

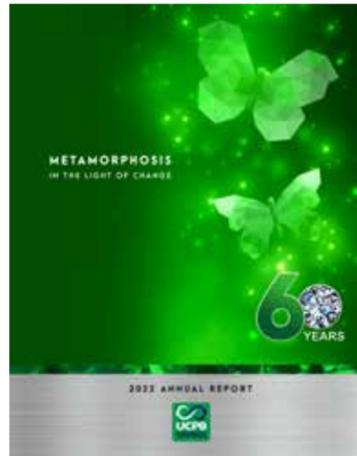
**METAMORPHOSIS**  
IN THE LIGHT OF CHANGE



**2022 ANNUAL REPORT**



## ABOUT THE COVER



### METAMORPHOSIS: IN THE LIGHT OF CHANGE

Life, where change is the only thing constant is more so apparent in the corporate world; a never-ending metamorphosis. UCPB Savings Bank is no exception to change! It has gone through acquisitions and numerous mergers from its inception in 1962.

We commemorate this continuing transformation, symbolized by diamond butterflies as we celebrate 60 years of serving our communities.

UCPBS is a dynamic organization, always ready to take on challenges, to grow and develop, and blossom to its full potential.

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## CORPORATE 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 UCPSB as surviving entity, allowing it to further extend its financial products & services in rural areas; a partner in progress.

On January 4, 2021, UCPSB 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 UCPSB 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 2022, the Bank operates 49 branches, 9 Branch Lites and 5 lending offices across the Philippines. Its registered principal address at 2F & 3F Overseas Filipino Bank (OFBank) Center, Liwasang Bonifacio, Manila 1000.

## OUR VISION

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

## OUR MISSION

### CUSTOMERS

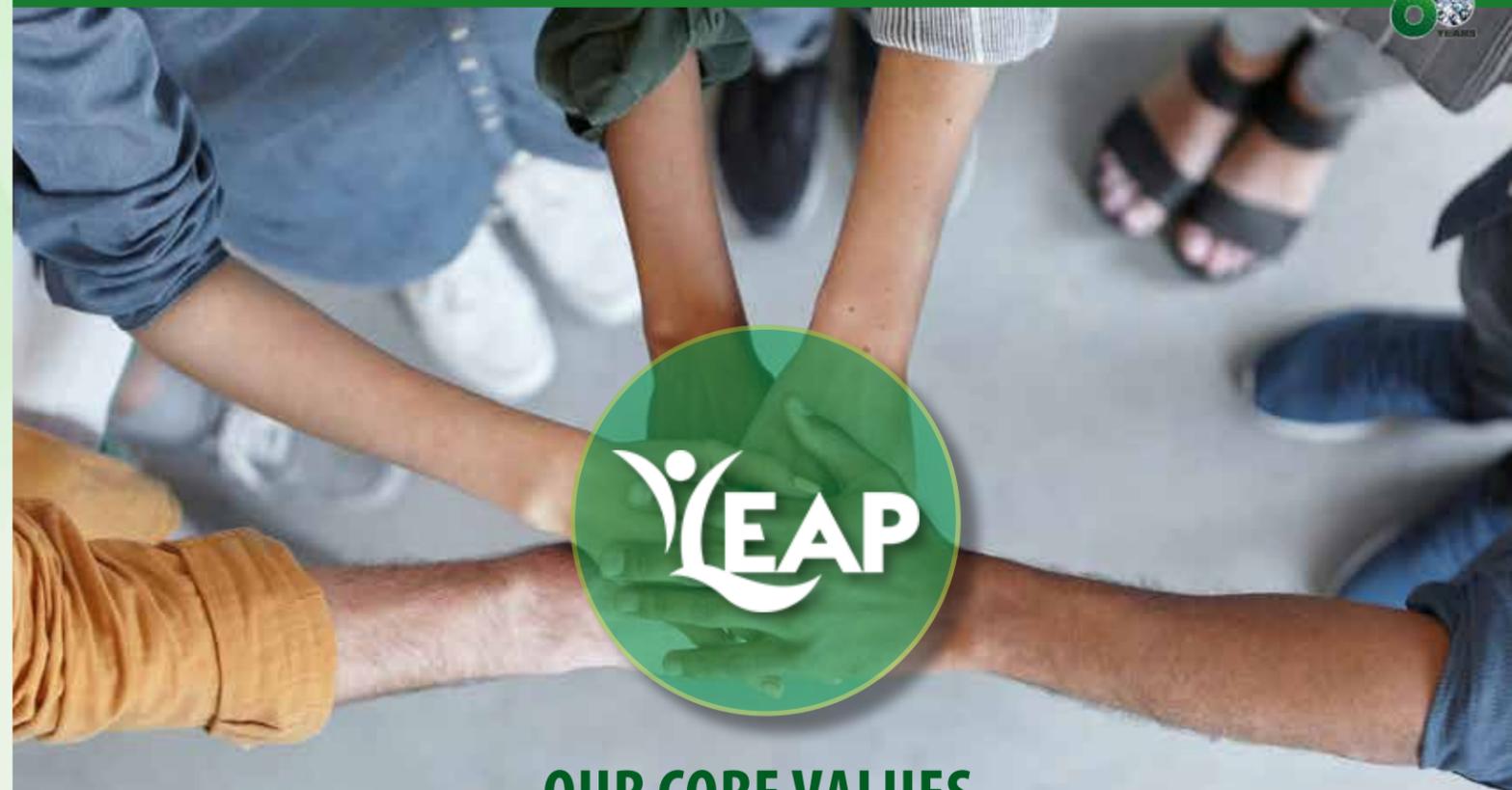
We continue to strengthen our partnership with our customers by innovating products that suit their needs and providing effective and efficient personalized services that exceed expectations.

