performance Indicator may be selected from any finalized Sector Supplement, but 14 of the 20 must be from the original GRI Guidelines

***Sector Supplement in final version

GRI Standard Disclosure

In order to qualify for a GRI Application Level B, from Level C of the previous report, we incorporated additional indicators and used the GRI Financial Services Sector Supplement (FSSS) since LANDBANK is a government financial institution.

In the coming years, we shall endeavor to employ external assurance for our succeeding reports.

| | | |
|-------------------------|-------------------------|-------------------------|
| Reporting Period | 2011 | 2009-2010 |
| Date of Publication | August 2012 | November 2011 |
| GRI Application Level | Level B (self declared) | Level C (self declared) |
| Original GRI Indicators | 30 | 17 |
| FSSS Indicators | 9 | 0 |
| Total GRI Indicators | 39 | 17 |

A dramatic photograph of a fisherman at sunset. He is silhouetted on the left, holding a massive, billowing fishing net that spans most of the frame. The net is backlit by the setting sun, creating a bright, almost translucent canopy. The background is a vast, dark ocean under a sky filled with orange, yellow, and blue hues from the sunset.

VISION

LANDBANK shall be the dominant financial institution in countryside development committed to the highest standards of ethics and excellence in the service of the Filipino people.

MISSION

We shall continue to provide timely financial and technical support for our farmers, fisherfolks and other priority sectors.

We shall deliver innovative products and services that are consonant with ecological enhancement and effectively address our clients' needs.

We shall embody professionalism and integrity, providing our employees with a work environment that encourages growth and rewards excellence.

LANDBANK is committed to improving the lives of all its stakeholders and working with them to lead the country to economic prosperity.

MESSAGE FROM THE PRESIDENT OF THE PHILIPPINES



My warmest greetings to the board, administration, and staff of the Land Bank of the Philippines on the publication of the LANDBANK Sustainability Report for 2011.

Good governance — marked by transparency, accountability, and integrity — is the bedrock of a robust economy. The significant economic gains and renewed trust that our country is experiencing at present are clear indications that our institutional reforms have taken root, and this Report further attests to the success of LANDBANK's sustainability initiatives. Indeed, it is only by examining the complete outlay of resources necessary for the growth of an institution that we perceive its full impact on its stakeholders, society in general, and the environment.

By measuring your accomplishments in terms of ecological handprints instead of carbon footprints, LANDBANK adopts a more proactive perspective towards achieving sustainable development on all fronts. Your sustained expansion of loans to priority sectors and strengthened institutional partnerships — alongside efficient operations management, reliable customer service, and professional development — collectively reinforce your standing as a responsible and responsive financial institution, committed to fostering countryside development.

I count on your continued solidarity with our shared goal of equitable progress. Let us continue working together to ensure financial stability for every Filipino.

A handwritten signature in black ink, appearing to read "Benigno S. Aquino III".

PRESIDENT BENIGNO S. AQUINO III

Republic of the Philippines

By measuring your accomplishments in terms of ecological handprints instead of carbon footprints, LANDBANK adopts a more proactive perspective towards achieving sustainable development on all fronts.

MESSAGE FROM THE CHAIRMAN AND THE PRESIDENT



CESAR V. PURISIMA

Finance Secretary and LANDBANK Chairman

At LANDBANK, sustainability is an enduring commitment, a relentless pursuit, a dawning legacy.

With this as our guide and inspiration, we marked 2011 as another fruitful year in carrying out our development programs with greater zeal, clearer focus, and more intense dedication – buoyed by a social mission that goes beyond financial profitability.

In building a stronger rural economy, we laid another layer of solid bricks to reinforce LANDBANK's position as the leading institution at the forefront of countryside development. As the government's financial arm, it contributes to building a society that is anchored on the pillars of integrity, industry and pride of our heritage. With the renewed courage and newfound daylight shining as beacons, LANDBANK marches on with the nation and its people towards greater progress and sustainable development.

We recorded our accomplishments from the progress we have made on our three business goals – pursuit of mandate, institutional viability and customer service – all converging to stimulate rural economic growth and spur difference in people's lives.

Under Pursuit of Mandate, we have intensified our support to our mandated clients and other priority sectors, with loans growing by 11 percent to P172.1 billion from P155.1 billion in December 2010. The share of loans to priority sectors reached 67.8 percent exceeding the 2011 target of 65 percent. Last year, the total loans released to small farmers and fisherfolk amounted to P40.5 billion, and benefited 943,493 small farmers and fisherfolk nationwide.

Our collective efforts to effectively address the needs of our mandated clients go hand in hand with our determined strides toward self-sufficiency, and Institutional Viability at large. We registered a net income of P9 billion in 2011, 11 percent higher than the P8 billion in 2010.

LANDBANK's strong financial performance has enabled us to remit to the National Government P5 billion in cash dividends as our 2011 net income and balance from our 2010 net income. This is just one of the ways by which LANDBANK supports the nation's fiscal standing and contributes to the government's revenue generation efforts.

With Customer Service being at the core of our institutional existence, we place utmost priority on the implementation of good quality management practices as we continue to move towards the international standardization of our banking operations. LANDBANK continues to play an active role in the National Government's poverty reduction program by working closely with the Department of Social Welfare and Development on its Conditional Cash Transfer (CCT) Program. We disbursed a total of P18.1 billion in cash grants which reached over 2 million beneficiaries nationwide.

These and other major accomplishments under the three business goals are covered in this report, a reflection on the strides we have taken based on the five Sustainability Cornerstones on which we continue to build and align our sustainability efforts. These are Enterprise Development, Community Development, Environmental Protection and Management, Customer Service and Employee Development.

We are pleased that the maiden issue of the LANDBANK Sustainability Report covering the years 2009 and 2010 was off to a good start with an award from the Association of Development Financing Institutions in Asia and Pacific (ADFIAP) which adjudged it as the Best Sustainability Report among the entries from the Asia Pacific Region.

This recognition inspires and challenges us all the more to live up to the vision of LANDBANK to "be the dominant financial institution in countryside development committed to the highest standard of ethics and excellence in the service of the Filipino people."

With a stronger resolve, we will strive to continually translate this vision into action, to build on what it has accomplished, and move forward at a faster and more efficient pace. The institution's gains over the past years are springboards for higher leaps and longer stretches in the far and wide horizon ahead.

The signature of Gilda E. Pico, written in a flowing cursive script.

GILDA E. PICO
President and CEO

ABOUT LANDBANK



Service Delivery Network

LANDBANK is a financial institution wholly owned by the Government of the Republic of the Philippines. It is present in 79 out of the 80 provinces in the Philippines, the most extensive banking network in the country. As of end-December 2011, it has 327 branches and 948 Automated Teller Machines (ATMs) and partnerships in 4 countries.

| | |
|--|-----|
| Branches and Extension Offices | 327 |
| Lending Units | 40 |
| Head Office | 8 |
| Lending Centers (NCR and Provincial) | 32 |
| Tellering Booths | 8 |
| FX Booths | 8 |
| Servicing Unit | 1 |
| Development Assistance Centers (DACs) | 16 |
| Agrarian Operations Centers (AOCs) | 13 |
| ATMs | 948 |
| Overseas Representative Office (Japan) | 1 |

As part of our strategic move to expand our overseas remittance services, we forged partnerships with remittance companies in countries with wide presence of Overseas Filipino Workers (OFWs) to enhance remittance services available to them.

Our partnership with Japan Post, Korea Post and Bangkok Bank via the Eurogiro Payment System generated a monthly average of 700 transactions which amounted to almost \$13 million.

In the United Arab Emirates, we expect our remittance business to grow through our partnership with the UAE Exchange Company.

| Remittance Tie-ups | Areas of Operation | No. of Branches / Outlets |
|-------------------------|--------------------|---------------------------|
| 1. Japan Post | Japan | 3,668 |
| 2. Korea Post | South Korea | 3,671 |
| 3. Bangkok Bank | Thailand | 1,230 |
| 4. UAE Exchange Company | UAE | 550 |

Leadership

The LANDBANK Board of Directors is composed of nine members who are all appointed by the President of the Philippines. Of the nine, five are ex-officio members composed of the Secretary of Finance as the Chairman, the LANDBANK President as the Vice Chairman, Secretary of Agriculture, Secretary of Agrarian Reform, and Secretary of Labor and Employment.

The other four board members are sectoral representatives from the private sector and agrarian reform beneficiaries. The President is the Chief Executive Officer of the Bank, supported by four sector heads.

Organizational Structure

Board of Directors

Chairman Finance Secretary Cesar V. Purisima

Vice Chairperson Ms. Gilda E. Pico

Members Agrarian Reform Secretary Virgilio R. Delos Reyes
 Agriculture Secretary Proceso J. Alcala
 Labor Secretary Rosalinda D. Baldoz
 Mr. Crispino T. Aguelo
 Mr. Victor Gerardo J. Bulatao
 Mr. Tomas T. de Leon, Jr.
 Mr. Domingo I. Diaz

Management Team

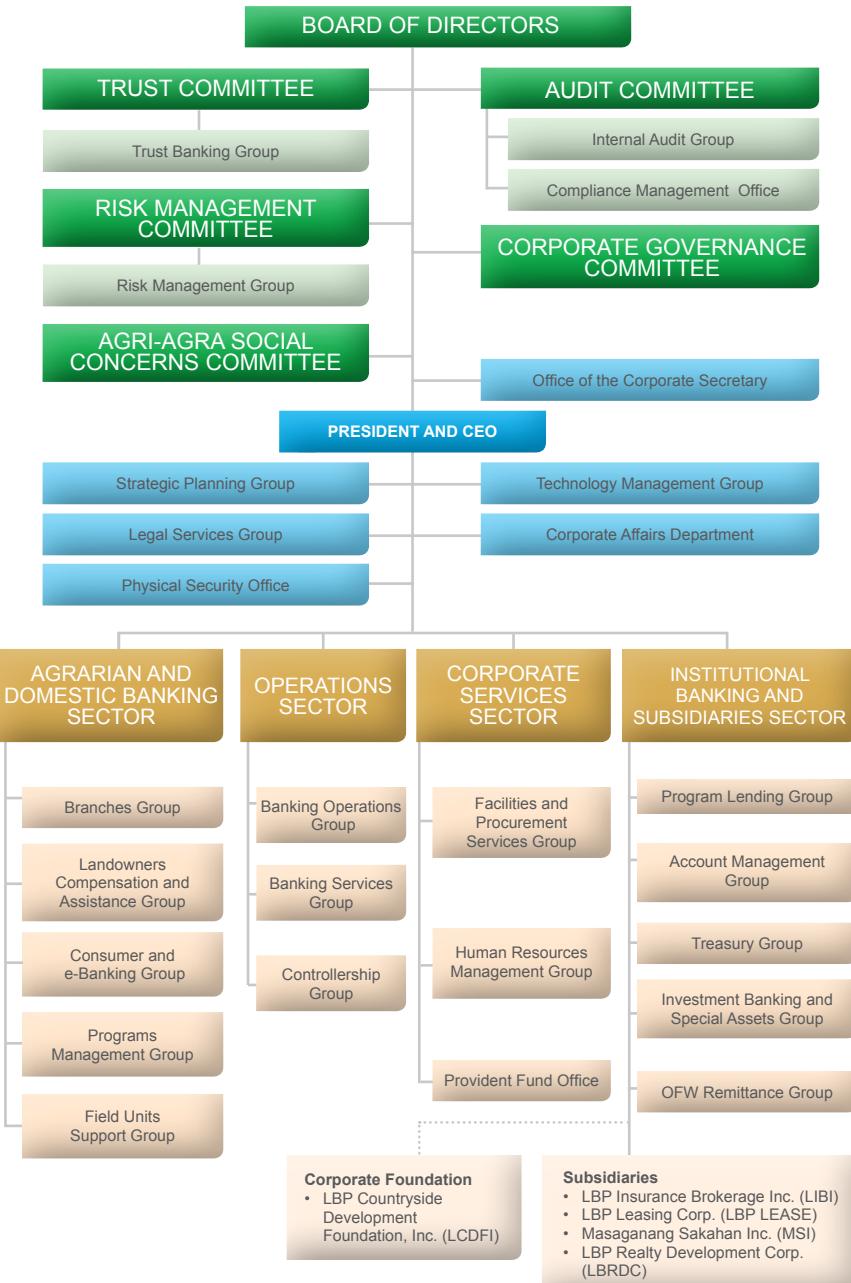
President and CEO Ms. Gilda E. Pico

Agrarian and Domestic Banking Sector EVP Wilfredo C. Maldia

Operations Sector EVP Andres C. Sarmiento

Institutional Banking and Subsidiaries Sector EVP Cecilia C. Borromeo

Corporate Services Sector SVP Jocelyn DG. Cabreza
 (April 18, 2011 - Present)
 FVP Ramon K. Cervantes
 (Aug. 1, 2010 - April 17, 2011)



Industry Ranking

In 2011, LANDBANK retained its hold as the 4th highest ranking commercial bank in the Philippines in terms of assets, loans, deposits and capital.

| Financial Highlights as of 31 December 2011 (in Php Billions) | | | | |
|---|-----------|-----------|----------|-------------|
| | Dec. 2011 | Dec. 2010 | Increase | Growth Rate |
| Assets | 640.3 | 566.8 | 73.5 | 13.0% |
| Loans | 275.0 | 194.0 | 81 | 41.8% |
| Deposits | 507.3 | 433.5 | 73.8 | 17.0% |
| Capital | 71.8 | 63.5 | 8.3 | 13.1% |

Products and Services

LANDBANK provides its retail and institutional clients with a wide variety of banking and financial products, services and programs such as:

- Deposit Products
- E-Banking Products
- Credit Facilities
- Fund Transfer
- Investment Banking
- International Banking
- Specialized Lending
- Trust Products and Services
- Programs for Countryside Financial Institutions
- Programs for Cooperatives
- Enterprise Development Programs
- Institutional Development Programs
- Assistance Programs for Landowners

Credit Rating

| Agencies | Categories | Ratings | |
|--------------------------|--|---------|--------|
| | | 2011 | 2010 |
| Moody's Investor Service | Financial Strength | D- | D- |
| | Foreign Currency Deposits | Ba2/NP | Ba3/NP |
| | Domestic Currency Deposits | Ba1/NP | Ba1/NP |
| | Outlook | Stable | Stable |
| | Support | 3 | 3 |
| | Support Floor | BB | BB- |
| Fitch Ratings | Long-term Issuer Default Rating (Foreign Currency) | BB+ | BB |
| | Long-term Issuer Default Rating (Local Currency) | BBB- | BB |
| | Outlook | Stable | Stable |
| | | | |

Priority Sectors

LANDBANK focuses its credit support to its priority sectors that include small farmers and fisherfolk (SFF); micro, small and medium enterprises (MSMEs); livelihood projects of salaried employees; agribusiness; agri-infrastructure; agri-related and environment-related projects; socialized housing; schools and hospitals.

