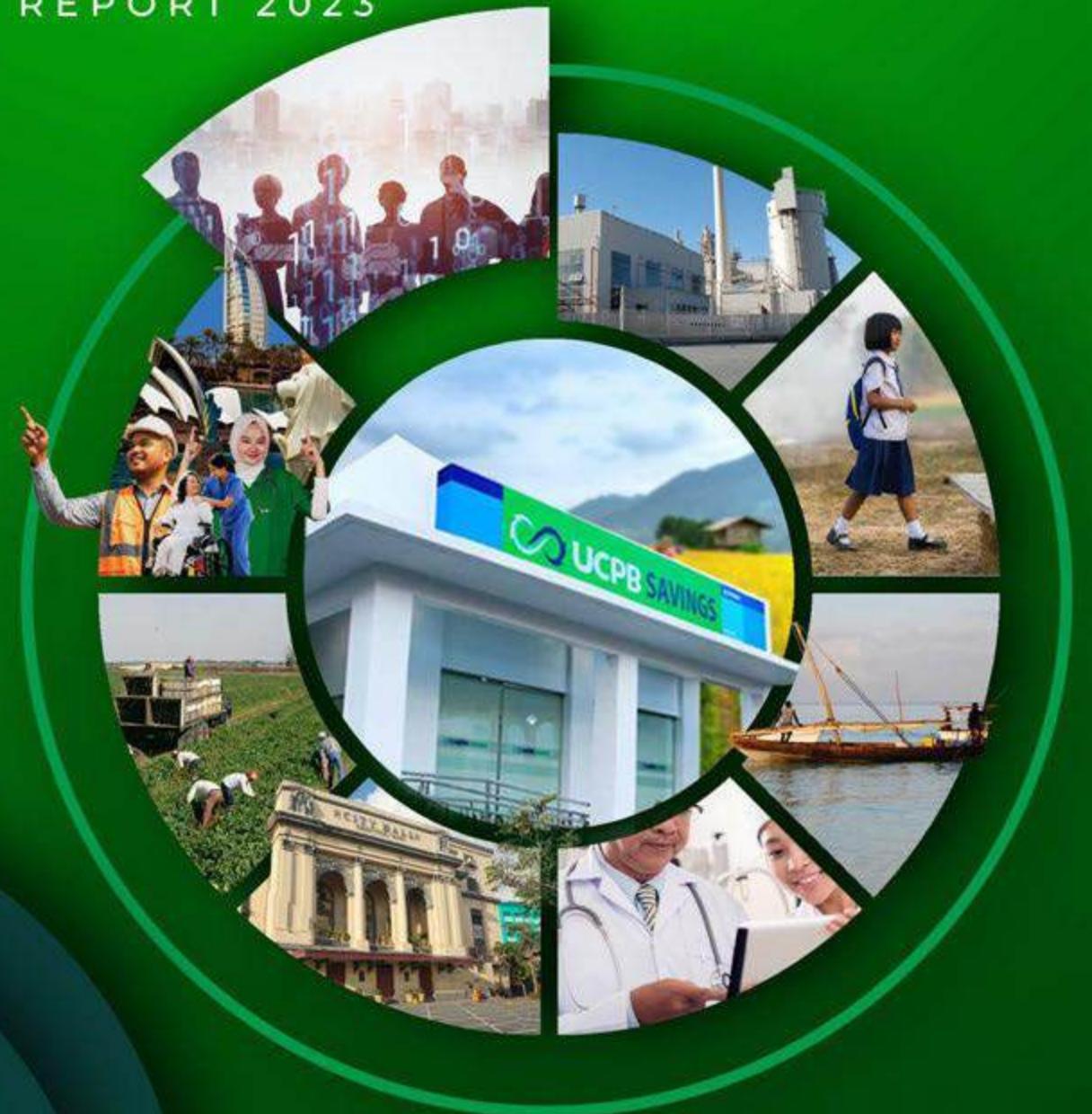




# EMPOWERING COMMUNITIES

ANNUAL REPORT 2023



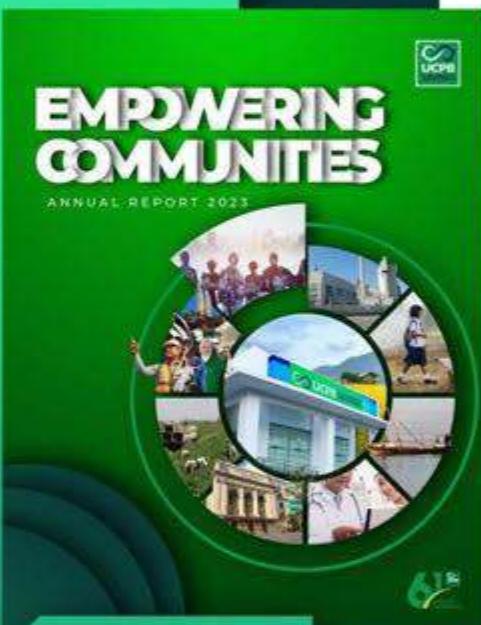
# ABOUT THE COVER

## EMPOWERING COMMUNITIES

At UCPB Savings Bank, we are committed to recognizing the full potential of our communities by synergistically improving their social, economic, and environmental conditions. As we celebrate our 61st year of service, we remain steadfast in our mission to be the bank of choice and a catalyst for progress and financial inclusion in the communities we serve.

UCPB Savings Bank has consistently remained steadfast in its efforts to empower local communities. We seek innovative ways to uplift the quality of life, find solutions to challenges, and facilitate ease of doing business. Our unwavering dedication is fueled by the vision of seeing every aspiration become a possibility and every dream turn to reality.

As a staunch enabler of progress, UCPB Savings Bank stands faithful to our core purpose of serving as many Filipinos as we can. We are committed to being a trusted partner in their journey towards sustainable development and financial empowerment for all.



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# COMPANY PROFILE

UCPB Savings Bank, Inc. (UCPBS) started its operation on October 18, 1962, as then Savings Bank of Manila.

In 1984, 98% of its stocks was acquired by the United Coconut Planters Bank, and later merged with other UCPB-owned thrift banks.

In 2005, UCPB Rural Bank, another subsidiary of UCPB, was merged with the Savings Bank, with UCPBS as surviving entity, allowing it to further extend its financial products & services in rural areas; a partner in progress.

On January 4, 2021, UCPBS received its welcome letter from the Governance Commission for Government-Owned and Controlled Corporations (GCG), formally recognizing it as a Government Financial Institution (GFI).

On June 25, 2021, with the enactment of Executive Order No. 142, UCPB was merged with the Land Bank of the Philippines, making UCPBS its subsidiary effective March 1, 2022, further bolstering its vision of being a catalyst for financial inclusion, strengthening its resolve to expand the communities it serves..

As of December 2023, the Bank operates 50 branches, 9 Branch Lites and 4 lending offices across the Philippines. Its registered principal address at 7F Robinsons Cybergate Magnolia, Aurora Blvd., corner Doña Hemady St., New Manila, Quezon City.

## OUR VISION

To be the Bank of choice in the communities we serve and be a catalyst for financial inclusion.



## OUR MISSION

### **Customers**

We continue to strengthen our partnership with our customers by innovating products that suit their needs and providing effective and efficient personalized services that exceed expectations.

### **Employees**

We nurture a culture of integrity, professional discipline, excellence, leadership, and foster social responsibility among our associates.

### **Shareholders**

We exercise prudence in managing the Bank's resources and deliver proper financial returns to our shareholders.

# OUR CORE VALUES

Our Core Values serve as our guiding pillars and hold us together to achieve our Mission and Vision. ILLEAPP defines our aspirations, core, way of banking and communication with our customers.

## INTEGRITY

Having and upholding moral uprightness in the conduct of business at all times without compromising ethical standards and in compliance with all the applicable banking laws, rules, and regulations.

## LEADERSHIP

Taking initiative and selflessly driven to achieve optimum results in all aspects of banking through personal and proactive service, while inspiring employee morale.

## LOYALTY

Willingness and readiness to act in the interest of the Bank and its customers by temporarily setting aside personal time and needs when work responsibilities call, especially in pressing situations.

## ESPRIT DE CORPS

Demonstrating good team spirit; taking on more leadership responsibilities to encourage others to work together effectively to attain productivity.

## ALTRUISM

Thriving in the presence of selflessness makes UCPB Savings Bank humanely successful. A selfless act of help creates an internal support structure to the existing healthy culture of well-being that reflects the Bank's signature service to all of its customers.

## PROFESSIONAL DISCIPLINE

Projecting a pleasing and professional stance, especially amidst crises, and carries self with dignity and respect that reflect the Bank and its values.

## PASSION FOR EXCELLENCE

Incorporating the value of excellence to the products or services accompanied with its employees' quality customer service clearly defines passion. This is to continuously provide and genuinely stay true to our tagline – Kasama Mo.



# MESSAGE FROM THE CHAIRMAN OF THE BOARD

The year 2023 has been a remarkable year for UCPB Savings Bank. We have emerged more resilient and invigorated given the transition to becoming a full pledged GOCC last year. We have adapted new & better ways of doing things, streamlined processes, aligned with how government does things while ensuring business as usual for our customers.

UCPB Savings Bank led by its President & CEO, Lizette Margaret Mary J. Racela, together with the members of Senior Management, remain relentless in providing opportunities for financial growth to the communities. By forming meaningful partnerships with the LGUs & offering products and programs relevant to the growing needs of its customers, the UCPB Savings Bank was able to expand its assistance and reached more farmers & SMEs.

Notable for the year also, is our commitment to render superior customer service. As a result, UCPB Savings Bank garnered an overall satisfaction rating of 99.61% in the Harmonized Client Satisfaction Measurement (HCSM). This is a clear indication of the trust and confidence its customers have for the organization.

For 2023, we registered a Net Income of 34.18M. Interest Income grew 12% vs last year at Php 1,028.82Mn compared to Php921.9Mn of 2022. This can be attributed to the growth in Loans, Trading & Investments portfolio at 10% & 12% respectively vs 2022. There was also a significant reduction in the Operating Expenses at Php44.35Mn or Php972.2Mn vs Php1,016Mn in 2022.

As they say, the only constant in this world is change. I am proud to say that in its 61 years, UCPB Savings Bank has weathered so many challenges and has constantly been unshakeable in pursuing its vision to be the catalyst of financial inclusion and be the bank of choice in the communities it serves.

I am grateful to the men & women behind UCPB Savings Bank. May you all continue to be resolute in the face of challenges. May we never lose sight of the very purpose we are all here for. And may we all continue to keep the fire burning to serve our customers, employees and shareholders.

We shall all look forward to a better, bigger, more progressive UCPB Savings Bank as we continue to embark on worthwhile endeavors meant to push the Bank to realize its fullest potential.

LIDUVINO S. GERON  
Chairman of the Board

# MESSAGE FROM THE PRESIDENT & CEO

UCPB Savings Bank's (UCPBS) 2023 performance is a testament of its focus to its objectives; inadvertent circumstances notwithstanding.

The year started with its Head Office moving to a new home in Manila. Coming from the concrete jungles of Makati, the greenery of Liwasang Bonifacio and calm waters of the Pasig River certainly provided a changed atmosphere. But the change was not just on the superficial, what was even more significant was how everyone in UCPBS embraced the transformation required in delivering their assigned tasks.

After a careful assessment of the Bank's position, the 2023 plans, albeit with the traditional financial targets, focused on areas where it draws strength, the communities it serves. The Bank concentrated on growing its deposit and loan portfolio in markets that remain underserved. Despite limitations in its resources, UCPBS expanded its presence to 42 provinces, opting to open in a 3rd class municipality to provide banking opportunities to its constituents.

With every unit working on their detailed targets, well-defined approaches and with consistent monitoring, UCPBS grew its deposit base by 540MM and its current loan portfolio by 294MM, reduced its total past due by 302MM, expedited the sale of foreclosed assets and was able to manage costs despite unforeseen expenses. The focused implementation of action plans definitely provided the positive variances.

I salute you, officers and staff of UCPB Savings Bank! For despite the uncertainties and challenges brought about by unceasing adaptations, you continue to demonstrate our institution's true worth, and the myriad potential yet to be expanded. You provide the best service in your areas; embracing that call to empower the communities you serve and be at the core of its progress.

61 years and counting, and 2023 has shown that we are moving on track. We will continue to assess, to improve, and to transform; always committed to better the lives of those who enter our doors.



LIZETTE MARGARET MARY J. RACELA  
President & CEO



# FINANCIAL

## HIGHLIGHTS



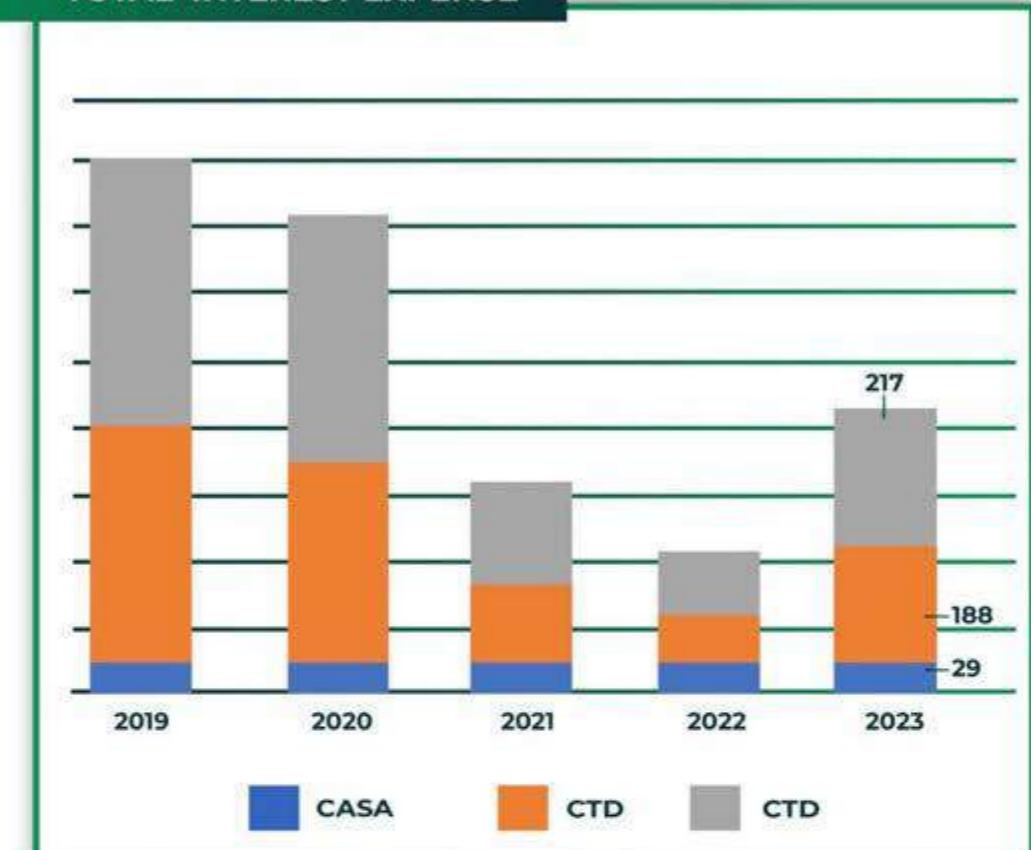
### FINANCIAL HIGHLIGHTS

UCPB Savings Bank's performance for Year 2023 is a reflection of the stakeholders, management and associates' synergies in upholding the Bank's vision as the bank of choice in the community it serves and be a catalyst for financial inclusion. With this concerted effort through prioritization, maximization of the resources and efficient implementation of the programs and projects, the Bank registered a modest **NET INCOME** of Php34.18Mn. as reflected on COA annual audit report for Year 2023.

And mindful and true to the Bank's commitment in carrying out its' mission of providing effective and efficient personalized services, the Bank obtained an exceptionally average overall rating of 99.66%, in the Year 2023 conduct of the National Customers Satisfaction Survey, as prescribed under Governance Commission for GOCC circular No. 2012-07. This is a great manifestation of the customers' trusts and confidence to the Bank and the employees.

With the holistic approach in managing its loan portfolio through institutionalizing personalized services, it paved the way for a more robust **INTEREST INCOME** of Php1,028.82Mn, a growth rate of 11.59% from last year's Php921.9Mn. Of which, 86% came from loans and 14% from investments

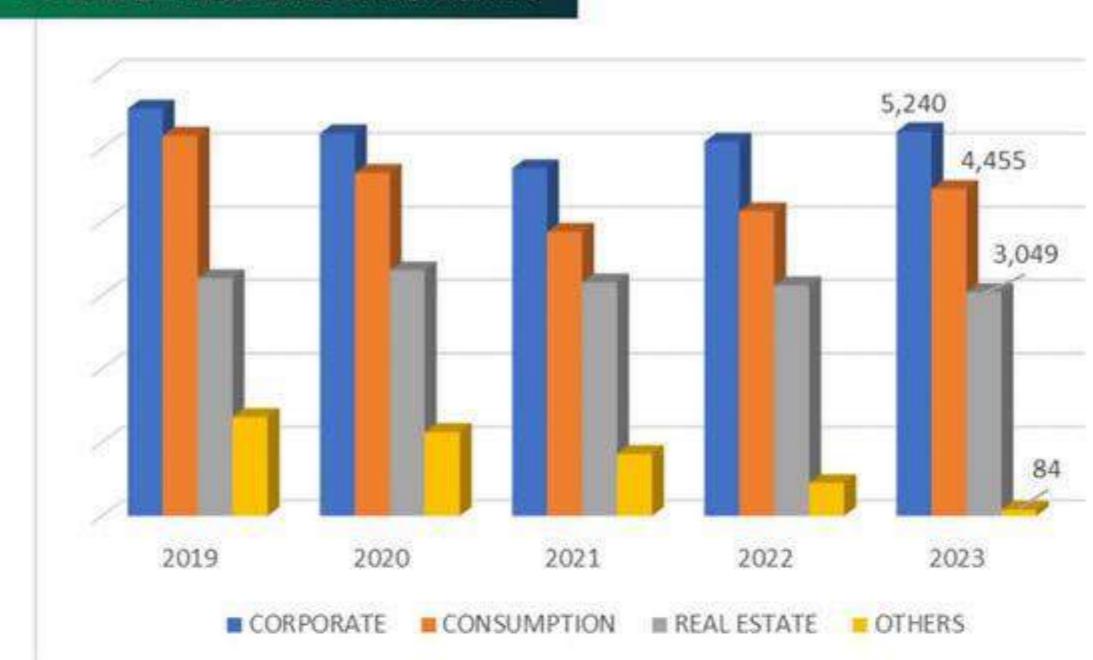
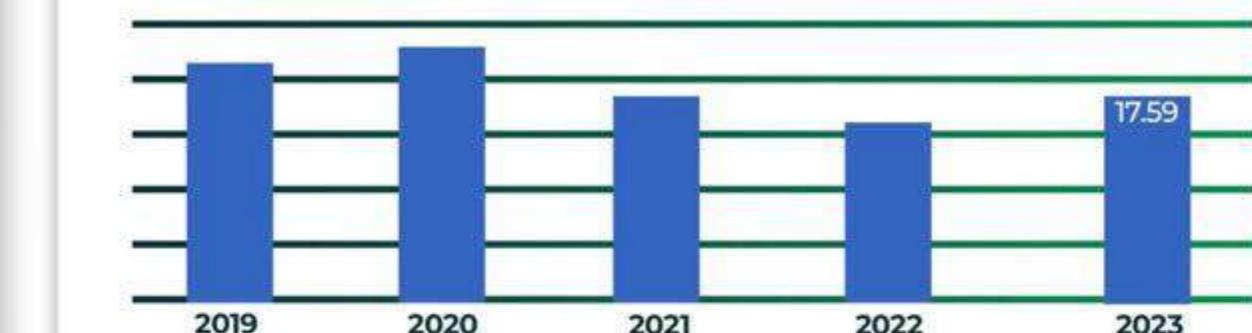
### TOTAL INTEREST EXPENSE



**TOTAL INTEREST EXPENSES**, posted higher by 70.22% which led the bank paying-off interest expenses to total deposits by as much as Php217.3Mn. Despite the high-interest rate environment, the bank still managed a higher-than expected **NET INTEREST INCOME** by 2.31% or Php18.22Mn to Php806.49Mn.

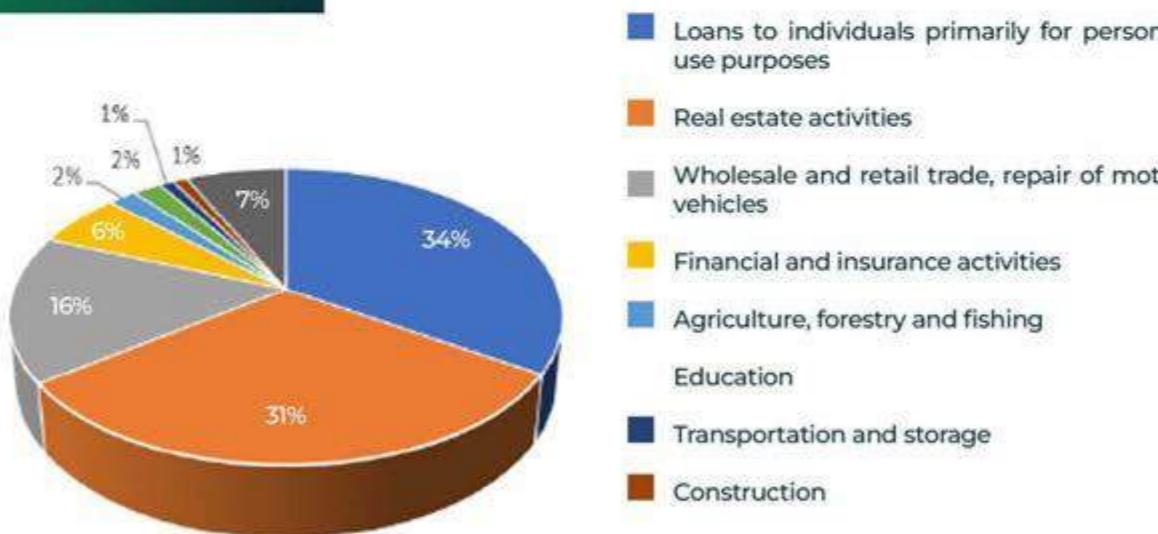
**OTHER OPERATING INCOME**, reached Php243.35Mn, 87.26% of which from service fees amounting to Php212.35Mn; 8.02% from gains on ROPA sale to P19.51Mn; 1.50% from gains on trading and securities to Php3.64Mn. and 3.22% from miscellaneous income to Php7.84Mn.

Despite the program and activities to grow the revenues, total bank's **OTHER OPERATING EXPENSES** were well managed, posting a significant decline by P44.35Mn. to P972.23Mn.

**TOTAL LOANS AND DISCOUNTS****TOTAL ASSETS**

**TOTAL ASSETS** ended the year 2023 higher by 3.30% to Php17.59Bn from year-ago.

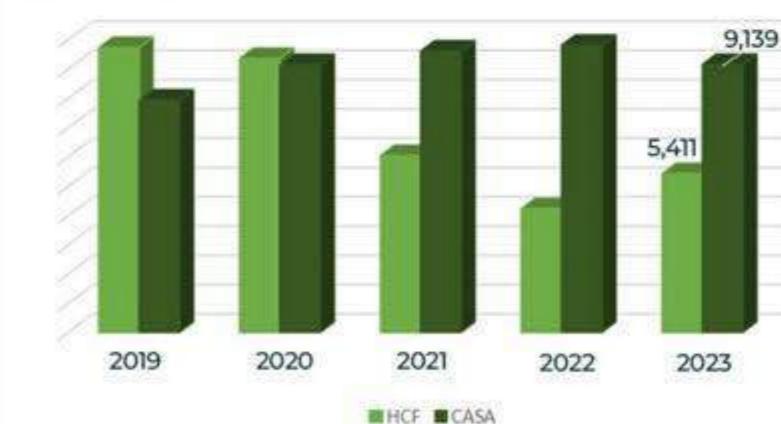
- **CASH AND OTHER CASH ITEMS**, up by 38.61% to Php0.90Bn
- **DU FROM BSP AND OTHER BANKS**, settled to Php1.14Bn
- Combined **INVESTMENTS ON FINANCIAL ASSET** portfolio, surged by 63.89% to Php2.32Bn
- **LOANS AND RECEIVABLES**, net higher by 0.56% to Php11.48Bn
- Combined **BANK PREMISES, FFES, ROU AND INTANGIBLE AND OTHER RESOURCES** at Php0.30Bn
- **INVESTMENT PROPERTIES AND ASSETS HELD FOR SALE** at Php0.80Bn
- **DEFERRED TAX ASSETS, NET**, a bit higher by P0.43% from year-ago to Php0.66Bn

**LOANS PORTFOLIO PER INDUSTRY****YEAR 2023 MIX**

**TOTAL GROSS LOANS AND DISCOUNTS** ended the year 2023 to Php12.83Bn.

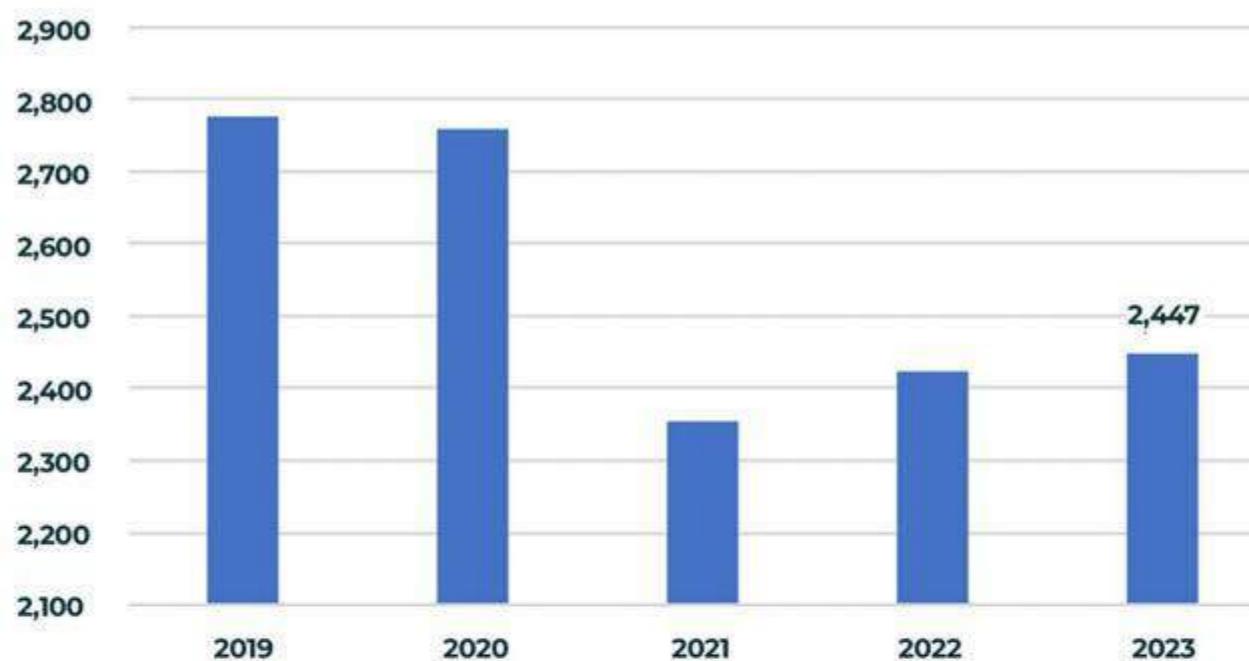
The Lending units continued its steadfast approach in acquiring quality loan portfolio as well as focused on granting new releases to consistently dependable clients, thus, resulted a diverse year-on-year loan growth, in which, Corporate Loans up by 2.81% to P5.24Bn and so with Consumption Loans higher by 7.32% to Php4.46Bn. Real Estate and Other Loans reduced by 2.97% and 81.16% to end at Php3.05Bn and Php0.08Bn respectively.

Intensive remediation and collection efforts resulted a reduction by 5.06% in Non-Performing Loans to Php3.49Bn. Allowance for losses cover higher year-on-year by 1.62% to 56.20% of the NPL.

**TOTAL DEPOSITS****DEPOSIT MIX****YEAR 2023**

**TOTAL DEPOSITS**, grew by Php0.539Bn or 3.84% from year-ago to end the year with Php14.55Bn. The deposit mix is 62.81% for CASA (Php9.14Bn) and 37.19% for high-cost funds (Php5.41Bn).