### 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 2022 was a significant year for UCPB Savings Bank as it marked our 60 years in the banking industry. From being a domestic thrift bank, we have indeed come a long way. Year on year, we continue to strengthen our brand by opening more branches in the countryside and expanding our reach to both the underbanked and the unbanked. We are developing better products and services that are easy, affordable, readily available and meant to uplift the livelihood of the Filipinos. We are streamlining systems and methods and pushing for the digitalization of processes to achieve ease of doing business. Even the improvement of the core competencies of its people are looked into by providing trainings & improved accuracy in job matching. All of these are geared towards our vision to be the chief catalyst of financial inclusion and be the bank of choice in the communities we serve.

Adding to the sparkle that our Diamond year has brought us, the merger between Landbank of the Philippines and UCPB took place. It paved the way to a more unified, stronger and more resilient banking institution. It was admittedly cumbersome initially, having to pivot the entire organization to the big change. Luckily, the stalwart leadership led by its President & CEO, Ms. Lizette Margaret Mary J. Racela, together with the members of the Senior Management, stepped up to the challenge of adjusting their sails, mobilizing everyone to the new direction and doing this seamlessly without hampering banking operations.

For the year 2022 we registered a Net Income of P37.6M significantly higher from P4.6M income of the previous year. The exponential increase can be attributed to the following: efficient management of bank's liquidity & effective cost management. In 2022, Trading & Investment portfolio grew by 243% while Operating Expenses was reduced by P5.9M vs 2021 figures.

True to our 60 years in business, I am immensely proud that we have emerged resolute amidst pressure, competition, hurdles and even the post-pandemic economic environment. We stood faithful to our core to be of Service to as many Filipinos as we can. I take pride with the fact that as we continue to expand, we touch more lives, we teach more people the value of securing their future.

We shall look back at this year as a year of beautiful transformation or Metamorphosis. I hope we all find inspiration in our ability to withstand changes. I will forever be indebted to all the Associates who trusted the management and worked just as hard to get to where we are now. And just like a true diamond, we shall strive to shine the brightest in the many years to come.

LIDUVINO S. GERON  
Chairman of the Board

“  
**Year on year, we continue to strengthen our brand by opening more branches in the countryside and expanding our reach to both the underbanked and the unbanked.**  
”





“

**2022 was not only a bright year because of an improved financial performance, it was sparkling, as the Bank celebrated its Diamond Year.**

”

## MESSAGE FROM THE PRESIDENT & CEO

2022 was a significant year for UCPB Savings Bank!

Slowly easing from the effects of the pandemic, the Bank has recorded improvement in its critical financial indices; increase in low-cost deposits, growth in current loan portfolio, reduction of non-performing loans, tactical disposal of non-performing assets, sensible use of the corporate operating budget, all translated to an augmented bottomline.

Staying true to its strategic objectives, UCPBS increased its provincial presence from 40 to 41 provinces with the opening of its Kabasalan Branch Lite in Zamboanga Sibugay. To better serve clients in its areas of operation, six (6) additional ATMs were installed, bringing its network to sixty-seven (67). And to attest to its commitment of providing excellent service, UCPBS garnered 96.7% and 93.8% very satisfied ratings from individual and business clients respectively. Prudent management of available resources and optimizing strengths are standards by which every UCPBS associate abides by.

2022 was not only a bright year because of an improved financial performance, it was sparkling, as the Bank celebrated its Diamond Year on October 18, 2022. Sixty (60) years of serving in our communities!

60 commonly depicts being ‘senior’, but more than just reaching a landmark year, for UCPBS, it is a testament of resilience, of a spirit that never wavers. Through the many decades of ups and downs, triumphs and disappointments, UCPBS remains, and has ‘gracefully aged’. It has taken complications in good stride, and has remained focused on its nobler cause. This 60 years is

indeed a tribute not just to the officers and staff of UCPBS, but to the clients who have given their trust and confidence to the Bank. Associates and clients, past and present, have formed UCPBS to what it is now. And through the learnings of the past six decades, UCPBS shall continuously refine how it operates so it may provide even better service and reach more areas that require financial services.