LANDBANK also extends financial assistance for infrastructure, housing, commercial, industrial and non-agricultural projects of government-owned or controlled corporations (GOCCs) and local government units (LGUs).

Awards and Citations

Top Contributor to the Domestic Debt Consolidation Program

Award-giving Body: Department of Finance / Bureau of Treasury

Outstanding Development Projects:

- Rehabilitation of Existing Level III Municipal Water Supply Distribution System in Bolinao, Pangasinan
- Concreting of farm-to-market roads in Abra
- Construction of the Calapan City Public Market Building and Passenger Terminal

Award-giving Body: Association of Development Financing Institutions in Asia and the Pacific

Special Citation as the first financial agent to complete the Ozone Depleting Substances (ODS) Phase-out Investment Project

Award-giving Body: World Bank

2011 Balikat ng Bayan Award as “Best Paying Commercial Bank”

Award-giving Body: Social Security System

Don Carlos Branch: Best Accredited Collecting Bank for Northern Mindanao for 2010

Award-giving Body: Philippine Health Insurance Corporation Region 10

Certificate of Exemplary Compliance for LANBANK Day Care Center (first GOCC recipient)

Award-giving Body: Department of Social Welfare and Development

Award as Top Contributor to the “Tulong Barya Para sa Eskwela” Coin Recirculation and Donation Project

Award-giving Body: Bangko Sentral ng Pilipinas and Department of Education

ANVIL Award of Merit for the Manila Bay SUNSET Partnership Program (46th Anvil Awards)

Award-giving Body: Public Relations Society of the Philippines

Award as Top Contributor to the “16th Jollibee Maaga ang Pasko” Christmas Outreach Program

Award-giving Body: Jollibee Food Corporation

Scroll of Honor Award for Continuous Commitment to Promote Voluntary Blood Donation

Award-giving Body: Philippine Red Cross



10

Certifications



ISO 9001:2008
(Quality Management System)

Continuing Certification for the branch banking operations of the PEZA-Roxas Boulevard Branch

Continuing Certification for the lending and financial services operations of the Public Sector Department

Continuing Certification for the loan operations of the Pampanga Lending Center



ISO 14001:2004
(Environmental Management System)

Continuing Certification for the Head Office, 10 NCR and 8 provincial branches

CORPORATE GOVERNANCE

LANDBANK looks forward to the attainment of sustainable business objectives built around a formally structured governance framework. It makes sure that the conduct of its day-to-day bank operations is aligned with the highest ideals of ethical standards and customer service, professionalism and regulatory compliance as the fundamental principles of its governance framework. It also aims to adopt best practices and standards on good governance and integrate them whenever possible into the mainstream of LANDBANK culture and convention.

Continuing Governance Efforts

Governance Self-Assessment

As the primary supervisory body on corporate governance, the LANDBANK Board of Directors conducted its 2011 annual performance rating as a whole and as individual members, using a self-rating assessment and performance evaluation system. In like manner, all the Board-level Committees: Corporate Governance Committee, Audit Committee, Risk Management Committee and Trust Committee, completed their respective self-performance evaluation.

Government-Owned or Controlled Corporation (GOCC) Governance Act of 2011

The new Government-Owned or Controlled Corporation (GOCC) Governance Act of 2011 (R.A. 10149) created the Governance Commission for GOCCs (GCG) to conduct a study, among others, on the Qualification of Appointees to GOCCs, Performance Evaluation and Compensation and Classification System. The GCG determines the compensation, per diems, allowances and incentives to the governing bodies of GOCCs. The Bank participates actively in the study and cooperates in the implementation of subsequent regulations.

LANDBANK's comprehensive compensation package is primarily anchored on internal policies and guidelines which are in turn based, among others, on performance, (e.g., Merit Increase Program, Modified Performance Management Program, etc.), and other regulatory provisions, particularly the LANDBANK Charter pursuant to R.A. 3844 as amended.

Reinforcing Socio-Economic Agenda

In a move to emphasize the importance of socio-economic programs, the LANDBANK Board recently approved the creation of Agri-Agra Social Concerns Committee with LANDBANK Director Victor Gerardo J. Bulatao as its Chair, and LANDBANK President and CEO Gilda E. Pico as Vice-Chair. The Committee is basically tasked to oversee and monitor the implementation of various non-credit programs, such as CARP (Comprehensive Agrarian Reform Program), and other agri-agriculture programs of the national government and related diverse social concern programs initiated by the Bank.

Internal Capital Adequacy Assessment Process (ICAAP)

In 2011, the ICAAP Annual Document was developed as a significant step in expanding and strengthening risk management and capital management. It covers nine risk categories, and included more newly developed and assessed risk scenarios. Additional worst-case and severe scenarios were not only assessed but subjected to stress testing as well. The overall conclusion was that LANDBANK's current capital ratio and income generation capabilities allow it to withstand capital reduction resulting from the assumed risk scenarios.

Validation of Risk Models and Setting of Risk Appetite

Spearheaded by its Internal Audit Group (IAG), LANDBANK engaged the services of SGV and Co. to conduct an independent review, technical training and knowledge transfer of applicable risk methodologies in the following key result areas:

- a. Internal Capital Adequacy Assessment Process (ICAAP)
- b. Business Continuity Management (BCM)
- c. Pricing and risk measurement models

During the year, the SGV and Co. was able to complete their independent review of LANDBANK's ICAAP, BCM and Pricing and Risk Measurement Models, as well as the technical trainings on both ICAAP and BCM.

External Quality Assessment of LANDBANK Audit Processes

In line with its thrust of elevating its audit processes to global standards, LANDBANK has approved the external quality assurance review of its audit processes.

Automated Credit Risk Rating Models

LANDBANK's Credit Risk Engine System (CRES) Program has achieved another milestone in formulating automated credit risk rating models, particularly, Behavioral Scorecards for Local Government Units (LGUs) and Countryside Financial Institutions (Rural Banks, Thrift Banks and Cooperative Rural Banks). This definitely raised LANDBANK's portfolio assessment at par with acceptable standards on risk modeling, and a step closer to the adoption of Internal Ratings-Based (IRB) approach in credit risk management. This also supplements the current implementation of Application Scorecard for Livelihood Loans.

For its Internal Credit Risk Rating System, LANDBANK revised the accompanying guidelines particularly to align loan classification with the Composite Risk Rating (CRR) as prescribed by the Bangko Sentral ng Pilipinas (BSP).

Accountability and Assessment

Acts involving graft and corruption committed by LANDBANK employees are reported to the Chairman of the Corporate Governance Committee for those with rank of Senior Vice President (SVP) and above, and to the General Counsel for those below SVP level. Any report or complaint on fraud or dishonesty and other procedural lapses are coursing through the Administrative Legal Department (ALD) and the Accountability Assessment Committee (AAC) for appropriate action.

LANDBANK issued a number of applicable measures promoting its commitment to the highest standards of ethics and moral values as an embodiment of its social duty as well as

to comply with pertinent laws and regulations such as R.A. No. 6713 (An Act Establishing a Code of Conduct and Ethical Standards for Public Officials and Employees), R.A. No. 3019 (Anti-Graft and Corrupt Practices Act.), etc. These include:

1. LANDBANK Code of Conduct (with each LANDBANK employee required to sign an annual certificate of recommitment to the Code)
2. Guidelines on the Conduct of Enhanced Customer Due Diligence for Politically Exposed Persons (PEP) and referred clients
3. Guidelines on Conflict of Interest
4. Guidelines Prohibiting Solicitation and Acceptance of Gifts and Donations
5. Guidelines on Internal Whistleblowing and Reporting
6. Guidelines on Security Measures

Moreover, IAG has completed the risk-based audit of all operating units of the Bank within its 3-year plan.

Compliance Management

As part of LANDBANK's aim to further strengthen its implementation on regulatory compliance, it implements the Money Laundering and Terrorist Financing Prevention Program. To promote compliance across the institution, the Anti-Money Laundering Compliance Officer and Compliance Coordinators for all Bank units were designated. These efforts are supported by the AMLA bank-wide seminars conducted for employees, including members of the Board.

Other notable compliance measures include Branch-wide compliance testing, pilot implementation of compliance risk-based methodology manual for Head Office-based units together with Intramuros Branch and periodic updating of the CMO operations manual.

Risk Management

In addition to the foregoing risk management measures, the Risk Management Group (RMG) initiated a number of new and enhanced risk management policies and procedures. The new risk measures implemented include: (a) development of Legal Risk Management Framework and designation of Legal Risk Management Focal Person; (b) programs for operational risks, IT management and market risks; and (c) Risk management program implementation plan for Trust Banking Group and LANDBANK subsidiaries.

Moreover, RMG has successfully launched the ERM Program - Phase I for LANDBANK's top 5 risks which are as follows:

1. Client Relationship Management
2. Counterparty Credit
3. IT Management
4. Market
5. People

LANDBANK plans to implement the ERM Phase II in 2012 which will focus on the next top 7 priority risks.

Gender and Development Program

In compliance with the Magna Carta of Women, LANDBANK is instituting programs in support of gender and development for both its external and internal clients. More specifically, LANDBANK provides assistance through developmental financing to projects for women in various provinces in the country. At its Main Office, LANDBANK operates an on-site day care facility in support of employees who have difficulty finding child care at home, in addition to the provision of a suitable lactation room.

Integrity in the Workplace

Integrity is highly valued in LANDBANK. Trust is one of the Bank's four corporate values. As part of this commitment towards achieving integrity, various programs and initiatives have been put in place to ensure that this is upheld across all levels at all times:

- The Bank's Committee on Decorum and Investigation (CODI), which was created in 2002 in compliance with the Civil Service Commission (CSC) Administrative Disciplinary Rules on Sexual Harassment Cases, formulated and sought CSC's approval on the internal rules governing the said cases. Prevention of the occurrence of sexual harassment or misconduct formed part of the major scope of the Code of Conduct for LANDBANK Employees and the Bank's continuing reorientation program for its employees.
- With the creation of the Bank's Integrity Committee since 2009, LANDBANK has continuously supported the Government's moral renewal program as embodied in Malacañang Administrative Order No. 255, as well as reinforce its compliance with the specific provisions of RA Nos. 6713 and 3019.
- The month of January has been declared as the Bank's Code of Conduct Month to enhance employees' adherence to the Code.
- The Ethics Hotline has been established to provide an avenue for LANDBANK employees to report any impropriety in the Bank's operations.
- From June 2010 to December 2011, the Bank collaborated with the Development Academy of the Philippines (DAP) for the conduct of the Integrity Development Review (IDR), a preventive measure against corruption commonly dubbed as PRIDE or Pursuing Reforms through Integrity Development. The IDR entails a systematic assessment of the Bank's corruption resistance mechanisms and its vulnerabilities to corruption. Thirty six (36) business units or 6.73% of total business units were analyzed for risks related to corruption.

The full report on the results of the IDR for LANDBANK submitted by DAP in December 2011 showed a number of action plans to be undertaken including the amendment of certain policies and guidelines to strengthen the Bank's resistance against graft and corruption, and effectively manage pertinent risks, when and if they occur.

- In 2011, the Bank continued the conduct of the Workplace Ethics and Values Enhancement (WEAVE) Program in partnership with the Civil Service Commission. A total of 342 employees participated in the WEAVE in 2011, bringing the number of total attendees to 871, or 13 percent of the total Bank population, since the program's initial implementation in 2009.

STAKEHOLDERS' ENGAGEMENT

| STAKEHOLDERS | KEY ISSUES AND CONCERNS | AREAS OF ENGAGEMENT AND INTERACTION |
|---|--|--|
| Government, Regulators and Program Partners | | |
| National Government Local Government Units Government Regulatory Authorities <ul style="list-style-type: none"> Bangko Sentral ng Pilipinas Department of Finance Department of Budget and Management Department of Agrarian Reform Department of Agriculture Presidential Agrarian Reform Council Bureau of Treasury Philippine Deposit Insurance Corporation Commission on Audit Bureau of Internal Revenue Civil Service Commission Securities and Exchange Commission | <ul style="list-style-type: none"> Dividends remittance Transparency and good governance Compliance with all laws, rules, regulations and policies Payment of taxes Countryside development and nation-building Leadership succession Landowners compensation Land valuation | <ul style="list-style-type: none"> Bank ownership Regulatory issuances Loan transactions Development agreements Program partnerships and tie-ups Networking, dialogue and consultations Timely and accurate disclosures |
| Internal Stakeholders | | |
| <ul style="list-style-type: none"> Bank Officers Employees Consultants Service Company Workers | <ul style="list-style-type: none"> Salary and benefits Employment security Work environment Career development and enhancement | <ul style="list-style-type: none"> Institutional events In-house communication (newsletters, intranet, email) Letters and memos Public address system Bulletin boards |
| Bank Clients | | |
| <ul style="list-style-type: none"> Cooperatives and Farmers Associations Small and Medium Enterprises Countryside Financial Institutions Local Government Units (LGUs) National Government Agencies Government owned and controlled corporations (GOCCs) State Universities and Colleges Private companies Other institutional clients Individuals | <ul style="list-style-type: none"> Quality customer service Secured, reliable and convenient banking Financial access (loan accessibility and repayment) Profit generation Business management | <ul style="list-style-type: none"> Addressing customer needs (branches, customer care centers, website) Prompt feedback and action on complaints Conducting and tracking customer feedback Adopting industry best practices on customer relations |
| Industry Organizations | | |
| <ul style="list-style-type: none"> Asia-Pacific Rural and Agricultural Credit Association Association of Development Financing Institutions in Asia and the Pacific Bank Marketing Association of the Philippines Bankers Association of the Philippines Rural Bankers Association of the Philippines Bankers Institute of the Philippines Philippine Business for the Environment Philippine Association of National Advertisers Public Relations Society of the Philippines International Association of Business Communicators-Philippines Development Communication Network Other organizations | <ul style="list-style-type: none"> Professional accreditation and recognition Industry benchmarking Compliance to banking regulations | <ul style="list-style-type: none"> Seminars, meetings and conference Dialogues and consultations Sharing of best practices Accreditation process Enforcing self-regulation |

| STAKEHOLDERS | KEY ISSUES AND CONCERNs | AREAS OF ENGAGEMENT AND INTERACTION |
|---|---|--|
| | Business Partners | |
| <ul style="list-style-type: none"> Asian Development Bank (ADB) International Fund for Agricultural Development (IFAD) Japan Bank for International Cooperation (JBIC) Japan International Cooperation Agency (JICA) Kreditanstalt für Wiederaufbau (KfW) World Bank (WB) | <ul style="list-style-type: none"> Project sustainability and impact Business generation / profit Customer / beneficiary reach | <ul style="list-style-type: none"> Developmental loans Technical assistance Joint agreements, ventures and tie-ups |
| | Communities | |
| <ul style="list-style-type: none"> Various communities in the country that have been beneficiaries of LANDBANK's services and/or partners in undertaking Corporate Social Responsibility (CSR) initiatives Non-Governmental Organizations (NGOs) | <ul style="list-style-type: none"> Financial inclusion and literacy Corporate social responsibility | <ul style="list-style-type: none"> Implementing CSR and grassroots development programs Support thru donations and sponsorships (cash and in-kind) |
| | Media Organizations | |
| <ul style="list-style-type: none"> Major Television, Radio and Print organizations | <ul style="list-style-type: none"> Public information Promotion and publicity Availability for issues clarification | <ul style="list-style-type: none"> Press conferences and briefings Press releases Interviews Networking (media practitioners) Advertising |
| | Service Firms, Suppliers and Consultants | |
| <ul style="list-style-type: none"> Various suppliers of products, goods and services | <ul style="list-style-type: none"> Professionalism Ethical standards and good governance Transparency and accountability Timeliness of deliveries and payments Upholding contracts | <ul style="list-style-type: none"> Support for operations Purchase of supplies Accreditation processes Performance evaluation and reviews |



STAKEHOLDERS' ENGAGEMENT

SUSTAINABILITY AT LANDBANK

Economic Impact

LANDBANK has achieved great strides in carrying out its unique mission of sustaining profitable banking operations while fulfilling a social mandate – as a catalyst of change for countryside growth and development despite the economic challenges in 2011.