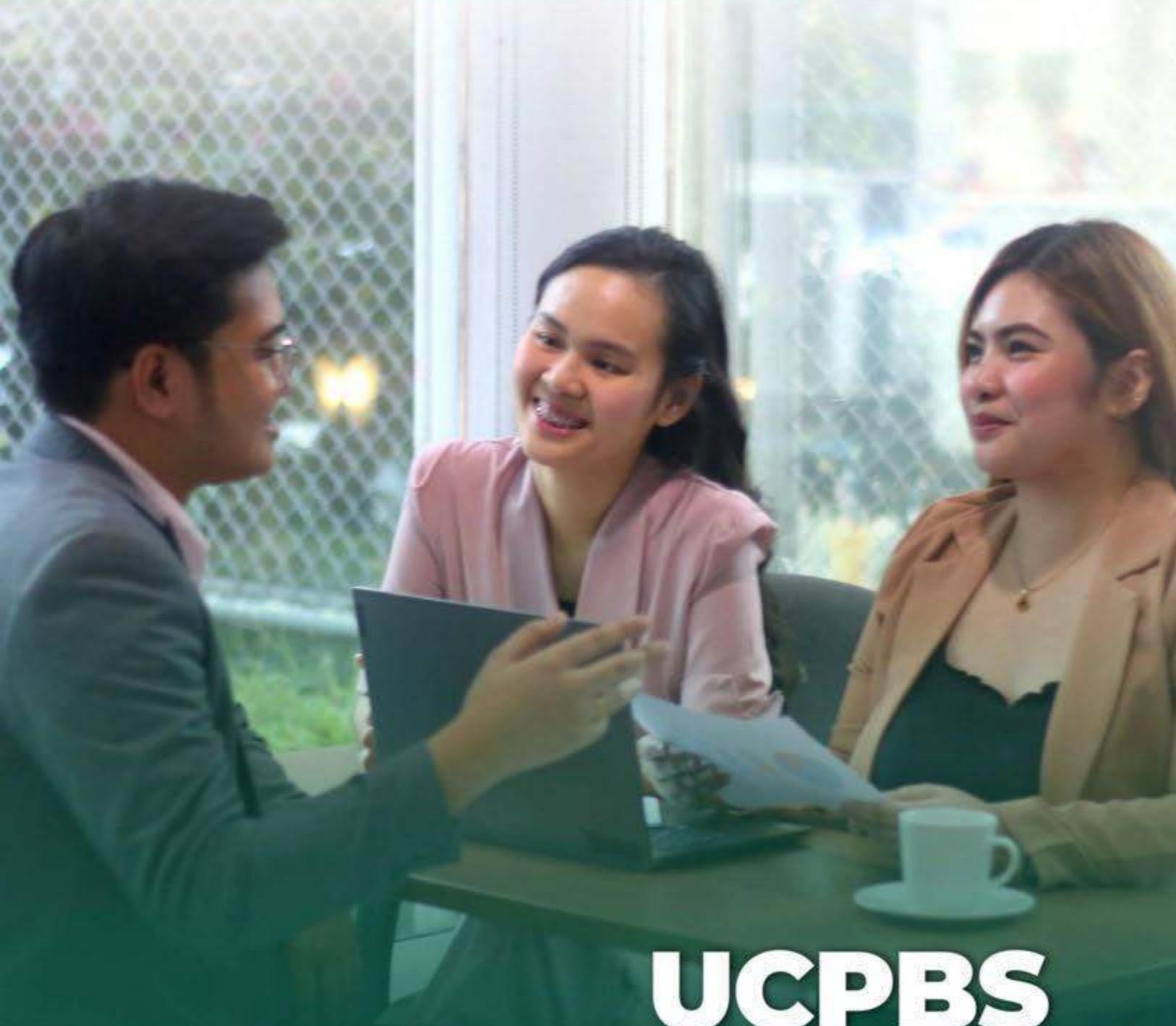
## TOTAL EQUITY



The Bank ended the year with a **TOTAL EQUITY** of P2.45Bn. Capital Adequacy Ratio (CAR) with BSP's relief at 12.63%, higher than BSP's requirement of at least 10% and better than previous year's 12.12%.

## FINANCIAL SUMMARY

PROFITABILITY	CURRENT YEAR	PREVIOUS YEAR
	2023	2022
Total Net Interest Income	806,493,625	788,270,360
Total Non-Interest Income	243,326,737	316,295,012
Total Non-Interest Expenses	972,230,297	1,016,579,743
Provision for Income Tax	43,184,170	17,205,178
Impairment Losses	243,240	33,221,786
Net Income	34,182,655	37,558,665
SELECTED BALANCE SHEET DATA	CURRENT YEAR	PREVIOUS YEAR
	2023	2022
Liquid Assets	4,360,946,221	3,800,483,382
Gross Loans	12,828,641,256	12,837,675,488
Total Assets	17,594,651,979	17,033,072,107
Deposits	14,549,739,947	14,010,946,897
Total Equity	2,446,794,229	2,422,699,463
SELECTED RATIOS	CURRENT YEAR	PREVIOUS YEAR
	2023	2022
Return on Equity	2.23%	2.90%
Return on Assets	0.35%	0.34%
Capital Adequacy Ratio	12.63%	12.12%
Net interest margin	5.78%	5.35%
HEADCOUNT	CURRENT YEAR	PREVIOUS YEAR
	2023	2022
Officers	251	258
Staff	448	445



# UCPBS TRANSLATES OUTSTANDING CLIENT SERVICE

## Harmonized Client Satisfaction Measurement 2023

UCPBS raised its client service notches higher than in the past year. From 96.17% National Customer Satisfaction Measurement (NCSS) in the year 2022, the overall satisfaction rating of the Bank reached 99.61% for the Harmonized Client Satisfaction Measurement (HCSM) in 2023, marking a 3.44% increase. The Bank strived to be responsive to the needs and welfare of its clients.

The 2023 HCSM is pursuant to the Joint Memorandum Circular (JMC) No. 1, series of 2023 issued by the Anti-Red Tape Authority (ARTA) and Governance Commission for Government-Owned and Controlled Corporations (GCG), all GOCCs, UCPBS included, are required to implement the HCSM abiding by the guidelines set in the ARTA Memorandum Circular (MC) No. 2022-05, i.e., Guidelines on the Implementation of the Harmonized Client Satisfaction Measurement specific for GOCCs Covered By Republic Act No. 10149. The ARTA developed the HCSM for agencies as a post-service survey that will assess the overall satisfaction rating of clients on the government service they availed.

The results of Citizen Charter across three dimensions covering awareness, visibility, and helpfulness show that 77.85% of the respondents were aware of the UCPBS' Citizen's Charter, while 91.52% expressed that the Citizen's Charter is visible and easy to see, and 89.48% claimed that the Citizen's Charter helped very much in the fulfillment of their respective transactions. For the analysis of Service Quality Dimension 0, the overall satisfaction index for UCPBS as perceived by the clients in the year 2023 was 99.61% which is classified as Outstanding. This means that UCPBS was able to exceed client expectations upon the delivery of the promised services of the agency in the current year investigated. For the analysis of Service Quality Dimensions 1-8 that aimed to measure the responsiveness, reliability, access and facilities, communication, costs, integrity, assurance, and outcome, an overall rating of 98.80% was gathered. This outstanding rate can be attributed to UCPBS' best practices in terms of providing assurance and reliability integrated into the services they provide. Moreover, the access and facilities of the agency also became a salient feature of the satisfaction of the clients this year.

For services identified by the clients that required improvement, a continuous agency improvement plan for 2024 was drafted to address concerns related to Citizen's Charter awareness, digitalization of transactions, faster and improved processes, online surveys, ATM services, and additional services.

In conclusion, UCPBS was able to produce both quantifiable and qualified evidence of how the Bank performed throughout the year with the promised services to its clients as contained in the Citizen's Charter. At the onset, the response rate this year was overwhelming at 106.32%, UCPBS was able to achieve the agency goal in terms of customer satisfaction measure at 99.61% or Outstanding performance in 2023.

In the same year, the UCPBS was able to deliver best practices in integrating Assurance and Reliability in responding to the needs of the clients. UCPBS' access and facilities were also regarded as outstandingly functional by the clients.

Moreover, UCPBS was able to take advantage of the presence, visibility, and usefulness of their Citizen Charter as clients were made aware of their services and perceived that the information helped them in their respective transactions. With the succinct information provided by the participating UCPBS clients in both quantitative and qualitative forms, meaningful inputs were extracted to guide the agency to improve more on its provision of services and promises to its valued clients.

# OPERATIONAL HIGHLIGHTS



# SOARING HIGH!

## BRANCH BANKING DIVISION

### FINANCIAL HIGHLIGHTS

The year 2023 proved to be a significant milestone for the Branch Banking Division (BBD), showcasing a strong performance characterized by sustained growth in deposits, loans, and earnings. This year marked a period of strategic advancements and enhanced customer engagement, driving the bank's upward momentum across its financial metrics.

Total deposits, excluding Treasury CTD accounts, demonstrated an upward direction, moving from P13.394 billion to P13.401 billion. This growth reflects the bank's commitment to building lasting relationships and trust with its clientele.

In parallel, the salary loan portfolio experienced robust growth, increasing by 13% from P3.232 billion to P3.645 billion. This surge highlights the bank's responsiveness to market needs and the effectiveness of its lending initiatives in catering to customer demand. Furthermore, total earnings of the branches soared by an impressive 187%, rising from P111,968 in December 2022 to P321,208 in December 2023. This remarkable enhancement not only reinforces the bank's stability and resilience but also positions BBD for sustained success as it continues to adapt to a dynamic economic landscape.



### BBD ACTIVITIES

In a significant milestone for the Branch Banking Division (BBD), we opened our latest Branch Lite in Prosperidad, Agusan Del Sur on Aug 14, 2023, expanding the Savings Bank's presence to 42 provinces out of the 82 across the country.

Earlier this year, in March 2023, we enhanced our operations in Quezon City by transferring the Sta. Cruz Branch from Manila to the newly established Banaue Branch. As a result, the bank now operates four branches within the National Capital Region (NCR), including the Kalayaan Branch in Makati, Rizal Avenue Branch in Manila, Alabang Branch in Muntinlupa, and Banaue Branch in Quezon City.

To better serve our growing clientele, we also relocated the UPBS Nagcarlan Branch on August 22, 2023 to a larger and more accessible location, providing enhanced services.

The addition of a new ATM at the Prosperidad Branch Lite has increased our nationwide ATM network to 68 machines. Impressively, our ATMs achieved a 98% availability rate, as reported by Bancnet, generating gross earnings of P40.584 million in ATM fees.

In recognition of outstanding achievements, the Branch Banking Division held its BBD Excellence Awards, honoring various branches for their exceptional performances. Notable accolades included the Best Branch of the Year (Class C) awarded to the Lingayen Branch, alongside Milestone Awards for branches reaching significant CASA ADB thresholds: P100 million CASA ADB for Naga, Cebu, Bulua, and Lapasan branches, and P200 million CASA ADB for the Lingayen Branch. Furthermore, the Top Loan Generation Awards were presented to Sablayan, Numancia, and Aloran Branches for their remarkable contributions to loan production.

Despite facing ongoing challenges throughout 2023, the BBD has demonstrated remarkable resilience, successfully maintaining satisfactory and profitable operations. Such achievements would not be possible without the unwavering perseverance and collaboration exhibited by the entire BBD group.

Our commitment to growth and service excellence continues to drive us forward as we strive to meet the needs of our clients across the nation.



## Asset Recovery and Management Division (ARMD)

The Asset Recovery and Management Division's (ARMD) 2023 contributions to the bank has positive impact and immense value to the organization.

For the Collection Department, the year was equally challenging as it faced the obstacles brought about by a high rate of attrition. As battle tested combatants, the remaining Collection people have remained steadfast and capably managed unpaid debts thus raising overall collection efficiency. The department has truly demonstrated team collaborations and succeeded in the resolution of 1,284 of past due accounts through efficient remediation efforts made available to the borrowers. As it geared towards 2024, the department will face the challenges head on and will continue to strive and succeed amidst adversities.

The Special Asset Management Department, with its calm and collected approach to its objective, has delivered yet another noteworthy performance as it posted a significant increase in sales. For RE ROPA, SAMD has disposed 40 TCTs in 2023, resulting to a reduction in BV of Php 56.80. This also translated to generated income of Php 40.08 (Gain on sale of RE ROPA Php 37.26Mn plus SCR income of Php 10.851Mn) versus budget of Php 20.00Mn resulting to a high TRR of 255%. As such, the income derived from the disposal of assets served as one of the Bank's revenue sources. For Auto ROPA, a total of 135 units were sold vs budget of 120 units. This translated to a reduction of BV of Php 61.242Mn. Marked by a firm determination to succeed, and not to rest on its laurels, SAMD shall continue to promote an environment of accountability that will result to achievement of sales targets and ensure compliance to existing guidelines/procedures of the bank and regulatory body.

For 2024, just like soldiers entering the battlefield, the division will be organized, uniformed and steady marching forward to carry on its mandate. Another year will be another battle to be won. **ARMD FORWARD MARCH!!!**



## Commercial & Consumer Lending Division (CCLD)

In 2023, Commercial Lending Division has remained focused on building quality loan portfolio and creating venue for sound banking to various industries. Promoting transparency, urgency and strengthening the customer service experience to continuously improve the financial landscape despite the unprecedented upheaval of financial crisis.

Account and Channel Management Department has strengthened the rapport with clients through constant support and in-depth understanding of their financial needs and providing solution-based facility. Hence, 2023 was a banner year for ACMD as it was able to generate a loan portfolio of P2.58B in 2023 exceeding the original target by 13%. NPL was reduced through enhanced monitoring paired with timely and immediate action.

With the joint efforts from branches, ACMD has intensified generation of new loans to secure growth of portfolio and to knock-off gradual winding down of termed facility accounts. Manpower mentoring have significantly contributed to the professional growth and engagement for effective decision making crucial for account evaluation and portfolio management. Keeping abreast with internal & external risk factors such as inflation, political, social, wars, calamities and the like were also necessary. In support of these initiatives, Remedial Management Unit performed continuous efforts to recover and remediate delinquent accounts.

Retail Distribution Department continued its initiatives to strengthen core business in countryside lending, boost small loans portfolio and empower the branch network. It grew the secured, unsecured and specialized lending portfolio for all SBL variants – SBL Program, SBL Motor Vehicle Financing, SBL Agri Loan and SBL Legacy.

Consumer Lending Division on the other hand focused on reviving the direct marketing channel from accredited sales agents/brokers as well as second hand financing for auto loans while maintaining partnerships with select accredited developers for housing loans.

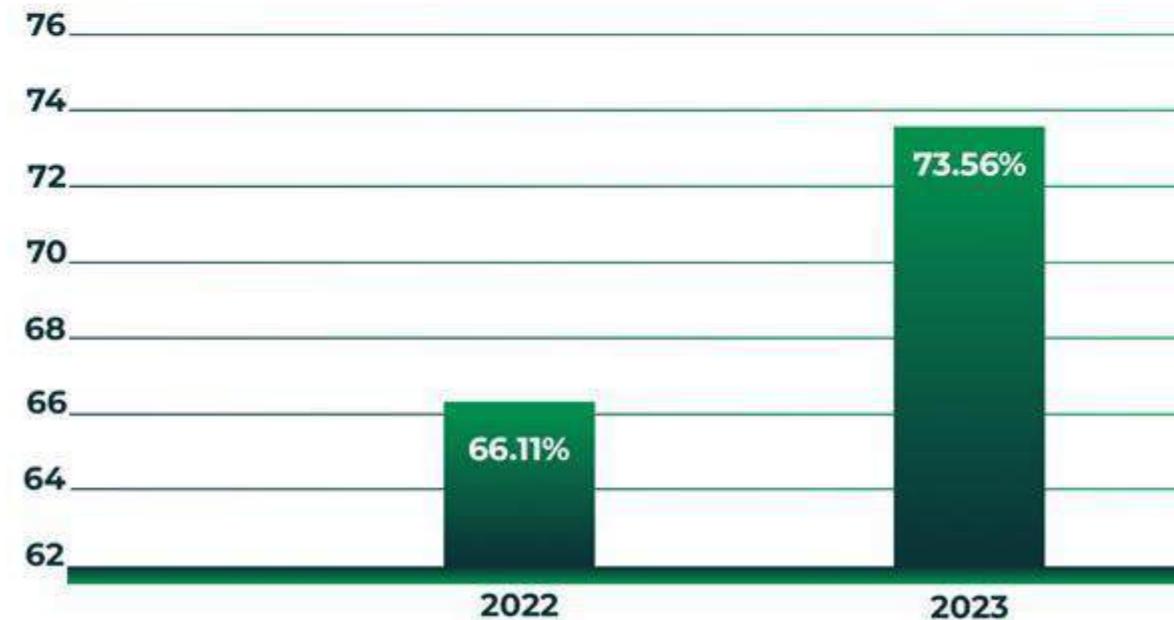
In support of the lending activities, Planning Unit also initiated strategies and processes to improve monitoring and compliance to post booking requirements.

# HIGH EFFICIENCY ON INVESTMENTS!

TREASURY DIVISION

Interest Income on Trading and Investments grew by 11% in 2023 to PHP 73.56M from PHP 66.11M in 2022 despite the decrease in available funds for investments by PHP 545M or 30% to PHP 1.268B from PHP 1.813B in 2022.

The strategy of the Treasury Banking Group in 2023 was to invest in short-term money market instruments such as BSP Bills, TDF, ODF, and RRP due to the local and global market conditions: persistent high inflation / sticky inflation, global supply chain issues, geopolitical risk). The group continues to be opportunistic in its trading and investment strategy to maintain the acceptable Capital Adequacy Ratio (CAR) mandated by the Bangko Sentral ng Pilipinas at the same time, strike a balance between liquidity and profitability.



## PROPELLING THE ORGANIZATION FORWARD



In 2023, the Information Technology Division achieved significant accomplishments that contributed to the organization's success and resilience. Here is a summary of our team's remarkable achievements:

### ***Enhancement of the Instaletter application***

We introduced a new feature called Collection Notice, simplifying the process of sending payment reminders and demand letters to loan clients. This feature streamlines debt collection and improves timely loan payments.

### ***Successful implementation of the Salary Loan Application (Branch Lending) in the Loans Origination System***

This expansion of loan services allows employees to conveniently apply for salary loans directly through their branch, demonstrating our commitment to accessible financial solutions.

### ***Revision of the Performance Appraisal Report in the e-Campus application***

By updating the Performance Appraisal Report, we ensured comprehensive and fair employee evaluations. This revision aligned the performance assessment process with the organization's strategic goals, fostering a culture of performance and development.

### ***Implementation of a Web Access Firewall***

ITD prioritized data security by successfully safeguarding sensitive information across critical platforms, including the website, Loan Origination System, e-Campus application, and Sales Management Process Application. This protective measure strengthened our defense against potential cyber threats.

### ***Smooth transfer of the Primary Data Center for business continuity***

ITD demonstrated its commitment to operational resilience by successfully transferring the Primary Data Center. This strategic initiative enhanced the bank's ability to withstand disruptions, ensuring continuous operations even in challenging circumstances.

### ***Update of AMLA Base60 to v1.26***

Staying compliant and functional, we successfully updated AMLA Base60 to v1.26, ensuring adherence to the latest regulations and access to enhanced features and improvements. This update reflects our dedication to maintaining regulatory compliance.

### ***Implementation and installation of a new PABX system***

By upgrading to a new PABX system, we significantly improved our communication infrastructure. This enhancement facilitated better internal and external collaboration, resulting in improved customer service and organizational efficiency.

These accomplishments showcase ITD's unwavering dedication, expertise, and resilience in driving forward key initiatives. Through our efforts, we have enhanced the organization's operational efficiency, strengthened security measures, and maintained compliance. These achievements reflect our commitment to supporting the organization's goals and positioning it for future success.

# RAISING INTERNAL AUDIT DIVISION

# THE STANDARDS

IAD takes pride in its 2023 milestones, the most significant of which are as follows:

## A Acceptable BSP Examination Rating

IAD has maintained an “Acceptable” rating of internal audit function in the 2023 BSP Examination, as it is effective and reliable in providing objective assurance that internal control processes, corporate governance, and risk management are designed and operating as intended.

## B Process Improvements

IAD provided insights into inefficiencies and areas for enhancement of the Bank operations. By implementing the suggested improvements, the Bank has optimized processes, increased efficiency, and enhanced overall performance.

## C AML Compliance

Ensuring consistency of implementation and the required clean-up and updating of customer records prior to the procurement of the new Core Banking System (CBS), the Internal Audit (IA) continuously monitors compliance of business units. On a per branch basis, reviewing and comparing the updates on compliance per Corrective Action Tracking Report (CATR) versus the Branch Banking Division's (BBD) Customer Information Sheet (CIS) related report shows linear relationship signifying improvements both per IA results of regular audits and the actual CIS updating per BBD reports.

## D Improvements in the resolution of open findings

Issues identified during the audits were discussed and agreed with concerned business units. The Management is putting in place action plans identifying appropriate management actions, owners for each action and target timeline for completion. These agreed-upon management actions are subject to the regular monitoring and reporting through the Corrective Action Tracking Report (CATR) on a monthly basis.

While it is acknowledged that some improvements and benefits could take time to be realized, the Bank is ensuring that the improvement plans are prioritized and sufficiently resourced to deliver the improvements in 2023. Noteworthy that most of the CATR long-outstanding items were continuously monitored and regularized. Open areas are subject to the regular audit in 2024 to assess the appropriateness and effectiveness of the new arrangements in compliance with the Audit Committee directives.

As Management put in place arrangements for dealing with issues identified in 2023 as well as emerging risks, ongoing improvement work in some key areas continued to be prioritized.

## E Fraud Management

IA's Special Audit Unit under Branch and Special Audit Department (BSAD) undertakes special audit and investigative work in a variety of fraud risk areas. While there were special audit cases noted, the Bank takes a proactive and zero tolerance approach to fraud. The CAE also has the responsibility for receiving and coordinating responses to Whistleblowing referrals. Consistent with best practice, an independent review on the process for referring, assessing, investigating and managing potential whistle-blowing allegations was undertaken to mitigate against the risk of self-review.

Overall, IAD remains resolute in its commitment to reimagine and transform the Internal Audit into reliable partner of the Bank for its continuous improvements. For 2023, IAD completed 118% (inclusive of special and other engagements) of the planned hybrid audit engagements (i.e., assurance, consulting and other audit activities) which further contributed to the effectiveness and efficiency of governance, risk management and control processes.

# A YEAR OF INNOVATION AND EFFICIENCY

## OPERATIONS DIVISION

2023 has been a transformative year for UCPBS Operations Division, marked by forward-looking, enhanced efficiencies and steadfast commitment to operational excellence. The division's strategic initiatives have resulted in streamlined processes, optimized performance and remarkable value to customers and stakeholders.

The Operations Division, as in the previous years, has played a crucial role in driving the Bank's objectives by optimizing processes within its Treasury Operations, Systems & Methods, Remittance, Central Clearing, Loans Accounting and ATM departments. These optimization efforts have resulted in operational efficiency, ultimately bolstering overall productivity, customer satisfaction, and financial stability.

The Operations Division continues to employ a proactive approach to better manage operational risks through systematic processes encompassing risk identification, assessment, measurement, mitigation, monitoring and reporting.

### Treasury Operations Department

Indicative of the Treasury Operations Department's efficient management and execution of transactions is the settlement and booking of 101 trades of government securities, treasury bills and BSP securities sans any failed transactions. Such solid performance is beyond commendable and is very much crucial in financial markets. Proactively working with counterpart banks to avoid reputational risks further demonstrated the department's commitment to maintaining high standards in its daily operations.

Also highlighting the Treasury Operations Department's positive contributions is its key role in the Bank's utilization of Real-time Gross Settlement (RTGS). RTGS is a critical component of financial systems, ensuring real-time settlement of large-value transactions. In 2023, the unit has processed a total of 431 outgoing RTGS transactions and 2,245 incoming RTGS transactions, up by 402 from the year prior. Such increase in incoming RTGS transactions has amounted to ₱130,623,727.15, which is another telling mark of the department's capability and efficiency in managing such high volumes, underscoring its value to the Bank.

Another noteworthy achievement for the department is its high internal audit rating of 95.58% in 2023, the highest rating given by an internal auditor thus far. It is reflective of the department's compliance to and efficiency in keeping its internal controls, excellence in risk management and preserving financial integrity.





#### Systems and Methods Department

With the end goal of optimizing internal bank processes, the Systems and Methods Department (SMD) has released a total of 59 bank circulars, majority of which emanating from revisions of existing guidelines, along with the creation of new policies and procedures and bank forms. Highlighting the performance of the department were the releases of key operating manuals such as Freedom of Information (FOI) Manual, which promotes transparency, disclosure and accountability in transactions without compromising the credibility and reputation of, and public confidence in the Bank.

Likewise, a number of policy guidelines were crafted by SMD not only to support the Bank's growth but also, to advocate its commitment to its Mission and Vision, and sound banking practices. These include:

- UCPBS Sustainable Finance Framework, which integrates environmental, social and governance criteria into financial decision-making to promote long-term sustainable economic growth and responsible investment.
- UCPBS Zero Backlog Program that streamlines the Bank's operating procedures to ensure efficient delivery of services to its customers.
- PESONet Guidelines and Procedures, which establishes the standards in delivering safe, efficient and reliable retail payment system to the banking public
- Guidelines on Identifying Beneficial Account Ownership, which complies with the Anti-Money Laundering Council's (AMLC) regulations on identifying and establishing the beneficial owners of a specific account and the existence of legal documents to support the same.



Driven by its passion to bring improved operational efficiency to the Bank, SMD will take on bigger challenges of streamlining bank processes and keeping bank manuals updated, while keeping tabs on BSP's and other regulatory agencies' rules and regulations.

#### Remittance Unit

In March 2023, the Remittance Unit (RU) has completed the pilot testing of participating in the onboarding process under Philippine Clearing House Corporation (PCHC). The said pilot testing encompassed the procedures, scenarios, expected outcomes and the actual results. The Bank's successful participation in the onboarding process as spearheaded by RU, proved to be instrumental in achieving the pilot testing goal, influencing the decision for its implementation.

In August of the same year, the Bank, through the efforts of the department, has successfully adopted the Philippine EFT System Operation Network (PESONet) system. PESONet enables customers of participating banks like UCPBS to transfer or receive funds in Philippine peso currency to or from another customer of other participating banks, e-money issuers, or mobile money operators in the Philippines. Becoming part of the PESONet network has further allowed the Bank to empower its customers through innovative delivery of financial services.



#### Central Clearing Department

Among the advantages of using PESONet for fund transfers include:

■ **COST-EFFECTIVENESS:** PESONet transactions are typically more affordable than traditional checks or over-the-counter payments. The associated fees are often lower, making it a cost-effective option for both individuals and businesses.

■ **REAL-TIME SETTLEMENT:** While PESONet transactions are not instantaneous, they are processed within the same banking day. This ensures prompt receipt of funds, significantly improving cash flow and liquidity.

■ **SECURITY AND REGULATION:** PESONet adheres to strict security protocols and regulatory standards set by the Bangko Sentral ng Pilipinas (BSP) and AML Regulation, ensuring the safety of transactions and safeguarding users' financial information.

■ **WIDE REACH:** PESONet links various banks and financial institutions, enabling transfers between different accounts. It is not limited to a specific bank or region, thereby enhancing accessibility.

■ **ELIMINATION OF PHYSICAL CHECKS:** PESONet eliminates the need for physical checks, reducing paperwork and administrative tasks, which benefits both individuals and businesses.

Looking ahead, RU will continue to play a vital role in employing efficient processes and best practices, to ensure the highest standards of compliance and customer satisfaction in every transaction.

Central Clearing Department (CCD) has adapted the "same day clearing" process in compliance with the Revised Check Clearing Settlement mandated by the BSP. In connection with the changes in the timelines, CCD now participates in the implementation of the PM Adjustment Window (PAW), which allows the correction of material discrepancies and/or return of high value items to be posted on the same clearing day.