It is fitting that the Bank’s 60th year has the theme, Metamorphosis: In the Light of Change, depicted by that all too familiar transformation of caterpillars to beautiful butterflies. It is shedding the old to become new, converting to a better version. UCPBS has had its share of conversion moments in its 60 years of existence, from mergers of several savings and loans associations and thrift and rural banks, consolidation of subsidiaries by its former mother bank, being a GOCC, change of mother bank, the decision to privatize; the transition requirements just keep on coming! But just like the caterpillars that undergo laborious progression, UCPBS gladly accepts and will stand up to the challenges. It shall persevere, as it has constantly done so, and will keep transforming to be a more remarkable butterfly at every moment

  
**LIZETTE MARGARET MARY J. RACELA**  
President & CEO



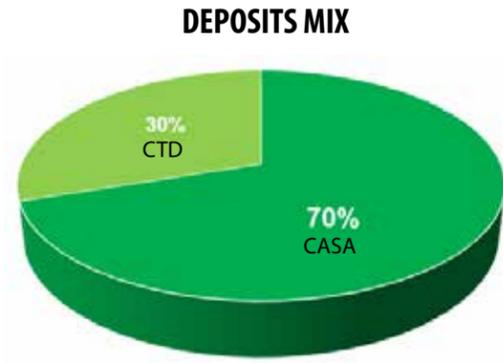
# FINANCIAL HIGHLIGHTS

With business and economy opened after two more years of the Covid-19 pandemic and following the country's good economic recovery with GDP of 7.6% for the year 2022, UCPB Savings (UCPBS) registered a robust financial performance with a Net Income of P37.6M from P4.6M the previous year. The more than 700% rebound was attributed to the following:

- Total interest income reached P921.9M for the year due mainly from earnings on Loans and Discounts at P804.3M, Trading and investment on securities up by 243% to P66.1M and purchased of securities under resale agreements slightly up by 1% to P10.4M and Due from BSP and other Banks contributed P41M.
- Total interest expense improved favorably to P133.7M from year-ago of P169.2M due to an effort to balance the sourcing of funds focused on low-yielding deposit that resulted to a favorable expense by 21% and Leases related interest expenses by 28%.
- Net Interest Income ended the year at P788.3M while the Net interest Income after impairment losses posted better by 5% to P755.0M.

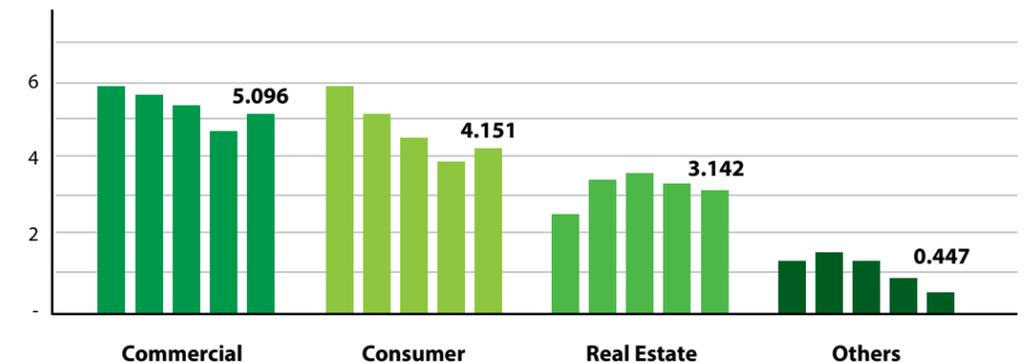
- The Bank's Other Operating Income up 3% from a year-ago to P316.3M, attributed from:
    - o Net gains on sale and foreclosure of Asset to P65.3M
    - o Miscellaneous income up by 61% to P22.4M.
    - o Income from Service fees slowed by 3% to P233.9M
    - o Recorded a net loss on Trading and securities to P5.3M
  - Operating Expenses for the year posted better by P5.9M to close at P1,016.6M, mostly from lower:
    - o Management and Other Professional Fees by 60% to P1.2M
    - o Insurance by 22% to P41.2M
    - o Taxes and Licenses by 17% to P102.8M
    - o Depreciation and Amortization by 6% to P145.4M
    - o Miscellaneous by 5% to P95.4M
- However, due to program execution to grow the revenues and ROPA recovery, other operating related expenses posted higher:
- o Litigation by 49% to P33.8M
  - o Transportation and Travel by 29% to P12.0M
  - o Security, Messenger and Janitorial services by 19% to P44.7M
  - o Salaries and Employees benefits by 5% to P499.3M
- Tax expenses for the year amounted to P17.2M, 16 times more from a year-ago.

Total deposit liabilities ended the year at P14.0B. The Deposit mix improved to 70%:30% in favor of CASA mainly from higher Demand Deposit by 6.6% to P3.3B while Savings Deposit constant at P6.5B level. The certificate-based deposit, on the other hand, slowed down to P4.2B. The focus for low-cost acquisition was part of an over-all funding strategy to have a well balance deposit cost and yield to maximize the spread.