15

| (In P Millions) | 2011 | 2010 |
|---|--------|--------|
| Gross Revenues | 34,143 | 34,392 |
| Net Income | 9,018 | 8,060 |
| Salaries and benefits paid to employees | 6,456 | 6,071 |
| Taxes and licenses paid to the government | 8,462 | 7,809 |
| Dividends paid to the National Government | 4,590 | 4,030 |
| Donations / Charitable contributions | 52 | 42 |



ENTERPRISE DEVELOPMENT

Through innovation, LANDBANK advances its operations to new levels, either by creating new programs or expanding existing ones, and these in turn create new business values contributing to the Bank's move towards sustainability. We continue to improve our economic performance and market presence by funding the priority sectors, providing lending initiatives to cooperatives and microfinance institutions, strengthening countryside financial institutions and developing partnerships through key cooperatives.

Sustainability at LANDBANK

Sustainable development is inherent in LANDBANK, from its vision and mission to its products and services, and reflected in the specialized programs for its stakeholders.

Towards this goal, LANDBANK's sustainability agenda is anchored on five cornerstones: enterprise development, community development, environmental protection and management, customer service, and employee development. By aligning our operations with these cornerstones, sustainability at LANDBANK is strengthened.



COMMUNITY DEVELOPMENT

LANDBANK believes that in order for development to be sustainable, we must empower our stakeholders by providing them with the necessary skills to develop their full potentials, and in the process, effect change in their own communities. We strive to achieve positive social change through projects and programs such as institutional development and upgrading of cooperatives and microfinance institutions, scholarship programs, and others.

ENVIRONMENTAL PROTECTION AND MANAGEMENT

It is entrenched upon each one of us at LANDBANK to act and contribute in our initiatives to protect and manage our already scarce natural resources. We are united towards saving our environment for future generations by reducing our carbon footprint and increasing our ecological handprint. We are doing this by institutionalizing our environmental management system, implementing environmental due diligence in credit delivery, and financing and managing climate change and environmental projects, ever mindful that this is our planet, our environment, our responsibility.

CUSTOMER SERVICE

In LANDBANK, customer service is an extremely important part of maintaining on-going client relationships – a key to continuing revenue generation. We are committed to provide value-added services to external and internal customers as part of our overall approach to systematic improvement of services. Thus, our programs and activities geared to enhance the Bank's products and services include enhancing core banking processes through quality management systems, improving delivery channels for customers, upgrading information technology and automation, and recognizing outstanding partners.

EMPLOYEE DEVELOPMENT

Employees are a primary asset at LANDBANK. We believe in investing in human capital through the development of an effective, highly professional and dedicated workforce. We engage them by nurturing their professional and personal growth. We endeavour to strike a delicate balance between an individual's career needs and the Bank's need for exemplary work, which ensures that a support system is in place for the sustainability of our operations and development efforts. We also make sure that our employees are stakeholders of our corporate social responsibility by encouraging them to take part in the Bank's CSR programs through volunteerism.



Elmir Ayaton

President, Reg En Jo's Trading (Compagnia Wine)
Beneficiary, OFW Reintegration Program

ENTERPRISE DEVELOPMENT

Creating Sustainable Livelihood for Progress

"Kung anuman ang narating at mararating ko sa mga susunod pang mga araw, ito ay utang ko sa mga nagtiwala sa akin at naniwala sa aking proyekto tulad ng LANDBANK. Mula po sa Reg En Jo's Compagnia Wine, taospuso po akong nagpapasalamat sa pagtaya ng LANDBANK sa aking adbokasiya at determinasyon na magtagumpay. Dahil dito, nabigyan ang isang tulad ko ng pagkakataon na makamtan ang mga magagandang adhikain sa buhay."

From 2001 to 2010, Elmir worked as a hotel staff in the Middle East, then as a crew member of a luxury liner which travelled the US, Europe, Mediterranean and the Caribbean. When his contract expired in 2010, he opted not to renew it and instead availed of LANDBANK's OFW Reintegration Program. From an initial capital investment of P400,000 in March 2011, Reg en Jo's now has a total assets worth of more than a million pesos and 11 full-time employees. A top seller is their famous Ice Wine, a high end dessert wine made from select Canadian frozen grapes. His other bestseller wine variants include: Mango, Pineapple, Strawberry, Cherry, Bignay and Basil.

Credit Support to the Priority Sectors

LANDBANK has always been primarily focused on intensifying credit and development support to the priority sectors throughout its years of operation. These priority sectors are the: small farmers and fisherfolk (SFF), microenterprises and small and medium enterprises (MSMEs), agribusiness, agri-infrastructure projects of local government units (LGUs), agriculture-related projects of government-owned or controlled corporations (GOCCs), livelihood projects of salaried individuals, environment-related projects, socialized housing and schools and hospitals.

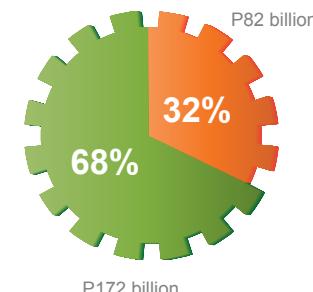
The loans extended to priority sectors rose by 11% from P155.1 billion in 2010 to P172.1 billion, or 67.8% of LANDBANK's total regular loan portfolio of P253.8 billion in 2011.

| LOANS TO PRIORITY SECTORS (In P Billion) | | | | |
|---|--------------|--------------|--------------|--------------|
| Sectors | 2011 | % Share | 2010 | % Share |
| Farmers and Fisherfolk | 31.4 | 12.4 | 24.1 | 11.3 |
| Microenterprises and Small and Medium Enterprises | 21.2 | 8.4 | 22.3 | 10.5 |
| Agribusiness | 21.4 | 8.4 | 22.7 | 10.6 |
| Agri-Infrastructure | 32.2 | 12.7 | 30.9 | 14.4 |
| Agri-Related Projects | 40.3 | 15.9 | 30.2 | 14.1 |
| Livelihood Loans | 5.5 | 2.1 | 5.0 | 2.4 |
| Environment-Related Projects | 6.5 | 2.6 | 4.7 | 2.2 |
| Socialized Housing | 6.7 | 2.6 | 8.0 | 3.7 |
| Schools and Hospitals | 6.9 | 2.7 | 7.2 | 3.4 |
| Total Priority Sector Loans | 172.1 | 67.8 | 155.1 | 72.6 |
| Other LGU Loans | 9.0 | 3.6 | 8.7 | 4.1 |
| Other GOCC Loans | 23.2 | 9.1 | 5.8 | 2.7 |
| Infrastructure Development | 10.6 | 4.2 | 9.9 | 4.7 |
| Housing | 2.3 | 0.9 | 1.7 | 0.8 |
| Others | 36.6 | 14.4 | 32.3 | 15.1 |
| Total Other Sector Loans | 81.7 | 32.2 | 58.4 | 27.4 |
| TOTAL LOAN PORTFOLIO | 253.8 | 100.0 | 213.5 | 100.0 |

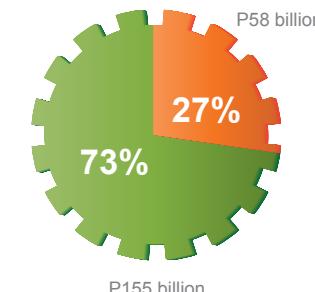
Loan Portfolio Distribution

■ Priority ■ Others

2011



2010



18



| PRIORITY SECTORS | STATUS / IMPACT AS OF END-2011 |
|--|--|
| Small Farmers and Fisherfolk (SFF) | <p>Loan releases to SFF amounted to P 40.5 billion, 25% or P 8.2 billion higher than the P 32.3 billion released in 2010. The P 40.5 billion credit assistance benefited 943,493 small farmers and fisherfolk nationwide. These loans were channeled through 979 accredited farmers and fisherfolk cooperatives and 367 countryside financial institutions (CFIs), such as rural banks, cooperative banks and development banks.</p> <p>Loans outstanding to small farmers and fisherfolk reached P 31.4 billion, 30% higher than the P 24.1 billion in 2010. The P 31.4 billion benefited a cumulative 3.2 million small farmers and fisherfolk nationwide.</p> |
| Microenterprises and Small and Medium Enterprises (MSMEs) | <p>Loans outstanding to MSMEs reached P 21.2 billion, or 5% lower from P 22.3 billion in 2010. Of the P 21.2 billion, P 5.8 billion were extended to microenterprises and P 15.4 billion to SMEs.</p> |
| Agribusiness | <p>Outstanding loans to private agribusiness enterprises amounted to P 21.4 billion, 6% lower than the P 22.7 billion in 2010.</p> |
| Agri-infrastructure projects for Local Government Units (LGUs) | <p>Total outstanding loans to LGUs reached P 45.8 billion or 5% higher than the P 43.8 billion recorded in 2010. Of the P 45.8 billion, P 32.2 billion were used to finance agri-infrastructure and other agri-related projects, P 4.4 billion for schools and hospitals and P 234.5 million for socialized housing while the remaining P 9.0 billion were for other LGU developmental projects. These loans benefited a total of 854 LGUs covering 47 provinces, 82 cities and 725 municipalities nationwide.</p> |
| Agri-related Projects of Government-Owned and Controlled Corporations | <p>Outstanding loans reached P 40.3 billion, 33% or P 10.1 billion higher than the P 30.2 billion in 2010.</p> |
| Livelihood Loans | <p>Outstanding loans amounted to P 5.5 billion, 10% or P 0.5 billion higher than the P 5.0 billion in 2010.</p> |
| Environment-related Projects | <p>Outstanding loans rose to P 6.5 billion, 38% or P 1.8 billion higher than the P 4.7 billion in 2010.</p> |
| Socialized Housing | <p>Outstanding loans amounted to P 6.7 billion, 16% or P 1.3 billion lower than the P 8.0 billion in 2010.</p> |
| Schools and Hospitals | <p>Outstanding loans reached P 6.9 billion, 4% or P 0.3 billion lower than the P 7.2 billion in 2010.</p> |

Development Programs for Small Farmers and Fisherfolk Cooperatives and Microfinance Institutions

Apart from credit support, LANDBANK provides development, technical and institution-building programs to its mandated clients -- the farmers and fisherfolk -- aimed at improving their economic viability and operational capabilities to achieve progress and development for the nation.

Food Supply Chain Program

LANDBANK's Food Supply Chain Program, in partnership with the Department of Agriculture and the Department of Finance, aims to increase farmer's income by way of providing necessary financial and technical support along the value-added chain of a commodity or industry.

For 2011, loan releases amounted to P9.1 billion. For the period October 2010 to December 2011, a total of P9.8 billion was released for 140 projects participated by 381 conduits (farmer cooperatives and associations and non-governmental organizations), and 140 anchor firms which benefited 78,050 farmer-beneficiaries nationwide.

| Region | No. of Projects | No. of Anchor Firms | No. of Conduits | No. of Farmer-Beneficiaries |
|--------------|-----------------|---------------------|-----------------|-----------------------------|
| Luzon | 104 | 104 | 290 | 48,713 |
| Visayas | 12 | 12 | 17 | 3,895 |
| Mindanao | 24 | 24 | 74 | 25,442 |
| TOTAL | 140 | 140 | 381 | 78,050 |

LBP Rice Productivity Program

LANDBANK's Rice Productivity Program supports the government's efforts to increase rice production and eventually achieve food self-sufficiency.

In 2011, loans released for palay production reached P15.5 billion, up from P12.9 billion in 2010. This assisted 517,835 palay farmers through 1,074 conduits.

Agricultural Guarantee Fund Pool (AGFP)

As of December 31, 2011, the AGFP provided a total guarantee coverage of P8.9 billion, participated in by 378 credit conduits and assisted 108,045 farmers with a corresponding farm area of 237,937 hectares.



Development Advocacy Program

The Development Advocacy Program uses new lending modalities such as receivables financing, purchase order financing, and household cashflow-based financing and credit enhancement instruments like market contracts or guarantee covers.

As of December 31, 2011, loans released reached P5.3 billion and assisted 85,482 small farmers and fisherfolk, microenterprises and SMEs through 1,095 farmers cooperatives, farmers organizations, irrigators associations, federations and SMEs.

LANDBANK's Strategic E-Commerce Program (LBP-B2BPrincenow.com Program)

In 2011, the online payment system of the LBP-B2BPrincenow.com Program became operational in collaboration with LANDBANK's Electronic Products Department. The e-payment system enables users to conduct fast, secure and convenient payment for products and other commodities. Online trade transaction is performed through an auto-debit arrangement where the transacting parties nominate their LANDBANK accounts as the settlement account.

As of December 31, 2011, there were 6,831 business institutions which posted their products on the website. Agricultural commodities with aggregate value of P7.7 billion have been posted by 2,069 sellers through this system.

Technology Promotion Center (TPC) Program

The Program established 16 tie-ups with state universities and colleges and private technology providers for the commercialization of viable agriculture-based technologies.