The average monthly volume of outward and inward checks processed by the department are 28,497.58 and 38,948.33, respectively. Despite the shortened clearing settlement, CCD consistently observes the clearing procedure in accordance with the bank's policies and that of the PCHC (Philippine Clearing House Corporation) rules and regulations. These include the signature verification process, check transmission to PCHC and the timely submission of reports for the outgoing and incoming clearing transactions.

CCD provides the security and efficiency in the check verification which is integral to the stability of the banking process and the reduction and mitigation of fraud.

One of the high points CCD has accomplished in 2023 is the increase in numerical rating to 94.44% in the last regular audit. Such feat is a result of the unwavering commitment of all clearing personnel, to always adhere to the necessary controls.



### Loans Operations Department

Bringing utmost convenience to customers being always a top priority, the Loans Operations Department (LOD) has initiated the Bank's adoption of two alternative payment channels that effectively integrates UCPBS as merchant bank, into the systems of the Land Bank of the Philippines (LBP)--

Link.BizPortal is an online loan payment facility of LBP that allows UCPBS clients to pay their loan amortization, fees and other charges conveniently and securely anytime, anywhere. With Link.BizPortal, UCPBS borrowers may transact online to pay their dues using:

- LBP or OFBank card accounts
- Card accounts with other 19 participating banks
- Digital wallets like GCash, Maya, ShopeePay and GrabPay
- LBP cash agent partners

- On-coll (Online Collection Facility) is another alternative payment channel made available for UCPBS borrowers, allowing them to pay their loans and other fees over the counter at any LBP branch.

Despite the wins the department has achieved, LOD still faces the challenge of updating customer information, including missing details in the existing database. This is crucial in accurate reporting as the reportorial requirements now include additional customer data, necessitating thorough data management.

LOD will remain steadfast in its commitment to upholding the highest standards of compliance, rigorously adhering to the rules and regulations set by the BSP, and ensuring the integrity and transparency in its operations to safeguard the trust and confidence of customers and stakeholders.

### ATM Department

Throughout the years, the ATM Department has always taken accountability in ensuring the availability of the Bank's ATMs in its branches, most recent of which are those in Nagcarlan and Prosperidad branches. Keeping up with the competition, the department has managed to deploy 1000-polymer bills nationwide.

The rapid growth in the use of ATMs offers the bank the opportunity to reduce the workload of the employees, avoid long queues at the branches, and extend its bank services to customers 24/7. To apply respond to the demands of the customers, the ATM Department remains focused on delivering efficient ATM operations, taking the necessary steps in minimizing and mitigating all associated risks. Testament to this is the Bank's ATM uptime that stood strong at 98.23%.

2023 has seen an increase in the usage of mobile banking, with UCPBS receiving a total of 163,320 Instapay transactions amounting to ₱2,025,497,503.03. Meanwhile, ATM activities especially at the Bank's rural sites remained steady, with a total volume of 3,296,946 ATM withdrawals amounting to ₱16,820,708,300.00.

Cognizant of the importance of serving the banking public through efficient operations of its ATMs, the ATM Department is always in active pursuit of alternative arrangements against power failures for all its machines.

The ATM Department is dedicated to delivering seamless, reliable and secure services, ensuring that customers have convenient access to their finances round the clock, while continuously innovating to enhance the efficiency and reach of its ATM network to meet the evolving needs of the Bank and its customers.



# EMBRACING ENHANCEMENT and EFFICIENCY

## CREDIT MANAGEMENT DIVISION

**The Credit Management Division played a vital role as the Credit Evaluation Department, Credit Appraisal and Investigation Department and Loans Documentation Department worked together to achieve the Bank's Performance Scorecard.**

### CREDIT EVALUATION DEPARTMENT

The Credit Evaluation Department (CED) consistently maintained its 100% compliance on Turn Around Time (TAT) in processing loan applications both in Citizen's Charter and internal service level agreement reflecting exceptional processing efficiency.

Enhancement of Loan Originating System (LOS) to include tagging of high-risk customers and amendment of module -credit score parameters for Auto and Housing Loans had been undertaken and implemented. This initiative resulted to a more prudent credit score and AMLA base due diligence.

Moreover, guidelines on Post Quality Assurance under Sel. Circular 05-192-2024 was approved last May 2023 to ensure post booking review, credit quality assessment, conduct validation and verification of actual use of loan proceeds as appropriately used based on intended purpose, and to ensure adherence to sound banking practices.



### CREDIT APPRAISAL AND INVESTIGATION DEPARTMENT

Credit Appraisal and Investigation Department (CAID) was able to update valuation of 806 properties under ROPA and verified 52 documents that were already covered by CLOA. This can be translated as an upside in asset value and eventually to a gain on sale.

Re-classification of complicated ROPA inherited from various merged Banks to the United Rural Bank (URB) eliminated 96 non ROPA properties. Collection of indemnity due to CARP coverage and due compensation is being undertaken.

In 2023, The bank's CAID became a direct member of Bank Association of the Phils. (BAP) and was able to have a direct access to the "Online Loandex System" through the endorsement of the Chamber of Thrift Bank, Inc. (CTB). In a related development, CAID in coordination with ITD is now utilizing CMAP DBX-IAAS ENTERPRISE CLOUD SOLUTION to store CMAP/NFIS reports.

In coordination with Systems Development Department of Information Technology Division (ITD), the Internal Appraisal System (CAID IAS) was also developed and launch last January 2023. The system featured an online access to timely update and generate appraisal reports while the appraiser in on fieldwork. This shortens the turn around time in submission and review of reports. The system has capability to be accessed by other Users as a tool for management reporting.

### LOANS DOCUMENTATION DEPARTMENT

Highlighting the major accomplishment of Loan Documentation Department (LDD) is the significant reduction of unregistered real estate from 433 in 2022 to 262 in 2023, chattel mortgage and encumbrance of ORCR which was brought down to 73 from 181 in 2022. The reduction lowered the impact in Expected for Credit Losses (ECL) of the Bank. This also mitigated the risk in collateral position to auto, real estate and small business and commercial loans.

The digitization of loan documents is a continuous activity of Loan Documentation to ensure that the bank is hundred percent (100%) compliant with BSP mandate. KYC and loan documents can be easily accessed thru Ducuvu.





## TURNING OPPORTUNITIES INTO STRENGTHS

### Human Resources Department (HRD)

One of UCPB Savings Bank's highly valued assets, is its Human Resources. With the never-ending challenges and innovation in the workforce landscape, UCPBS ensures that various initiatives and measures adhere to strict labor laws and regulations, compensation, and benefits and nurture its associates through training and development, and provide a safe and secure workplace.

For UCPBS employees, the year 2023 marked the Bank's full transition to being a government-owned and controlled corporation as evidenced by the change on the Bank's compensation framework. In January 2023, the Governance Commission for Government Owned or Controlled Corporations (GCG) issued the authorization to implement the Compensation and Position Classification System under E.O. No. 150 to UCPBS. Such change was carefully cascaded to the organization by conducting the President's Hour that provided open discussion to commonly asked questions and eventually eradicated confusion among people.

Amidst the shift to the new framework, the Human Resources Department serves as a steady guide assisting the organization as it navigates the transition. It also ensured compliance and transparency in its implementation by collaborating with regulatory bodies and subject matter experts. Moreover, the department also partnered with the Senior Management in ensuring that changes were communicated well to the employees and that it is always business as usual for everyone.



## THE PINNACLE OF EFFICIENCY AND COMPLIANCE

### PROCUREMENT UNIT

The Procurement Unit of UCPB Savings Bank, Inc. takes pride in its unwavering commitment to adhering to the stringent provisions of Republic Act No. 9184, otherwise known as the Government Procurement Reform Act, and its Implementing Rules and Regulations (IRR). This steadfast dedication has been instrumental in fostering a culture of transparency, accountability, and efficiency within the Bank's procurement processes.

In the past year, the Procurement Unit has made significant strides in streamlining its operations to ensure seamless and timely acquisition of goods and services. By adopting innovative processes and procurement strategies, the Unit has successfully reduced processing time while maintaining the highest level of compliance. This streamlined approach has not only enhanced operational efficiency but has also contributed to cost savings for the Bank.

Moreover, the Procurement Unit has played a crucial role in promoting a culture of compliance and transparency across all divisions of UCPB Savings Bank, Inc. Through Government Procurement Policy Board (GPPB) training programs and regular updates, the Unit has empowered employees to understand and appreciate the importance of adhering to procurement guidelines. As a result, the entire organization has become more attuned to the principles of good governance and transparency in procurement.

The Unit's accomplishments are a testament to its dedication to supporting the Bank's overall objectives. By ensuring that all procurement activities are conducted in accordance with the law and established procedures, and has contributed significantly to the Bank's financial stability and overall success.

The Procurement Unit remains committed for continuous improvement and is dedicated to exploring new ways to enhance efficiency, transparency, and compliance in its operations. By working closely with all the departments within the Bank aimed to further strengthen UCPB Savings Bank's position as one of the leaders in the industry.

# HRIS

THE HUMAN RESOURCE  
INTEGRATED SYSTEM

## Employee Selection and Placement Unit

The HR-Employee Selection and Placement Unit recognizes the importance of human resources acquisition as a crucial aspect of an organization. Therefore, the UCPB Savings Bank strives to acquire and provide potential talents who suit the bank's needs through strategic recruitment methods, brand equity, targeted sourcing operations, and competency-based assessments.

Furthermore, technology's impact on efficiency and productivity is recognized, as a result, the continuous use of the Talent Acquisition Portal has been implemented to ensure that all job applications received by the Bank, and other employment records are monitored and organized online. Moreover, UCPBS' hiring strategies and policies were further aligned with the changing business landscape and thus, the following sourcing channels were fully utilized:

1. UCPB Savings Bank website online careers page
2. UCPB Savings Bank official Facebook page
3. Various online job portals and professional networking sites (i.e., Jobstreet and LinkedIn)
4. Employee Referral

With the HR-Employee Selection and Placement Unit's commitment to providing well-suited associates for the bank, all applicants are screened and pre-assessed. The selection process is based on the associate's qualification to ensure the competency and efficient performance of the duties and responsibilities of the positions.

## UCPBS MANPOWER

as of December 2023

**699**



**251**

Total officers

**448**

Total Non-Officers

**699**



**64.10%**

Total Non-Officers

**35.90%**

Total officers



**117**

2023 Total New hires

Total Non-Officers **29**

Total Officers **88**



## TRAINING & DEVELOPMENT



UCPB Savings Bank is committed in offering and fostering programs that will help develop and nurture the bank's associates. Through dedication, the bank provides its associates with various Learning and Development programs and interventions. Transforming adaptability into opportunity, UCPB Savings Bank continually demonstrates tenacity and innovation by analyzing different learning platforms to fill in the competency gaps of its associates and offer direction for career development and growth.

In 2023, the HR-Center for Learning provided the associates with more opportunities to develop and learn new knowledge, skills, and abilities amidst various challenges.

To foster the KASAMA MO culture to the new associates, the hybrid set-up New Employees Orientation Program is continuously provided, intended not only to welcome, and boost the confidence of the new hires, but also to help them gradually and smoothly integrate themselves through learning about the industry, the bank's basic information, products, services, the Vision-Mission, and Core Values.

Furthermore, via virtual learning sessions, the HR Center for Learning made further efforts to deliver more training programs, such as AMLA, Flowing with Grace: Expanding Horizons with the Flow State, Going Back to our Purpose: Rediscovering our Why, Mastering Our Energy: Making Time for What's Meaningful, Online Kwentuhan na may Kwenta, Pagod ka na ba? Identifying and Managing Burnout among others.

Specific training programs were also conducted to enhance the UCPBS employee's proficiency in 2023 such as Core Banking System - Conference, Counterfeit Detection, Deferred Income Tax: Simplified with Illustrative Examples, Digital Banking & Beyond: The Value of Personalization, Effective Workplace Safety Inspection, Employee Relations and Discipline Management, Employment Compensation & Employee Benefits Forum, Enterprise Risk Management, Exceptional Employee Onboarding: How to Achieve A Successful Onboarding in a Hybrid Workplace, GA Multimedia Design Bootcamp, Job Analysis and Writing of Job Description, Launch of the Credit Scoring, Managing Generational Differences in the Workplace, Money Market Module, Occupational First Aid Training, Online Technical Compliance Workshop of Credit Information, Signature Verification, and other functional and technical training programs were made available to UCPBS employees to improve security, satisfaction, and productivity.

UCPB Savings Bank recognized that its leaders must attend training programs to maintain the bank's competitiveness in a constantly changing world. The succeeding leadership training programs were attended in 2023 such as Leadership for Supervisors and Managers, Briefing on BSP Circular No. 1159 on the Implementing Rules ad Regulations of the Mandatory Agriculture, Fisheries, and Rural Development (AFRD) Financing under Republic Act No. 11901, Briefing on BSP Circular 1160: Regulations on Financial Consumer Protection to Implement RA 11765, BSP-CTB Training Program on BSP Initiatives on Bank's Digital Transformation/Cybersecurity,

CTB 2nd F2F General Membership, DA-ACPC Agriculture and Fisheries Finance Policy Forum, Embrace Success, Financial Management, Focus Group Discussion (FGD) and Vision Mission Setting, HR Tech Strategy Meeting Philippines 2023: Digital HR for a Transformed Workforce, Implementation of the Environment and Social Risk Management System, Philippine SME Banking Knowledge Sharing and Training Conference, PhilSys Check Webinar, Pollution Control Officer & Managing Heads, POST-SONA Philippine Economic Briefing, Pre-Work: Business Planning, Q1 2023 Philippine Property Marketing Briefing, Regional Marco-Economic Conference Series, Safety Mo, Safety Ko (Emergency Evacuation Awareness), Branch Conference 2023, and among others.

The HR Center for Learning also took steps to provide pertinent information via Microlearning. This animated intervention brings a chunk of timely information right to the employees' workstations.

## COMPETENCY FRAMEWORK

While maintaining the same rate of progress in learning and development in the banking industry, further emphasis was given by the Management on the Bank's competency framework. UCPB Savings Bank entails alignment of the competency requirements for business direction. The competency assessment carries a total weight of 5% in the 2023 Performance Scorecard under Sustain and Nurture High-Performance Culture Strategic Objective, Learning, and Growth Perspective. Moreover, in compliance with the GCG, UCPB Savings Bank is expected to improve its competency level based on the 2023 competency results through the implementation of Learning and Development interventions.

To address the competency gaps identified in the assessment, the HR-Center for Learning will provide continuous appropriate learning and development interventions that will be implemented at the organizational and individual levels.

## HEALTH & SAFETY

The health and well-being of UCPB Savings Bank employees is one of the Bank's most valuable assets. Activities such as Blood Donation, Head Office Associates - Physical Exercises such as Basketball, Volleyball, and Badminton (HO associate's initiatives), and Annual Physical Examination brought back the good deeds in the community.

The HR-Center for Learning provided tailored learning materials through Email Blast - Microlearning and training programs about mental health to lessen the adverse effects.

To further safety and security awareness by our associates, the Safety ng Kasama Mo training program was conducted, in collaboration with the Security Department.





## OTHER INITIATIVES

As UCPB Savings Bank transitioned into a full-fledged government bank, it is imperative that the organization realigns its structure in accordance with the government's requirements for all government agencies and institutions.

The HR Department continues to strengthen programs that equip UCPBS employees with practices in nurturing and sustaining the well-being amidst uncertainty and change. Gender and Development (GAD) is one of the top priority programs, with activities such as Slogan Making Contest. A sub-module on the Code of Conduct on Sexual Harassment and Safe Spaces Act has also been integrated into the New Employee Orientation Program (NEOP). Its goal was to raise general awareness, understanding, and knowledge about gender equality.

## RETIREMENT AND SUCCESSION POLICY

### Retirement

In recognition of an employee's invaluable contribution and service, a retirement benefit program has long been adopted for an employee who is eligible to retire. Prior to retirement, the employee is entitled to a certain percentage of the accrued retirement benefit in accordance with the following schedule:

No. of years in service	% of Normal Retirement Benefit Payable
5 but <6	50
6 but <7	60
7 but <8	70
8 but <9	80
9 but <10	90
10 & above	100



## SUCCESSION POLICY

In 2023, the Bank continued its focus on promoting potential employees to fill in the critical vacancies, aid in career advancement, and ensure the implementation of the succession plan. Further, changes to the crafting of the individual development plan were made to ensure that competency gaps were addressed.

Succession Planning aims to help the Bank create a "bench strength" while engaging promising talent. The bench strength will provide development programs/opportunities which will prepare them for greater responsibilities and opportunities within the organization.

This succession planning framework shall be used to address changes in the Senior Management and other Leadership Roles.

### 1. Succession Planning Process

The Bank shall follow the steps in the succession planning process:

#### ■ Step 1: Strategic and Workforce Planning Decisions

This stage involves the identification of the long-term vision and direction of the Bank by analyzing future requirements for products and services. This connects the succession framework to the values of the organization and the needs and interests of the Senior Management.

#### ■ Step 2: Analysis of Leadership Gaps

This step involves identifying core competencies and technical competencies of the Middle and Senior Management. It determines talents needed for the long-term and develops a business plan based on talent and not on position replacement. In this step, it is important to consider the manager's assessment of personal views about leadership and development needs, and the corresponding competencies required for the present and future abilities to deliver the expected proficiencies.

#### ■ Step 3: Identification of Talent Pools

This involves identifying talents with critical competencies from various levels, and assessment of competencies and skill levels of the current workforce. Through this step, the Bank will be able to set decisions and processes to understand, evaluate, and prepare for future talent needs. It is typically an outcome of business workforce planning.

The identification of groups of high-performing, high potential employees who are being developed to assume greater responsibilities within the organization is very important in succession planning. HRD shall look for those who are not only engaged and performed at an exemplary level but also embrace the corporate culture. Demonstration of competencies of the company values the ability to obtain the organizational knowledge and the interest to advance in the company is performed.

**Step 4: Development of Succession Strategies**

This step involves the identification of various strategies:

**a.** Recruitment Strategies. The Recruitment Department's hiring strategies are aligned to support the Bank's Talent Pipeline Management programs which include Succession Management, High Potentials Management, Job Rotation, and External Candidates pooling.

**b.** Retention Strategies. Retention can be done through recognition, continuous assessment, feedback, and coaching to further develop the potential and create a committed relationship. This includes regularly revisiting the compensation and long-term incentives of the Bank.

**c.** Training and Development Strategies. Training strategies will be identified to align the performance dimensions and career ladders to attain the achievement required for employee success.

Development strategies involve workshops and other formal events. Most often, however, development occurs on the job through coaching and various developmental assignments, such as participation on action learning teams or job rotation. Those identified as having the greatest potential are more likely to be recommended for off-site workshops and other similar activities.

**Step 5: Implementation of Succession Strategies**

This step involves implementing the succession strategies that are identified through recruitment, retention, and training and development. It encompasses communication planning and determining measures of success. HRD will create a succession plan that links talent development to the strategic goals of the Bank.

**Step 6: Monitoring and Evaluation**

This step involves tracking the development of talent pools, documenting feedback from immediate heads on successful internal talent and internal hires, and assessing response to the changing requirements and needs of the Bank.

It is important to determine progress, make mid-course corrections, and assign accountability for achieving the desired outcome. An evaluation provides a regular flow of information about how well the strategies are working. Information should be provided on a regular basis so that decisions can be made about personnel. Information about recruitment, retention, training, and development should also be analyzed.

In order to keep track of the progress, documentation of the strategies in an action plan must be done. The succession plan strategies will provide the mechanism for clearly defining timelines and roles and responsibilities.

## REMUNERATION POLICY

In 2023, the Governance Commission for Government-Owned or Controlled Corporations (GCG) issued the authorization to implement the CPCS under E.O. No. 150 for UCPBS, the Bank's compensation framework is now aligned with the applicable provisions of CPCS.



## DISCLOSURE STATEMENTS

**Complaints by employees concerning illegal and unethical behavior.**

UCPB Savings Bank as a financial service provider is committed to promote the highest standards of integrity and trust. To protect the stakeholders of the bank and maintain the credible reputation in the financial industry, the Whistleblowing Policy is articulated. The policy encourages and enables UCPBS employees to report, in good faith and in an environment free from retaliation, actual or suspected wrongdoing against UCPBS. This allows the Board and Senior Management to manage risks and cultural issues within UCPBS. Likewise, the policy defines procedures for attending to reports. To ensure compliance with applicable regulations, the Whistleblowing policy was amended last April 2021.

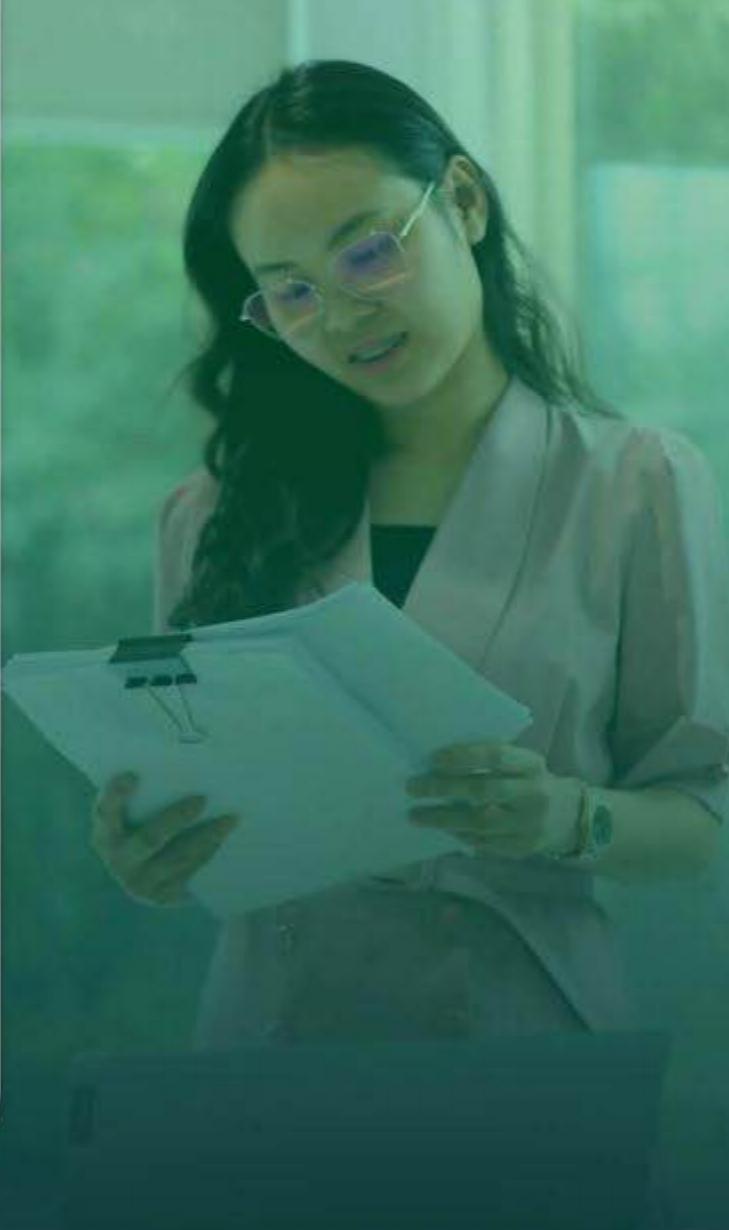
**Procedures to protect an employee/ person who reveals illegal/ unethical behavior from retaliation.**

The bank employees who report suspected wrongdoing are protected from harassment, retaliation, or adverse employment consequences. The UCPB Savings Bank amended its existing policy to clarify the conditions for providing whistleblower and witness protection. Furthermore, the policy elaborated on the context of safety and security against retaliation.

The policy clearly stated limitations and other conditions. Regarding malicious and false reporting, UCPBS assures that allegations made in good faith by a whistleblower or witness that are reasonably believed to be accurate but not confirmed by the investigation will not be considered malicious. However, any willful act of reporting a false, frivolous, malicious, and misleading allegation of illegal activity may result in appropriate action, including disciplinary action, following the UCPB Group of Conduct, without prejudice to any criminal or civil liabilities that may arise.

**Whistle-blowing policy.**

The updated UCPB Savings Whistleblowing Policy is available on the company's website. The revised policy is concise and exemplifies specific items in the protection and security of whistleblowers and witnesses and the reporting process. All UCPBS employees will use electronic access to the Whistleblower Policy to report any actual or suspected wrongdoing against UCPB Savings. In addition, employees will be well informed about the whistleblower and witness protection requirements.





## PERFORMANCE APPRAISAL AND PROMOTION PERFORMANCE APPRAISAL POLICY

Work performance of every UCPBS employee shall be assessed, monitored and evaluated through a systematic performance appraisal. This is to ensure that all employees shall be aware of the weaknesses and strengths, as well as opportunities for improvement and skills development.

Employees shall receive feedback on job performance, to assist on ways to become more effective and to provide information to the immediate Head for career aspirations. This allows the associate the opportunity to progress to the full potential in order to meet the company's needs and personal development goals.

### 1. Purpose

As Bank's feedback written mechanism on the associate's job performance, as well as recording the concerns and issues which need attention and interventions.

### 2. Associates Subject for Appraisal

- All Associates who have completed 6 months as of December 31 of the previous year;
- Associates whose resignation dates take effect on or before February 28, of the present year shall be excluded in the annual performance appraisal; and
- For associates who have been transferred from one unit to another, performance shall be evaluated by the supervisor in each unit, provided length of assignment is no less than two (2) months in each unit. Consolidation of ratings will be done by the current supervisor.

### 3. Performance Appraisal Rating

The rating shall be based on the new guidelines for performance appraisal and living and leading brands. Ratings in each of the factors are to be consolidated in the Performance Appraisal Rating Sheet, discussed with the associate, and signed by both appraiser and appraisee.

- 3.1. The Performance Appraisal tool is comprised of 4 performance factors, namely:
  - a. Key Results Area/ Objectives
  - b. Living and Leading the Brand
  - c. Competency rating based on the requirement of GOCC and CPCS policy.
  - d. Sustainable Financial Framework (SFF) – BSP requirement to align financial decision-making with the broader goals of sustainable development.

### 3.2. Performance Appraisal Rating Sheet

5	Exceeded objective over 105%
4	Objectives met at over 95% - 105%
3	Objectives met at over 85% - 95%
2	Objectives met at over 75% - 85%
1	Objectives met at over below 75%





## CULTURE AND PHILOSOPHY

As an inherent part of good governance, the Bank is committed to fulfill its obligation to all its stakeholders to effectively manage the business and ensure that the correspondent risk management process is in place. As a financial institution, UCPBS recognizes that it is in the business of taking risks and is vulnerable to various forms of risks. Thus, it seeks to develop a risk return consciousness in the Bank in order to preserve capital and ensure adequate return on capital.

Specifically, it upholds the following risk philosophy:

- Risks are inevitable but can be managed to avoid losses and it is better managed and controlled if measured consistently and accurately;
- An effective risk management system is a critical component of bank management and a foundation of a safe and sound operation of the Bank;
- Risk management is a top-down process and should operate at all levels within the Bank;
- "Control culture" should be developed and risk awareness should be promoted and not risk aversion;
- All activities should conform to applicable legal and regulatory provisions of the Republic of the Philippines, as well as to the Bank's internal policies and procedural guidelines; and
- Policies and practices that generate incentives or temptations for inappropriate actions should be avoided. These include but are not limited to overemphasis on short-term performance results that ignore long term risks, ineffective segregation of duties that allow misuse of resources, or concealment of poor results and insignificant penalties for improper activity.

## RISK APPETITE & STRATEGY

The Board of Directors (BOD) sets the risk appetite of the Bank. This is articulated through policies and limits that the BOD approves. BOD likewise oversees adherence of the Bank to approved policies and limits. Annually, it approves the Bank's business plans and strategies and monitors the Bank's attainment of its goals. In setting the risk appetite and strategies, the BOD takes into account the business environment, regulatory landscape, and the Bank's long-term interests and ability to manage risk.

The Senior Management is responsible for the overall implementation of the Bank's strategy as approved by the BOD through the following:

1. Development of policies that define the Bank's risk tolerance ensuring that they are compatible with strategic goals;
2. Ensuring that strategic direction and risk tolerances are effectively communicated and adhered throughout the organization; and
3. Oversight of the development and maintenance of management information systems to ensure that information is timely, accurate and pertinent.