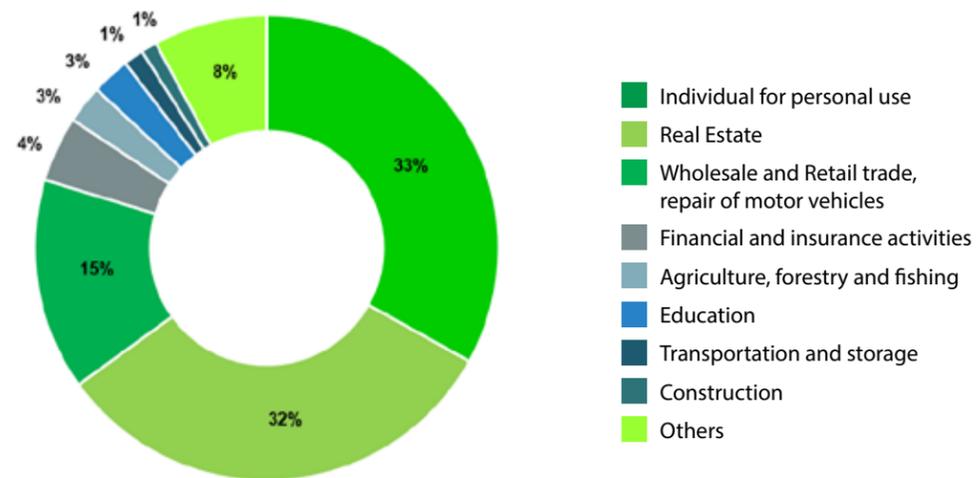


Our Lending group unit remained focus on selective acquisition for new customers and granting additional credit lines to active customers through a well-balanced credit evaluation processes and prioritized catering to loan products that generated better yield. The total loans and receivables portfolio grew to P12.8B. This was made possible through a more personalized and quality service extended to our commercial loans customers, which resulted to a 7.6% growth to P5.1B; followed by Consumption Loans by 7.2% to P4.1B. In the meantime, due to low consumer index after the pandemic, the bank's real estate loan portfolio contracted by 1.2% to P3.1B and Other Loans portfolio slowed to P0.45B.

**LOANS PORTFOLIO PER PRODUCT**  
Yr. 2018 to Yr. 2022  
(in Billions)



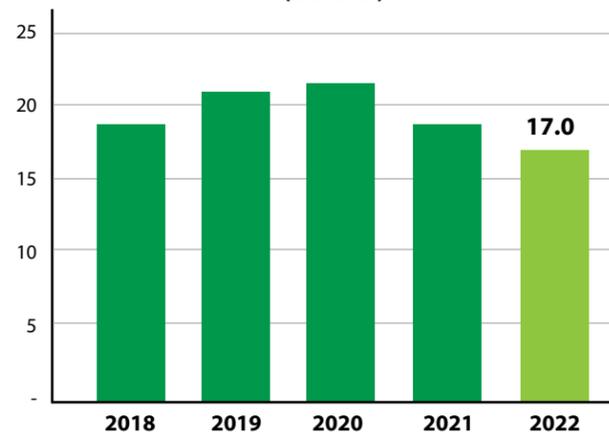
### LOANS PORTFOLIO PER INDUSTRY



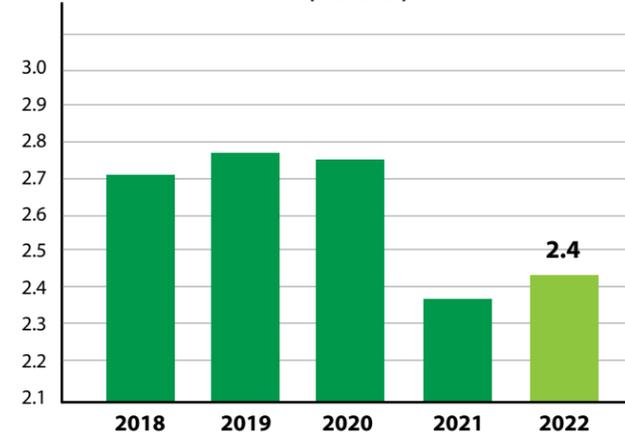
The Bank's Total Assets ended the year at P17.0B, attributed mainly from:

- Net Loans and Discounts portfolio up by 4.2% to P11.4B on the bulk of a higher bookings from commercial and consumption customers.
- Combined Investment on financial assets portfolio surge by 72% to P1.0B
- Due from other banks higher by 23% to end at P0.2B.
- Cash and other cash items at P0.7B.
- Due from BSP ended the year at P1.5B from reserve volume contraction as a result of total deposits.
- Securities purchased under Resale agreement ended at P0.4B.
- Combined Bank Premises FFEs and intangible and other resources at P0.3B
- Investment properties and assets held for sale ended at P0.8B.
- Deferred tax assets ended at P0.7B.

**TOTAL ASSETS**  
(in Billions)



**TOTAL EQUITY**  
(in Billions)



The Bank has a total Equity of P2.4B end of year with Capital Adequacy Ratio (CAR) at 12.12%, higher than BSP's required of at least 10% and better than previous year's 10.74%.

### FINANCIAL SUMMARY

PROFITABILITY	CURRENT YEAR 2022	PREVIOUS YEAR 2021
Total Net Interest Income	788,270,360	922,579,225
Total Non-Interest Income	316,295,012	306,441,808
Total Non-Interest Expenses	1,016,579,743	1,022,479,563
Provision for Income Tax	17,205,178	988,032
Impairment Losses	33,221,786	200,967,977
Net Income	37,558,665	4,585,461

SELECTED BALANCE SHEET DATA	CURRENT YEAR 2022	PREVIOUS YEAR 2021
Liquid Assets	3,800,483,382	5,539,765,505
Gross Loans	12,837,675,488	12,634,182,518
Total Assets	17,033,072,107	18,600,481,829
Deposits	14,010,946,336	15,626,966,435
Total Equity	2,422,699,463	2,354,229,050

SELECTED RATIOS	CURRENT YEAR 2022	PREVIOUS YEAR 2021
Return on Equity	2.90%	0.36%
Return on Assets	0.34%	0.04%
Capital Adequacy Ratio (with relief)	12.12%	10.74%