Technology Promotion Center Program Performance as of 31 December 2011

| | |
|--|--------|
| No. of TPCs Established | 16 |
| No. of Technologies Commercialized | 25 |
| No. of Cooperatives / People's Organizations / SMEs Adoptors | 216 |
| No. of Small Farmers and Fisherfolk Assisted | 17,000 |
| Amount of Loans Released | P652 M |

Microfinance Program for Microfinance Institution (MFI) Retailers

As of 31 December 2011, the LBP Microfinance Program for MFI Retailers released loans to micro-entrepreneurs amounting to P9.4 billion with outstanding balance of P3.9 billion. These were channelled to 175 MFI conduits nationwide and benefited 351,582 micro-entrepreneurs.

Grassroots Development Program

In 2011, the Grassroots Development Program was developed to extend credit and technical support to small farmers and fisherfolk and micro-entrepreneurs in un-served municipalities. Loans are extended through grassroots-enabling partners, such as agri-business entities and non-governmental organizations. With an initial allocation of P500 million, the program provides and makes available three (3)-year term loan as working capital to participating CFIs and MFIs.

An initial amount of P50 million was also earmarked as technical assistance fund for capacity development, livelihood training and organization building to qualified CFIs and MFIs. LANDBANK was able to penetrate 25 out of the 70 identified un-served municipalities.

Strengthening Countryside Financial Institutions

LANDBANK also provides programs to assist its conduit partners, the countryside financial institutions, rural banks, thrift banks and cooperative banks to strengthen and expand their agri-lending operations in the countryside.

Equity Investments Capital Infusion Program (2nd Tranche)

As of 31 December 2011, outstanding balance under this program amounted to P66 million net of redemptions made by two (2) rural banks.

Risk Recovery Program-Type 2

LANDBANK approved the redemption of P5.6 million worth of equity investments to four (4) CFIs with payment plan of two to five years. Also, five (5) CFIs had partial redemption of equity investments amounting to P 0.2 million.

Three (3) CFIs have submitted their requests to BSP for the redemption of their equity investments amounting to P8 million.

LBP Rediscounting Line for Countryside Financial Institutions

The rediscounting line in 2011 reached P31 billion, which was released to 372 CFIs and benefited 416,805 SFF and MSME borrowers.

Unsecured Subordinated Debt Facility for Rural Banks

LANDBANK's subscription to the CFI's lower tier 2 issuance forms part of the CFI's Tier 2 capital which allows the CFI to increase its risk-based capital adequacy ratio. The proceeds can also be used by the CFI to expand its credit operations to SFFs and MSMEs.

As of December 31, 2011, outstanding balance stood at P791 million to thirteen (13) CFIs.

Strengthening Program for Cooperative Banks

In 2011, LANDBANK developed the Strengthening Program for Cooperative Banks in coordination with the BSP and the Philippine Deposit Insurance Corporation (PDIC). The program aims to encourage mergers, consolidation or acquisition of weak cooperative banks by strong partners or Strategic Third Party Investors (STPIs) that will result in a stronger, consolidated or merged bank with the capability to sustain its operations.

Fifteen (15) cooperative banks have already signified their intention to participate in the program.



Support Programs for Other Priority Sectors

Land Development and Housing Program for LGUs

In November 2011, we forged a tie-up with Home Development Mutual Fund (HDMF) to make home ownership more accessible to LGU employees and their constituents in support of the government's overall thrust of providing affordable housing to more Filipino families. Under the arrangement, the HDMF will deposit with LANDBANK funds amounting to P5 billion under this program.

As of end-2011, there were 31 LGUs that signified their interest to avail of this facility with estimated aggregate loans of P399 million.

OFW Re-integration Program

In August 2011, LANDBANK and the Overseas Workers Welfare Administration (OWWA) entered into a partnership to provide Overseas Filipino Workers (OFWs) opportunities to engage in enterprise or livelihood projects on a sustainable basis. This is to provide alternative sources of income to OFWs in case of displacement, or to augment their family income.

As of end-December 2011, LANDBANK has released P75.1 million in loans to 166 OFW-borrowers and generated 643 jobs. Projects undertaken by these OFWs are either agricultural or non-agricultural in nature. These businesses are in such areas as rice trading, duck raising, poultry and egg production, meat processing, internet café, transportation operation, health and beauty services, or grocery/retail stores, among others.





Anna Villa E. Pongasi (2nd from left)
3rd Year High School, Colegio de Santo Niño de Jasaan
Misamis Oriental

Antonio Pongasi (3rd from left)
Father

COMMUNITY DEVELOPMENT

Building Self-Sufficient and Empowered Communities

Nagpasalamat po ako sa LANDBANK dahil sa tulong na ginagawa ninyo para sa akin. Bilang iskolar, na-improve ko po ang aking pag-aaral dahil sa pagsikap at pagsisipag. Dahil sa tulong ng LANDBANK, nakapag-aral ako sa pribadong paaralan. - Anna Pongasi

"Malaking tulong po sa aming pamilya na iskolar ng LANDBANK ang aming anak, lalo na sa mga mahihirap na tulad namin. Maraming salamat sa tulong ninyo at malapit nang makaraos ng 4th year si Anna. Nalutas po ang mga problema namin sa pag-aaral niya. Dahil dito, hindi namin kayo malilimutan kailanman." - Antonio Pongasi

Launched in August 2003 in celebration of LANDBANK's 40th anniversary, GAWAD PATNUBAY has been LANDBANK's national scholarship program for forty (40) children and dependents of agrarian reform beneficiaries (ARBs). Administered by the LANDBANK Countryside Development Foundation, Inc. (LCDFI), the program is distinct as it is funded by the voluntary contributions of LANDBANK employees donated from their salaries comprising the last hour of the last day of work of each year. This steady source of funding allowed the sustained education of the scholars beginning Grade 1 to 4th Year High School.

LANDBANK is uniquely structured to address the needs of its priority clients through appropriate and timely delivery of credit and technical assistance to cooperatives and farmers' associations.

There are 32 Lending Centers (LCs) and 16 Development Assistance Centers (DACs) nationwide that carry out the various credit and technical assistance programs of the Bank.

| Units Concerned | Number of Units | Number of Personnel |
|-------------------------------------|-----------------|---------------------|
| HEAD OFFICE | | |
| Programs Management Group | 4 | 37 |
| □ Office of Group Head | | 2 |
| □ Program Management Department I | | 10 |
| □ Program Management Department II | | 16 |
| □ Development Assistance Department | | 9 |
| FIELD LEVEL | | |
| Lending Center | 32 | 714 |
| Development Assistance Center | 16 | 165 |
| TOTAL | 52 | 916 |

The various programs aimed at promoting institutional and enterprise development of cooperatives and farmers' associations are initially formulated at the LANDBANK's head office through the Programs Management Group (PMG). These programs are undertaken at the field level through the DACs, which are strategically located in all regional and area offices of the Bank.

As of December 31, 2011, a total of 916 LANDBANK personnel are involved in the implementation of credit and technical assistance programs for cooperatives and farmers' associations. These programs offer technical support to cooperatives and farmers' associations through capability building, technology promotion, market linkage establishment, coaching, performance assessment, and action planning.

Complementing the BANK's technical assistance to clients is the LANDBANK Countryside Development Foundation, Inc. (LCDFI). Its training programs and other capacity building activities benefit clients including cooperatives and farmers' associations participating in the various programs of the Bank and partner microfinance institutions that provide direct financial assistance to farmers. LCDFI has a manpower complement of 12.

Institutional Development and Upgrading of Cooperatives

To properly facilitate the delivery of financial and technical assistance to cooperatives, the LANDBANK makes use of Cooperative Accreditation Criteria (CAC), in which cooperatives intending to avail of the Bank's assistance are initially accredited using this instrument. For existing bank-assisted cooperatives, the tool is used to determine the cooperative's maturity level.

Generally strong cooperatives are classified A or B under the CAC, while those under class C and D require further development assistance to strengthen and eventually upgrade them. Cooperatives that have not reached the minimum score under CAC are considered class F and need further technical assistance from the Bank.

The results of the accreditation process indicate the areas where the cooperative needs to improve on.

In 2011, 61% or 929 are classified A and B and are considered strong cooperatives. These co-ops have an aggregate membership of 1.2 million, or 89% of the total number of members. From 2010, there was an average upgrading rate of about 13% from one level to the next higher level among the bank-assisted cooperatives. This is attributed to the various technical assistance programs and strategies that are being continuously provided by the Bank to the cooperatives to address their capacity building needs in order for them to be elevated to higher levels of maturity.



| Maturity Level | 2011 | | 2010 | |
|----------------|------------------------|-------------------|------------------------|-------------------|
| | Number of Cooperatives | Number of Members | Number of Cooperatives | Number of Members |
| A | 460 | 854,496 | 342 | 660,842 |
| B | 469 | 344,402 | 505 | 425,427 |
| C | 342 | 93,066 | 361 | 97,018 |
| D | 193 | 41,977 | 228 | 56,236 |
| F | 65 | 12,937 | 86 | 15,797 |
| Total | 1,529 | 1,346,878 | 1,522 | 1,255,320 |

Developing Partnerships through Key Cooperatives

LANDBANK also taps strong bank-assisted municipal, lead cooperatives that serve as its development partners in assisting small farmers and fisherfolk, as well as other priority underserved sectors. These strong cooperatives, which are either Class A or B have the option of being accredited as key cooperatives.

The key cooperative's roles include absorbing good paying members from disenfranchised cooperatives, engaging in inter-cooperative business complementation, and establishing linkage with government and private institutions.

As motivation for a key cooperative to sustain its good performance, the issuance of a Certificate of Good Standing entitles the cooperative to incentives. These include, among others, reduction of one percent interest rate, subsidized training fund, and possible recognition under the Bank's Gawad PITAK program.

In 2011, LANDBANK was able to accredit additional 11 key cooperatives thereby increasing the total number to 221 from the 210 accredited key cooperatives as of December 2010.

Training Programs for Cooperatives and Microfinance Institutions

LANDBANK continued to provide capacity-building for cooperatives and farmers' associations in 2011. The Development Assistance Centers (DACS) and the LANDBANK Countryside Development Foundation, Inc. (LCDFI) conducted a total of 603 trainings to 3,751 cooperatives that benefited 52,448 members.

Training Activities Conducted in 2011

| | DACs | LCDFI | Total |
|-------------------------|--------|-------|--------|
| Cooperatives | | | |
| Number of trainings | 471 | 132 | 603 |
| Number of cooperatives | 3,070 | 681 | 3,751 |
| Number of beneficiaries | 47,739 | 4,709 | 52,448 |



Scholarship Programs for Agrarian Reform Beneficiaries and Underprivileged Children

LANDBANK and its employees support the secondary education of 40 children of Agrarian Reform Beneficiaries under the Gawad Pag-aarial Tungo sa Maunlad na Bayan (Gawad-Patnubay). The program started when the children were still in their primary school level. The scholars are enrolled in various schools located in Batangas, Mindoro Oriental, Quezon Province, Negros Occidental, Negros Oriental, Iloilo, Bukidnon, Misamis Oriental, South Cotabato and Davao del Sur. LCDFI handles the monitoring, conduct of consultation activities, and provision of other support services to the scholars. For school year 2011, 33 scholars were in first year high school, 5 in second year high school, one in third year high school, and one in Grade 6.

Together, they are also actively participating in the support program called Tulong Aral in partnership with Petron Foundation. The partnership started in 2008, benefitting 95 scholars in their secondary level who are expected to graduate in 2012.

Every year, LANDBANK employees voluntarily contribute a minimum of one hour worth of wages to finance these scholarship programs.

| Program | Number of Scholars | Funding for 2011 |
|----------------|--------------------|------------------|
| Gawad Patnubay | 40 | P0.969 M |
| Tulong Aral | 95 | P1.000 M |

Integrated Community Development Program (ICDP)

This convergence program, intended to address issues of poverty, is a partnership of LCDFI with key cooperatives and microfinance institutions. A total of 17 community development projects, with 23 cooperatives and partner microfinance institutions were undertaken. Total contributions by LCDFI reached P219,030. These initiatives implement projects in the following areas of concern: livelihood opportunities through microfinance services and trainings, business development, health and nutrition, access to clean water, and decent housing, among others.





ENVIRONMENTAL PROTECTION AND MANAGEMENT

Preserving the Environment through Positive Change

"It is our great honor working with LANDBANK and being one with them in harmonizing economic growth within our beloved Bohol without destroying the environment by promoting climate change-mitigation programs through our Animal Waste-to-Energy Clean Development Mechanism (CDM) project spearheaded by LANDBANK. We are looking forward towards a fully, agriculturally-developed BOHOL with the undying support from LANDBANK who will continue saving the environment through its climate change alleviation projects."

Marlito C. Uy

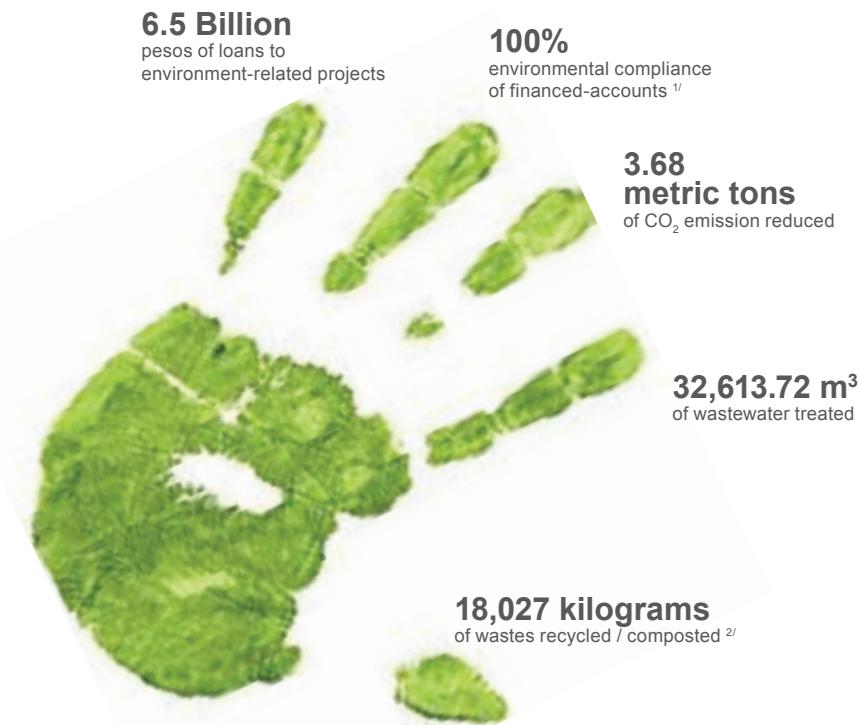
President and General Manager,
Marcela Farms, Inc.