## RISK GOVERNANCE STRUCTURE

The BOD is supported by various board and management-level committees in its risk oversight functions. These committees are responsible for developing, managing, and monitoring specific risks at various levels of organization, as well as recognizing early warning signals and devising appropriate risk responses to mitigate risks. These are the Executive Committee (EXCOM), Audit Committee (AUDITCOM), Corporate Governance Committee (CORPGOV), Risk Oversight Committee (ROC), Credit and Collection Committee (CRECOLCOM), Bank's Anti Money Laundering Committee (BAMLC), Asset Liability Committee (ALCO), Technology Committee (TECHCOM), Bids and Awards Committee (BAC). Except for the ROC, the corresponding functions, roles, and responsibilities of these committees are highlighted under Corporate Governance in this annual report.

The ROC composed of three (3) members, convenes monthly and updates the BOD on the Bank's overall current and emerging risk exposures through the Risk Management Division (RMD). Its responsibility covers the oversight of the Bank's risk management framework, adherence to the risk appetite, and effectiveness of the risk management function.

The RMD, through the Chief Risk Officer (CRO) communicates formally and informally to the ROC any information relative to its identification, assessment and monitoring of key risk exposures whether these are consistent with board-approved policies on risk tolerance or on the effectiveness of the corresponding risk mitigation measures. Also, the CRO serves as the secretariat of the ROC. Moreover, the CRO, on behalf of the ROC, reports monthly to the BOD.

Overall, the Bank promotes that risk management is the responsibility of everybody.



## RISK MANAGEMENT PROCESS

In general, the Bank manages its risks following the three lines of defense:

The first line of defense consists of the following business units:

- a. Asset Recovery & Management Division
- b. Branch Banking Division and Branches (including Lending Offices)
- c. Commercial Lending Division (including Lending Centers)
- d. Consumer Lending Division
- e. Controllership Division
- f. Corporate Planning, MIS and Marketing Departments
- g. Credit Management Division
- h. Human Resources Division
- i. Information Technology Division
- j. Legal Services Division
- k. Operations Division
- l. Treasury Division

As risk owners, they own and manage risks inherent in the Bank's products, processes, services, activities and systems to which they are accountable. They identify, measure, monitor and control risks; guiding the development and implementation of internal policies and procedures; and ensuring that activities are consistent with the goals and objectives of the Bank

The second line of defense which is tasked with the oversight of risk involves the risk management and compliance functions. The Risk Management Division (RMD) provides independent oversight over specific board directives and is responsible for reporting to the ROC; while the Bank Compliance Division (BCD) develops and implements governance standards and reports directly to the Corporate Governance Committee.

The third line of defense is the internal audit function responsible for verifying if the risk management framework has been sufficiently well designed and implemented by both the first and second lines of defense. The Internal Audit Division (IAD) reports directly to the Audit Committee.

From a "check and balance" perspective, the following are the three (3) primary functions involved in the Bank's risk management process:

1. Risk-Taking Personnel Function (front office) – initiates and takes the risks duly authorized by the BOD. They are responsible to fully know, understand and commit themselves to all of the Bank's risk policies and procedures; know the specific risks inherent in their respective products and services and; conduct their risk-taking activities within limits at all times;
2. Risk Control & Compliance Function (back office) – performs the day-to-day compliance check with the approved risk policies. These are the operations personnel providing support to the front-line activities through the establishment and maintenance of a system of effective internal control for the safe and sound operation of the Bank. This includes the separation of duties and functions, maintenance of reliable information systems and documentation; and

3. Risk Management Function (middle office) – assists the Risk-Taking Personnel and the back-office personnel in identifying, measuring, controlling and monitoring risks. In addition, it performs independent limits monitoring. The Bank's risk functional organization is composed of the RMD, BCD and IAD. The function of IAD and BCD are discussed in another section of this annual report.

The following are risk identification, measurement, monitoring, and control tools specific for each risk category:

### 1. Credit Risk

Credit Risk arises from counterparties' failure to meet the terms of any contract with the Bank, and not limited to the loan portfolio. It arises any time that the Bank funds are extended, committed, invested, or otherwise exposed through actual or implied contractual agreements.

The Bank's credit risk management processes are performed coherently and collaboratively at three levels, namely:

- i. Strategic level – when the BOD sets the annual revenue goals, approves target market, risk acceptance criteria and strategic plans;
- ii. Transactional level – when the Risk-Taking Personnel determine opportunities and take risks. The risk-taking activities at this level is congruent with the goals, target market, risk asset acceptance criteria, strategies and risk philosophy set by the policy making body. Analysis of credit risk on the transactional level is focused on its potential adverse effect on the Bank's entire portfolio; and
- iii. Portfolio level – when the portfolio and position risks are captured and evaluated by independent third party, other than the Risk-Taking Personnel (i.e., Risk Management Division, Internal Audit Division and Bank Compliance Division).

The Bank uses the standardized approach in quantifying risk-weighted assets.

**CREDIT RISK**

The following are risk management tools specific for the management of Credit Risk and are discussed during ROC meeting on a monthly/quarterly basis:

- Loan Portfolio Analysis – showing portfolio trends, under-performing loan, non-performing loan and how the Bank fares vis-à-vis the industry;
- Concentration Risk Review - this monitors loan exposure to big ticket accounts known as large exposures, portfolio quality trend on a per product basis, exposure to various industries, and exposures on clean basis;
- Regulatory and Internal Limits monitoring;
- CRR Validation;
- Portfolio Quality Review; (quarterly)
- Review of Sufficiency of Valuation Reserves using the Expected Credit Loss model in measuring credit impairment aligned with the provisions of PFRS 9 (quarterly); and
- Stress testing using BSP's Uniform Stress Testing Framework and internal scenarios (quarterly).



## MANAGEMENT OF CREDIT RISK

The granting of loans goes through a process of evaluation and approvals. To ensure objective evaluation and monitoring the extent of the Bank's risk exposure, the Bank has its Internal Credit Risk Rating System for Commercial Accounts. The Account Officer (AO) of Commercial Lending Division risk rate all potential and existing commercial accounts prior to approval of new accommodation, renewal and restructuring of existing facilities. The AO's credit risk rating, together with all the documents necessary for credit risk rating review are forwarded to the Credit Risk Management Unit of RMD for validation.

The Credit Risk Management Unit (CRMU) of RMD is the Bank's independent unit that performs the credit risk control function responsible for the design, implementation and performance of the credit risk rating system. The credit risk control function is independent from the business functions responsible for originating credit exposures.

A rating exception occurs when the proposed rating is not compliant with the standards established in the Bank's credit risk rating criteria. Any rating exception to the established credit risk rating criteria or any disagreement in rating (between the Account Officer and RMD's Credit Risk Officer / Analyst) as a result of different interpretation of the credit rating criteria is elevated to the Chief Risk Officer. If no agreement is reached, the same is elevated to the President and CEO.

The Bank continues to internally review and validate its Internal Credit Risk Rating System (ICRRS) model, covering the minimum requirements stipulated under BSP Circular 855.

Below are the total credit risk-weighted assets broken down by type of exposure:

<b>Credit Risk Weighted Assets</b>			
	<b>2023 Amount (in Millions)</b>	<b>2022 Amount (in Millions)</b>	
<b>0% Risk Weight</b>			
Cash on Hand	903.78		775.39
Due from BSP	972.20		1,495.75
Available for sale financial assets	1,313.78		592.28
Held to Maturity Financial assets	304.89		305.69
Loans and Receivables Arising from Repurchase Agreements	499.40		363.56
Sales Contract Receivable	-		-
Real and other Properties Acquired	-		-
Other Assets	-		-
<b>Total Subject to 0% Risk Weight</b>	<b>3,994.05</b>	<b>3,532.67</b>	
<b>20% Risk Weight</b>			
Held to Maturity Financial assets	4.96		9.92
<b>Total Subject to 20% Risk Weight</b>	<b>4.96</b>	<b>0.99</b>	<b>9.92</b>
<b>50% Risk Weight</b>			
Due from other Banks	37.54		34.55
Loans and Receivables Interbank Loans Receivable and others	1,775.49		2,282.31
<b>Total Subject to 50% Risk Weight</b>	<b>1,813.03</b>	<b>906.52</b>	<b>2,316.86</b>
<b>75% Risk Weight</b>			
Loans and Receivables Interbank Loans Receivable and others	693.31		-
<b>Total Subject to 75% Risk Weight</b>	<b>693.31</b>	<b>519.98</b>	<b>-</b>
<b>100% Risk Weight</b>			
Due from other Banks	1.02		0.65
Loans and Receivables Interbank Loans Receivable and others	7,097.63		7,142.69
Sales Contract Receivable	53.28		40.78
Other Assets	503.12		394.00
<b>Total Subject to 100% Risk Weight</b>	<b>7,655.05</b>	<b>7,655.05</b>	<b>7,578.11</b>
<b>150% Risk Weight</b>			
Loans and Receivables Interbank Loans Receivable and others	1,488.53		1,575.39
Sales Contract Receivable	141.94		138.39
Real and other Properties Acquired	565.03		587.59
<b>Total Subject to 150% Risk Weight</b>	<b>2,195.51</b>	<b>3,293.26</b>	<b>2,301.36</b>
<b>Risk-weighted On Balance Sheet Assets</b>			
		<b>12,375.81</b>	<b>12,190.57</b>
<b>Total Credit Risk Weighted Assets</b>		<b>12,375.81</b>	<b>12,190.57</b>

The Bank has Credit and Collection Committee (CreColCom), a management committee handling collegial review and approval/endorsement of higher amounts of credit, and a Remedial Unit dedicated to resolution of past due accounts.

## 2. Market Risk

Market Risk arises from the Bank's market-making, dealing, and position-taking in interest rate.

The Bank uses the Standardized Measurement in quantifying the capital requirements for Market Risk. In December 2023, the market risk weight of P59.6MM accounted for only 30% of the Bank's overall RWA.

Below are the total market risk-weighted assets broken down by type of exposures:

Market Risk Weighted Assets			
	2023 Amount (in Millions)	2022 Amount (in Millions)	
<b>Debt Securities / Derivatives</b>			
<b>0% Risk Weight</b>			
1 month or less	-		
Subtotal subject to 0% Risk Weight	-		
<b>0.20% Risk Weight</b>			
Over 1 month to 3 months	-		
Subtotal subject to 0.20% Risk Weight	-		
<b>1.75% Risk Weight</b>			
Over 2 years to 3 years	50,333,252.57	49,813,710.71	
Subtotal subject to 1.75% Risk Weight	50,333,252.57	880,831.92	49,813,710.71
Subtotal subject to 1.75% Risk Weight	50,333,252.57	880,831.92	49,813,710.71
<b>2.25% Risk Weight</b>			
Over 3 years to 4 years	97,353,220.12	49,813,710.71	
Subtotal subject to 2.25% Risk Weight	97,353,220.12	2,190,447.45	49,813,710.71
Subtotal subject to 2.25% Risk Weight	97,353,220.12	2,190,447.45	49,813,710.71
<b>2.75% Risk Weight</b>			
Over 3 years to 4 years	-	94,758,383.26	
Subtotal subject to 2.75% Risk Weight	-	94,758,383.26	2,605,855.54
Subtotal subject to 2.75% Risk Weight	-	94,758,383.26	2,605,855.54
<b>3.25% Risk Weight</b>			
Over 5 years to 7 years	52,237,623.36	94,758,383.26	
Subtotal subject to 3.25% Risk Weight	52,237,623.36	1,697,722.76	94,758,383.26
Subtotal subject to 3.25% Risk Weight	52,237,623.36	1,697,722.76	94,758,383.26
<b>Total Capital Charge for Interest Rate Exposure (IRR)</b>		4,769,002.13	3,726,664.03
Adjusted Capital Charge for IRR (times 125%)		5,961,252.66	4,658,330.04
<b>TOTAL RISK WEIGHTED ASSETS</b>		59,612,526.65	46,583,300.38

The Bank uses Value-at-Risk (VaR), a statistical estimate of the maximum possible loss on the Bank's trading portfolio using Bloomberg's parametric VaR model under a 99% confidence level and a defeasance period of two (2) weeks. Also, the Bank monitors mark-to-market losses on securities under its trading portfolio on a daily basis. Results are reported weekly to ALCO (if with breach in the limit), and monthly to ROC.

## 3. Interest Rate Risk

Interest Rate Risk arises from differences between the timing of rate changes and the timing of cash flows (repricing risk).

The Bank monitors Interest Rate Risk monthly using Earnings-at-Risk (EaR) or repricing gap analysis. It evaluates risk against planned earnings; a forward-looking discipline that seeks to avoid earnings surprises. It is calculated as the change in income over the next 12 months, given current exposures that will result from management's adopted standard deviation (SD) of 2.326, change in interest rate using a sample size of 260 days, and a defeasance period of three (3) months.

Only rate-sensitive assets and liabilities are included in the assessment. Loan accounts are assessed based on the next repricing date while time deposits are based on the next maturity date. Savings accounts are excluded from the assessment as well as loans where interest repricing is unlikely given its repayment status. To evaluate earnings exposure, interest rate-sensitive liabilities in each time bucket are subtracted from the corresponding interest rate assets to produce a repricing gap for such time bucket. A negative gap occurs when the amount of rate-sensitive liabilities exceeds the amount of interest-rate-sensitive assets while a positive gap occurs when the amount of rate-sensitive assets exceeds the amount of interest-rate sensitive liabilities.

During a period of rising interest rates, a positive gap is favorable as assets will be refinanced at the higher interest rate but unfavorable at a period of declining interest rate as it may result in a decline in the net interest income.

The Bank conducts stress testing on a quarterly basis using BSP's Uniform stress testing framework to check the Bank's stability and resilience to sudden changes in interest rates. Results are being reported to the ROC and BOD.

## 4. Liquidity Risk

Liquidity Risk arises from the Bank's inability to meet its obligation when they become due on account of failure to manage unplanned decreases or changes in fund sources or failure to recognize or address changes in market conditions.

The Bank monitors liquidity risk through various liquidity ratios and through the Maximum Cumulative Outflow (MCO). MCO provides a snapshot of liquidity risk. It is the amount of prospective funding that the Bank will require at pre-specified future dates under normal operating environments. This monetary amount is a measure of the liquidity gap between the maturing liabilities and assets.

The Bank has set its tolerance level based on its funding capability as articulated on the Contingency Funding Plan and conducts stress testing on a quarterly basis using scenarios such as drop-in deposits portfolio and loan default to capture potential losses under extreme scenarios. Results are being reported to ROC and BOD.



## 5. Operational Risk

Operational Risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It arises from fraud, error, inability to deliver products and services and mismanage information. It is evident in each product and services offered by the Bank i.e., from product development and delivery, operational processing, systems development, computing systems, complexity of products and services, and the internal control environment.

Cognizant that operational risk is inherent in all activities, products and services, and is closely tied in with other types of risks (i.e., credit, liquidity, and market risk), RMD's Risk Awareness Training for new employees is focused on operational risk to make everybody aware that operational risk management is vital for the safe and sound operations of the Bank and to drive the principle that risk management is the responsibility of everybody.

The Bank uses the Basic Indicator Approach in quantifying the risk-weighted assets for Operational Risk.

The Bank identifies, measures, monitors, and controls operational risks through the following:

- Results of internal/external audit & supervisory issues raised by BSP.
- Internal Loss Data Collection and Analysis of reports sourced from the following:
  - Loss Event Reporting
  - Information Security Incident Reporting
  - Compliance reports
  - Legal reports
- Risk Control Self-Assessment (RCSA)
- Regular Key Risk Indicators
- Business Continuity Plan



## 6. Legal Risk

Legal Risk arises from legal sanctions against the Bank. This impacts not only the Bank's financial performance but also affects the Bank's reputation if such legal sanctions are made public. Legal Risk is managed by the Legal Services Division. The Chief Legal Officer reports to ROC every other month.

## 7. Strategic Risk

The Bank recognizes Strategic Risk as the failure to achieve business plans due to improper implementation of strategies that may have significant repercussions on the Bank's target direction, financial position, reputation, competitiveness or business prospects.

BOD is responsible for the Strategic Risk oversight through MANCOM and the Corporate Planning Department.

## 8. Compliance Risk

Compliance Risk arises from violations of, or non-conformance with, laws, rules, regulations, prescribed practices, internal policies and procedures, or ethical standards. Compliance Risk also arises in situations where the laws or rules governing certain bank products or activities may be ambiguous or untested. This risk exposes the Bank to fines, payment of damages, and the voiding of contracts. Compliance Risk can lead to diminished reputation, reduced franchise value, limited business opportunities, reduced expansion potential, and lack of contract enforceability. This is handled by the Bank Compliance Division.

## 9. Reputational Risk

Reputational Risk arises from negative perception on the Bank by its customers, counterparties, shareholders, investors, employees, debt holders, market analysts, and other stakeholders such as regulators, the government and the media that can adversely affect its ability to maintain existing or establish new business relationships and to continuously access varied sources of funding. This risk may expose the Bank to litigation, financial loss, or a decline in its customer base and in extreme cases, may result to bank run.

Management of Reputational Risk is the responsibility of the Bank Compliance Division. Client complaints are reported monthly to the Corporate Governance Committee and the minutes of meeting is submitted to BOD.

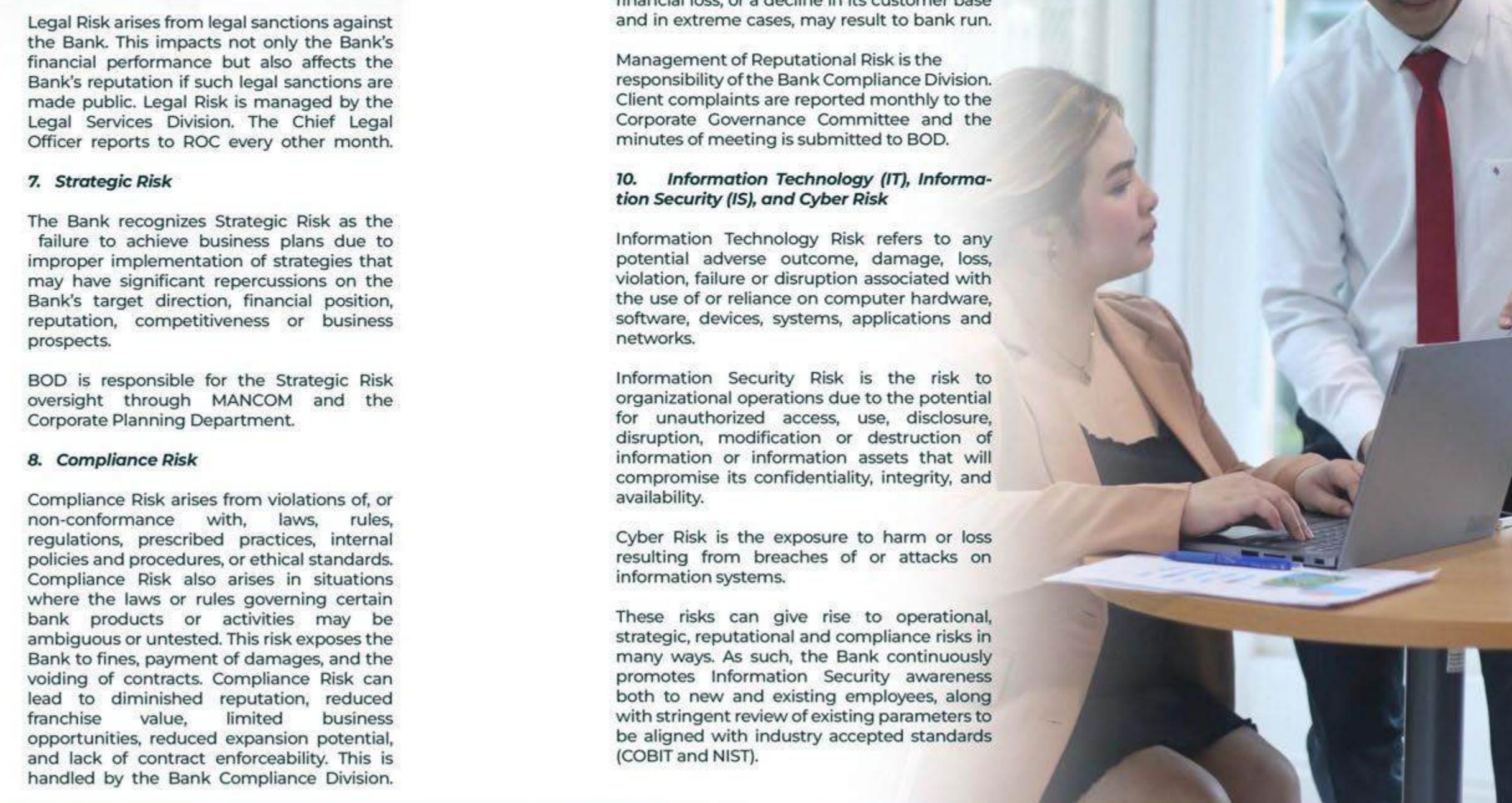
## 10. Information Technology (IT), Information Security (IS), and Cyber Risk

Information Technology Risk refers to any potential adverse outcome, damage, loss, violation, failure or disruption associated with the use of or reliance on computer hardware, software, devices, systems, applications and networks.

Information Security Risk is the risk to organizational operations due to the potential for unauthorized access, use, disclosure, disruption, modification or destruction of information or information assets that will compromise its confidentiality, integrity, and availability.

Cyber Risk is the exposure to harm or loss resulting from breaches of or attacks on information systems.

These risks can give rise to operational, strategic, reputational and compliance risks in many ways. As such, the Bank continuously promotes Information Security awareness both to new and existing employees, along with stringent review of existing parameters to be aligned with industry accepted standards (COBIT and NIST).



## CAPITAL MANAGEMENT

Full reconciliation of regulatory capital elements based on BSP's regulatory accounting policy to PFRS, is shown in the table below (in thousands):

	2023 w/out relief	Reconciling Items	Annual Audit Report	2022 w/out relief	Reconciling Items	Annual Audit Report
<b>Qualifying Capital</b> (consists of Tier 1 and Tier 2 Capital, net of required deductions)						
<b>A. Tier 1 Capital</b>						
<b>A1. CET1 Capital</b>						
1. Paid-up common stock	717,249	-	717,249	717,249	-	717,249
2. Additional paid-in capital	389,508	-	389,508	389,508	-	389,508
3. Retained earnings	1,122,464	240,758	1,363,222	1,052,825	276,215	1,329,040
4. Other comprehensive income	(2,153)	(21,033)	(23,185)	(64,649)	51,552	(13,097)
less: Regulatory adjustments to CET 1 Capital accommodations, both direct and indirect, to directors, officers, stockholders and their related interests (DOSRI)						
1. Deferred tax assets	5,565	(5,565)	-	13,786	(13,786)	-
2. Other intangible assets	642,585	(642,585)	-	657,514	(657,514)	-
Total CET1 Capital	1,557,004	889,790	2,446,794	1,392,646	1,030,053	2,422,699
A2. Additional CET1 Capital						
Total Tier 1 Capital	1,557,004	889,790	2,446,794	1,392,646	1,030,053	2,422,699

<b>B. Tier 2 Capital</b>						
1. General loan loss provision, limited to a maximum of 1.00% of credit risk-weighted assets, and any amount in excess thereof shall be deducted from the credit risk-weighted assets in computing the denominator of the risk-based capital ratio	92,201	(92,201)	-	89,294	(89,294)	-
<b>Total Tier 2 Capital</b>	<b>92,201</b>	<b>(92,201)</b>	-	<b>89,294</b>	<b>(89,294)</b>	-
<b>Total Qualifying Capital/Total Equity</b>	<b>1,649,205</b>	<b>797,589</b>	<b>2,446,794</b>	<b>1,481,941</b>	<b>940,759</b>	<b>2,422,699</b>



# CORPORATE GOVERNANCE

The Bank's Corporate Governance framework promotes and institutionalizes the principles of good governance and professional practices within the Bank. Sound corporate governance is a vital component of strategic management in sustaining the growth, stability, and success of UCPBS. The Bank continues to adapt and refine good governance practices within the group, focusing on compliance with laws, rules, and regulations. The Board of Directors defines the appropriate corporate governance framework for the Bank's structures, facilitating oversight in the effective implementation of policies and procedures governing its major areas of operations.

## BOARD OF DIRECTORS

The Board of Directors (BOD) is primarily responsible for the governance of the Bank. It establishes strategic objectives, policies, and procedures to guide and direct the Bank's activities and achieve these objectives, as well as monitoring and overseeing management actions.

The BOD is responsible for defining the Bank's Vision, Mission, and Values. It has a fiduciary responsibility to the Bank and its shareholders. The BOD approves and oversees the implementation of strategies in line with the Bank's corporate objectives, risk governance framework, and systems of checks and balances. The BOD ensures that the Corporate Governance are met by the following standards:

- *Fostering good corporate culture and values;*
- *Approving the Bank's objectives, strategies, and overseeing the management's implementation;*
- *Overseeing the selection process of key members of senior management and heads of control functions, and approving a sound remuneration and incentive policy for personnel; and*
- *Approving the Bank's good corporate governance framework and overseeing its implementation.*

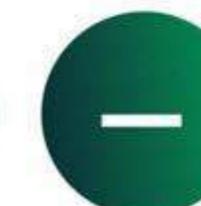
*The Board of Directors (BOD) includes seven (7) non-executive directors, as follows:*



Independent  
Director



Non-Executive  
Director



Executive  
Director



**TOTAL: 7**

**SELECTION PROCESS**

The Bank selects candidates for Board positions based on the fit and proper rule provided by the policies of the Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC), Governance Commission for GOCC, and other governing agencies.

Senior Officers, as well as those specific positions subject to Monetary Board or BSP confirmation, shall require BOD approval upon the recommendation of the appropriate Committee.

**PRESIDENT & CHIEF  
EXECUTIVE OFFICER (CEO)**

The President and CEO is responsible for the overall supervision, administration, and management of the Bank's day-to-day operations. The President and CEO may assign and delegate the exercise or performance of her powers, duties, and functions to any other officer(s) under her supervision and control. The President and CEO may establish Management Committees to assist her in the administration of the Bank.

The President and CEO is in charge of the Bank's business affairs, considering the strategic direction and risk appetite approved by the BOD. The President and CEO is responsible for developing the primary direction and strategies, and for promoting the long-term interests of the Bank.

**CHAIRMAN OF THE  
BOARD OF DIRECTORS**

The Chairman of the Board ensures the effectiveness & performance of the BOD in the delivery of its duties and responsibilities as well as the harmonious relationship among its members. Specifically, the Chairman's duties and responsibilities are the following:

- Ensures that the meeting be discussed considering strategic matters includes discussion on risk appetites, and key governance;
- Execute a sound decision-making process;
- Consider dissenting views within the decision-making process;
- Promotes comprehensive critical discussion;
- Ensures members to receive an accurate, timely, and relevant information;
- Ensures the conduct of proper orientation for the incoming directors and provide training opportunities to all; and
- Conduct a performance evaluation to all members of the Board Directors at least once a year.

**EXECUTIVE DIRECTORS**

The Executive Directors are the directors involved in the day-to-day operations of the Bank. They hold a position in the Board and has Management responsibility for running the Bank. This includes the President/Director of the Bank. The President and CEO serves as an Executive Director.

**INDEPENDENT AND  
NON-EXECUTIVE DIRECTORS**

Independent Directors are members of the Board who does not have material relationship with the Bank and neither part of its executive team nor involved in the day-to-day operations of the parent bank and its subsidiaries.

Non-executive directors are those who are not part of the day-to-day management of Bank's operations and devoted sufficient time to effectively carry out their duties and responsibilities. As such:

- A** A non-executive director may concurrently serve as director in a maximum of 5 publicly listed companies. In case of concurrent directorship within its subsidiaries, each entity where the non-executive director is concurrently serving as director shall be separately considered in assessing compliance with this requirement; and
- B** An independent director may only serve as such for a maximum cumulative term of 9 years, after which the independent director shall be perpetually barred from serving in the same position with UCPBS, but may continue to serve as a regular director.

**BOARD LEVEL COMMITTEES**

The Bank has four (4) Board-Level Committees, these are: (1) The Executive Committee; (2) The Audit Committee; (3) The Risk Oversight Committee; and (4) The Corporate Governance Committee. The Audit, Risk Oversight, and Corporate Governance Committees oversees the Bank's independent units. These Board level Committees convene monthly and report to the Board during regular and special Board meetings.