HEAD COUNT		
Officers	258	268
Staff	445	474

# Achieving Exemplary Satisfaction in Customer Service



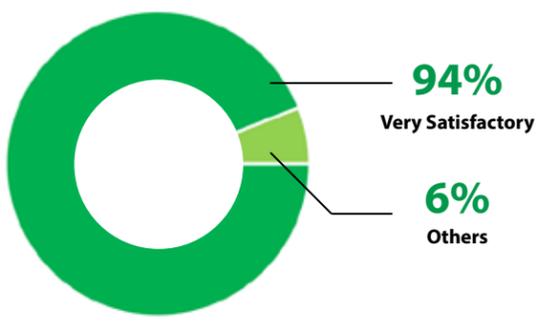
It is the core value of the Bank to ensure integrity in dealing with its services and products. The Bank policies and guidelines have resulted in effective and efficient transactions that give fair value to the customers and economic advantage to the communities served.

In compliance with the mandate prescribed under the Governance Commission for Government-Owned and Controlled Corporation (GCG) Memorandum Circular No. 2012-07, National Customer Satisfaction Survey for the year 2022 was conducted. UCPBS has obtained an overall customer satisfaction index of 4.59% or equivalent to a very satisfied rating. Positive raters comprised 703 or 96.1%. Among its business clients, the overall satisfaction index of UCPBS is 4.32, corresponding to a very satisfied rating.

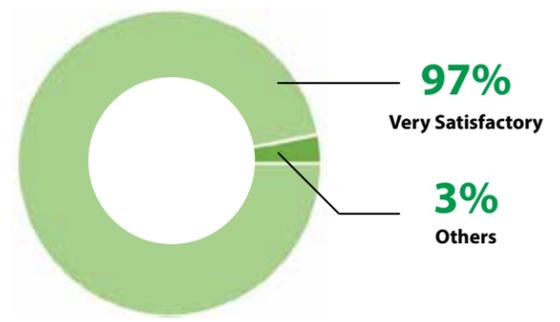
Positive raters of this client group comprised 121 (93.8%). Among the individual customers, the overall satisfaction index of UCPBS is 4.65, corresponding to a very satisfied rating. Positive raters of this client group comprised 582 or 96.7%.

The Bank shall continuously find ways to offer customer service that is reliable, efficient, and professional. We shall maintain a people-first attitude that adheres to the highest standard. We shall subscribe to a customer satisfaction survey every year so that we can be provided with tangible and verifiable data on customer performance aimed at improving our services. At UCPBS, our customers come first.

## BUSINESS CLIENTS SATISFACTORY RATING



## INDIVIDUAL CUSTOMERS SATISFACTORY RATING



### Surmounting Obstacles

Branch Banking Division (BBD)

For BBD, 2022 was a year of recovery from the effects of the COVID pandemic which affected UCPBS deposit base. Total deposits reached P14.0B. Meanwhile, the salary loan portfolio increased by 21% from P2.7 billion to P3.3 billion.

BBD opened its latest Branch Lite in Kabasalan, Zamboanga Sibugay on December 19, 2022, increasing the Savings Bank's presence to 41 out of the Philippines' 82 provinces. New ATMs were installed in Lucban, Tayabas, and Tiaong in Quezon Province; Libmanan, Camarines Sur; and Naga, Cebu branches, increasing the Savings Bank's ATM network nationwide to 67. Also worth highlighting is that as per Bancnet, the Savings Bank's ATMs were 96% available, generating P30M in ATM fees.

With the resilience and dedication of the Savings Bank's associates we received an overall customer service rating of 4.59%.

We have also conducted a face to face BBD Awarding Ceremony held at PICC, to give recognition to the following branches:

- o Milestone Awards
  - 100 million CASA ADB: Malolos Branch
  - 200 million CASA ADB: Aloran Branch
  - 300 million CASA ADB: Alfonso Branch
  - 500 million CASA ADB: Tayabas Branch
- o Top Loan Generation
  - Luzon 1 Bacnotan Branch Lite
  - Luzon 2 Calapan Branch Lite
  - Visayas Ormoc Branch
  - Mindanao Aloran Branch
- o Exemplary Audit Antique Lending Office

Overall, a job well done despite the challenges in FY 2022, none of which would be possible without the solid perseverance of the whole BBD Team.



OPERATIONAL HIGHLIGHTS

### Defying All Odds

Asset Recovery and Management Division (ARMD)

The ARMD for 2022 has been a noteworthy one. Despite overcoming many challenges, the division exceeded expectations, displayed remarkable performance, and hit significant milestones during the year, greatly enhancing the operational success of the Bank. Through the concerted efforts of the team, recovery rates were maximized thus reducing losses while the Bank's assets were managed and disposed of efficiently.

The Collection Department has excelled in its operations by capably managing unpaid debts and raising overall collection efficiency. The department has succeeded in recovering payments from a significant number of past due accounts through efficient remediation efforts made available to the borrowers. This achievement is a result of the team's commitment, professionalism and unwavering pursuit for resolution of the situation.

The Special Asset Management Department (SAMMD), similarly, had a successful year posting a significant increase in sales. The income from the disposal of assets served as the Bank's main source of income month-on-month. The department's emphasis on simplifying process that are client-centric resulted to, high customer satisfaction and solid connections with partners and a surge in the disposal of ROPA.