Marcela Farms, Inc. (MFI) has been a LANDBANK client since 1994. Its animal waste treatment facility is the first project under LANDBANK's program on climate change mitigation within the context of Clean Development Mechanism (CDM) of the Kyoto Protocol. The treatment facility of MFI recovers methane (a greenhouse gas) - rich biogas from wastes of 40,000 pigs in its 42-hectare farm using 2 anaerobic biodigester facilities, which allows the farm to generate carbon credits. The biogas collected is used as fuel to the farm's generator sets, which replace the use of fossil fuel for up to 840 KW of power.

In May 2011, MFI was a recipient of a technical assistance grant from the Global Methane Initiatives for its CDM component such as flare and monitoring equipment, and training on the installation and safety practices for gas handling systems. The technical assistance is supported by the US Environmental Protection Agency through the World Bank, with LANDBANK as part of its services to CDM projects under the Carbon Finance Support Facility.

Implementation of environmental initiatives

In line with the mission to deliver products and services that are in consonance with ecological enhancement, LANDBANK's operations aimed at contributing towards environment protection can be summarized as follows:



^{1/} Compliance to Environmental Due Diligence System of LANDBANK

^{2/} Recyclable wastes include white paper with print, color paper, corrugated cartons, old newspaper, PET bottles and assorted plastics. Recyclable wastes are sold to a recyclable waste buyer while other solid wastes are disposed through the city garbage collector.

Integral to its daily operations as a financial institution, LANDBANK consumes electricity, water, fuel and other resources such as paper. The Bank also generates wastes that are properly disposed of in accordance with existing national standards and regulations. Moreover, in-house environmental initiatives have been continuously implemented to conserve resources and reduce waste generation.

| Electricity Conservation | Fuel Conservation | Water Conservation |
|--|--|---|
| <ul style="list-style-type: none"> Piloted the use of 96 LED bulbs at the LANDBANK Plaza Continued implementation of electricity conservation program which includes monthly monitoring of electricity consumption Implemented periodic preventive maintenance and inspection of facilities and equipment | <ul style="list-style-type: none"> Intensified the Bank's campaign for responsible car pooling practices for all official trips Conducted regular monitoring of gasoline and diesel consumption Achieved a reduction of 1,253.75 liters of fuel for vehicles used at the Head Office which resulted to CO₂ emission reduction equivalent to 3.68 metric tons | <ul style="list-style-type: none"> Continuously conducted information campaigns to encourage all its employees to conserve water Monitoring of monthly water consumption Regular preventive maintenance and inspection of facilities and equipment |
| Paper Conservation | Solid Waste Management | Wastewater Treatment |
| <ul style="list-style-type: none"> Developed various I.T. and automation projects to improve efficiency and reduce paper consumption Continued implementation of paper conservation program which includes double-sided photocopying and use of reverse side of used papers for draft writings or reports, among others. | <ul style="list-style-type: none"> Initiated the Bring-Your-Own-Container (BYOC) practice for food-to-go at the LANDBANK Plaza canteen Implemented daily monitoring of solid waste collection Provided additional bins/compartments for recyclable and non-recyclable wastes for the Bank's Materials Recovery Facility | <ul style="list-style-type: none"> Implemented regular preventive maintenance of the Sewage Treatment Plant (STP) at LANDBANK Plaza Conducted regular monitoring of the STP's wastewater quality 32,613.72 m³ of wastewater treated |

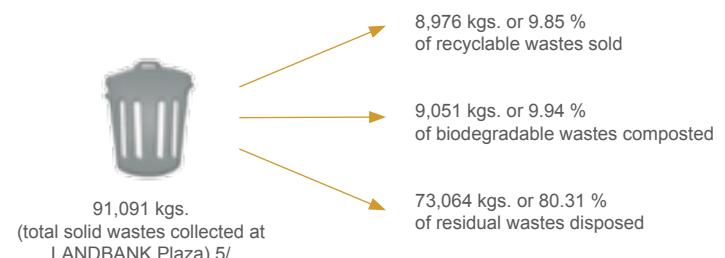
The results of the LANDBANK's performance in implementing environmental initiatives are reflected in the following:

| | 2011 | 2010 | Decrease (-) / Increase(+) | % Change |
|---------------------------|------------------------------|---------------|---|----------|
| Electricity | | | | |
| LANDBANK Plaza | 10,339,000 kwh ^{1/} | 9,544,500 kwh | 794,500 kwh | 8.32% |
| Field Units ^{2/} | 17,089,438 kwh | --- | --- | |
| TOTAL | 27,428,438 kwh | | equivalent to: 12,534.79 metric tons of CO ₂ emission | |

| | 2011 | 2010 | Decrease (-) / Increase(+) | % Change |
|-----------------------------------|------------------------|-------------------|---|----------|
| Fuel (Diesel and Gasoline) | | | | |
| LANDBANK Plaza | 119,132.55 liters | 120,386.30 liters | -1,253.75 liters | -1.04% |
| Field Units ^{2/} | 854,568.43 liters | --- | --- | |
| TOTAL | 973,700.98 liters | | equivalent to: 2,560.40 metric tons of CO ₂ emission | |
| SAVINGS | 1,253.75 liters | | equivalent to: 3.68 metric tons of CO₂ emission reduced | |

| | 2011 | 2010 | Decrease (-) / Increase(+) | % Change |
|----------------------------|-----------------------|-----------------------|----------------------------|----------|
| Water ^{3/} | | | | |
| LANDBANK Plaza | 62,008 m ³ | 63,489 m ³ | -1,481 m ³ | -2.33% |

| | 2011 | 2010 | Decrease (-) / Increase(+) | % Change |
|--|--------------|--------------|----------------------------|----------|
| A4 Bond Paper ^{3/ 4/} | | | | |
| LANDBANK Plaza | 22,308 reams | 18,647 reams | 3,661 reams | 19.63% |
| Legal-sized Bond Paper ^{3/ 4/} | | | | |
| LANDBANK Plaza | 2,814 reams | 3,153 reams | -339 reams | -10.75% |
| Continuous Forms ^{3/ 4/} | | | | |
| LANDBANK Plaza | 3,208 boxes | 3,309 boxes | -101 boxes | -3.05% |



^{1/} The increase in electricity consumption of LANDBANK Plaza may be attributed to the increase in number of employees, clients, guests and equipment used at the Head Office.

^{2/} Covers all field units nationwide including the 18 ISO 14001-certified branches. Consolidated data of all field units in 2010 was not yet available.

^{3/} Consolidated data from field units not yet available

^{4/} Based on paper supply withdrawal

^{5/} Recyclable wastes are sold to a recyclable waste buyer while other solid wastes are disposed through the city garbage collector.

The activities cited are part of the Bank's Environmental Management System (EMS) that is ISO 14001 certified. While most of the branches/field units are still working towards certification, the internal auditors conduct validation of their implementation of LANDBANK's EMS good practices. In 2011, 91% or 244 out of the 268 branches / field units subjected to regular internal audit were found compliant to EMS good practices.

Compliance to applicable environmental laws and regulations

In all its operations, LANDBANK has strived to consistently comply with relevant national and local environmental regulations, thereby, avoiding monetary penalties and non-monetary sanctions:

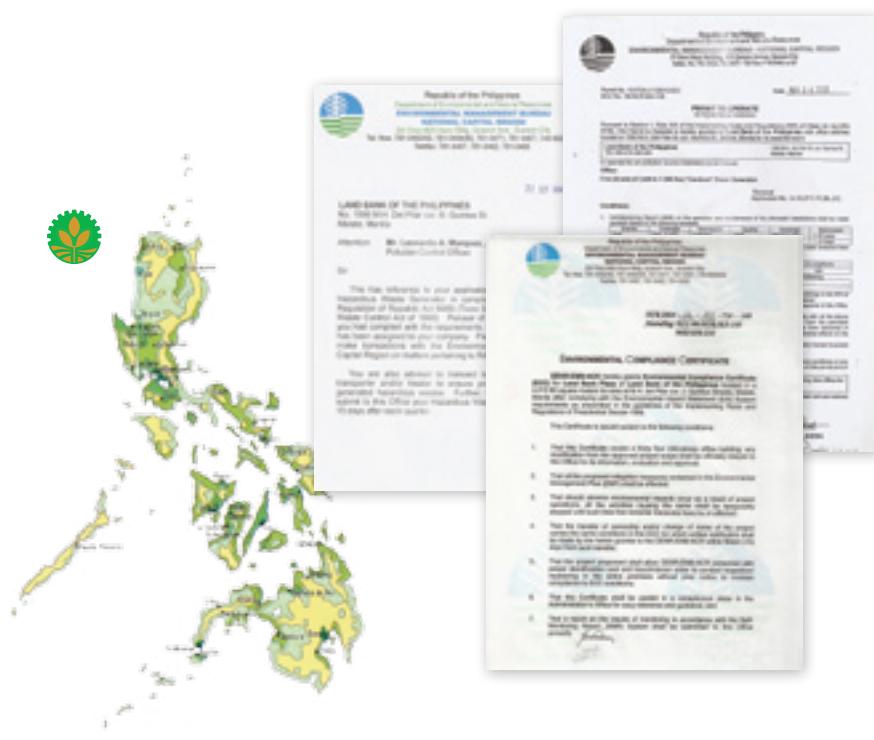
- Valid discharge permit for its generated wastewater
- Valid permit to operate generator sets
- Disposal of hazardous wastes through DENR-accredited haulers/treaters
- Designation of Regional Pollution Control Officers (RPCOs) and Alternate RPCOs in LANDBANK branches and field units nationwide
- Continuing compliance with DENR effluent and air emission standards for proper operation and maintenance of the Sewage Treatment Plant and Generator Sets at the LANDBANK Plaza

Monitoring of Air Emission of LANDBANK Plaza Generator Sets

| Parameters | Emissions in milligram per Normal cubic meter (mg/Nm ³) | | | | | DENR Standard |
|--------------------|---|-----------|-----------|-----------|-----------|---------------|
| | Gen-set 1 | Gen-set 2 | Gen-set 3 | Gen-set 4 | Gen-set 5 | |
| Particulate Matter | 47 | 30 | 48 | 21 | 30 | 150 (max) |
| Sulfur Dioxide | 27 | 34 | 29 | 27 | 18 | 700 (max) |
| Nitrogen Oxide | 1,852 | 1,057 | 1,013 | 1,448 | 157 | 2000 (max) |
| Carbon Monoxide | 47 | 34 | 41 | 35 | 22 | 500 (max) |

Effluent Monitoring of LANDBANK Plaza's Sewage Treatment Plant (STP)

| Parameters (Effluent) | As of end 2011 | DENR Standard for Class SC Waters |
|----------------------------------|----------------|-----------------------------------|
| pH | 6.9 | w/in 6.5 - 9.0 |
| Total Suspended Solid, mg/L | 32 | 150 (max) |
| Oil and Grease, mg/L | 4 | 10 (max) |
| Bio-chemical Oxygen Demand, mg/L | Less than 1 | 100 (max) |
| Chemical Oxygen Demand, mg/L | 98 | 200 (max) |



Green Procurement Program

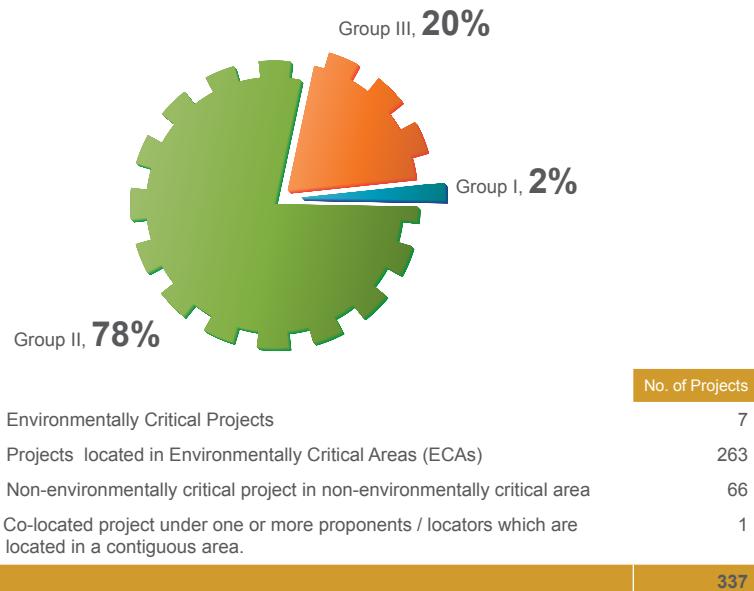
In compliance with Malacañang Executive Order 301, requiring all public and private establishments to develop and implement Green Procurement Program, LANDBANK issued Executive Order No. 18 Series of 2011 to consolidate and highlight existing guidelines and procedures supportive of green procurement. Ultimately, the policy aims to proactively prevent the use of environmentally harmful materials, goods and services in the Bank by incorporating environmental considerations at the stage of procurement.

Initially, items/services covered by the Bank's Green Procurement Program include purchase of generator sets, air conditioning units, chemicals/disinfectants used during maintenance works, packaging of purchased equipment and medical supplies, among others.

Continued environmental review and assessment for the clients

LANDBANK's commitment to environmental protection goes beyond the physical boundaries of its various offices / premises. The Bank endeavours to influence its partners, suppliers, and clients to be environmentally-responsible. LANDBANK ensures that all assisted-projects and collaterals being offered as securities are environmentally sound and compliant with applicable environmental laws and regulations. The Bank's environmental due diligence is embedded in its credit delivery starting from loan packaging until its full payment.

Projects Assessed per Philippine Environmental Impact Statement (EIS) System¹ Group Category
(From January to December 2011)



Clients are assisted to comply with environmental laws and mitigate environmental risks that could result to possible imposition of fines and penalties or closure due to environment-related violations. In recognition of their efforts and cooperation, clients with outstanding environmental programs are recognized thru various LANDBANK Awards, particularly the Best in Environmental Protection Award under the Gawad sa Pinakatanging Kooperatiba or Gawad PITAK and the SME Makakalikasan Award under the Gawad Entrepreneur.

Renewable Energy for Wiser and Accelerated Resources Development (REWARD)

The LANDBANK's REWARD Program continues to promote development and financing of renewable energy and biofuel projects in the country in line with the national energy program.