**EXECUTIVE COMMITTEE (EXCOM)**

The ExCom assists the BOD in the general supervision, administration, and management of the Bank. The ExCom reviews, considers, and approves credit proposals within the approving authority; formulates recommendations to the BOD relating to strategies, credit and debt restructuring, borrowings and expenditures, acquisition and disposal of key assets, issuance and investment of securities, technology and operations issues, as well as changes to organization and key management, changes to policies and manuals, and other matters requiring BOD approval that are not within the authority of other board committees.



## AUDIT COMMITTEE (AudCom)

The Audit Committee's primary purpose is to provide assistance to the UCPBS Board in fulfilling its oversight responsibilities over the Bank's reporting policies, practices and control, internal and external audit functions. It also assists the Board of Directors in ensuring that the auditing, accounting, financial management principles and practices are in line with international and Philippine best practices and conform to all legislative and regulatory requirements.

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities specifically:

- to ensure that the auditing, accounting, financial management principles and practices are in line with international and Philippine best practices and conform to all legislative and regulatory requirements;
- to oversee Senior Management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations and safeguarding of assets, and;
- to oversee the internal audit function.

The primary responsibility of the Audit Committee is to oversee the Bank's financial reporting and financial management processes on behalf of the Board of Directors and report the results of its activities to the Board. The Audit Committee shall assess the completeness and fairness of the presentation of the financial statements and financial reports of UCPB Savings Bank (UCPBS) to shareholders and regulators. It is also responsible for monitoring the implementation of the internal audit program, including the assessment of business, operational, compliance, reputational, control and fraud risks and related policies. Additionally, the committee will monitor and advise the Board of Directors regarding the annual operating and capital expenditures budget. Furthermore, the committee will endorse the external auditor recommended by management, taking into consideration the auditor's independence.

The Audit Committee is composed of at least three (3) members of the board of directors, two (2) of whom shall be independent directors, including the Chairman. The Chairman of the Audit Committee shall not be the Chairman of any other board-level committees.

## RISK OVERSIGHT COMMITTEE (ROC)

The Risk Oversight Committee is responsible for fulfilling statutory, fiduciary, and regulatory responsibilities. It advises the Board of Directors on the overall current and future risk appetite and oversees senior management's adherence to the risk appetite statement. The committee ensures that risk management objectives align with the overall business strategies and performance goals. Additionally, the committee reports on the state of the Bank's risk culture by developing and overseeing the Bank's risk management programs. This includes overseeing the Bank's risk management framework, ensuring adherence to risk appetite, managing the risk management function, and approving proposals related to the Bank's policies, procedures, and best practices. These areas include asset and liability management, credit, market, interest rate, liquidity, and business operations risks, among others. The committee also ensures compliance with written policies and procedures related to risk management throughout the Bank.

The Committee shall be composed of at least three (3) members of the board, majority of whom shall be independent directors, including the chairperson. The ROC's chairperson shall not be the chairman of any other board-level committee. The members should possess a range of expertise and adequate knowledge on risk management issues and practices. They are also required to have access to independent experts to assist it in discharging its responsibilities.



## THE CORPORATE GOVERNANCE COMMITTEE (CGC)

The Corporate Governance Committee assists the Board in promoting the principles of good corporate governance—transparency, accountability, and fairness—in the conduct of the Bank's business engagements, customer relationships, and those of the UCPBS Group. The committee shall recommend to the Board policies and improvements that align with the regulations and directives of the BSP, SEC, PSE, and other pertinent regulatory bodies, as well as internationally recognized industry practices.

The CGC reports to the Board in fulfilling its corporate governance responsibilities. The CGC promotes corporate governance principles and guidelines, as well as in building a culture of excellence, professionalism, efficiency, and integrity. The Committee should take the lead in carrying out the Board's performance evaluation and capability building functions. In this regard, the corporate governance committee performs the following:

- 1 Oversees the nomination process for members of the board of directors and for positions appointed by the board of directors.

The Committee reviews and evaluates the qualifications of all persons nominated to the board of directors as well as those nominated to other positions that require appointment by the board of directors. The Committee recommends to the board on matters pertaining to the assignment to board committees, as well as succession plan for the members of the board of directors and senior management.

Further, the Committee reviews and evaluates the qualifications of all persons nominated to a position that require Board approval and ensure that Officers to be nominated or appointed shall have all the qualifications and none of the disqualifications as mandated by laws, rules and regulations and other directives issued by regulators. The Committee also recommend to the Governance Commission for GOCCs (GCG) nominees for the Bank's Board composition and its succession planning.

- 2 Oversees the continuing education program for the Board of Directors.

The Committee provides program for the continues education of directors and draw on external expertise as needed. The Committee ensures the effective implementation of policy for onboarding/orientation program for new directors and annual continuing education for all directors. The training program covers relevant topics that carries out their duties and responsibilities as directors.

- 3 Oversees the performance evaluation process.

The Committee oversees the periodic evaluation of contribution and performance (e.g., competence, candor, attendance, preparedness, and participation) of the Board of Directors, Board-Level Committees, and Senior Management.



**4 Oversees the design and operation of the remuneration and other incentives policy.**

The Committee also act as the Nomination and Remuneration Committee of the Bank and ensures that the remuneration and other incentives policy of the Bank are aligned with the operating and risk culture as well as with the strategic and financial interest of UCPBS, promotes good performance and conveys acceptable risk-taking behavior as defined in its code of ethics, and complies with legal and regulatory requirements. The Bank's Human Resources Division is regularly reports to the Committee the evaluation of the renumeration and incentives developed by the Bank.

**5 Oversees the Related Party Transactions**

The Committee handles the Related Party Transactions (RPT) of the Bank. It ensures that issues on conflict of interest in any RPT has been address accordingly and if any member affected thereto should refrain from evaluating such particular transaction.

The RPT Committee evaluates and endorse to the Board all material RPTs to ensure that these are not undertaken on terms more favorable than similar transactions with non-related parties and that no resources of the Bank are misappropriated or misapplied. Ensure that the transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process. The Committee reports to the Board of Directors on a regular basis, the status, and aggregate exposures to each related party as well as the total amount of exposures to all related parties.

**6 Oversees the compliance functions**

The compliance function is subject to the oversight of the Corporate Governance Committee. The Committee ensures the independence of the compliance function from the business activities of the Bank and warrants that the compliance program as approved by the Board are supported by adequate and sufficient resources and that compliance issues are resolved expeditiously. Coordinate the relationship of the Chief Compliance Officer (CCO) as Head of Bank Compliance Division with other functions and/or units of the Bank, including the delineation of responsibilities and lines of cooperation. The Committee ascertain the right of the CCO to have an unimpeded access to information necessary in the conduct of investigations of possible breaches of compliance policy.



## AML GOVERNANCE & CULTURE

The Bank has an active BOD and Senior Management Committees that oversee its AML operations. It has Compliance Office that apprises the Board on all matters pertaining to Anti-Money Laundering activities, which was aligned with the requirements of RA. 9160, as amended and its Implementing Rules and Regulations (IRR).

The BOD likewise constituted the Corporate Governance Committee as the AML designated Committee to oversee the implementation and monitoring of the Bank's compliance with all laws, rules and regulations related to AMLA. Furthermore, the BOD has approved the establishment of the Bank's Anti-Money Laundering Committee (BAMLC), a management committee whose function is to:

- Ensure that the Bank fully complies with the requirements of all AML Laws.
- Ensure that BCD monitors that a Covered Transactions in reported on a timely basis, or within five (5) banking days from transaction date.
- Decide to report a Suspicious Transaction after its determination or establishment of suspicion or suspicious nature of the transaction or activity period or otherwise to document the non-filing thereof. The determination period shall be what is prescribed by the AMLA, its rules and regulations including the reporting guidelines (ARRG). The decision, if circumstances warrant include the disposition whether the account subject of suspicion be closed.
- Periodically report BAMLC activities to the Corporate Governance Committee and the Bank President, thru the BCD.
- Recommend amendments of policies geared towards the achievement of BAMLC's objectives and directives, including the strengthening of internal controls.
- Recommend and perform such other acts and functions necessary or appropriate in carrying out its duties and responsibilities.
- Investigate or inquire possible or suspected violations of AML Laws.
- Approve BCD's Training Program on AMLA and ensure that BCD conducts adequate and continuing training of all concerned associates.

## LIST OF BOARD OF DIRECTORS AND SENIOR MANAGEMENT

### 1. Board of Directors:

- Liduvino S. Geron (July 17, 2020 to Present)
- Camilo C. Leyba (April 29, 2022 to Present)
- Delma O. Bandiola (April 29, 2022 to Present)
- Filipina B. Monje (April 29, 2022 to Present)
- Ma. Belma T. Turla (April 29, 2022 to Present)
- Marilou L. Villafranca (April 29, 2022 to Present)
- Randolph L. Montesa (April 29, 2022 to Present)



### 2. Corporate Secretary

- Atty. Florence Rosalinda R. Claveria – Corporate Secretary
- Atty. Melissa L. Adajar – Assistant Corporate Secretary

### 3. Senior Management

- Ms. Lizette Margaret Mary J. Racela - President and CEO
- Mr. Reynaldo E. Ebanen - Head, Bank Compliance Division (January 1, 2023 – June 30, 2023)
- Mr. Ernesto V. Aguilar Jr. – OIC, Bank Compliance Division (July 1, 2023 – December 31, 2023)
- Mr. Patrick M. Gonzalez - Head, Branch Banking Division (January 1, 2023 – April 27, 2023)
- Ms. Ma. Catalina M. Cruz – Head, Branch Banking Division (June 1, 2023 – December 31, 2023)
- Ms. Ma. Pamela V. Suarez - Head, Asset Recovery & Management Division
- Mr. Santiago P. Yusing IV - Head, Corporate Planning & Marketing Division
- Mr. Wilfred D. Abobo - Head, Human Resource & General Services Division
- Ms. Maria Sarah V. Prepeña – OIC, Risk Management Division
- Ms. Irene S. Quintana - Head, Controllership Division
- Mr. Dante R. Cortez - Head, Credit Management Division
- Mr. Rey Anthony E. Salazar - OIC, Information Technology Division (January 1, 2023 – August 11, 2023)
- Mr. Augusto M. Jocson Jr. – OIC, Information Technology Division (August 1, 2023 – December 31, 2023)
- Atty. Jonathan M. Acosta - Head, Legal Services Division
- Mr. Tristan D. Baria - Head, Internal Audit Division
- Mr. Elmer M. Aquino – Head, Commercial Lending Division and Concurrent Head, Consumer Lending Division (January 1, 2023 – July 22, 2023)
- Mr. Roberto R. Noceda - Head, Commercial Lending Division and Concurrent Head, Consumer Lending Division (August 16, 2023 – December 31, 2023)
- Mr. Manuel C. Madridejos - Head, Treasury Division
- Mr. Ernesto O. Olavario - Head, Operations Division

## BOARD MEETING AND DIRECTORS' ATTENDANCE

The Board of Directors meets every month as scheduled. The Chairman of the Board, the President, or any three (3) other members of the Board may call a special meeting at any time to discuss the progress or any issues that call for immediate action by the Bank. Board materials for the next meeting were delivered to the Board at least three (3) working days before the meeting.

### BOARD OF DIRECTORS ATTENDANCE FOR THE PERIOD ENDING DECEMBER 31, 2023

Name of Director	January	February	March	May	June	July	September	October	November	December
	Regular Meeting									
1. Dir. Liduvino S. Geron (Chairman)	✓	✓	✓	✓	✓	✓	✓	X	✓	✓
2. Dir. Delma O. Bandiola (Member)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3. Dir. Filipina B. Monje (Member)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4. Dir. Camilo C. Leyba (Member)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5. Dir. Randolph L. Montesa (Member)	✓	✓	✓	✓	✓	X	✓	✓	✓	✓
6. Dir. Ma. Belma T. Turla (Member)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7. Dir. Marilou L. Villafranca (Member)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

#### Legend:

- ✓ : Attended
- X : Absent
- n/a : Not applicable

### BOARD LEVEL COMMITTEES

#### 1 Executive Committee:

- Mr. Liduvino S. Geron – Chairperson
- Ms. Filipina B. Monje
- Ms. Lizette Margaret Mary J. Racela

#### 2 Audit Committee:

- Ms. Delma O. Bandiola – Chairperson
- Mr. Camilo C. Leyba
- Ms. Filipina B. Monje

#### 3 Risk Oversight Committee:

- Mr. Randolph L. Montesa – Chairperson
- Ms. Delma O. Bandiola
- Mr. Camilo C. Leyba

#### 4 Corporate Governance Committee:

- Ms. Marilou L. Villafranca - Chairperson
- Ms. Ma. Belma T. Turla
- Mr. Randolph L. Montesa

## I. Audit Committee

Name of Director	January	February	March	April	May	June	July	August	September	October	November	December
	Regular Meeting											
1. Dir. Delma O. Bandiola (AC Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2. Dir. Filipina B. Monje (AC Member)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3. Dir. Camilo C. Leyba (AC Member)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

#### Legend:

- ✓ : Attended
- X : Absent
- n/a : Not applicable

## BOARD LEVEL COMMITTEES MEETINGS

## II. Corporate Governance Committee Meeting

Name of Director	January	February	March	April	May	June		July	August	September	October		November	December
	Regular Meeting	Special Meeting	Regular Meeting	Regular Meeting	Regular Meeting	Special Meeting	Regular Meeting	Regular Meeting	Regular Meeting	Regular Meeting				
1. Dir. Marilou L. Villafranca (CGC Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2. Dir. Ma. Belma T. Turia (CGC Member)	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3. Dir. Randolph L. Montesa (CGC Member)	X	✓	✓	✓	X	✓	✓	✓	✓	✓	X	✓	✓	✓

Legend:

- ✓ : Attended
- X : Absent
- n/a : Not applicable

## III. Risk Oversight Committee Meetings

Name of Director	January	February	March	April	May	June		July	August	September	October		December
	Regular Meeting												
1. Dir. Randolph L. Montesa (ROC Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2. Dir. Delma D. Bandiola (ROC Member)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3. Dir. Camilo C. Leyba (ROC Member)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Legend:

- ✓ : Attended
- X : Absent
- n/a : Not applicable

## IV. Executive Committee

Name of Director	January	February	March	May	June	July	August	September	October	November	December
	Regular Meeting (via Referendum)										
1. Dir. Liduvino S. Geron (ExCom Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2. Dir. Filippina B. Monje (ExCom Member)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3. PCEO Lizette Margaret Mary J. Racela (ExCom Member)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Legend:

- ✓ : Attended
- X : Absent
- n/a : Not applicable

## PERFORMANCE EVALUATION

The Performance Evaluation for Directors (PED) of the Bank cover all appointive Directors and shall serve as the basis for the determination of whether they shall be recommended for reappointment. Provided, that the Appointive Director has served at least three (3) months within the calendar year and has attended at least three (3) duly called for Board and/or Committee meetings subject of performance evaluation (the "PED Period"). It shall also cover a Director who was appointed to a term of less than three (3) months, but has served as Officer-in-Charge (OIC) or Acting Chairman or President/CEO and attended at least three (3) duly called for Board and/or Committee meetings during the PED period. It measures the overall performance of Appointive Directors within the PED period based on the weighted-average of the following components, such as: (i) Performance Evaluation System (PES) - 50%, (ii) Corporate Governance Scorecard (CGS) - 10%; (iii) Director Performance Review (DPR) - 20%, and (iv) Director Attendance Score (DAS) - 20%.

### i. Performance Evaluation System (PES) -

The Bank should submit the fully accomplished Monitoring Report (PES Form 3) and corresponding support documents for validation to the GCG within thirty (30) calendar days from the close of the quarter.

### ii. Corporate Governance Scorecard (CGS) -

The Bank's CGS Rating Equivalent shall be subjected to a rating scale to determine its percentage equivalent which shall be used in the PED. The CGS rating equivalent are the following: (a) Outstanding - 10%, (b) Excellent - 8%, (c) Above Average - 6%, (d) Average - 4%, (e) Below Average - 2%, and (f) Fail - 0%.

### iii. Director Performance Review (DPR) -

To increase the level of confidentiality in the DPR results, Appraisal Forms will be answered and encoded by the Bank using an internet-based system accessible at <http://iped.gcg.gov.ph>. Appointive Directors shall provide an email address which shall serve as a default username account for the DPR web-based system.

The email address shall also be used by the GCG to communicate directly to the GOCC Director regarding any issues and/or concerns relating to the DPR. The Corporate Secretary and the Compliance Officer are tasked to identify, collate, and submit to GCG the list of the official email addresses of the Bank's appointive Directors. They are also responsible to ensure that the email addresses are accurate and up-to-date. The Corporate Secretary/Compliance Officer shall also serve as the Bank's liaison to GCG with regard to the compliance status of the GOCC Board Members to the DPR process. The submission of the DPR should be within the first twenty (20) working days of February of each year, the Bank's Board Members must submit the complete accomplished forms to the Governance Commission for tabulation and evaluation.

### iv. Director Attendance Score (DAS) -

An internet-based system, duly prescribed by the GCG and to be accessed at <http://iped.gcg.gov.ph>, shall be used to encode the attendance of the Bank's Governing Board Members. The Compliance Officer and the Corporate Secretary shall certify the accuracy and correctness of the information encoded in the DAS.

The Board of Directors performance and assessments are in place and covered by the Corporate Governance Manual, which is aligned with the Government Commission for GOCCs (GCG) criteria.



# REMUNERATION POLICY

It is the policy of the Bank to adopt a compensation program that is competitive within the banking industry. The Bank actively participates in the provision of a fair, reasonable, and competitive compensation and benefits package, aligned to the Bank's intention to provide an outstanding service to its clients, while following the current Philippine Labor Code.

The Bank's Board of Directors are entitled to per diem every attendance to committee meetings, while remuneration for employees is given every 10th and 25th of the month. Aside from basic pay out, associates are also given applicable allowances such as clothing and rice.

## RELATED PARTY TRANSACTIONS

Related Party Transaction (RPT) means any transaction, arrangement or relationship, or any series of similar transactions, in which (i) the Company or any of its subsidiaries is or will be a participant, and (ii) any Related Party has or will have a direct or indirect interest. This also includes any material amendment or modification to an existing Related Party Transaction. The RPT policy provides a clear definition of what transactions are covered under this policy so that they can be conducted at arm's length and in a transparent manner. All RPTs of the Bank are conducted in the regular course of business and are not undertaken under more favorable economic terms.

The Corporate Governance Committee also performs the functions of Related Party Transactions Committee that assists the BOD in its oversight responsibility in ensuring that the Bank's direct and indirect credit transactions with Related Parties are handled in a sound and prudent manner, on arm's-length basis, with transparency and integrity and in compliance with applicable laws and regulations. It also ensures that related party transactions are identified, monitored, and evaluated, and that appropriate disclosure is made to the BOD and to the supervising authorities for transparency and arm's length transaction.

The Committee is also responsible in ensuring that all related party transactions are endorsed to the BOD for confirmation and all material transactions should have BOD approval and confirmation of the shareholders.

## SELF-ASSESSMENT FUNCTION

The Board regularly approves and oversees the implementation of policies governing the major areas of Bank's operations. The Board of Directors reviews the policies, evaluate the control functions (Internal Audit, Risk Management and Compliance) and Senior Management to determine areas for improvement as well as to promptly identify and address significant risks and issues.

### 1. Bank Compliance Division (BCD)

The Bank Compliance Division is responsible for the conduct of independent assessment to check the Bank's compliance with relevant laws, rules, and regulations. It is governed by a Compliance Charter that was approved by the Board of Directors that defines the compliance function's standing, authority, and independence. It shall have the right to obtain access to information necessary to carry out its responsibilities, conduct investigations of possible breaches of the regulatory policy, and shall directly report to and have direct access to the Board of Directors or appropriate Board-level Committee.

The compliance function shall facilitate the effective management of compliance risk by:

- Identifying all relevant laws, rules, and regulations applicable to the Bank.
- Analyze the risks of non-compliance, prioritize the risks (e.g., low, medium, high) and address all compliance matters.
- Establish a clear communication process to inform all affected business and operating units of the Bank all regulatory changes in a timely manner.
- Establish and maintain a constructive working relationship with all regulatory agencies, for the prime purpose of seeking clarifications on laws and regulations or discussing compliance findings with the agencies.

e. Establish and maintain a regular schedule of compliance testing to all units of the Bank, and compliance with applicable banking laws, rules, and regulations. The frequency of testing must be commensurate to the identified risk levels (i.e., high risks areas).

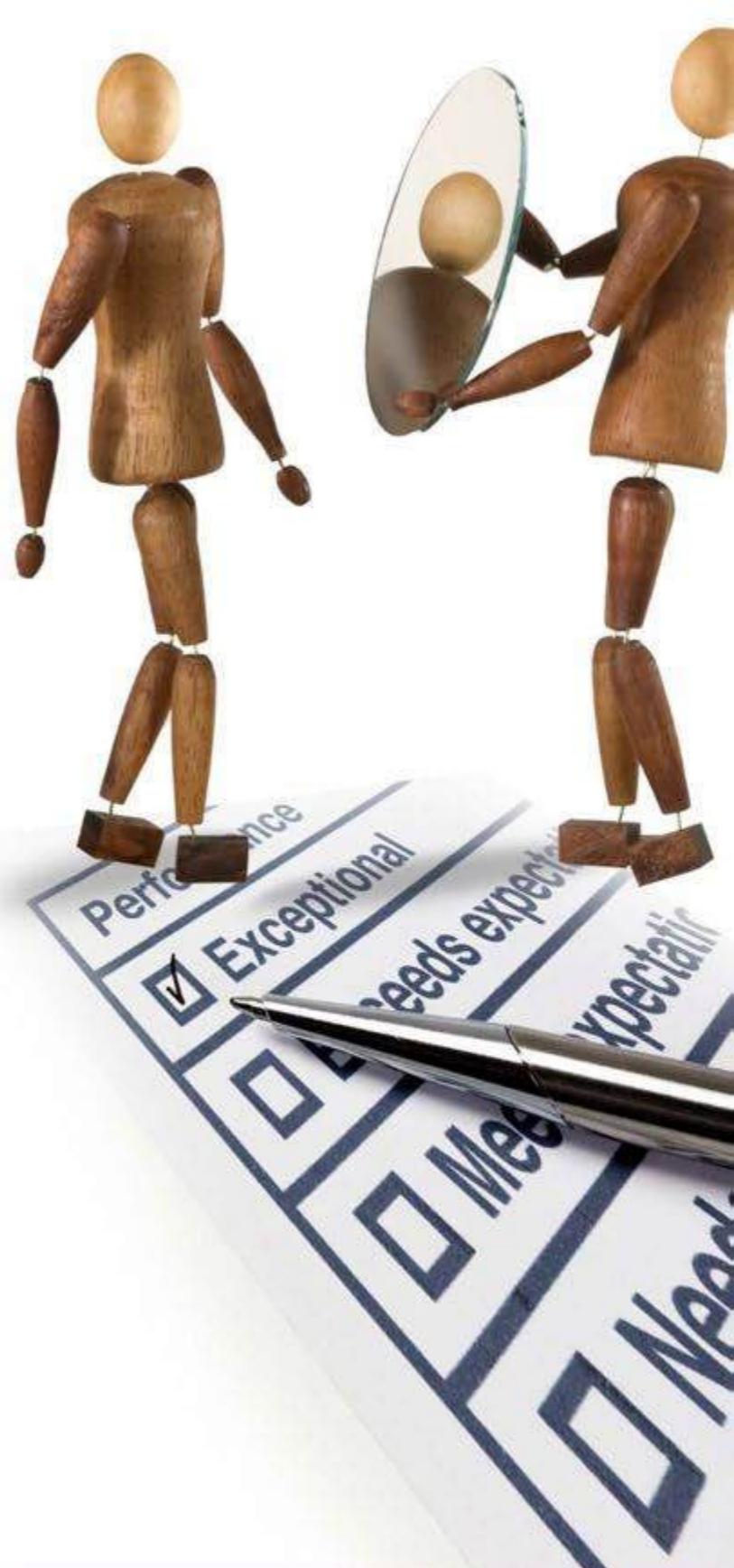
### 2. Risk Management Division (RMD)

The Risk Management Division (RMD) is responsible for overseeing the risk-taking activities across the Bank. It shall ensure that the risk governance framework remain appropriate relative to the complexity of risks taking activities of the Bank. It shall directly report to the Risk Oversight Committee (ROC) and the Board of Directors. The risk management function shall be responsible for identifying, measuring, monitoring, and reporting risk on an enterprise-wide basis as part of the second line of defense which include the following:

- Identify the key risk exposures, assess, and measure the extent of risk exposures of the Bank.
- Monitor the risk exposures and determine the corresponding capital requirement in accordance with the Basel capital adequacy framework and based on the Bank's internal capital adequacy assessment on an on-going basis;
- Monitor and assess particular risks whether these are consistent with board-approved policies on risk tolerance and the effectiveness of the corresponding risk mitigation measures; and
- Report on a regular basis to Senior Management and the Board of Directors, the results of assessment and monitoring.

The Risk Management Committee's (ROC) reports are reflected in the minutes of the meeting and being reported to the Board during the regular BOD meeting.

The Environment and Social Risk Management (E & S Risk Mgt Framework) was approved by the Board in May 2023. The bank has started to include this in the risk awareness trainings specifically for newly-hired employees concerning risk management.



### 3. Internal Audit Division (IAD)

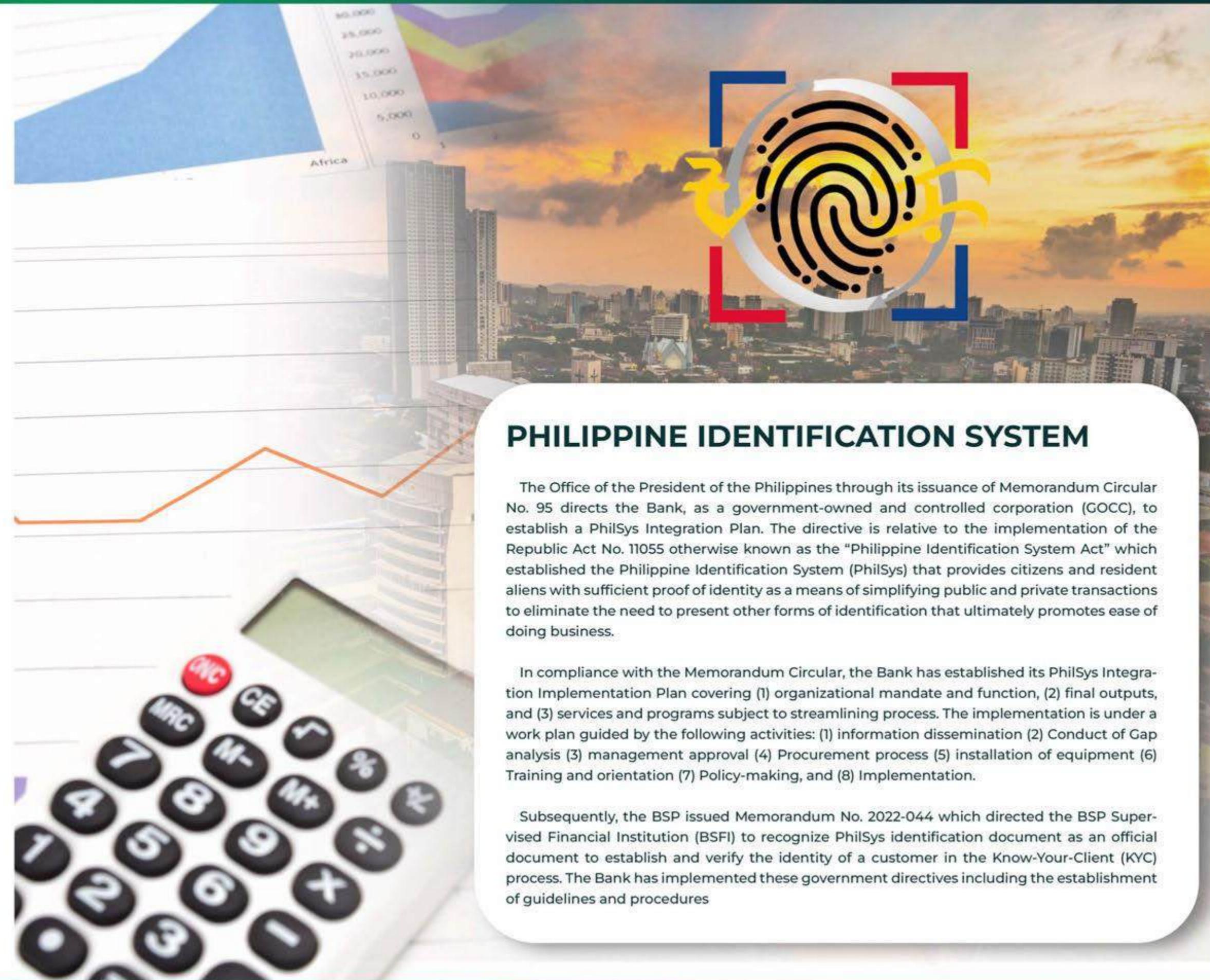
The Internal Audit assists the Bank in fulfilling its vision, mission, strategic initiatives, and objectives, while adhering to its core values, by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of its risk management, control, and governance processes of the organization. The Internal Audit shall entirely be independent from all the other organizational units of the Bank as well as from the personnel and work that is to be audited. To ensure independence, internal audit activity operates under the direct control of the Audit Committee. To provide independence, it functionally reports to the Audit Committee and administratively to the President and Chief Executive Officer. The internal audit activity shall be free to report its findings and appraisals internally at its own initiative to the Audit Committee. The Audit Committee's reports are reflected in the minutes of the meeting and reported to the Board during the regular BOD meeting.