Despite the global economic downturn caused by the COVID-19 pandemic, the division demonstrated resilience by adapting swiftly to changing market conditions. ARMD proactively identified emerging peer bank trends and modified their approaches in response to the situation. By providing personalized assistance to borrowers facing financial difficulties or potential buyers interested in the bank-owned pro-properties, ARMD thrived based on trust and reliability.

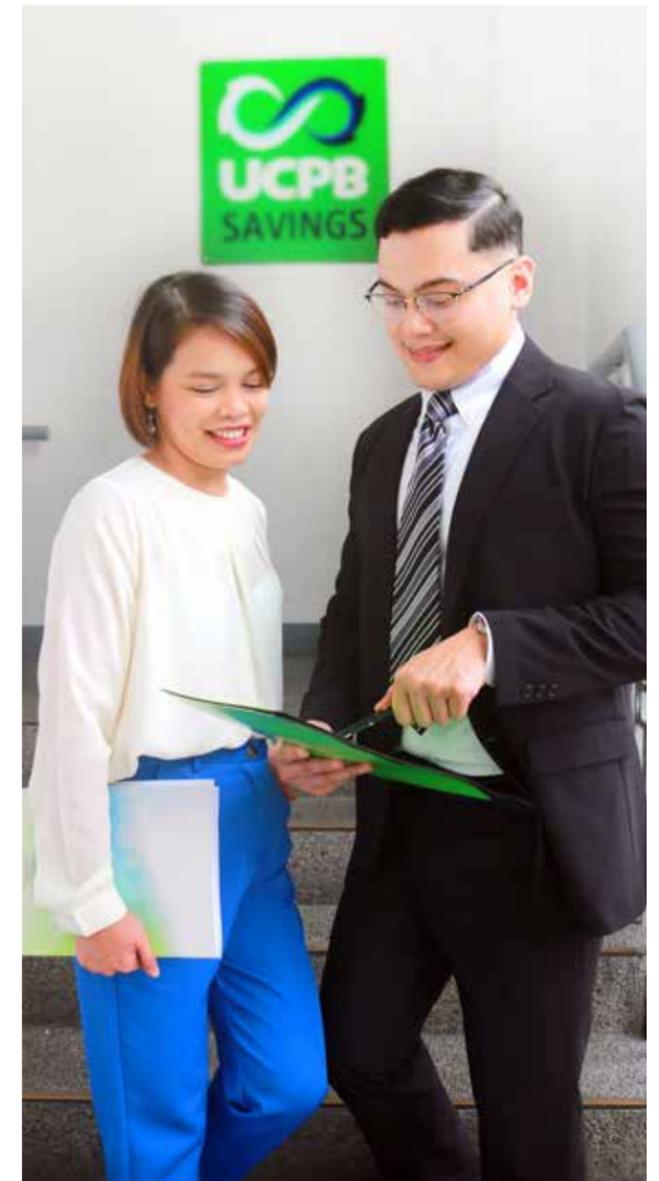
In conclusion, despite the challenges in 2022, the ARMD has defied all odds to achieve remarkable results and demonstrated outstanding performance in their respective operations during the year. They have undeniably contributed greatly to the bank's success through their passion for excellence, strategic approach, and streamlined processes, all of which have been crucial in attaining their goals and targets. These accomplishments serve as motivation for others within the organization to strive for continuous improvement of their operations.

### Championing Success Amidst Challenges

Commercial and Consumer Lending Division (CCLD)

In 2022, CCLD remained focused on executing strategies to strengthen business relationships as well as recognizing the contribution of its people to the overall achievement of the bank's goals.

Account and Channel Management Department was relentless in supporting its clients by designing attractive loan packages, offering tailored solutions and expedited processing of



OPERATIONAL HIGHLIGHTS



transactions. Commercial Loans continued to perform well despite stiff competition, reporting an increase of 7.6% in total loan portfolio from P4.7B in 2021 to P5.1B in 2022.

Constant monitoring of clients and industries most affected by pandemic as well as those inflation-sensitive sectors, including enhanced monitoring process and credit underwriting and tightened validation and identified strong way-out were done as part of account and portfolio management. In support of these initiatives, Remedial Management Unit performed continuous efforts to recover and remediate delinquent account.

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 resulting to P291M performing level for all SBL variants – SBL Program, SBL Motor Vehicle Financing, SBL Agri Loan and SBL Legacy.

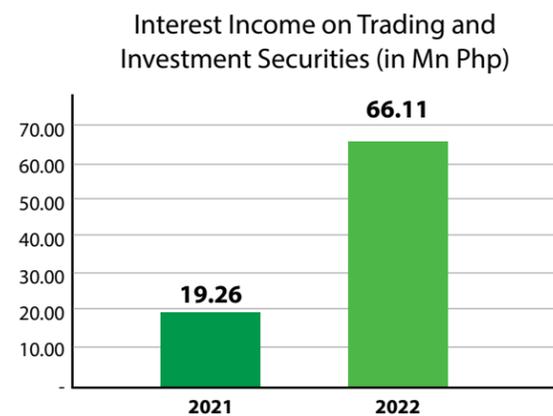
Consumer Lending Division on the other hand focused on reviving the direct marketing channel from accredited sales agents/brokers as well as second hand financing for auto loans while maintaining a partnership with select accredited developers for housing loans.