As of end of December 2011, projects under REWARD Program are as follows:

| Type | No. of Projects | Capacity | Approved Amount | Outstanding Balance |
|-------------|-----------------|----------|-----------------|---------------------|
| Hydro Power | 8 | 780.9 MW | ₱1,175.37 M | ₱305.47 M |
| Biomass | 8 | 18.4 MW | ₱679.47 M | ₱583.73 M |



REWARD Program recipient: Bubunawan River Mini-Hydroelectric Power Plant in Bukidnon

Environment-Related Projects as a Priority Sector for Financing

For 2011, the existing loans for environment-related projects amounted to P6.5 billion or 2.6% of the Bank's total loan portfolio. Recipient projects include sanitary landfills, mini-hydro power plants, wastewater management and energy efficiency, among others.

Carbon Finance Support Facility (CFSF)

The CFSF is LANDBANK's flagship program for the promotion of climate change-mitigation projects through the implementation of Clean Development Mechanism (CDM).

In September 2011, LANDBANK forged an Emission Reduction Purchase Agreement (ERPA) with KfW, a German development bank. The agreement involves the sale and purchase of about one million Certified Emission Reduction or carbon credits from the mini-hydro Program of Activities (PoAs) from 2013 to 2020. This is in addition to the ERPA signed with World Bank in January 2010 for the Methane Recovery from Waste Management Project.

Montreal Protocol-Ozone Depleting Substance (ODS) Phaseout Investment Project

By virtue of the Ozone Projects Trust Fund Grant Agreement signed between the Philippine Government and the World Bank in October 1994, and its subsequent amendment in March 2003, LANDBANK served as the co-implementing agency of the Department of Environment and Natural Resources (DENR) for the phase-out of ODS in large manufacturing companies and small and medium enterprises, and the financial intermediary for the management of the US\$30 million grant fund from Multilateral Fund of the Montreal Protocol.

For 17 years up to its closing in October 2011, the project phased-out a total of 2,563 Ozone-Depleting Potential (ODP) metric tons, benefiting 17 enterprises from the manufacturing sector; 2,294 refrigeration and mobile air conditioning service shops nationwide; and capacitated various government agencies and project partners. These achievements have enabled the country to comply with its commitment to the Montreal Protocol.

Foreign-Assisted Environment-Related Projects

| Project | Status / Impact as of end 2011 | | | | | | | | |
|---|---|-----------------|-------------|-------------------------|---|--------------------------|---|---------------|---|
| <p>World Bank-Support for Strategic Local Development and Investment Project</p>  <p>THE WORLD BANK</p> | <ul style="list-style-type: none"> Cumulative loan drawdown of P3.8 billion Cumulative loan releases to LGUs amounted to P3.1 billion 154,602 households benefited from various infrastructure sub-projects such as water supply system, roads / bridges, drainage systems, public market, bus terminal, power generation and slaughterhouse. | | | | | | | | |
| <p>World Bank-Manila Third Sewerage Project</p>  <p>THE WORLD BANK</p> | <ul style="list-style-type: none"> Cumulative loan drawdown of P1.9 billion 113,536 water connections with sewage treated completed 136,691 million cubic meters of sewage treated prior to disposal 879,017 septic tanks de-sludged 489.58 tons of Biochemical Oxygen Demand removed in 2011 1,260,394 cubic meters of septage treated prior to disposal | | | | | | | | |
| <p>KfW of Germany-Community Based Forest and Mangrove Protection Program</p>  | <ul style="list-style-type: none"> Cumulative loan drawdown of P39.6 million Under the Infrastructure and Livelihood component, the following subprojects were financed: <table border="1"> <thead> <tr> <th>Type of Project</th> <th>No. of LGUs</th> </tr> </thead> <tbody> <tr> <td>Common Trading Facility</td> <td>1</td> </tr> <tr> <td>Road Network Improvement</td> <td>5</td> </tr> <tr> <td>Water Systems</td> <td>4</td> </tr> </tbody> </table> | Type of Project | No. of LGUs | Common Trading Facility | 1 | Road Network Improvement | 5 | Water Systems | 4 |
| Type of Project | No. of LGUs | | | | | | | | |
| Common Trading Facility | 1 | | | | | | | | |
| Road Network Improvement | 5 | | | | | | | | |
| Water Systems | 4 | | | | | | | | |



CUSTOMER SERVICE

Preserving the Environment through Positive Change

"Ang ATM ng LANDBANK ay malapit sa cooperatiba namin, ang Good Samaritan MPC sa San Mateo, Isabela. Pagkatapos ng meeting o seminar ng coop na kaloob ng LANDBANK, walking distance na lamang ang ATM kaya't bago umuwi, natatapos ko lahat ng aking mga transactions dahil malapit na lamang ang ATM ng LANDBANK. Napakalaking tulong nito sa amin."

Ms. Betty Fabionar
San Quintin, Alfonso Lista,
Ifugao-farmer

LANDBANK has the most extensive banking network in the county today. It is present in 79 out of the 80 provinces in the Philippines. As of end-December 2011, LANDBANK has established 327 branches and 948 Automated Teller Machines (ATMs) nationwide, and it continues to grow to provide our people banking convenience.

ISO-Quality Management System Program Phase III

LANDBANK is among the 45 government entities that have successfully earned ISO 9001 certification from 2010, and 2011 for ISO-QMS Phases I and II.

The three certified units under Phase II have been consistently implementing enhancements in their service delivery. Improvements resulted in shorter processing time which translated to better customer service delivery. These improvements were evident and duly noted in the customer satisfaction surveys done in 2011 which indicated customer approval and appreciation.

The need to give premium on quality customer service is of utmost importance among "frontliners" of LANDBANK in all the branches. This is the reason that QMS is not treated as an additional responsibility but as an ongoing concern to improve overall customer service.

The Bank launched the third phase of its ISO-QMS program with an orientation for the entire NCR Branches Group (NCRBG) covering 77 field units (Branches, Extension Offices, Servicing Units and Teller/Foreign Exchange Booths). It aims to expand the existing QMS certification of PEZA-Roxas Boulevard Branch to include these field units. Certification of the expanded branch banking operations will be towards the fourth quarter of 2012.



Our Policy for Quality

We are a development-oriented financial institution that measures its success on our ability to deliver quality products and services that effectively address the needs and expectations of our clients.

As a universal bank with a social mission, **LANDBANK** endeavors to incorporate a culture of excellence and professionalism in all levels of the organization.

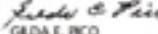
To uphold this commitment, we shall ensure that:

- ④ Our people perform their roles and responsibilities honestly and effectively through continuous education, values and training programs.
- ④ Our products and services provide effective financial and technical support with the widest reach, adhere to local and international standards, and remain responsive to the changing needs of our clients and stakeholders.
- ④ Our management fosters a work environment that encourages our employees to harness their fullest potentials and contribute to our organization's goals.
- ④ Our processes and operations are continuously monitored and measured to enhance efficiency and effectiveness in the long run.
- ④ Our quality management system is effectively documented, implemented, continuously improved and communicated to all members of the organization.

We believe that giving premium on quality is one of the best ways to show how much we value our relationship with our clients and partners.

Quality is a foundation of our business.

Quality is our continuous and relentless commitment.


GILDA E. RICO
President and CEO

Approved by the Management Committee on January 9, 2007



www.landbank.com

 **LAND BANK OF THE PHILIPPINES**
Ang Bangko ng Bayan

Expanding Delivery Channels

As a leading universal bank focusing on countryside development, LANDBANK pursues customer service excellence through its various delivery channels to rapidly respond to customer demands.

Automated Teller Machines

LANDBANK's ATM network reached 948 units nationwide as of end-2011 up from 911 in 2010. It maintained its ranking as having the fourth widest ATM network in the country's banking industry.

| NUMBER OF LANDBANK's ATMs As of 31 December 2011 | |
|---|------------|
| North and Central Luzon | 157 |
| National Capital Region | 274 |
| South Luzon | 155 |
| Visayas | 168 |
| Mindanao | 194 |
| TOTAL | 948 |

LANDBANK maintained its 3rd ranking as to ATM cardholder base in the banking industry. The Bank's number of ATM cardholders recorded a 20% growth to 4.78 million from 3.97 million in 2010.

LANDBANK's membership with Expressnet and interconnection with Megalink and Bancnet enables ATM cardholders to have access to additional 10,523 ATMs of other banks nationwide.

Phonebanking (Phone Access)

The LANDBANK Phone Access is a 24/7 telephone banking service attending to the requests, concerns and inquiries of ATM and current account depositors.

Phonebanking enrollment totalled 2,320,279 as of end-2011 representing 88% of the total cardholder base. In 2010, enrollment reached 2,283,472. The LANDBANK PhoneAccess serviced an average of 6,589 daily transactions during the year.

Express Payment System

One of the best features of the LANDBANK ATM card is that it can be used as a debit card through the Express Payment System (EPS).

For the year 2011, EPS transactions registered a significant 69% increase to 2.7 million from 1.6 million in 2010. The high volume of EPS transactions is attributed to the Point-of-Sale (POS) interconnection with Expressnet, Bancnet and Megalink.

Retail Internet Banking (iAccess)

The LANDBANK Retail Internet Banking (iAccess) offers individual depositors the convenience of performing a range of banking transactions 24/7.

For 2011, enrollees increased by 27% to 230,699 depositors from 182,134 in 2010. The total transaction registered a 77% growth to 7,497,943 transactions from 4,245,501 in 2010.

Institutional Internet Banking (weAccess)

The LANDBANK Institutional Internet Banking (weAccess) offers our institutional depositors from the government and private sectors the convenience of performing core banking transactions online.

In 2011, enrolled institutions totaled 1,993 which registered a 48% growth from 1,345 institutions in 2010.

Customer Care Center

The LANDBANK Customer Care Center provides 24/7 customer assistance and 8/5 iAccess and weAccess helpdesk.

In 2011, the LANDBANK Customer Care Center handled 99,788 transactions, which was double the transaction of 49,910 handled in 2010.



OFW Cash Card

The OFW Cash Card is an electronic debit card linked to a Smart mobile phone through which Overseas Filipino Workers (OFWs) can transfer funds to their beneficiaries' accounts in a speed of a text message. It is available for OFWs bound for the Middle East, Asia-Pacific, North America and Europe.

In 2011, LANDBANK issued more than 37,400 OFW Cash Cards with total credits of P42.4 million compared to 15,000 in 2010.



Conditional Cash Transfer Program

LANDBANK, in coordination with the Department of Social Welfare and Development (DSWD), serves as the depository and disbursing channel for the Conditional Cash Transfer (CCT) Program of the national government.

The CCT Program is a flagship program of the national government on poverty reduction by providing conditional cash grants to extremely poor households and invests on human capital to break the cycle of poverty among poor households. The conditional cash grant packages to beneficiaries consist of:



- Health and Nutrition Grant – P6,000 per year or P500 per month per household
- Education – P3,000 per year or P300 per month per child for 10 months a year to a maximum of 3 children per household

A household with three qualified children receives a subsidy of P1,400/month during the school year or P15,000 annually as long as they comply with the following program conditionalities or co-responsibilities of household beneficiaries:

Health and Nutrition

- Pregnant household member should avail of pre-and post-natal care
- Children should undergo the following activities:
Immunization
Weight monitoring
Nutrition counseling

Education

- Children must enroll and must have a class attendance rate of at least 85%

For 2011, LANDBANK disbursed P18.1 billion through LBP's Cash Card facility, Over-the-Counter facility, Globe's G-Cash Remit Facility and LANDBANK's conduits (rural banks) and distributed to more than two (2) million beneficiaries.

Securities and Exchange Commission Business Registration Tie-Up

LANDBANK sealed a partnership with the Securities and Exchange Commission (SEC) to help streamline the registration application process of stock corporations and payment channels through the LANDBANK branches.

Under the agreement, LANDBANK can accept the registration applications and payment of stock corporations for processing by SEC. The certificates of incorporation issued by SEC will also be released by LANDBANK to the applicants.



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Point-of-Sale Payment of NAIA Terminal Fees

The Manila International Airport Authority (MIAA) engaged LANDBANK to establish point-of-sale (POS) terminals in all international and domestic terminals at the Ninoy Aquino International Airport (NAIA). In November 2011, LANDBANK and MIAA implemented this new initiative aimed at facilitating payment of terminal fees by passengers through credit, debit and or prepaid cards. Passengers will be able to pay for terminal fees on cash-less basis.



In December 2011, LANDBANK installed eight (8) units of POS terminals in NAIA which were able to process 2,782 transactions amounting to P3.4 million.

Information Technology and Automation

LANDBANK continues to automate its core operations through new technologies and system enhancements, and upgrading of network and hardware infrastructure in order to meet the demands and improve the delivery of its services to its customers and stakeholders.

The following were the major IT projects implemented in 2011:

| IT Project/Initiative | Features |
|--|--|
| Financial Reporting Package (BSP 512/BSP 568) | A BSP reportorial requirement for banks to facilitate prudential reporting of financial statements |
| Loans Origination System | An end-to-end workflow loan system which covers loan processing |
| Symbols Phase III Enhancements | Enhancements to address BSP 512/568 data requirements except Financial Management System Interface |
| Electronic Modified Disbursement System (eMDS) | Web-based facility to eliminate the tedious and costly processing of Modified Disbursement System transactions of the Department of Budget and Management, Bureau of the Treasury and National Government agencies |
| Real and Other Properties Acquired Manager Upgrade | A system that handles the movement of properties acquired by the Bank in settlement of loans and through foreclosure or other means |
| EC-NOW Accounts | This initiative was undertaken to comply with BSP Circular No. 681 in handling the NOW accounts of Rural Banks |
| Enhancements of Deposit System for GSIS Pensioners | This enhancement facilitates the account opening and crediting of monthly pensions to individual pensioner accounts |
| ATM-related Enhancements | Exemption of ATM interbank charges for CCT beneficiaries New ATM Dispensing P1,000 bills |

Customer Awareness

To enhance financial literacy of the Bank clients, product brochures are made available and disseminated to all branches and extension offices for distribution to clients. Apart from the product features, the brochures also indicate the terms and conditions, security caution and other concerns which the clients should know, such as complaints resolution and feedback mechanism.

Citizen's Charter

In response to the Government's call to establish an effective system that will eliminate bureaucratic red tape, avert graft and corrupt practices, and improve the delivery of frontline services as embodied in the Anti-Red Tape Act of 2007, the LANDBANK formulated the Citizen's Charter in 2010 initially focusing on credit facilities that cater to the mandated clientele such as small farmers and fisherfolk, micro, small and medium enterprises, etc. The LANDBANK Citizen's Charter, which can be viewed at www.landbank.com, contains information on the identified services provided by the Bank to its clients; the step-by-step procedures for availment; maximum time to conclude the process; the documents required including the amount of fees; the guaranteed performance level that clients may expect for that service; and the procedures for filing complaints and feedback mechanisms. The effectiveness of this program is measured through the extent of credit assistance being offered by the Bank's various lending centers nationwide to cooperatives, countryside financial institutions and microfinance institution retailers which are major conduits in reaching the LANDBANK's mandated clientele.