The Internal Audit Division also helps ensure the following:

- a) Risks are appropriately identified and managed;
- b) Significant financial, managerial, and operating information is accurate, reliable, and timely;
- c) Employees' actions are in compliance with Bank's policies, standards, procedures, and applicable laws and regulations;
- d) Bank's resources are acquired economically, used efficiently, and adequately safeguarded;
- e) Bank's operations are transacted in accordance with sufficient internal controls, good business judgment, and high ethical standards;
- f) Quality and continuous improvement are fostered in the Bank's internal control processes; and
- g) Significant legislative or regulatory issues impacting the Bank are recognized and addressed appropriately.

### DIVIDEND POLICY

Dividends shall be declared and paid out of the surplus profits of the Bank as often and as such time as the Board of Directors may determine and in accordance with the provisions of law and of the BSP rules and regulations.



## PHILIPPINE IDENTIFICATION SYSTEM

The Office of the President of the Philippines through its issuance of Memorandum Circular No. 95 directs the Bank, as a government-owned and controlled corporation (GOCC), to establish a PhilSys Integration Plan. The directive is relative to the implementation of the Republic Act No. 11055 otherwise known as the "Philippine Identification System Act" which established the Philippine Identification System (PhilSys) that provides citizens and resident aliens with sufficient proof of identity as a means of simplifying public and private transactions to eliminate the need to present other forms of identification that ultimately promotes ease of doing business.

In compliance with the Memorandum Circular, the Bank has established its PhilSys Integration Implementation Plan covering (1) organizational mandate and function, (2) final outputs, and (3) services and programs subject to streamlining process. The implementation is under a work plan guided by the following activities: (1) information dissemination (2) Conduct of Gap analysis (3) management approval (4) Procurement process (5) installation of equipment (6) Training and orientation (7) Policy-making, and (8) Implementation.

Subsequently, the BSP issued Memorandum No. 2022-044 which directed the BSP Supervised Financial Institution (BSFI) to recognize PhilSys identification document as an official document to establish and verify the identity of a customer in the Know-Your-Client (KYC) process. The Bank has implemented these government directives including the establishment of guidelines and procedures

## BOARD OF DIRECTORS PROFILE

**LIDUVINO S. GERON**

Chairman of the Board

Filipino, 59

Mr. Geron brings with him over 29 years of expertise in various areas of banking, particularly branch banking, strategic planning, and lending. Mr. Geron is the Executive Vice President and Head of the Branch Banking Sector of the Land Bank of the Philippines. He rose from the ranks as a Landbank management trainee in 1994 before heading various units such as the Visayas Branches Group, Lending Program Management Group, Credit Policy Department, Strategic Planning Group, and the National Development Lending Sector. He was the Officer-in-Charge of the then UCPB before its merger with LBP. He has a degree in Agricultural Engineering from the University of the Philippines Los Baños and a Master's Degree in Systems Agriculture from the University of Western Sydney.

**DELMA O. BANDIOLA**

Filipino, 53

Ms. Bandiola is Senior Vice President of Land Bank of the Philippines. She has been with Landbank for 30 years and currently heads its West Visayas Branches Group. She is a Certified Public Account. She graduated with a degree in Commerce, Major in Accounting, from St. Anthony's College in 1991 and earned her Master's in Business Administration from Pamantasan ng Lungsod ng Maynila in 2013.

**CAMILO C. LEYBA**

Filipino, 61

Mr. Leyba is Senior Vice President of Land Bank of the Philippines. He has been with Landbank for 39 years and currently serves as the Head of its East Mindanao Branches Group. He earned his degrees in Commerce, Major in Accounting, and Masters in Business Administration from Ateneo de Davao University.

**RANDOLPH L. MONTESA**

Filipino, 56

Mr. Montesa is Senior Vice President of the Digital Banking Sector of the Land Bank of the Philippines. Prior to that, he was Vice-President of the IT-Project Management Office of the Technology Management Group. Mr. Montesa also served as Director of United Coconut Planters Bank from November 24, 2021, up to its merger with LANDBANK on March 1, 2022. He holds a Bachelor of Science degree in Civil Engineering from the University of the Philippines - Diliman, and a Master's Degree in Business Administration from the College of the Holy Spirit.

**FILIPINA B. MONJE**

Filipino, 62

Ms. Monje is Senior Vice President of Land Bank of the Philippines and heads its Northern & Central Luzon Lending Group. She is a Certified Public Accountant, with a degree in Bachelor of Science in Commerce, major in Accounting from University of Luzon (formerly Luzon Colleges) and earned her Master's in Business Administration from the College of the Holy Spirit.

**MA. BELMA T. TURLA**

Filipino, 56

Ms. Turla is a Senior Vice President of Land Bank of the Philippines. She joined Land Bank as Accounting Clerk in 1989 and subsequently took on the roles of Financial Specialist, Chief of Division and Department Manager, among others, before being appointed as Head of the Northern Luzon Branches Group. Ms. Turla graduated from the University of Nueva Caceres with a degree in BS Commerce. She later earned her Master's in Public Administration from the Philippine Christian University and completed the Leadership Development Program of Ateneo Business School.

**MARILOU L. VILLAFRANCA**

Filipino, 55

Ms. Villafranca is a Senior Vice President of Land Bank of the Philippines designated as Group Head of North NCR Branches. She brings with her 31 years of branch banking experience having handled various positions in marketing, operations, and support functions.

She rose from the ranks starting as a branch officer development trainee in 1992, and assumed position as Contractual Cashier before becoming an Officer in various bank units such as Customer Development Office, Market Research and Product Development Department, Consumer Banking and Branch Operations Support Department. She served as Branch Manager of various branches, and supervised field units as Regional Head for Area IV B, and Group Head for Southeast Luzon Branches.

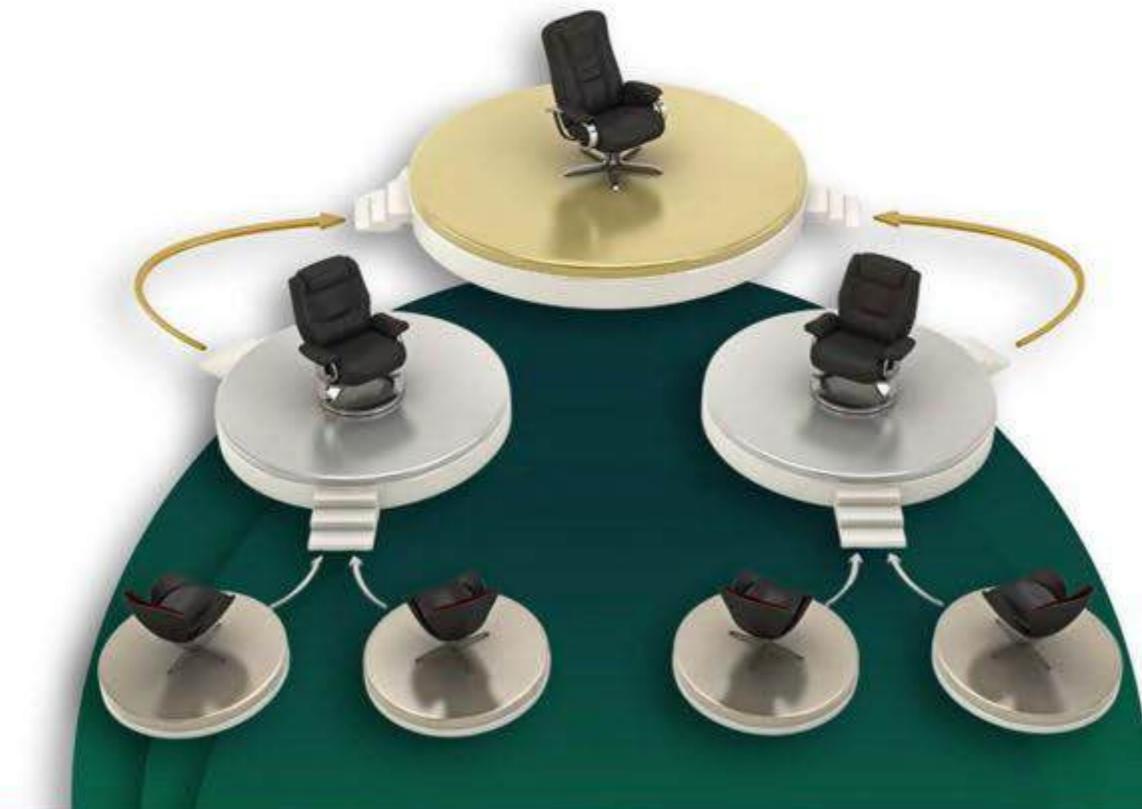
She graduated with a degree in AB Philosophy from the University of Santo Tomas and earned her Master's degree in Development Management from the Asian Institute of Management.

**ATTY. FLORENCE ROSALIND R. CLAVERIA**

Corporate Secretary since September 2020

Filipino, 48

Atty. Claveria has 20 years of experience in the legal profession focused on banking, government and commercial transactions, and contracts. She brings with her 20 years of banking experience, 13 years of which from the Investment Banking Group of Land Bank of the Philippines. She rose from the ranks as documentation lawyer and investment banker. She was the last Corporate Secretary of UCPB leading to its merger with LANDBANK in 2022. She graduated from the Management Development Program, Treasury Certification Program, and Leadership Development Program conducted by LANDBANK and the Ateneo Center for Continuing Education. She also worked at Bernaldo law firm and the Cultural Center of the Philippines. She has degrees in AB English (Literature) from Far Eastern University, Bachelor of Laws from San Beda University, and MBA major in International Business and Finance from the De La Salle University.



# INTERNAL AUDIT DIVISION

## SELF-ASSESSMENT FUNCTION

The structure of the internal audit and compliance functions including its role, mandate/authority, and reporting process

Internal audit activity adds value to the Bank by providing independent, objective and relevant assurance on the adequacy and effectiveness of governance, risk management, and control processes using a systematic, disciplined, and risk-based approach. It assists the Bank in fulfilling its vision, mission, strategic initiatives and objectives while adhering to its core values.

The Internal Audit Division (IAD) provides reasonable assurance that:

- 1) risks relating to the achievement of the Bank's strategic objectives are appropriately identified and managed;
- 2) significant financial, managerial, and operating information is accurate, reliable, and timely;
- 3) employees' actions are in compliance with Bank's policies, standards, procedures and applicable laws and regulations;
- 4) Bank's resources are acquired economically, used efficiently and adequately safeguarded;
- 5) Bank's operations are transacted in accordance with sufficient internal controls, good business judgment and high ethical standards;
- 6) quality and continuous improvement are fostered in the Bank's internal control processes;
- 7) significant legislative or regulatory issues impacting the Bank are recognized and addressed appropriately.

The Internal Audit (IA) activity, as authorized by the Audit Committee through the Internal Audit Charter, has unrestricted access to all functions, records, properties, and personnel of the Bank subject to the existing mandate and applicable laws. It is independent from all the other organizational units of the Bank as well as from the personnel and work that is to be audited. To ensure its independence, IAD reports functionally to the Board through the Audit Committee and administratively to the President and Chief Executive Officer (PCEO).

The Chief Audit Executive (CAE) implements the Board-approved audit directives, oversees the audit function and provides leadership and direction in communicating and monitoring audit policies, practices, programs, and processes.

Likewise, the CAE whose appointment was approved by the Board of Directors, reports directly to the Audit Committee. Under the UCPBS Audit Committee Charter, recommending for approval of the Board of Directors the appointment, reappointment, replacement/dismissal, and performance appraisal of the CAE is one of the responsibilities of the Committee. Any action taken by the Audit Committee in the exercise of this function shall be done in coordination with Human Resources Department (HRD) under Human Resources and General Services Division (HRCSD).

## AUDIT COMMITTEE

# MEMBERSHIP, COMPOSITION and COMPETENCIES

### Duties and Functions:

The Audit Committee is an independent body that provides the Board with impartial advice and guidance relative to the adequacy and effectiveness of management's activities and potential improvements. It assists the Board of Directors in fulfilling its oversight responsibilities specifically:

- to ensure that the auditing, accounting, financial management principles and practices are in line with international and Philippine best practices and conform to all legislative and regulatory requirements;
- to oversee Senior Management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations and safeguarding of assets, and;
- to oversee the internal audit function.

Its principal objectives are:

- (i) to assess the completeness and fairness of the presentation of the financial statements and financial reports of the UCPBS to shareholders and regulators;
- (ii) to monitor the implementation of the internal audit program including the assessment of business, operational, compliance, reputational, control and fraud risks and related policies;
- (iii) to monitor and advise the Board of Directors with respect to the annual operating and capital expenditures budget
- (iv) to endorse the external auditor recommended by Management taking into consideration the independence of the external auditor.

The Audit Committee is composed of at least three (3) members of the board of directors, two (2) of whom are independent directors, including the Chairperson. Collectively, the Audit Committee possesses core skills, knowledge in accounting, auditing, and related financial management expertise as well as experience commensurate with the size, complexity of operations and risk profile of the Bank.

All members of the Audit Committee have a clear understanding of finance and accounting, and are able to read and understand financial statements. No member of the Audit Committee is a large customer of LAND BANK OF THE PHILIPPINES (LBP) or any of its subsidiaries or affiliates.

The Chairman and members of the Audit Committee are elected by the Board of Directors and shall serve until their successors are duly elected and qualified. The election of all members of the Audit Committee shall require the unanimous approval of all independent directors of the Board present during their election. The Chairman of the Audit Committee shall not be the Chairman of the Board of Directors or any other board-level committees.

### Accomplishments:

The Audit Committee has continued to effectively perform its duties and responsibilities throughout the year, as defined in the Board-approved Audit Committee Charter. It has assisted the Board of Directors in fulfilling its statutory and fiduciary responsibilities, as well as in protecting the value and interests of shareholders, through close coordination with the Management in the light of emerging risks to ensure that processes and operations are kept at optimum level.

In 2023, the Audit Committee held its regular monthly meetings and special sessions with the Commission on Audit (COA). The Committee attested that the internal audit function has maintained its independence and proper authority to effectively execute its duties and achieve its goals and objectives. The Committee has provided full support and consistent guidance to the Internal Audit Division (IAD) in achieving its 2023 plans and programs, of which results of audit engagements, projects and activities have provided significant inputs to Management for the effectiveness of governance, risk management, and control processes of the Bank.

The following are the accomplishments of the Audit Committee (AC) regarding its functional supervision and oversight function over internal control and compliance system, internal audit and assurance process, financial reporting, risk management and corporate governance of the Bank:

- Reviewed and discussed with the Management and Commission on Audit (COA), the year-end Audited Financial Statements (AFS) and the related disclosures; and endorsed for Board approval of the 2023 AFS. The Management is responsible for the preparation and fair presentation of the Bank's financial statements and adequacy of disclosures in accordance with Philippine Financial Reporting Standards (PFRS); while COA is responsible for expressing an independent opinion on the AFS and their conformity with PFRS.

- Reviewed, noted, and approved all key IA reports with results of its assurance services, consulting services, special/ fraud audits, and other services to ensure that Management is taking necessary corrective actions in a timely manner to address any weaknesses, non-compliance with policies, laws, and regulations, and other issues identified by the internal auditor;

- Identified and assessed controls and high-risk areas that require more consideration by IAD through approval of special projects or improvements of audit methodologies such as Audit Program Guides and continuous alignment of UCPBS IAD with LBP Internal Audit Group (IAG) its internal audit strategies, methodology, scope, and quality assurance measures among others;

- Based on the 2023 BSP Report of Examination (ROE), the internal audit function remained to be Acceptable, as it is effective and reliable in providing objective assurance that internal control processes, corporate governance, and risk management are designed and operating as intended.

- Discussed and approved the annual work plans (i.e., recalibrated short-term audit plan anchored on the approved long-term audit plan as well as proposed extension of such audit plan) to ensure the adequacy of scope and adoption of alternative strategies and methodologies due to changed environments and volatile conditions. IAD completed additional projects on top of its 2023 audit plan.

- Approved the Audit Committee (AC) Minutes of the Meetings;

- Reviewed and monitored through IAD the Management action plans on audit findings thereby enhancing the management and process of monitoring, following up, and implementing corrective actions to accordingly manage risk issues and improve the operations of the branches, head office units, IT units, processes and information systems.

- Approved archiving of Corrective Action Tracking Report (CATR) open items and noted the outstanding audit findings which are being regularly monitored for corrective action as committed by the concerned business units including assessment of the justification and timeline, if acceptable;

- Approved/ noted 2023 Internal Audit Annual Report and other reports such as (1) IAD Budget for 2023, (2) IAD Accomplishment Reports on a semestral basis in 2023 and (3) Summary of Branch Banking Units' Common Audit Exceptions with estimated financial risk exposures (4) IAD'S Declaration of Organizational Independence as required by the Standards, among others;

- Monitored and noted IAD's ongoing audit projects on a regular basis;

- Noted the proposed reorganization of Internal Audit Division (IAD) as part of IAD's regular quality assurance review as well as GCG's CPCS/ PES Reassignment Requirement including rationalization of IAD's Table of Organization (TO) by way of creating additional positions while maintaining the existing total manpower complement of fifteen (15) and Updating of Job Descriptions of IAD Personnel to align with the proposed TO;
- Noted the status updates on the validation activities of IAD relative to the Bank's commitment with BSP on a monthly basis;
- Noted the 2023 BSP Advance Report on Examination Findings (AREF) attributable to Internal Audit Division, with corresponding replies as well as BSP evaluation;
- Noted the status update on IAD's commitment relative to the results of BSP's initial assessment on Sustainable Financial Framework (SFF) compliance;
- Noted the updates on LANDBANK's Competency Development Training for Auditors as participated by UCPBS Internal Auditor/s;

The Audit Committee held thirteen (13) meetings in 2023 composed of twelve (12) regular and one (1) special meetings:

Name of Director	Period Covered	Audit Committee Meetings		
		Held since assumption	Attended	%
Delma O. Bandiola	Jan. 1, 2023 to Dec. 31, 2023	13	13	100%
Filipina B. Monje	Jan. 1, 2023 to Dec. 31, 2023	13	13	100%
Camilo C. Leyba	Jan. 1, 2023 to Dec. 31, 2023	13	13	100%

The review process adopted by the Board to ensure the effectiveness and adequacy of the internal control and risk management systems.

The Audit Committee monitors and evaluates the adequacy and effectiveness of the internal control system. It oversees the implementation of internal control policies and activities and ensures that a review of the effectiveness of the institution's internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually. This is to identify the weaknesses and evaluate its robustness considering the Bank's risk profile and strategic direction. Achieving this principle also requires collaborative and interactive communication between the Board and the Chief Audit Executive as well as the Board's support in ensuring the internal audit function obtains sufficient resources to fulfill the internal audit mandate.

- Noted the IAD's monitoring report on Governance Commission for GOCCs (GCG) Scorecard (i.e., 2023 PES FORM 4) on a quarterly basis;
- Provided guidance on IAD's Reporting and presentation of AML-related findings to BAMLC on a regular basis;
- Noted the updates from Business Units on ROPA-related concerns;
- Noted the court case updates from the Legal Services Division relative to special audit/ fraud investigations conducted by Internal Audit;
- Noted the updates on CARP-related concerns and results of coordination with LBP on a quarterly basis; and
- Reviewed the IAD adequacy of resources, staff competencies, activities, and effectiveness. Noted the regular report on movements of IAD personnel/ employee turnover.

Thus, Internal Audit Division (IAD) reports to the Audit Committee the results of its assurance services, consulting services, special/ fraud audits, and other services to ensure that Management is taking necessary corrective actions in a timely manner to address any weakness, non-compliance with policies, laws, and regulations, and other issues identified by internal audit function.

On top of the discussion and notation of the regular reports of the IAD, the Audit Committee also deliberates on various issues and concerns related to the Bank's existing internal controls, potential breaches and vulnerabilities and likewise recommends ways and measures to strengthen internal controls and manage risks. The business units that fail in the audit are also required to present to the Audit Com the status/action taken on the audit's recommendations to address internal control breaches or related plans.

The Audit Committee meets regularly and maintains minutes of its meetings. The Minutes are confirmed by the Board. They held 13 meetings in 2023.

The Committee is composed of the following:

- Dir. Delma O. Bandiola (Chairman)
- Dir. Filipina B. Monje (Member)
- Dir. Camilo C. Leyba (Member)



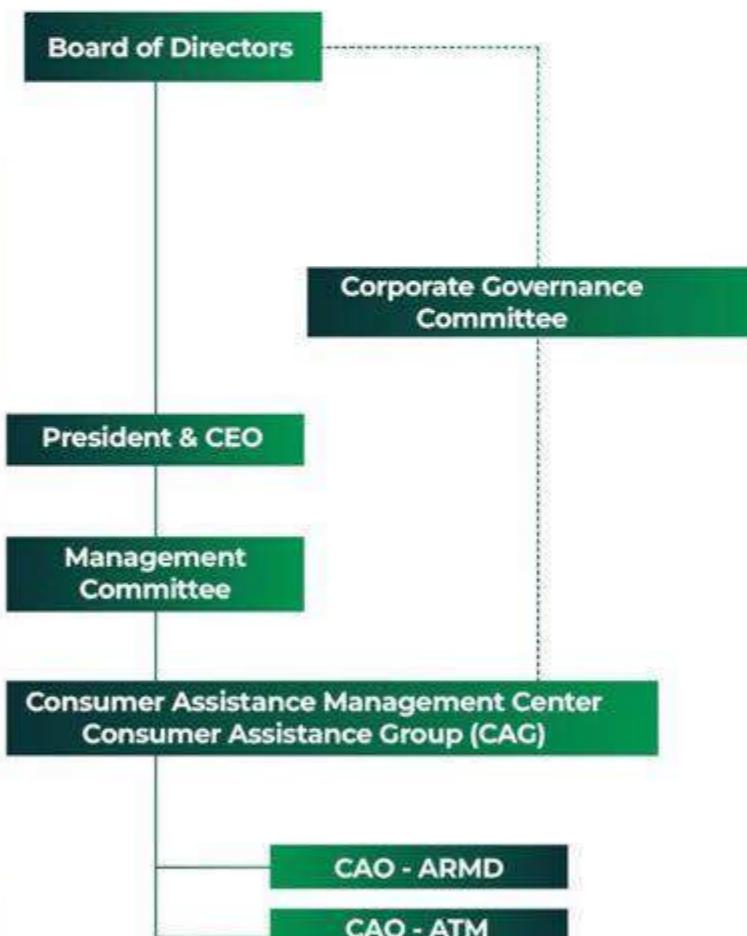
# CUSTOMER PROTECTION & ASSISTANCE

To promote broad and convenient access to high-quality financial services and consider the customers' interests, UCPBS maintained the highest standards in implementing financial consumer protection. It is integral to the Bank's corporate governance, culture, and risk management.



## CONSUMER ASSISTANCE

### ORGANIZATIONAL STRUCTURE



## THE BOARD OF DIRECTORS

The Board shall be responsible for approving and overseeing the implementation of all policies and processes related to the Bank's Consumer Protection Risk Management System (CPRMS), and all consumer protection programs carried out by the Customer Assistance Management Center (CAMC).

The Board shall lead in developing, building, and promoting a strong culture of consumer protection in the Bank. In addition, it shall be responsible for ensuring compliance with BSP Circular 1160 and all other laws, rules, and regulations governing consumer protection. The Board shall-

- 1 Approve the CPRMS and consumer assistance mechanism (CAM) that takes into consideration the Bank's business model, market, product lines, and relationships with third parties that may give rise to consumer protection risks;
- 2 Promote a culture of ethical behavior and adherence to the highest standards of fair and responsible dealing with consumers;
- 3 Ensure that adequate information and actions taken are reported regularly in terms of the measurement of consumer protection-related risks, reports from the CAMC, as well as other material consumer-related developments that will impact the Bank;
- 4 Ensure the adequate provision of resources and effective implementation of personnel training and competency requirements;
- 5 Approve remuneration and compensation packages structured to encourage responsible business conduct, fair treatment, and avoidance/mitigation of conflicts of interest; and
- 6 Review periodically the implementation and effectiveness of the CPRMS, including how findings are reported and whether the audit mechanisms are in place to enable adequate oversight, and put in place a regular mechanism to review the relevance of the CPRMS in case of changes in the bank's business model and/or operating environment.

### UCPB Savings Customer Assistance and Management Center Hotline

(02) 8811-0278  
0998-591-9006

Email:  
[usb-camu@ucpbsavings.com](mailto:usb-camu@ucpbsavings.com)

Website:  
[www.ucpbsavings.com](http://www.ucpbsavings.com)

Facebook page:  
[fb.com/UCPBS.KASAMAMO](https://fb.com/UCPBS.KASAMAMO)

## THE SENIOR MANAGEMENT

The Senior Management (Mancom) shall be responsible for ensuring that the Bank practices are aligned with the approved risk management system and consumer protection policies, which should be consistently displayed throughout the bank's place of business particularly, across all business units that deal directly with consumers. In this regard, the Senior Management shall:

1. Ensure that the approved CPRMS and CAM policies and procedures are clearly documented, properly understood, and appropriately implemented across all levels and business units;
2. Establish an effective monitoring and management information system to regularly measure, aggregate, and analyze consumer-related issues to determine the level of consumer protection risk. An appropriate and clear reporting and escalation mechanism should also be integrated with the risk governance framework.

The management information system should be able to:

- a. Provide adequate information on the performance and quality of the Bank's CAM that allows for the identification of emerging consumer issues and root cause analysis;
- b. Determine the level of consumer protection risk exposure through assessment of its implementation of the Consumer Protection Standards of Conduct (i.e., transparency and disclosure, protection of client information, fair treatment, effective recourse, and financial learning and awareness);
- c. Identify and monitor, promptly, consumer protection risk exposures approaching risks of loss to financial consumers, legal and reputational risk, as well as other related risks;
- d. Point out and assess emerging or increasing consumer risks that affect the Bank, i.e. through social media monitoring and market monitoring;
- e. Ensure that adequate systems and controls are in place to promptly identify issues across all phases of the relationship with the consumer;
- f. Ascertain that the concerns in the consumer protection practices or consumer protection emerging risks are addressed and corrective actions are taken promptly; and

5. Ensure observance of expectations and requirements prescribed under relevant regulations on compliance and internal audit.

## THE CONSUMER PROTECTION & RISK MANAGEMENT SYSTEM

The Consumer Protection Risk Management (CPRMS) System is integrated into the Bank's risk management processes and risk framework that includes the governance structure, policies, processes, measurement, and control procedures to ensure that consumer protection risks are identified, measured, monitored, and mitigated.

The CPRMS provides the foundation for ensuring the Bank's adherence to consumer protection standards of conduct and compliance with consumer protection laws, rules, and regulations, ensuring that identified and associated risks of financial harm or loss to consumers are properly managed.