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

The concerted efforts of the lending units and its support units resulted to P2.7B performing loans and P5.1B total business loans portfolio, exceeding its committed target for the year.

### Significant Growth on Investments Treasury Division

The Bank's Treasury Division successfully achieved a significant increase in interest income for the year 2022. The division generated Php 66.1 million in interest income on trading and investment securities, which is 243% higher than the previous year's performance. This accomplishment was made possible through the efficient investment of the Bank's excess funds in high-yielding bonds and the BSP's readily marketable investment facility. Treasury Division continues to adapt to current market condition or scenario to achieve a positive liquidity reserve position while improving the trading and balance sheet spread income of the bank.



### Strategic Initiatives Propel Organizational Advancement Information Technology Division (ITD)

ITD has achieved remarkable operational highlights in the year 2022. With effort focused on enhancing efficiency and productivity, ITD successfully implemented several crucial projects and undertook the massive task of relocating the Head Office Infrastructure from Makati to Manila.

One of the notable achievements of ITD is the implementation of the AMLA Monitoring system for remittances. This advanced monitoring system ensures compliance with the Anti-Money Laundering Act (AMLA) regulations, significantly enhancing the organization's ability to identify and prevent potential risks associated with money laundering activities.

Another significant accomplishment is the successful implementation of Financial Asset Management System (FAMS). This comprehensive system has revolutionized the financial asset management processes, providing real-time insights into the organization's asset portfolio. It enables better decision-making and improved financial performance.

ITD also implemented ROPA Auto, a system that streamlines the management and tracking of real estate and other acquired properties for Auto Loans. This project has improved transparency, efficiency, and accuracy in handling these assets.



Under the LOS SIP Projects umbrella, ITD accomplished several key initiatives. These include integrating the Branch Referral system with the Loan Origination System (LOS) for seamless loan application processing. The implementation of LOS - Commercial with Branch Referral and LOS - SBL with Branch Referral has enhanced loan origination processes for commercial clients and small business loans, respectively. Additionally, ITD improved the efficiency of loan availment procedures by integrating the Availment Sheet with the Branch Referral system.

ITD successfully implemented COCREE Submission, a system that facilitates the collection and analysis of credit risk exposures and experiences. This project has enhanced the organization's risk management capabilities and compliance with regulatory requirements.

The implementation of Electronic Statement of Account (eSOA) has revolutionized the account statement processes. This digital solution provides customers with secure and convenient access to their statements, reducing paper usage and enhancing the overall customer experience.

ITD has successfully implemented PDIC DAV Submission, a system that automates the daily average valuation submission process to the Philippine Deposit Insurance Corporation (PDIC). This project has streamlined reporting procedures and improved compliance.

To ensure compliance with Bangko Sentral ng Pilipinas (BSP) regulations regarding digital currency, ITD developed and implemented a monitoring report system called DIGICUR BSP Compliance. This project has strengthened the organization's adherence to regulatory guidelines.

The successful implementation of the Appraisal System has enhanced the organization's ability to evaluate and assess the value of various assets accurately. This project has improved decision-making processes and reduced valuation-related risks.

In addition to these successful project implementations, ITD undertook the monumental task of relocating the Head Office Infrastructure from Makati to Manila. This relocation project was executed seamlessly, ensuring minimal disruption to operations. The new office space provides a modern, efficient, and collaborative work environment for employees.

The achievements of ITD in 2022 reflected our commitment to leveraging technology for improved efficiency, compliance, and customer experience. As the organization moves forward, ITD will continue to drive innovation and contribute to its growth.

### Accelerating Transformation of Internal Audit and Control through Innovation Internal Audit Division (IAD)

The independent internal audit function has taken on an even more important role in today's environment in which the Bank faces rapidly evolving risks. It has increasingly expected to add value to the Bank as stakeholders continuously demand a more efficient and agile assurance process, especially in the ever-changing business landscape. While the internal audit function has undergone transformation, the pace of change is set to accelerate in the foreseeable future.

In 2022, the Internal Audit Division continued to implement its hybrid reviews of UCPBS branches/ units/ processes and systems maximizing all available resources to expand audit coverage leveraging on the document management system of the Bank. The Computer Assisted Auditing Techniques (CAAT) was also utilized during the audit engagements to increase audit effectiveness and efficiency. The Internal Audit Division will continue to leverage the technology, innovate and accordingly adapt in enhancing its services while reducing operational cost.

The IAD remains steadfast in our commitment to reimagine and transform the Internal Audit into reliable partner of the Bank for its continuous improvements. For 2022, IAD completed 105% of the planned 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.



OPERATIONAL HIGHLIGHTS

### In Full Swing

#### Operations Division (OD)

In 2022, OD has remained positive throughout the year. Despite the challenges, the Division has continued to work together and provide support to the line units to achieve the overall target and scorecard of the bank.

#### System and Method Department

SMD was able to release 44 Circulars including Agent Banking Card Wallet guidelines, Branch Rationalization Process and UCPBS Quality Management System (QMS) where the Department contributed 5% of the scorecard.

#### Remittance Unit

Processing of high volume of transactions is not a hindrance for the unit to comply with the BSP and AMLC Regulations.