Deposit Generation Campaign Program

A peso deposit generation campaign program dubbed as "Monthly Savings, Big Winnings" was implemented by LANDBANK for a 12-month period from 1 September 2010 to 31 August 2011 in order to generate fresh deposits and strengthen customer loyalty. This generated an incremental average daily balance of P2.236 billion.

Customer Satisfaction Surveys

As part of the regular audit on LANDBANK branches and extension offices, the Internal Audit Group (IAG) conducts regular customer satisfaction surveys for branches that are not yet certified under the ISO-QMS. The surveys are done through questionnaires given randomly to depositors who come to the branches to transact. The Customer Service and Product Development Department tabulates and evaluates the results of the surveys.

For 2011, the IAG conducted customer satisfaction surveys in 145 branches and extension offices nationwide with a total of 2,648 respondents. The survey results showed that respondents were generally "Satisfied" to "Very Satisfied" with the services of the branches.

Pre-Departure Orientation Seminars (PDOS)

LANDBANK, in coordination with the LANDBANK Countryside Development Foundation, Inc., gives regular lectures to OFWs on financial literacy.

Recognizing Outstanding Partners

LBP-Galing Pook Foundation Strategic Alliance

LANDBANK's partnership with the Galing Pook Foundation (GPF), a private award giving body that recognizes LGUs for their exemplary and development initiatives and promotes for the adoption by other LGUs, is called LBP-GPF Strategic Alliance.

In 2011, GPF completed the documentation and publication of the best practices of 2008 and 2009 LGU awardees.

The Galing Pook awardees have provided winning entries ranging from the elimination of malnutrition to establishment of community e-centers to rabies prevention. Each project of the LGU was evaluated for innovation, positive results, transferability and sustainability, people's participation and efficiency in program service delivery.

Gawad sa Pinakatanging Kooperatiba



The Gawad sa Pinakatanging Kooperatiba (Gawad PITAK), now on its 21st year, is an annual recognition program of LANDBANK to outstanding agriculture and non-agriculture based cooperatives that have contributed significantly in promoting economic growth in the countryside.

2011 GAWAD PITAK WINNERS AGRI-BASED CATEGORY

| | |
|--------------|--|
| First Place | Catmon Multi-Purpose Cooperative - Sta. Maria, Bulacan |
| Second Place | Bagumbayan Primary Multi-Purpose Cooperative - Llanera, Nueva Ecija |
| Third Place | Baug CARP Beneficiaries Multi-Purpose Cooperative - Magallanes, Agusan Del Norte |
| Fourth Place | Kabalikat para sa Diyos at Bayan Multi-Purpose Cooperative - Odiongan, Romblon |
| Fifth Place | Leon Small Coconut Farmers Multi-Purpose Cooperative - Leon, Iloilo |

2011 GAWAD PITAK WINNERS NON-AGRI-BASED CATEGORY

| | |
|--------------|--|
| First Place | Dingle Government Workers Development Cooperative - Dingle, Iloilo |
| Second Place | Sta. Cruz Savings and Development Cooperative - Sta. Cruz, Ilocos Sur |
| Third Place | IWAHORI Multi-Purpose Cooperative - Mariveles, Bataan |
| Fourth Place | Escalante Public and Private School Teachers and Employees MPC - Escalante City, Negros Occidental |
| Fifth Place | San Pedro De Alcantara Kilusang Bayan sa Pagpapaunlad - Bocaue, Bulacan |

Gawad Entrepreneur



Through the Gawad Entrepreneur Award held annually, LANDBANK recognizes outstanding LANDBANK-assisted small and medium enterprises for their excellent performance and contribution to the economic activities in the community. The Gawad Entrepreneur is now on its 8th year.

2011 GAWAD ENTREPRENEUR WINNERS

| | |
|-------------------------------------|---|
| Entrepreneur of the Year | MN Electro Industrial Supply and Services Sps. Mario and Cristina Nicolas - Rosales, Pangasinan |
| Outstanding Agri-based Category | Velomer Hills Hog Breeder Farm Sps. Benjamin and Severina Velos - Malaybalay, Bukidnon |
| Outstanding Non-Agri-Based Category | John and Cel Hardware and Construction Supply Sps. John Maria and Cricelda Chumacera - Tagkawayan, Quezon |
| <i>Special Citations:</i> | |
| SME Kayamanan ng Pamayanan | Maura Gesha's Grains Buying Station and Agri Supply Sps. Salvador and Marcelina Cabaero - San Guillermo, Isabela |
| SME Maka-Kalikasan | Velomer Hills Hog Breeder Farm Sps. Benjamin and Severina Velos - Malaybalay, Bukidnon |

Outstanding Countryside Financial Institutions

Now on its 13th year, LANDBANK confers awards to outstanding countryside financial institutions (CFIs) which serve as models of excellence in rural financial services and actively supports the Bank's credit delivery program to promote development in the countryside.

2011 OUTSTANDING COUNTRYSIDE FINANCIAL INSTITUTIONS

| | |
|------------------|---|
| National Winners | |
| First Place | D' Asian Hills Bank, Inc. (Region X) |
| Second Place | Cantilan Bank, Inc. (A Rural Bank) (Caraga) |
| Third Place | Agribusiness Rural Bank, Inc. (Region III) |
| Fourth Place | Rural Bank of Goa, Inc. (Region V) |
| Fifth Place | Zambales Rural Bank, Inc. (Region III) |
| Hall of Fame | Peoples Bank of Caraga, Inc. (Caraga) |



Catmon Multi-Purpose Cooperative
GAWAD PITAK, First Place (Agri-based)



Dingle Government Workers Development Cooperative
GAWAD PITAK, First Place (Non-Agri-based)



MN Electro Industrial Supply and Services
GAWAD Entrepreneur, Entrepreneur of the Year



D' Asian Hills Bank, Inc.
Outstanding Countryside Financial Institutions, First Place



Atty. Buenaventura R. Del Rosario
Bank Attorney

EMPLOYEE DEVELOPMENT

Nurturing a Culture of Excellence and Involvement

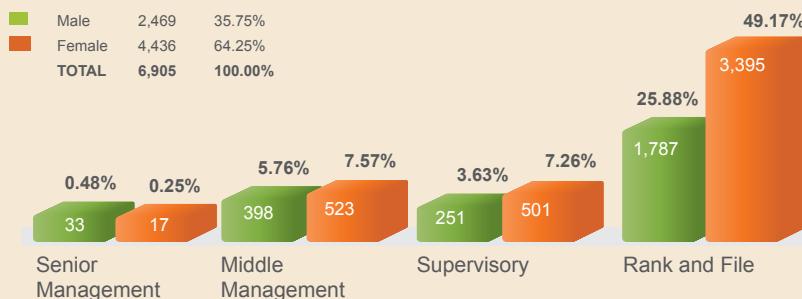
"Each year, we LANDBANK employees together with family and friends do our part in cleaning up the Manila Bay through the LANDBANK Manila Bay Sunset Partnership Program. And every year we see how LANDBANK deepens that commitment. As an employee, volunteering, helps spark within me a sense of concern for others and for the environment. I never thought that the confines of the corporate world would introduce me to the spirit of positive involvement. In fact, I now look forward to take part in volunteer activities because I feel a sense of pride and fulfillment knowing that in my own small way, I am helping make this world a better place."

The Manila Bay S.U.N.S.E.T. Partnership Program Inc. (MBSPP) is the flagship Corporate Social Responsibility (CSR) program of LANDBANK aimed at implementing a sustainable approach that will help clean and protect the marine and coastal resources of the Manila Bay. Established in 2009, the MBSPP presently has the following institution-members: Manila Yacht Club (MYC), Manila Broadcasting Company (MBC), Manila Ocean Park (MOP), Diamond Hotel (DH), Pamantasan ng Lungsod ng Maynila (PLM), LBP Employees Credit Cooperative (LANDBANKOOP), DENR-NCR, DENR-Manila Bay Coordinating Office (MBCO), and the City of Manila. From only 200 volunteers in 2006, close to 700 participated in the clean-up drive in August 2011 where some 1,500 sacks of garbage were collected by volunteers.

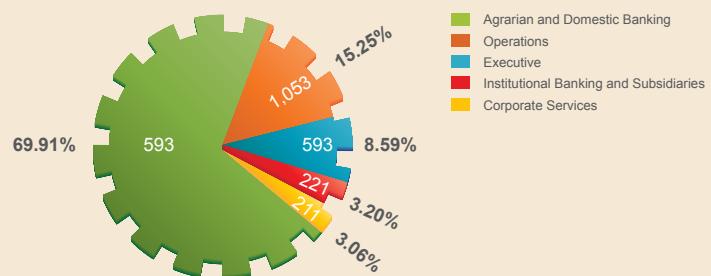
LANDBANK is strongly driven to provide its employees with a suitable place to work, learn and develop. In its mission statement, the Bank declares that it "shall embody professionalism and integrity, providing our employees with a work environment that encourages growth and rewards excellence," recognizing that its business operations are founded on a productive human capital.

Workforce Profile

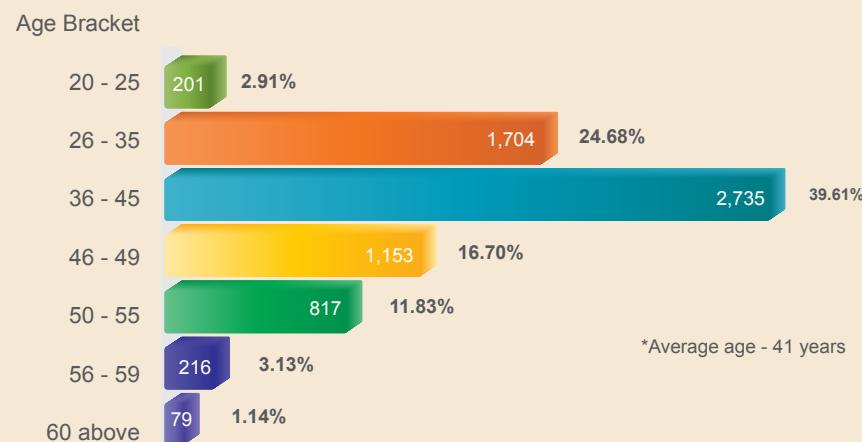
By rank and gender



Distribution by sector



By age bracket



Region

| Region | Number | Percentage |
|--------------|--------------|---------------|
| NCR | 3,109 | 45.03 |
| Region I | 257 | 3.72 |
| Region II | 249 | 3.61 |
| Region III-A | 265 | 3.84 |
| Region III-B | 230 | 3.33 |
| Region IV | 207 | 3.00 |
| Area IV-A | 187 | 2.71 |
| Area IV-B | 214 | 3.10 |
| Region V | 236 | 3.42 |
| Region VI | 319 | 4.62 |
| Region VII | 283 | 4.10 |
| Region VIII | 179 | 2.59 |
| Region IX | 243 | 3.52 |
| Region X | 322 | 4.66 |
| Region XI | 287 | 4.16 |
| Region XII | 318 | 4.61 |
| TOTAL | 6,905 | 100.00 |

Talent Management

Investing in human capital management

Believing that human capital is the most important resource of the organization, LANDBANK continues to be strategic in its talent management programs and systems. Through the years, the Bank has been enhancing the processes of talent acquisition, employee training and development, performance and rewards management, succession planning, among others in order to attract, hire and retain the most qualified and valuable people to serve as partners in fulfilling its vision and mission.

To strengthen the workforce, the Bank hired 258 new employees in 2011, comprising approximately 4% of the Bank's total population. Most of these employees were assigned to the field units to support the institutional thrust of providing quality service to the mandated clients and business partners.

LANDBANK upholds fair and equal opportunity for all its employees, cognizant of their individual distinctiveness in terms of background, orientation and experiences. Standards are in place to ensure that hiring, promotion, personnel movements, training and development, and other employment decisions are free from biases involving gender, age, regional background, religious beliefs and seniority in tenure. Employees are given the chance to express work-related concerns through the grievance machinery and other employee relation programs and initiatives. In addition, all rank-and-file employees or 75% of the total workforce are covered by the Collective Negotiation Agreement, the public sector's equivalent of the Collective Negotiation Bargaining in the private sector.

Pursuant to its Charter, the Bank provides its employees with a competitive compensation plan and benefits programs at par with the major players in the banking industry. In July 2011, the Office of the President of the Republic of the Philippines approved the implementation of LANDBANK's Interim Pay Increase to update salary levels of the employees considering that Government employees received salary increases under the Third Tranche of the Salary Standardization Law (SSL) III.

Apart from this, the Bank also continues to provide incentives and rewards in recognition of employees' meritorious performance, excellence and professionalism at work, and loyalty to the organization.

Given these programs and initiatives, LANDBANK achieved a low 5% turnover rate for the year 2011, a reflection of the success of its efforts in this area.



Building excellence in the human capital

LANDBANK is decidedly a place where the growth and improvement of its human capital is of paramount importance. Its programs are both short-term (training) and long-term (development) efforts designed to equip employees with fundamental and advanced work-related knowledge, and skills and attitudes they can use in order to perform well in their position, as well as for their own career and personal advancement.

In 2011, the Bank had logged an average of 39 training hours per employee, covering 6,559 regular employees compared to 35 training hours for 5,790 employees that were recorded in 2010. LANDBANK's human resources development efforts are the result of the close collaboration among its Organization Development Department, in-house training facilitators and external training and development providers. These programs took on a holistic approach to expand employees' technical, leadership and management, and enhance behavioral and values-related competencies.

Training Hours Per Category



| Employee Classification | Particulars | | | Training Hours | |
|-------------------------|-------------|-------|-------|----------------|---------|
| | Female | Male | Total | Total | Average |
| Rank-and-File | 3,734 | 1,876 | 5,610 | 196,756 | 39 |
| Junior Officers | 514 | 386 | 900 | 53,649 | 59 |
| Senior Officers | 17 | 32 | 49 | 4,803 | 98 |
| | 4,265 | 2,294 | 6,559 | 255,208 | 197 |

Newly hired employees were formally welcomed into the organization by undergoing the three-day Employee Orientation Program (EOP). Existing Bank employees also attend the program to update their knowledge about the Bank with the purpose of strengthening their commitment and loyalty to the institution they are working for.

In 2011, a total of 1,497 employees participated in the ongoing EOP, bringing the number of total attendees to 4,253, or 61% of the total Bank population since the program's initial implementation in 2008. Last year, 1,441 employees attended the EOP.