## THE CONSUMER ASSISTANCE & MANAGEMENT SYSTEM

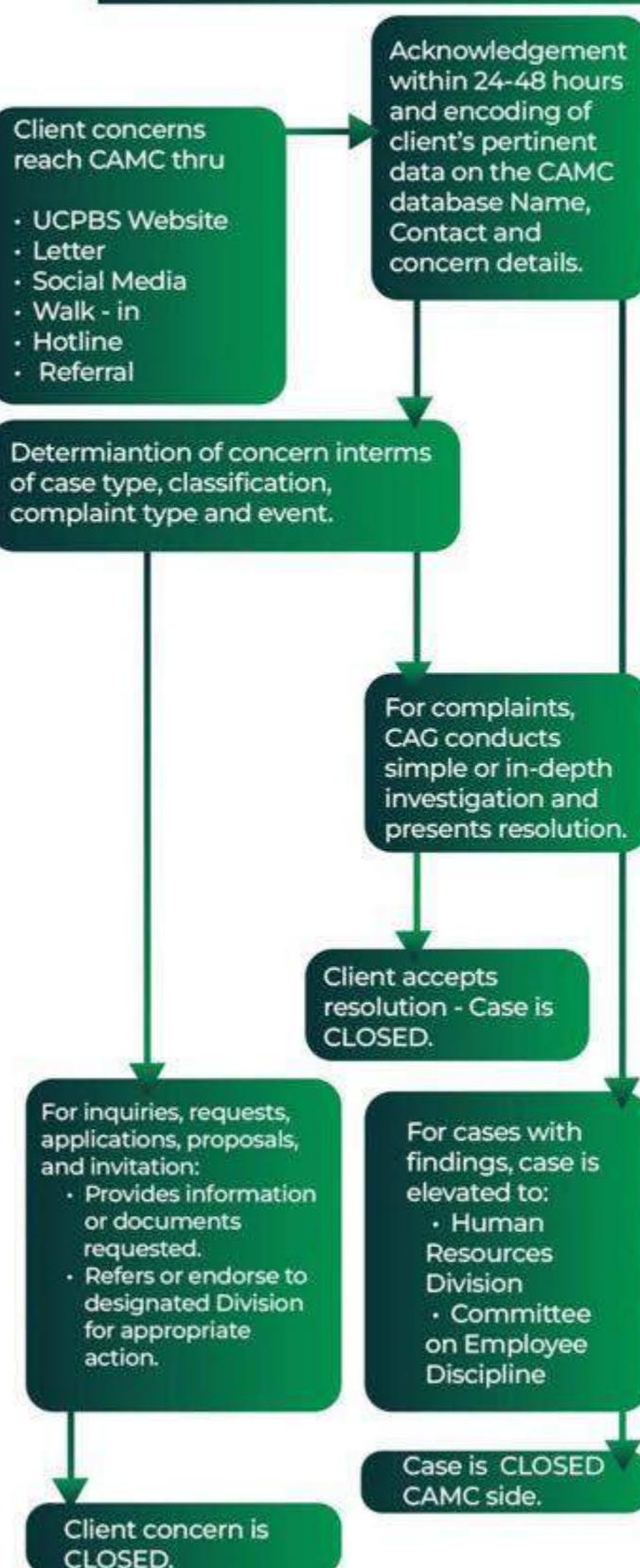
1. The Customer Assistance Management Center (CAMC) shall manage through its Customer Protection Program, the Customer Assistance Management System (CAMS) as prescribed in BSP Circular 1160, in documenting, tracking, and monitoring customer cases. A dedicated team shall be maintained to ensure consistent, effective, and competent handling of customer complaints, inquiries, and requests for assistance.
2. CAMC shall ensure timely updates and enhancements to the CAMM based on internal policies and directives, experience, and regulatory requirements under the Guidelines and Procedures Governing the Consumer Assistance Management Systems (Circular 857 -Appendix A) and applicable laws, rules, and regulations.

3. CAMC shall develop a manual of consumer assistance policies, procedures, and controls in the management and handling of financial consumer complaints, inquiries, and requests, including but not limited to:

- a) Corporate structure and specific duties and responsibilities of CAMC and the units in charge of providing consumer assistance/relations and market/ customer research;
- b) Process and timeline for receiving and acknowledging, investigating, resolving, and responding to customer complaints, inquiries, and requests;
- c) Recordkeeping of customer complaints, inquiries, and requests, and data management under UCPBS' record keeping and retention policy;
- d) Competency building of team members in interpersonal and communication skills, handling feedback and management of difficult situations, problem solving and conflict resolution, and knowledge improvement of the features of Bank products and services, among others;
- e) Monitoring and coordinating appropriate measures to address systemic/ recurrent problems and weaknesses in operating procedures and controls related to consumer protection and customer complaints;
- f) System for evaluating the effectiveness of the CAMM under policies and procedures, recent experience and developments, or directives;
- g) Other customer assistance policies, procedures, and practices as necessary, or may be required under BSP Circular 1160 and other laws, rules, and regulations.

4. CAMC shall ensure that special attention, methods, and techniques are available for handling of customer complaints, inquiries, and requests of persons with disabilities and social difficulties.
5. CAMC shall report to the ManCom, the CorpGov Committee, the President, and the Board on all matters and issues relating to consumer protection and submit regulatory reports as required.

## CUSTOMER ASSISTANCE PROCESS FLOW





# NURTURING COMMUNITIES

UCPBS as an organization does not only aspire excellence in its mandate as a financial institution but has always looked for ways in making a positive impact in the communities. We promote a strong sense of accountability not just within ourselves and the actions we take but of the surroundings we belong to.

The company cannot emphasize enough the importance of integrating social & environmental factors in what we do. We consciously seek out meaningful partnerships and try to widen our reach helping even those who live in far-flung areas. Our sense of purpose is further bolstered by the participation we take in the service of others. We shall remain dauntless in our pursuit to inspire and to lead by example.

## REPURPOSING PRE-LOVED ITEMS FOR A GREATER CAUSE



UCPB Savings Bank ushers in the BER Months by renewing its partnership with Caritas Manila through the Segunda Mana Donations In-Kind program. Now on year 5, employees are encouraged to join by donating their pre-loved clothes, toys, bags, footwear, furniture or just about anything that occupies space at home and can still be of use to others.

The symbolic turnover of Segunda Mana Boxes was witnessed by UCPB Savings Bank's President & CEO, Ms. Lizette Margaret Mary J. Racela joined by representatives from Caritas Manila, Mr. Lorenz Satumba & Mr. Armand Menguez, that took place last September 13, 2023. The said boxes will be deployed to select branches of the bank.

Donated items will be converted to cash through more than 60 Segunda Mana Charity Outlets where proceeds will be used to sustain Caritas Manila's flagship program, Youth Servant Leadership and Education Program (YSLEP) which helps underprivileged youth finish College or Voc-Tech Degree.

It is indeed a merry-month of giving! And UCPB Savings Bank is more than happy to take the lead.

## UCPB SAVINGS BANK, LENDS A STEADY HAND AMIDST THE STORM

The country has been visited by typhoons the past few months and several families left homeless; school classes disrupted and heavy flooding experienced in selected areas. Indeed, this is a trying time for the Filipinos especially in the countryside. And UCPB Savings Bank is there to extend a helping hand in times of need.

UCPB Savings Bank donations were coursing through one of its long-time partners, Save the Children Philippines. Present in the cheque turnover is UCPB Savings Bank's CEO & President, Lizette Margaret Mary J. Racela, Corporate Planning & Communications Division Head, Mr. Santiago P. Yusing IV together with the Chief Business Development Officer of Save the Children Philippines, Ms. Nadia Pasion and their Senior Manager for Corporate Partnerships, Ms. Nathalia Tabal. It aims to assist families affected by Typhoon Egay & Falcon. Interventions will include delivery of hygiene essentials and support to children's learning by making teacher's kits and back-to-school kits available.

UCPB Savings Bank will continue to uphold the spirit of giving wherever and whenever assistance is needed.

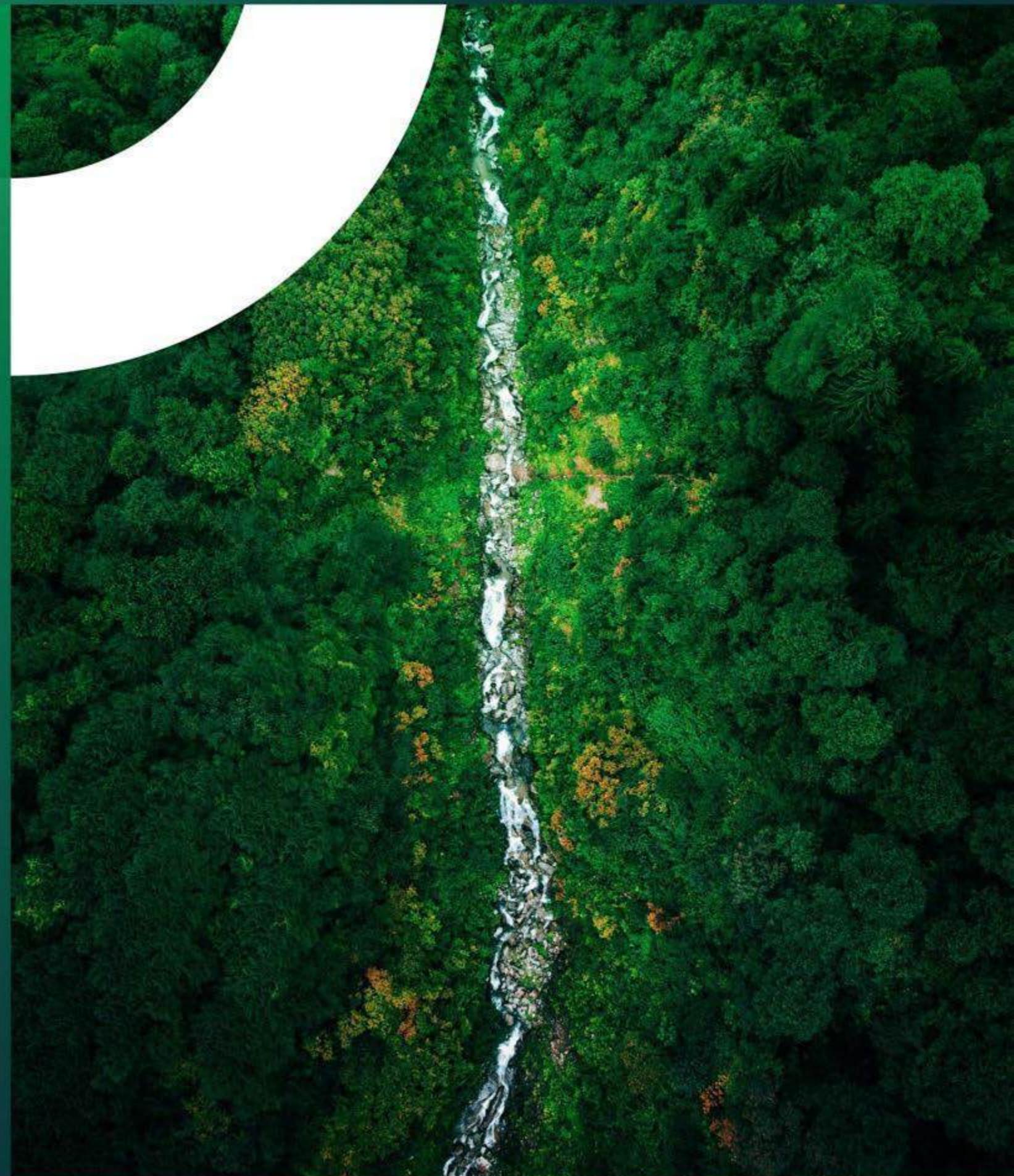


# UCPB SAVINGS BANK SUSTAINABILITY REPORT

UCPBS continues its commitment to sustainability as it recognizes the worst effect of climate change which could pose environmental and social risks that may bring financial concerns to the bank's operation and interest.

UCPBS also cognizant of its critical role in pursuing sustainable and resilient growth by enabling environmentally and socially responsible business decisions consistent with the aspirations set out for the Filipinos under the Philippine Development Plan.

The bank is committed to join the government's effort towards sustainable future through Compliance to BSP Cir. 1085, 1128 and 1149.





## UCPBS COMMITMENT TO SUSTAINABLE DEVELOPMENT

The bank anchors its sustainable development strategy to the 17 United Nations Sustainable Development Goals (SDGs). UCPBS supports and upholds the principles of the United Nations Global Compact.

The bank aligned its processes, policies and manuals to Sustainability finance Framework mandated by the BSP through the following:

### **Creation of Sustainability Finance Framework**

The bank has created its Sustainability Finance framework which outlined the duties and responsibilities of the Board, Senior Management and the whole UCPBS bank community towards SFF compliance. Its Sustainability Framework was completed in 2022 under Gen. Cir. 02-101.2023.

### **Environment and Social Risk Management System (ESRMS)**

In compliance with BSP Circular 1128 dated 21 October 2021 otherwise known as Environmental and Social Risk Management Framework, the Board approved the amendment to its Risk Manuals to include the environmental and social considerations in the risk management systems, strategies and operations.

The composition of the loan portfolio shall be reviewed by Risk Management Division (RMD), which may have existing exposures in markets, sectors, or geographic areas vulnerable to material E&S risks.

Results of stress testing and scenario analysis is now considered in setting credit strategy and risk appetite. UCPBS defined the activities that are eligible for financing based on its E&S sensitive to potential changes in the business environment.

## INTERNAL AUDIT DIVISION AND BANK COMPLIANCE DIVISION FUNCTION

The Audit and Compliance functions incorporated in their respective programs the assessment of adherence to policies related to the management of E&S risks and evaluation of the robustness and continuing relevance of said policies.

The Internal Audit shall also review the bank's adherence to international sustainability standards and principles as well as relevant said policies.

It also reviews the bank's adherence to international sustainability standards and principles as well as relevant laws and regulations.

## STRATEGIES IN ATTAINING SUSTAINABILITY

### Economic Dimension

UCPB shall contribute to the country's sustained economic growth through the delivery of various banking products and services which help create a dynamic business environment, promote local investments, and accelerate economic activity. The Bank's efforts shall include the following:

- Support of infrastructure development through loans for sustainable projects;
- Development of micro, small and medium enterprises through microfinance and SME loans;
- Empowerment of Filipino consumers with affordable and flexible consumer loan packages;
- Fostering banking habits through creation of innovative banking practices and financial products to meet needs of entrepreneurs and reach underserved markets through the Bank's branch network, automated teller machines and the use of agency banking;
- Contribution to nation-building;
- Implementation of Small Business Loan (SBL) Agri Loan Program that will help the agricultural business sectors. This program shall likewise help the government in its aim to reduce poverty, promote and market agricultural-products and increase the food production capacity of the country.



## SBL AgriLoan PROGRAM

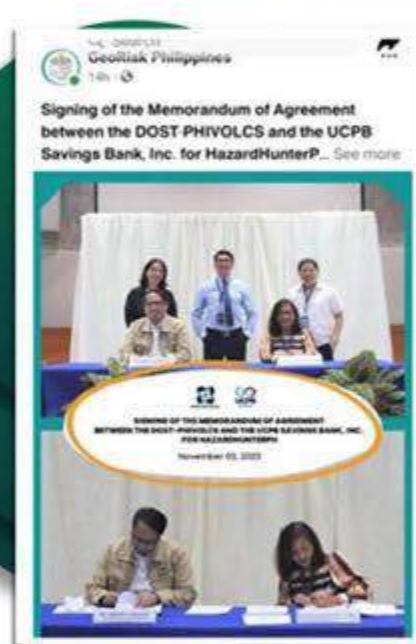


Sustainable Development Goals	Project Initiatives
Zero Hunger	<p>Modified SBL Agri-loan</p> <p>UCPBS is committed to support the government in its drive for food security program, as a financing institution, the bank created its agri-loan program which main focus is to help our farmers, fisherfolks and the whole agriculture value chain to access affordable and easy loan grant to fund their agri-activities.</p> <p>In 2023, a total of P49.9M was granted to SBL-Agri client. It is expected to have good impact in the agri-community in the borrower's area.</p>
Climate action, Affordable and clean Energy, Responsible Consumption & Production	<p>Rate incentive for Auto &amp; REL clients who are compliant and practice sustainability</p>

### Environmental Dimension

Sustainable finance strategies to address environmental concerns shall include as follows:

- Reinforcing sustainable finance in lending operations;
- Integrating environmental risk management in responsible finance; and
- Accelerating low carbon footprint, e.g. promoting sustainable use of bank assets.



**GeоРisk Philippines**  
16h ·  
Signing of the Memorandum of Agreement  
between the DOST-PHIVOLCS and the UCPB  
Savings Bank, Inc. for HazardHunterPH

DOST-PHIVOLCS marked its formal collaboration with UCPB Savings Bank, Inc. through a Memorandum of Agreement (MOA) signed on November 02, 2022.

The UCPB Savings Bank, Inc. is the first bank in the Philippines that partnered with DOST-PHIVOLCS for the integration of HazardHunterPH in their own system.

Partnership Signatories from L-R: Dr. Teresito C. Bacolcol, DOST-PHIVOLCS OIC and Ms. Lizette Margaret Mary J. Racela, UCPB Savings Bank, Inc. President/ Chief Executive Officer

Together with witnesses from L-R: Ms. Mabelline T. Cahulogan, DOST-PHIVOLCS Supervising Science Research Specialist, Mr. Dante R. Cortez, UCPB Head Credit Management, and Mr. Alex A. Siao, UCPB OIC Credit Investigation and Appraisal Department

Sustainable Development Goals	Project Initiatives
Climatic Action 	<ul style="list-style-type: none"> <li>Digitization Projects/ Document Scanning</li> <li>Scheduling of shredders</li> <li>Implementation of e-signature</li> </ul>
Responsible Consumption and Production 	<ul style="list-style-type: none"> <li>Use of LED Lights</li> <li>Conservation via aircon efficient management of its useable time</li> <li>Common resource area for pooling of supplies</li> <li>Regular reminders to employees to conserve and reuse</li> <li>The bank practices recycling through identification of recyclable vs non-recyclable office materials</li> <li>Use of non-confidential quality paper instead of clean white bond paper.</li> <li>The bank practices waste segregation in the Head office</li> <li>Practices Secure Printing Feature to avoid mishandling of confidential documents and lower the stationary cost.</li> </ul>

### Social Dimension

UCPBS empowers Filipino consumers, including rural underserved and unserved communities, through financial products and services that provide accessibility, convenience, affordability and reliability to meet their unique needs. Such initiatives shall cover the following:

- Forged tie-ups with car developers, home developers, and retail stores to offer competitive rates and faster service;
- Partnership with Caritas Manila – Segunda Mana, a social enterprise that converts in-kind donation into cash in order to finance charity works;
- Implementation of R.A. no. 11313 otherwise known as "Safe Spaces Act". With this policy, UCPBS shall affirm commitment to take a serious stand against sexual harassment committed by any associates and officers.



Sustainable Development Goals	Project Initiatives
Quality Education 	<ul style="list-style-type: none"> <li>Installation of drop boxes for educational materials for donation to charitable institution or remote area.</li> </ul>
Good Health and Well Being 	<ul style="list-style-type: none"> <li>The bank partnered with Caritas Manila for the donation drive. The employees and clients may drop their pre-loved things such as books, clothes, bags and other usable things that can still be enjoyed by others.</li> <li>Information dissemination related to stress management/ mental health</li> <li>Introduction of webinar, reading materials related to values formation of the employees</li> <li>Participation to information drive related to road safety</li> </ul>

**Governance Dimension**

Continually enhances its corporate governance framework to sustain superior business performance based on the principles of integrity, performance, accountability, fairness and transparency.

**GSD ADVISORY**

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Sustainable Development Goals	Project Initiatives
Gender Equality 	Policy against harassment and gender-based violence
Sustainable Cities and Communities 	Inclusion of sustainability in selection and opening of branches

Sustainable Development Goals	Project Initiatives	Sustainable Development Goals	Project Initiatives	Sustainable Development Goals	Project Initiatives
Partnership for the Goals 	<b>Hazard Hunter</b> <p>The bank utilizes the Hazard hunter to identify potential geohazard risk present in the acceptable collateral properties as well as the bank's current real assets. Moreover, the bank enters into an agreement with PHILVOCS for the legal use of its hazard hunter website.</p> <p>The bank codified its Exclusion list which prohibits the bank from engaging with business activities which deemed not aligned with Sustainable Development Goals (SDG):</p> <p><b>Environmental Issues</b></p> <ul style="list-style-type: none"> <li>Illegal activities prohibited under Philippine Environmental law such as illegal logging, forest land grabbing, illegal mining, Illegal fishing, etc.</li> <li>Illegal quarrying and other extraction activities that may have violated Philippine Mining Act of 1995 (RA7942)</li> <li>Deforestation or reclamation of bodies of water that may have detrimental effect to environment</li> </ul>	Partnership for the Goals 	<ul style="list-style-type: none"> <li>Production or trade of explosives, ammunition, bullets, etc.</li> <li>Cannabis cultivation</li> <li>Motor Vehicles that do not comply with the emission standard set by DOTR and DENR.</li> </ul> <p><b>Social Issues</b></p> <ul style="list-style-type: none"> <li>Activities related to illegal gambling (e.g. jueteng)</li> <li>Activities related to prostitution, human trafficking, forced labor, violence against women and children.</li> <li>Construction of buildings intended for adult entertainment (e.g. beer/prostitution houses)</li> <li>Manufacturing or trade of illegal drugs as defined under RA no. 9165 (Comprehensive drug act of 2002)</li> <li>Production or trade of health hazard materials (e.g. poisons)</li> <li>Manufacturing or trade of pornographic materials</li> </ul>		<p><b>Governance Issues</b></p> <ul style="list-style-type: none"> <li>Cyber security Attacks</li> <li>Business with pending Tax Evasion case</li> <li>Construction of hospitals or clinics engaged in medical malpractice (e.g. abortion)</li> </ul> <p>Note: Other activities not included on the list which are not in support of sustainability shall be treated the same.</p>
					UCPB Savings Banks shall continue to gear towards sustainability. What has been started will be practiced and shall conduct periodic review on its relevance to government's campaign towards sustainable future.

# CONGLOMERATE STRUCTURE

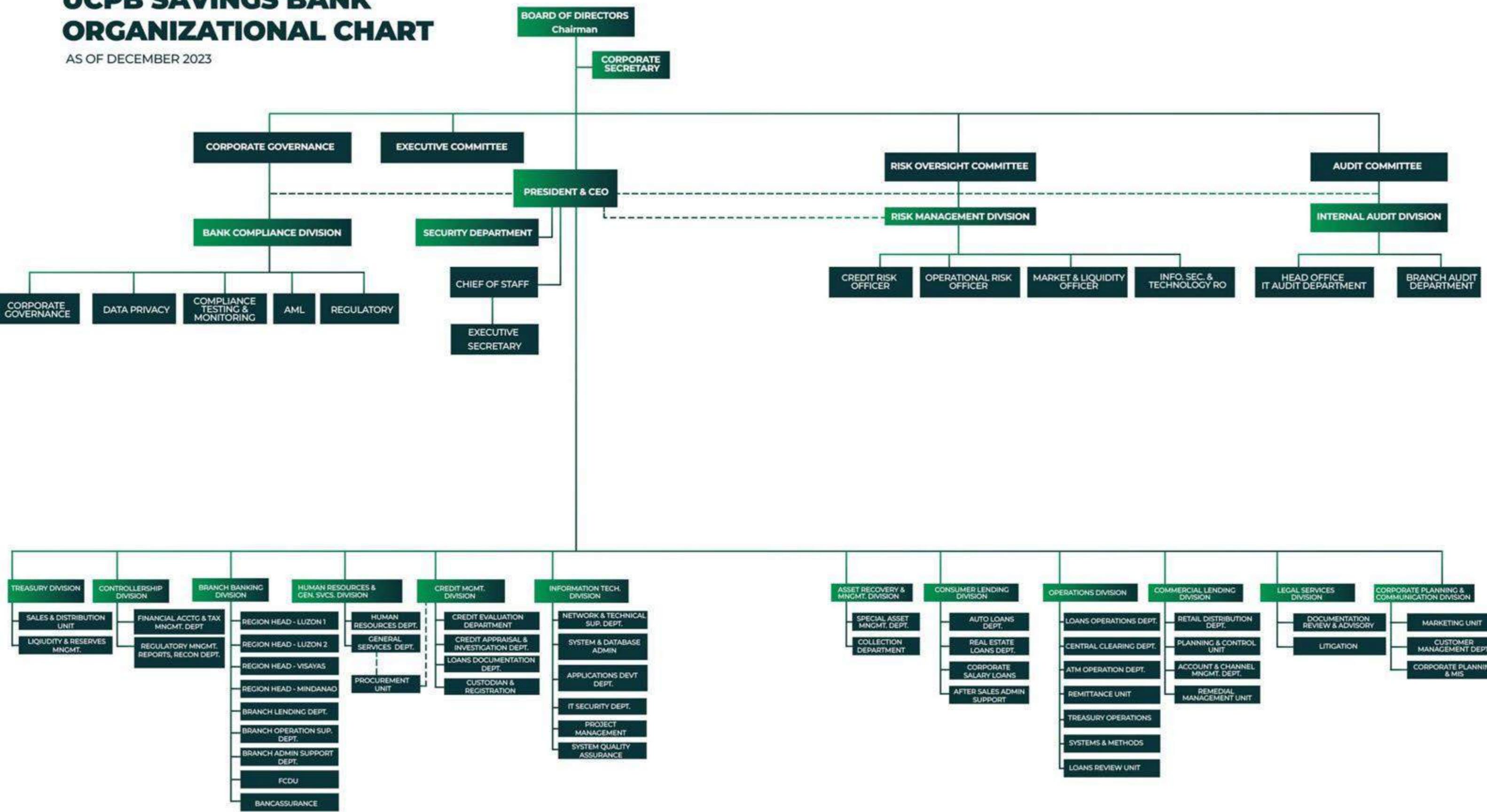


LAND BANK OF THE PHILIPPINES  
Conglomerate Structure  
As of December 31, 2023



# UCPB SAVINGS BANK ORGANIZATIONAL CHART

AS OF DECEMBER 2023



# THE BOARD OF DIRECTORS



MA. BELMA T. TURLA  
*Director*



DELMA O. BANDIOLA  
*Director*



FILIPINA B. MONJE  
*Director*



CAMILO C. LEYBA  
*Director*



MARILOU L. VILLAFRANCA  
*Director*



RANDOLPH L. MONTESA  
*Director*



ATTY. FLORENCE R. CLAVERIA  
*Corporate Secretary*

LIDUVINO S. GERON  
*Chairman of the Board*



# THE BOARD OF DIRECTORS PROFILE



**LIDUVINO S. GERON**  
*Chairman of the Board*  
 Filipino, 59

Mr. Geron brings with him over 29 years of expertise in various areas of banking, particularly branch banking, strategic planning, and lending. Mr. Geron is the Executive Vice President and Head of the Branch Banking Sector of the Land Bank of the Philippines. He rose from the ranks as a Landbank management trainee in 1994 before heading various units such as the Visayas Branches Group, Lending Program Management Group, Credit Policy Department, Strategic Planning Group, and the National Development Lending Sector. He was the Officer-in-Charge of the then UCPB before its merger with LBP. He has a degree in Agricultural Engineering from the University of the Philippines Los Baños and a Master's Degree in Systems Agriculture from the University of Western Sydney.



**CAMILO C. LEYBA**  
*Director*  
 Filipino, 61

Mr. Leyba is Senior Vice President of Land Bank of the Philippines. He has been with Landbank for 39 years and currently serves as the Head of its East Mindanao Branches Group. He earned his degrees in Commerce, Major in Accounting, and Masters in Business Administration from Ateneo de Davao University.



**DELMA O. BANDIOLA**  
*Director*  
 Filipino, 53

Ms. Bandiola is Senior Vice President of Land Bank of the Philippines. She has been with Landbank for 30 years and currently heads its West Visayas Branches Group. She is a Certified Public Account. She graduated with a degree in Commerce, Major in Accounting, from St. Anthony's College in 1991 and earned her Master's in Business Administration from Pamantasan ng Lungsod ng Maynila in 2013.



**RANDOLPH L. MONTESA**  
*Director*  
 Filipino, 56

Mr. Montesa is Senior Vice President of the Digital Banking Sector of the Land Bank of the Philippines. Prior to that, he was Vice-President of the IT-Project Management Office of the Technology Management Group. Mr. Montesa also served as Director of United Coconut Planters Bank from November 24, 2021, up to its merger with LANDBANK on March 1, 2022. He holds a Bachelor of Science degree in Civil Engineering from the University of the Philippines – Diliman, and a Master's Degree in Business Administration from the College of the Holy Spirit.