To strengthen the Bank's succession program, the Management approved the LANDBANK Management and Leadership Development Framework. It contains major institutional programs which are aimed at ensuring the availability of qualified and competent future leaders and members responsible for helping the Bank attain its goals. In November 2011, the Management Training Program (MTP) was launched. It enabled the Bank to attract fresh graduates with excellent scholastic performance from reputable schools as well as dynamic young professionals. Also towards the end of 2011, the design of the Officers Development Program was approved and is slated to start on the first quarter of 2012.



As part of the Bank's major human capital initiatives, particularly in line with its commitment to continually develop highly trained and qualified pool of future managers and leaders, the MTP was launched in November 2011, while the conduct of the Officers Development Program (ODP) was approved starting in the first quarter of 2012.

The continued conduct of the Professional Enhancement Program (PEP), implemented since 2009, also afforded incumbent supervisors and junior and middle management officers a timely opportunity for personal mastery particularly in the realms of personal visioning, oral and written communications, and professional presence. A pilot implementation of a coaching and mentoring program was also made during the year to enhance the skills of managers and supervisors in these areas.

During the year, the Bank launched two personality development and corporate urbanity programs, namely: the Professional Image Enhancement (PrImE) for front-line staff and the Adding Your Charisma Quotient and Image Review (ACQuIRe) for supervisors and officers. These programs will continue to be implemented in 2012 in line with the Bank's thrust of engendering and preserving a culture of professionalism within the organization.

Under the National Scholarship for Development (NSFD), employees who are in pursuit of higher education can apply for a scholarship grant. In 2011, a total of 50 employees availed of the grant out of the approved 75 slots. In the same year, five scholars graduated from their respective courses.

LANDBANK continued to allow employees to undertake professional certification to ensure their qualification to deliver their functions with utmost proficiency. Among the disciplines covered by these certification programs were treasury, trust, internal audit, information technology and financial analysis.

Also in 2011, the design for Towards New Horizons: A Pre-Retirement Program for Landbankers was approved. Scheduled for implementation starting the first quarter of 2012, the seminar intends to help Bank employees make informed decisions on whether to pursue retirement or opt to stay in the service until they are ready to retire. Should they decide to leave the service, they will be provided with essential information and useful schemes to ensure their personal and financial well-being after their retirement.

LANDBANK Learning and Growth Programs

Basic/Core

- Employee Orientation
- Bank Products and Services
- Anti-Money Laundering
- Oral and Written Communication
- Customer Service
- Ethics and Values Enhancement
- Professional Enhancement

Functional

- Agrarian
- Audit
- Branch Banking
- Compliance Management
- Credit Management
- Electronic Banking
- Financial Management
- Information Technology
- Legal
- Organization Development and Human Resources Management
- Risk Management
- Treasury and Investments
- Trust Banking

Management and Leadership

- Executive Development (Top Management)
- Leadership Development (Middle and Senior Officers)
- Officers Development (Junior Officers)
- Management Training (Supervisors)

Advocating Employee Health and Holistic Wellness

Employee development, one of the cornerstones of sustainability, rests on human resource that is in a positive state of health and well-being. LANDBANK continues to offer its employees opportunities to achieve optimum health and provides an environment conducive to the pursuit of wellness.

| Program | No. of Participants at the head office |
|---|--|
| Learning Sessions | |
| Acting Workshop | 19 |
| Art Workshop – Basic | 17 |
| Art Workshop - Advance | 12 |
| Ballroom Dancing | 29 |
| Flower Arrangement | 30 |
| Photography Workshop - Basic | 42 |
| Photography Workshop - Advance | 22 |
| Voice Lesson | 20 |
| Yoga Lite | 22 |
| Yoga Regular | 31 |
| Basic Life Support Seminar | 45 |
| Gardening | 90 |
| Laughter Yoga | 51 |
| Parenting | 49 |
| Anger Management | 46 |
| Personal Finance | 100 |
| Personal Grooming | 75 |
| Stress Management | 61 |
| Time Management | 28 |
| Sports and Recreational Activities | |
| Darts | 73 |
| Badminton | 167 |
| Bowling Clinic | 16 |
| Bowling Tournament | 149 |
| Brisk Walking | 112 |
| Chess | 37 |
| Running | 141 |
| Table Tennis | 77 |
| Brain Teasers Activities | 30 |

ILiveWellness2011, the five-year old Employee Wellness Program, considered the four dimensions of health (physical, mental, socio-emotional, spiritual) as being equally important and deserving due attention.

Aside from competitive team sports, learning sessions that covered a wide variety of interesting topics were also held to educate employees not only on health and health-related concerns but also on subjects that were applicable to their personal lives and career.

Seeking to maintain workplace health and safety, LANDBANK engaged the services of the University of the Philippines-Manila's Department of Environmental and Occupational Health in July 2011 for an audit of the occupational safety and health (OSH) situation in 16 floors within the LANDBANK Plaza. The recommendations of the study served as useful inputs to the Bank's employee health promotion initiatives.

Employee health was monitored through annual physical examinations, executive check-ups and other health screening activities. The LBP Medical Clinic, manned by physicians and nurses, provided health services for 9,391 employees while health promotion resources were made available to employees. The Quit Smoking Support Program offered counseling services and helped motivate those who decided to stop their smoking habit. The monthly Wellness Forum gathered employees as health and wellness experts discussed relevant topics. These topics were also disseminated through different communication channels.



The LBP Gym and Fitness Center at the Head Office operates to give employees the chance to do their workout sessions before or after office hours using gym equipment and guided by a fitness trainer. Others opted to join the daily group exercise classes. A total of 1,504 employees availed of gym facilities. A Recreation Center, where employees can engage in friendly competition using indoor sports equipment, was likewise made available for 1,493 employees.



Spiritual wellness in the workplace was promoted through support for various activities such as holding of spiritual services, learning sessions, and spiritual counseling. The Prayer Room was constructed specifically for this purpose.

To promote work life balance, the LANDBANK Day Care Center with its personnel trained in early childhood care and development assists employees in caring for their children aged 3 to less than 6 years while attending to work requirements. In 2011, 32 children were provided activities for their holistic development.

The Center received a Certificate of Exemplary Compliance from the DSWD in recognition of its "exemplary compliance to the standards set in the implementation of Early Childhood Care and Development Center-based Program." LANDBANK is the first GOCC to have received such an accreditation.

In addition to the financial assistance provided by the Bank through the Relief and Disaster Assistance Fund, 573 employees directly affected by Typhoons Pedring, Quiel and Sendong which hit the country in 2011 were given a special emergency leave of up to five days, pursuant to CSC's directive, for the purpose of urgent repair and clean-up of damaged house, caring of affected family members, among other reasons.

The Bank likewise provided emergency relief assistance to concerned employees for the purchase of essential relief commodities like water and food stuff. A Calamity Loan at a relatively low interest rate was readily made available through the LBP Provident Fund Office for members residing in areas affected by calamities and whose residential house and/or personal belongings were damaged by such calamities.

A total of 24 employees affected by Typhoon Sendong and the earthquake in Negros Oriental were granted moratorium of Provident Fund loan repayments for a period of three to six months to enable them to attend to more pressing needs like food, clothing, relocation and/or repair of their houses.

Engaging Employees on Socially Responsible Causes

The spirit of volunteerism remains alive within the organization. LANDBANK and its employees continued to support the scholars under the Tulong Aral High School Scholarship Program and the Gawad Pag-aarial Tungo sa Maunlad na Buhay (GAWAD-PATNUBAY) Scholarship Program. Employees took part in the bloodletting activities in August and December 2011 with a 27% increase in the number of blood donors versus 2010 figures. In 2011, LANDBANK moved to boost collections for the employee generated fund for CSR initiatives and campaigned more intensely for employee donations giving the employees the option to share their salary up to the equivalent of eight hours. Bank employees demonstrated their generosity with 88% of the employee population or 6,064 personnel responding positively to the call for pledges with a total of 11,950 working hours pledged equivalent to P2.545 million, a significant 145% increase from the previous year's collection.



Extending Relief Assistance - Outreach Programs

In 2011, LANDBANK progressed from donation of toys for kids to donation of food, clothing, medicines, books and toiletries to the needy sectors of the society, as identified by DSWD-Manila. All the items were donated by LandBankers from the head office and NCR branches.

The "The Spirit of Christmas in the Month of Hearts" was also organized on February 18. Some 910 pieces of canned goods; 2,217 pieces of toiletries; 997 pieces of noodles; 169 pieces of used clothes, and 3 pairs of shoes were donated to the Our Lady of Remedios Parish in Malate, Manila.

LANDBANK also visited the Alay ng Puso Foundation, the first recipient of the Bank's annual Alay-Pasko Outreach Program, which was launched in December 2011. The Foundation, located near the Delpan Bridge in Manila, is an orphanage and a refuge house for sick and malnourished children under the care of the Missionaries of Charity which was founded by Mother Teresa of Calcutta.

Turned over were several boxes of medicines, food items, toiletries, books, toys, and clothes to 50 children and 40 adults who are under the care of the Foundation. About 30 volunteer employees joined the event and took care of one child for half a day. They fed lunch and bonded with their adopted child for the day.

The devastation brought about by typhoon Sendong to residents of Cagayan de Oro City and Iligan City prompted employees from the head office and some NCR branches to donate a total of 23 large Balikbayan boxes of relief good for victims of typhoon Sendong in December 2011.

The items were broken down as follows: 1,987 pieces of clothes; 55 pairs of shoes, 216 pieces of toiletries; 117 pieces of food items; 7 pieces of books; 10 pieces of bags and wallets; 88 pieces of blankets; and 22 pieces of assorted toys and other items.

The Philippine Navy provided free courier service to CDO where LANDBANK Region 10 officials accepted the donations which were then turned-over to the DSWD Region 10 Office, also in CDO.

Manila Bay SUNSET

Year 2011 marked another milestone for the Manila Bay SUNSET Partnership Program, the flagship CSR Program of LANDBANK, when it was officially incorporated with the Securities and Exchange Commission (SEC) on October 18, 2011 as a non-stock, non-profit corporation under the name "MANILA BAY SUNSET PARTNERSHIP PROGRAM INC." or MBSPPI.

Through a Deed of Donation, LANDBANK also donated to the City of Manila a garbage boat to augment the city's drive to clean-up Manila Bay. This vessel, marooned at the Manila Yacht Club (MYC), conducts regular weekly clean-up trips along the coastal waters of Manila Bay to scoop out trash, with personnel from MYC, Manila Police Department (MPD) and the Philippine Coast Guard (PCG).

LANDBANK shouldered the costs of fuel of the garbage boat for its weekly trips amounting to P46,345.16 which collected a total of 1,606 kilos of garbage from Manila Bay.

The Program Partners — City of Manila, Manila Bay Coordinating Office (MBCO-DENR), DENR-NCR, Manila Broadcasting Company (MBC), Diamond Hotel, Manila Ocean Park, Manila Yacht Club — once again joined LANDBANK for the annual Manila Bay Clean Up Activity on August 20, 2011 during LANDBANK's 48th Anniversary.

Other institutions also volunteered to clean up Manila Bay such as the Philippine Navy, Intramuros Administration, University of the Philippines Manila, St. Scholastica's College-Manila, and LANDBANK Tulong Aral High School Scholarship Program (25 students from Pateros, Parañaque, Pasay and Mandaluyong). Some 1,500 sacks of garbage were collected.

The Pamantasan ng Lungsod ng Maynila (PLM) and the Landbankers Multi-Purpose Cooperative (LANDBANKOOP) formalized their membership to the Program through a Memorandum of Agreement (MOA) in the same event.

MBC organized the Manila Bay Clean Up Run on July 17, 2011 participated in by LANDBANK employees. Proceeds of the Fun Run, amounting to P141,800, were donated to the SUNSET Program for its future projects.



Tree-Planting and Coastal Clean-Up Activities

LANDBANK employees voluntarily participated in tree-planting activities held throughout the country in partnership with public and private institutions. A total of 10,258 seedlings were planted by 1,302 employees from 104 units of the Bank and different partner agencies.

Employees also participated in coastal clean-up activities particularly the 26th International Coastal Clean-Up held on September 17, 2011 at the Coastal Road, Pasay City and the General Santos City Clean-up Drive conducted from May 30 to June 3, 2011 at the Queen Tuna Park, General Santos City. Some 50 employees participated in the said coastal clean-up events.

Donations

For 2011, LANDBANK donated the following:

- | | |
|--|--|
| 1. Fixed Assets (computers, printers, other office equipment): | 151 items to 22 institutions / schools |
| 2. Rice Donations: | 57 sacks to 9 institutions |
| 3. Cash donations: | P3,839,080 175 institutions and charitable programs |



CSR STEERING COMMITTEE AND TECHNICAL WORKING GROUP



47

CSR Steering Committee:

Chairman: **Ms. Gilda E. Pico**
President and CEO

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| | | |
|---|--|--|
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| EVP Andres C. Sarmiento Operations Sector | SVP Victoria A. Reyes Landowners Compensation and Assistance Group | SVP Julio D. Climaco, Jr. Strategic Planning Group |
| EVP Cecilia C. Borromeo Institutional Banking and Subsidiaries Sector | SVP Yolanda D. Velasco Controllership Group | SVP Alan V. Bornas Technology Management Group |

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FVP Leticia P. Villa
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VP Ana S. Concha
Head, Field Unit Support Group

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LANDBANK Sustainability Report 2011

FEEDBACK FORM

1. To which stakeholder group do you belong?

- LANDBANK employee
- Priority sectors. Please specify: _____
- Government-Owned or Controlled Corporations
- Government / regulatory agency
- Local Government Units
- Overseas Filipinos
- Private companies
- Cooperatives
- Countryside Financial Institutions
- Supplier
- Others. Please specify: _____

2. How did you obtain a copy of the LANDBANK Sustainability Report?

- LANDBANK website
- LANDBANK branches / field units
- Others. Please specify: _____

3. What are your comments about the report?

- a. The report is easy to understand.
 Strongly Agree Agree Neutral Disagree Strongly Disagree
- b. The report gives a clear picture of LANDBANK's sustainability initiatives.
 Strongly Agree Agree Neutral Disagree Strongly Disagree
- c. The report is interesting to read.
 Strongly Agree Agree Neutral Disagree Strongly Disagree

4. What is your impression of the report?

- a. Content and scope
 Excellent Good Fair Poor
- b. Layout and design
 Excellent Good Fair Poor

5. Please indicate the sections of the report which you find most relevant and interesting: _____

6. Please indicate other issues which should be addressed or included in the next report: _____

7. Other comments and suggestions: _____

We appreciate your feedback. Thank you.

Please log on to www.landbank.com to download digital copy of the Sustainability Report.