# THE BOARD OF DIRECTORS PROFILE



**FILIPINA B. MONJE**  
Director  
Filipino, 62

Ms. Monje is Senior Vice President of Land Bank of the Philippines and heads its Northern & Central Luzon Lending Group. She is a Certified Public Accountant, with a degree in Bachelor of Science in Commerce, major in Accounting from University of Luzon (formerly Luzon Colleges) and earned her Master's in Business Administration from the College of the Holy Spirit.



**MARILOU L. VILLAFRANCA**  
Director  
Filipino, 55

Ms. Villafranca is a Senior Vice President of Land Bank of the Philippines designated as Group Head of North NCR Branches. She brings with her 31 years of branch banking experience having handled various positions in marketing, operations, and support functions. She rose from the ranks starting as a branch officer development trainee in 1992, and assumed position as Contractual Cashier before becoming an Officer in various bank units such as Customer Development Office, Market Research and Product Development Department, Consumer Banking and Branch Operations Support Department. She served as Branch Manager of various branches, and supervised field units as Regional Head for Area IV B, and Group Head for Southeast Luzon Branches. She graduated with a degree in AB Philosophy from the University of Santo Tomas and earned her Master's degree in Development Management from the Asian Institute of Management.



**MA. BELMA T. TURLA**  
Director  
Filipino, 56

Ms. Turla is a Senior Vice President of Land Bank of the Philippines. She joined Land Bank as Accounting Clerk in 1989 and subsequently took on the roles of Financial Specialist, Chief of Division and Department Manager, among others, before being appointed as Head of the Northern Luzon Branches Group. Ms. Turla graduated from the University of Nueva Caceres with a degree in BS Commerce. She later earned her Master's in Public Administration from the Philippine Christian University and completed the Leadership Development Program of Ateneo Business School.



**ATTY. FLORENCE ROSALIND R. CLAVERIA**  
Corporate Secretary since September 2020  
Filipino, 48

Atty. Claveria has 20 years of experience in the legal profession focused on banking, government and commercial transactions, and contracts. She brings with her 20 years of banking experience, 13 years of which from the Investment Banking Group of Land Bank of the Philippines. She rose from the ranks as documentation lawyer and investment banker. She was the last Corporate Secretary of UCPB leading to its merger with LANDBANK in 2022. She graduated from the Management Development Program, Treasury Certification Program, and Leadership Development Program conducted by LANDBANK and the Ateneo Center for Continuing Education. She also worked at Bernaldo law firm and the Cultural Center of the Philippines. She has degrees in AB English (Literature) from Far Eastern University, Bachelor of Laws from San Beda University, and MBA major in International Business and Finance from the De La Salle University



Lizette Margaret Mary J. Racela  
President & CEO

TOP (L-R): Ms. Ma. Catalina M. Cruz, Mr. Dante R. Cortez, Mr. Ernesto O. Olavario, Ms. Ma. Pamela V. Suarez, Atty. Jonathan M. Acosta, Mr. Santiago P. Yusing IV, Mr. Manuel C. Madridejos

BOT (L-R): Ms. Maria Sarah V. Prepeña, Ms. Irene S. Quintana, Mr. Wilfred D. Abobo, Mr. Roberto R. Noceda, Mr. Tristan D. Baria, Mr. Augusto M. Jocson Jr., Mr. Ernest V. Aguila Jr.



**Lizette Margaret Mary J. Racela**  
President & CEO  
Filipino, 58 years old

Ms. Racela has more than 35 years of banking experience, with extensive exposure in the areas of Retail Banking, Commercial and SME Lending, Consumer Lending and Credit Administration. Prior to her current position, she headed the Consumer Lending and Branch Banking groups in RCBC. She also held executive positions with Philippine National Bank, EastWest Bank and UCPB. She completed her degree in Bachelor of Science in Business Administration at the University of the Philippines Diliman.



**Ms. Irene S. Quintana**  
Head, Controllership Division  
Filipino, 55 years old

Ms. Quintana has over 33 years of working experience in the banking industry. She started her career with extensive exposure to the different functions such as Finance and Controllership, Branch Banking Operations, Bank Regulatory Reports and Special Audit Services. She holds a Bachelor's Degree in Accounting from the Philippine School of Business Administration and a Certified Public Accountant.



**Ms. Ma. Catalina M. Cruz**  
Head, Branch Banking Division  
Filipino, 54 years old

Ms. Cruz has been in the banking industry for 30 years. She began her professional journey as a Lead Loans Officer at Metrobank. Her journey continued as she advanced to the position of Branch Head at Security Bank. Following this, she took on the role of Head of the Main Office Branch at United Coconut Planters Bank (UCPB), where she further honed her management skills. Ms. Cruz subsequently became the Head of the Business Development Department for Trust Banking Group at UCPB. Her performance and exceptional leadership qualities ultimately led to her appointment as Vice President. Ms. Cruz earned her Bachelor's Degree in Management from Assumption College in Makati in 1990.



**Mr. Roberto R. Noceda**  
Head, Commercial Lending Division and  
Concurrent Head, Consumer Lending Division  
Filipino, 63 years old

Mr. Noceda has been in the Banking Industry for 40 years; he started his career as a Bank Supervisor at Far East Bank & Trust Company, as a Bank Manager at both Asian Bank and PCI Bank, Branch Head in Rural Bank of Subangdaku, Marketing Director in Nine Miles Habitat, Group Head in Bank of Commerce, Department Head in Philippine Veterans Bank, and Division Head in Philippine National Bank. Mr. Noceda finished his Master's in Business Administration at De La Salle University, Manila, in 1988 and completed his Bachelor's Degree in Industrial Management Engineering at the same school in 1982.



**Mr. Manuel C. Madridejos**  
Head, Treasury Division  
Filipino, 52 years old

Mr. Madridejos earned his bachelor degree in Commerce major in Business Administration at the University of Sto. Tomas in 1993. He has 30 years of experience in the Banking Industry of which 25 years were spent holding various roles in Treasury. He is also a Licensed Civil Service Professional, an SEC Certified Fixed Income Market Salesman and a BAP Certified Treasury Professional.



**Ms. Maria Sarah V. Prepeña**  
OIC, Risk Management Division  
Filipino, 54 years old

Ms. Prepeña has over 20 years of work experience in banking industry and almost 10 years in insurance industry. She started her career as Marketing Assistant and rose from the ranks to handle various leadership positions. She holds a Bachelor of Arts degree major in English from University of Nueva Caceres in Naga City.



**Ms. Ma. Pamela V. Suarez**  
Head, Asset Recovery & Management Division  
Filipino, 55 years old

Ms. Suarez' professional practice spans 34 years of experience. She began her career as an Account Executive in a multinational advertising agency for 5 years growing global brands. Moving on to banking, she assumed for the past 25 years different posts in the field of Marketing Communications, Product Management and Business Development of loan, deposit products and acquired assets of foreign and local banks. Ms. Suarez graduated from the University of Santo Tomas with a Bachelor of Science in Pharmacy. She has also completed the Tactical Marketing Implementation and Delivery Program of the Ateneo Graduate School of Business.



**Mr. Augusto M. Jocson Jr**  
OIC, Information Technology Division  
Filipino, 58 years old

Mr. Jocson Jr. has an extensive 31 years of banking experience, and he began his career in the banking industry as a Computer Engineer, Network Engineer, Systems Programmer, System Administrator, Head of Database Admin, Head of Information Security, Head of IT Support Section, and OIC -IT Support and Compliance Department. Mr. Jocson Jr. graduated with his Bachelor's in Electrical Engineering at Central Colleges of the Philippines in 1986.



**Mr. Ernesto O. Olavario**  
Head, Operations Division  
Filipino, 54 years old

Mr. Olavario has been in the banking industry for more than 30 years with an exposure in the Branch Banking Operations, Check Clearing, Loans Accounting and Audit. He started his career as an Accounting Assistant and worked his way up to become an Audit Officer. He graduated with a degree in Bachelor of Science in Business Administration Major in Accounting from National College of Business and Arts.



**Mr. Wilfred D. Abobo**  
Head, Human Resource & General Services Division  
Filipino, 53 years old

Mr. Abobo has 32 years of experience and knowledge in the branch banking operations, administration and marketing in the Metro Manila, provincial and foreign job assignments with commendable performances in exceeding deposit targets and cross-selling. He earned his Bachelor degree in Accounting at Adamson University in 1991 and obtained his CPA Professional license in 1993. Thereafter, he taught part-time in Accountancy for 12 years with his Alma Mater.



**Atty. Jonathan M. Acosta**  
Head, Legal Services Division  
Filipino, 53 years old

Atty. Acosta has more than 18 years of experience in handling litigation of bank cases. He worked for UCPB from 2004 to 2022, retiring as Vice President in charge of past due consumer loans. His area of practice covers commercial law, criminal law, and civil law. He finished law at the University of the Philippines in 1998, and passed the bar given in the same year. He took up his pre-law at the same university where he graduated with Bachelor of Arts in Political Science, cum laude.



**Mr. Tristan D. Baria**  
Head, Internal Audit Division  
Filipino, 43 years old

Mr. Baria is an experienced finance and internal audit practitioner. He is a control professional and has been in the audit of banks for almost 14 years. He has extensive experience in fraud investigation and is well-versed in all areas of bank operations. He was in the practice of accounting, financial controls, and project management for 5 years totaling 21 years of combined work experience on internal controls, risk management, and corporate governance. In 2021, he oversaw and managed the whole Internal Group as its OIC and was eventually appointed as Chief Audit Executive and Head of Internal Audit Division. He earned his Bachelor of Science in Accountancy Degree from Palawan State University and the University of the East Manila.



**Mr. Ernesto V. Aguilar Jr**  
OIC, Bank Compliance Division  
Filipino, 44 years old

Mr. Aguilier Jr. has more than 17 years of experience and exposure in Bank Compliance. He started his career as a Deputy Compliance Officer in BDO Leasing and Finance, Inc., and AML Unit Head of UCPB Savings Bank. Mr. Aguilar Jr. finished law school at Manuel L. Quezon University in 2005 and graduated with his bachelor's degree in AB political science from the same school in 2000.



**Mr. Dante R. Cortez**  
Head, Credit Management Division  
Filipino, 58 years old

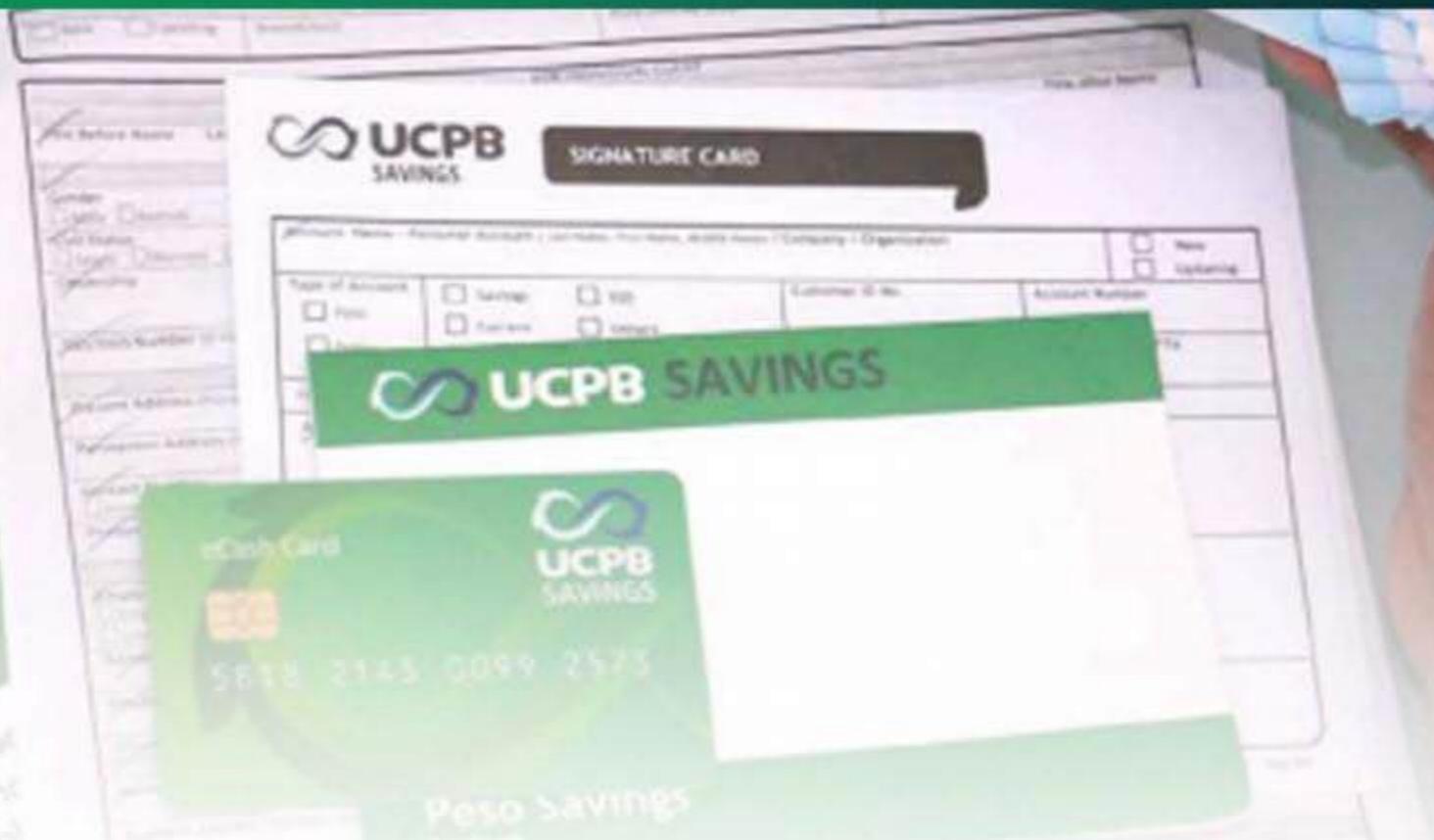
Mr. Cortez has 34 years of work experience in the field of credit evaluation and sales-marketing. He started his banking career as part of the Consumer Lending Group in 2012 and became the Credit Process Project Head. Before he entered the banking industry, he previously worked with Home Development Mutual Fund where he earned his experience in collection, remedial, credit evaluation, foreclosure and acquired assets management. He earned his Bachelor's degree in Accounting at the Manuel S. Enverga University and took his Masters in Business Administration at the same school. He is a CESO qualifier of the Career Executive Service Board.



**Mr. Santiago P. Yusing IV**  
Head, Corporate Planning & Communication Division  
Filipino, 57 years old

Mr. Yusing IV's professional practice spans 28 years in the Banking and Telecom industry; he started his (management) career as a budget officer in BF Corp, MIS/Budget Officer at Solidbank Corporation, Strategic Planning Officer at Philippine Savings Bank, Product Category & Market Research Manager at Philippine Savings Bank, Strategy and Operations Management Department Head and Business Analytics Head at Bayan Telecommunication, Inc. He graduated from Far Eastern University, Manila, with a Bachelor of Science in Civil Engineering in 1986.

# PRODUCTS & SERVICES



## PESO ACCOUNTS

### • Regular Savings Deposit

An interest-bearing deposit account with passbook.

### • Basic Deposit Account

A bank product that allows individuals to easily open a deposit account with minimal account opening requirements at a reasonable cost.

### • ATM Savings Account

A Peso-denominated savings account with ATM card.

### • My First Step

A Peso-denominated savings account with ATM card.

### • Stratified Savings Account

A special savings/deposit account with interest based on pre-agreed rates and level of deposit (monthly average daily balance).

### • Savings Builder Account

An interest-bearing Peso-denominated account that automatically transfers a specific amount from the primary account on specified date/s of the month.

### • Regular Current Account

A non-interest bearing deposit account with checkbook.

### • Current Account with Automatic Transfer Arrangement (ATA)

An account where funds are automatically transferred from savings to current account whenever a check is drawn/issued or when the account is debited.

### • Cheque Plus

A special type of current account which is interest bearing with checkbook, passbook and/or ATM.

### • Cheque Lite

A demand deposit with a lower initial deposit and maintaining balance requirement for individual depositors.

## TIME DEPOSITS

A deposit account with a higher interest rate at a specific maturity date and evidenced by a Certificate of Deposit.

- Certificate of Peso Time Deposit
- Long Term Time Deposit
  - Time Deposit 1 Year
  - Time Deposit 5 Years

## CASH MANAGEMENT

### • Conduit Clearing Arrangement

A service offered to eligible Financial Institutions (FIs) to enable them to participate in BSP/PCHC Clearing Operations through the facility of a clearing bank.

### • Deposit Pick-up Service

An arrangement by which the Bank picks-up deposits either in cash or in check from the client/institution's place of business or operations on days mutually agreed upon by them and stipulated in the Memorandum of Agreement (MOA) on Deposit Pick-up Service.

### • Cash Delivery Service

A service where the Bank delivers cash to the client at the latter's place of business or delivery points on days mutually agreed upon by the mand stipulated in the Memorandum of Agreement (MOA) on Cash Delivery Service.

### • Payroll Service Arrangement

A disbursement system by which the salaries of the employees are automatically credited to their individual payroll/deposit accounts.

## CONSUMER LOANS

### • Auto Loan

A secured loan facility for the purpose of financing a vehicle.

### • Real Estate Loans

A secured loan facility for the purpose of acquisition of lot, residential units, construction, renovation, expansion of house, and refinancing of existing mortgage.

### • Personal Loan

A loan facility granted to qualified individual borrowers.

### • Cash Loan

A loan facility granted to existing borrowers, depositors and employees of the Bank, and accredited companies.

### • Back-to-back Loan

A loan secured by assignment/hold-out on deposits covered by a deed of assignment signed by the depositor/s.

### • Salary Loan

- Payroll Service Plan Loan (PSPL) for public school teachers.  
- Payroll Service Non-DepEd (PSND) for local government employees.  
- Time Plan Loan (TPL) for employees of private institutions

### • Corporate Salary Loan

Unsecured/clean loan facility granted by the Bank for employees accredited corporations.

## COMMERCIAL LOANS

### • Commercial Loans

A secured or unsecured loan facility extended to business entities to fund their working capital needs, acquisition of equipment, building construction / renovation or to liquidate their trade receivables.

### • Small Business Loans

A loan facility fully secured by REM that is extended to qualified Micro, Small and Medium Enterprises to fund their working capital or business expansion:

- Term Loan
- Promissory Note (PN) Line

### • Short-term Loans

Loans are revolving credit facilities used to augment the working capital requirements of a business and are paid within a year.

### • Long-Term Loan

Loans finance the capital expenditure of a business including purchase of real assets, equipment and business expansion and have a repayment term of more than a year up to 10 years.

### • SBL Agri Loan

Business Loans designed for our Agri and Agra-business sector.

## OTHER SERVICES

### • Government Payments

### • PhilHealth Payments

### • SSS Payments

### • Domestic Remittance

### • Safety Deposit Box\*

### • Manager's Check

### • eCash Card

\*selected branches only

# BRANCH AND ATM DIRECTORY

## Luzon

### • ALABANG BRANCH

Common Coal Tower Finance St. cor. Industry St. Madrigal Business Park, Alabang, Muntinlupa City  
T: (02) 8824-6030  
TF: (02) 8824-6028

### • ALAMINOS BRANCH

M. H. Del Pilar St., Poblacion, Alaminos, Laguna  
T: (049) 521-0309  
TF: (049) 567-1296

### • ALFONSO BRANCH

Mabini St. cor. Libertad St., Poblacion II, Alfonso, Cavite  
T: (046) 402-2002  
TF: (046) 402-1987

### • ATIMONAN BRANCH

Quezon St. cor. C.O. Reyes St., Brgy. Zone II Atimonan, Quezon  
TF: (042) 316-5314  
P: 09175515179

### • BACNOTAN BRANCH LITE

267 Maharlika Highway Poblacion, Bacnotan, La Union  
T: (072) 252-3603 / (072) 607-4544

### • BANAUE BRANCH

G/F PPSTA Dormitory Building, 245 Banaue Street, Sto. Domingo, Quezon City  
T: (02) 8733-7860 / (02) 8733-0258

### • BATAC BRANCH

MC Building Washington Street, Barangay Ablan Batac, Ilocos Norte  
T: (077) 600-0895-96 / 09175623673

### • CALAPAN BRANCH LITE

G/F Halcon Heights Building, Dama de Noche St., Lumang Bayan, Calapan City, Oriental Mindoro  
T: (043) 288-2065 / (043) 441-7543

### • CALAUAG BRANCH

Centre St. cor Bonifacio St., Brgy. 3 Calauag, Quezon  
T: (042) 717-7200 / 717-7201

### • CARAMOAN BRANCH

41 Real St., Tawog Caramoan, Camarines Sur  
T: (054) 238-5041  
P: 0917-850-1381

### • DARAGA BRANCH LITE

Daraga Town Center, Bañag, Daraga Albay  
T: (052) 431-2583 / (052) 480-4581

### • ILAGAN BRANCH LITE

G/F Hipolito Building, Maharlika Highway Calamagui 2nd, City of Ilagan, Isabela  
T: (078) 624-1701

### • KALAYAAN BRANCH

106 Neptune St., Kalayaan Avenue cor. Makati Avenue, Makati City  
T: (02) 8833-8923  
TF: (02) 8833-8927

### • GOA BRANCH

Rizal St. cor. Panday St. Brgy. Poblacion Goa, Camarines Sur  
T: (054) 453-1523 / (054) 881-9719  
TF: (054) 453-1524

### • LA TRINIDAD BRANCH

JC 159 Central Pico, La Trinidad, Benguet  
T: (074) 442-8106 / (074) 442-8060

### • LINGAYEN BRANCH

Avenida Rizal cor. Artacho West St., Lingayen, Pangasinan  
T: (075) 632-4774  
TF: (075) 632-4751

### • LIBMANAN BRANCH

Bichara Arcade, T. Dilanco St., Libod #1, Libmanan, Camarines Sur  
T: (054) 511-8222  
TF: (054) 451-2048

### • LUCBAN BRANCH

Rizal Avenue cor. San Luis St., Brgy. 8, Lucban, Quezon  
T: (042) 911-1495 / 540-6526  
TF: (042) 540-4213

### • MABALACAT BRANCH

Kirmaesa Bldg., Dau Mc-Arthur Highway, Mabalacat City  
T: (045) 308-0583 / (045) 409-0086

### • MALOLOS BRANCH

Paseo Del Congreso, Catmon, Malolos, Bulacan  
T: (044) 794-0022 / 794-0188  
TF: (044) 794-0021

### • MORONG BRANCH

600 Tomas Claudio St., San Pedro Morong, Rizal  
T: (02) 8653-0281  
TF: (02) 8653-0282

### • NAGCARLAN BRANCH

Golden Park and Wellness Bldg., Rizal Ave., Poblacion 2, Nagcarlan, Laguna  
T: (049) 563-3489  
TF: (049) 563-3488

### • TANZA BRANCH

007 A. Soriano Highway, Daang Amaya 1 Tanza, Cavite  
T: (046) 437-1162 / 437-1167  
TF: (02) 8529-8970

### • TAYABAS BRANCH

64 Quezon Avenue (Tayabas-Lucban Road) cor. M. Ponce St., Brgy. San Diego Zone 1 City of Tayabas  
T: (042) 793-2329  
TF: (042) 793-2205

### • TIAONG BRANCH

Maharlika Highway cor. San Antonio Road Poblacion 3, Tiaong, Quezon  
T: (042) 717-9659 / (042) 323-6115  
(042) 323-6201  
TF: (042) 717-9658

## VISAYAS

### • BACOLOD BRANCH

G/F San Antonio Park Square, Mandalagan, Bacolod City, Negros Occidental  
T: (034) 709-7486 / (034) 441-2345 / (034) 713-5138  
P: 09175238134

### • BORONGAN BRANCH

E. Cinco St., Borongan City, Eastern Samar  
T: (055) 568-0010  
P: 09988445395

### • ESCALANTE BRANCH

Stall D-1, Puregold Bldg., North Ave., Balintawak, Escalante City, Negros Occidental  
T: (034) 724-8022 / 724-8011  
TF: (034) 454-0734

### • GANDARA BRANCH LITE

Maharlika Highway, Brgy. Adela Heights, Gandara, Samar  
T: 0917-847-0475

### • ILOILO BRANCH

Angeles Arcade, De Leon St., Iloilo City  
T: (033) 508-7090 / 508-7490  
TF: (033) 335-0422

### • LA CASTELLANA BRANCH

Feria cor. Bonifacio St., Brgy. Robles, La Castellana, Negros Occidental  
T: (034) 485-0160 / 702-2511  
TF: (034) 485-0059

### • NAGA-CEBU BRANCH

E. Sayson St., Central Poblacion, Naga City, Cebu  
T: (032) 489-5394  
TF: (032) 505-6930

### • NUMANCIA BRANCH

R.P.V. Building, National Highway, Brgy. Joyao-Jayao, Numancia, Aklan  
T: (036) 265-6953  
TF: (036) 265-6952

### • PALO BRANCH LITE

Diversion Road, Barangay Guindapunan, Palo, Leyte  
T: (053) 832-3041

### • SOGOD BRANCH

Osmeña St., Brgy. Zone IV, Sogod, Southern Leyte  
T: (053) 382-2039  
TF: (053) 382-3262

### • ORMOC BRANCH

G/F HSSC Building, Real St., Ormoc City  
T: (053) 832-2745 / 561-7477

### • TUBURAN BRANCH

Tabotabo St., Poblacion Tuburan, Cebu City  
T: (032) 463-9088  
TF: (032) 463-9151

## MINDANAO

### • ALORAN BRANCH

Jose Mutia St., Brgy. Ospital Aloran, Misamis Oriental  
T: (088) 545-4011  
P: 09189113683

### • BULUA BRANCH

G/F Forever Books Building, Zone 6, Bulua, Cagayan De Oro City, Misamis Oriental  
T: (088) 275-4519  
TF: (088) 858-8063

### • CAGAYAN DE ORO BRANCH

Capistrano-Cruz, Taal St., Brgy. 7 Cagayan de Oro City, Misamis Oriental  
T: (088) 272-2695 / 852-4099  
TF: (088) 857-2355

### • DAVAO BRANCH

MK Central Bldg., J.P. Laurel Ave., Bajada, Davao City  
T: (082) 224-4229 / 305-8575  
TF: (082) 300-0541

### • DIPOLOG BRANCH

Quezon Ave., Miputak, Dipolog City, Zamboanga Del Norte  
T: (065) 212-1298  
TF: (065) 212-1300

### • CLAN BRANCH

182-C Enrique Yap St., Poblacion Glan, Sarangani Province  
T: (083) 893-0080  
TF: (083) 262-1010

### • KABASALAN BRANCH LITE

Cainglet, Kabasalan, Zamboanga Sibugay  
T: (088) 333-0600

### • LAMITAN BRANCH

Quezon Boulevard, Brgy. Malakas, Lamitan City, Basilan  
T: (062) 936-0018

### • LAPASAN BRANCH

Market City, Agora, Lapasan, Cagayan de Oro City  
T: (088)-880-8272  
TF: (088) 880-0885

### • PROSPERIDAD BRANCH LITE

Purok 3, Patin-Ay, Prosperidad, Agusan del Sur

### • SINDANGAN BRANCH

Mabini Street, Brgy. Poblacion Sindangan, Zamboanga del Norte  
T: (065)-917-8272  
TF: (088) 880-0885

### • TAGUM BRANCH

Consuelo Business Center, Units 9-12 Pioneer Ave., Magugpo South, Tagum City  
T: (084) 655-4086 / 655-4087 / 655-4088

## LENDING OFFICES

## VISAYAS

### • SAN JOSE ANTIQUE LENDING OFFICE

G/F LASP Building, Gov. Fullion St., San Jose de Buenavista, Antique  
T: (036) 540-7905

## MINDANAO

### • BUTUAN CITY LENDING OFFICE

Door G, 2/F Oro Cam Building, J.C. Aquino Avenue cor. M. Carlo St., Siligan Butuan City, Agusan Del Norte  
T: (085) 815-0776

### • MALAYBALAY LENDING OFFICE

Unit 3 Saint Joseph Square Fortich St., Brgy. 3 Malaybalay City, Bukidnon  
T: (088) 813-0830

### • ZAMBOANGA CITY LENDING OFFICE

UCPB Bldg., Rizal & Corcuera St., Zamboanga City  
T: (062) 991-2681