#### Central Clearing Department

Central Clearing Department complied with the PCHC mandate on the migration to the Amazon Web Services (AWS) Cloud Project, in close coordination with ITD. The bank has efficiently transitioned to the new environment with 100% successful clearing transactions. CCD focused on the system functionality and determined in getting familiar with the AWS Cloud.



CCD remained focused and productive and has not encountered major breaches or concerns with regard to the CICS (Check Image Clearing System). CCD will soon be working on the next mandate of BSP which is the "same day clearing process". The new scheme is expected to shorten the clearing period resulting to a compressed time for both outward and inward clearing. This will contribute a huge impact on the signature verification process and adaptability of our clients on the new clearing timeline for the funding of their issued checks.

#### Loans Operations Department (LOD)

Loans Operations Department together with ITD implemented the Extensible Markup Language (XML) format for storing and transmitting data, particularly the Comprehensive Credit and Equity Exposures (COCREE) Report.

LOD has complied with the new BSP guidelines and the required format in the submission of reportorial requirements through the FI portal.

The new challenge for LOD is the updating of the customers' information including the details that are not in the existing database which are now in the reportorial requirements.

Centralization of Billing of Salary Loans was effective as fraud cases were mitigated.

#### ATM Department

The ATM industry is evolving. Although the usage of cash has decreased, the ATMs will continue moving to offer more branch services as more bank customers are now relying on ATMs. Significant efforts done for 2022 include the setup of

ATMs online in Libmanan, Tayabas, Alfonso, Lucban, Naga Cebu and Kabasalan branches. The 1000 polymer bills were also deployed in NCR and was successfully implemented in Kalayaan, Rizal Avenue, Sta. Cruz and Alabang branches.

Despite the increasing usage of Mobile banking "Instapay", there is still an increase in the ATM transactions especially in our rural sites. ATM Department has maintained the SLA commitment with the clients and branches despite ATM personnel being in skeletal forces. ATM has managed to save 7 cassettes that cost PHP0.2M.

The rapid growth in the use of ATMs in the nation offers opportunities for banks to reduce the workload of the employees, free from human errors, avoid long queues at the branches and extend the services twenty-four hours a day and seven days a week or three hundred sixty-five days in a year to its customers. The bank will monitor the preferences of customers in advance to satisfy them in all spheres of their demands and requirements. Likewise, will focus on the important aspects of security and privacy as well as the efficient operation of ATMs to take necessary steps in minimizing and mitigating the fear, shyness, theft and fear of fraud.

Lastly, the very important need of the hour is an alternative arrangement against power failure for all ATMs and the availability of security guards to every ATM center to ensure risk free transactions round the clock.

OPERATIONAL HIGHLIGHTS

**Commitment in Practice**  
Legal Services Division (LSD)

The LSD is tasked to provide efficient and effective legal support to all business and administrative units of the Bank so that they can fulfill their respective missions very well. The LSD provides legal advice, handles litigation cases, drafts and reviews loan and collateral documents, and conducts lectures on legal issues involving the policies and operations of the Bank. The LSD aims to protect the rights and interest of the Bank and its stakeholders, as well as to promote good governance based on rule of law.

The year 2022 proved to be the comeback year for LSD. Despite the myriad challenges chiefly brought about by the pandemic for the past two years, LSD managed to bounce back. LSD was able to bring back its rhythm in terms of foreclosure of both real estate and chattel mortgages, consolidation of titles and tax declarations, and possession of properties – all of which were greatly derailed by the pandemic.

Thus, for 2022, the LSD was able to foreclose real estate mortgages amounting to Php 61.7M, foreclose chattel mortgages amounting to Php13.3M, consolidate titles in the name of UCPBS amounting to Php36.9M and take possession of properties amounting to Php 8.0M.

Parenthetically, LSD was able to dismiss some litigation cases against the Bank. It ably defended the Bank in some notable cases which would considerably cost resources had they not been dismissed.

LSD has started to implement and improve measures to ensure that requests for foreclosure and consolidation will be promptly acted upon. It has also assisted various divisions in improving certain processes to maximize efficiency like the buy-back procedure and standardizing documents. It has also tapped the assistance of the Office of the Government Corporate Counsel to resolve major legal concerns.

LSD will continue top-notch quality services, strive to improve the processes and adapt accordingly to the needs of our clients.



**In Full Throttle**  
Credit Management Division (CMD)

The bank had a challenging course over the past few years, during which institutions faced increased oversight, digital innovation, new competitors, and interest rates were at an all-time historic low.

Despite a series of challenges, CMD remained relatively strong for the whole year of 2022. We employed a proactive approach, constantly assessing, identifying, and mitigating potential risks on loan clients. CMD was able to implement policy and credit scoring for BESL (Business Entity Salary Loan) and integration to the loan origination system (LOS). Business Entity Salary Loan is the consolidated adaptation of the existing Business Entity Salary Loan (BESL) of Branch Banking Division and Corporate Salary Loan (CSL) of Consumer Loans Division. On December 06, 2022, the Business Entity Salary Loan Manual was approved by BOD with directives to offer payroll service of the Bank before accrediting entities.

Likewise, enhancement on existing loan origination system for Real Estate and Auto-Loans that allows for the build-up of critical and clean customer data. These same data will be the backbone of future customer profiling for purposes of payment behavior analytics and tweaking of origination parameters. Critical to this is the completion of our core

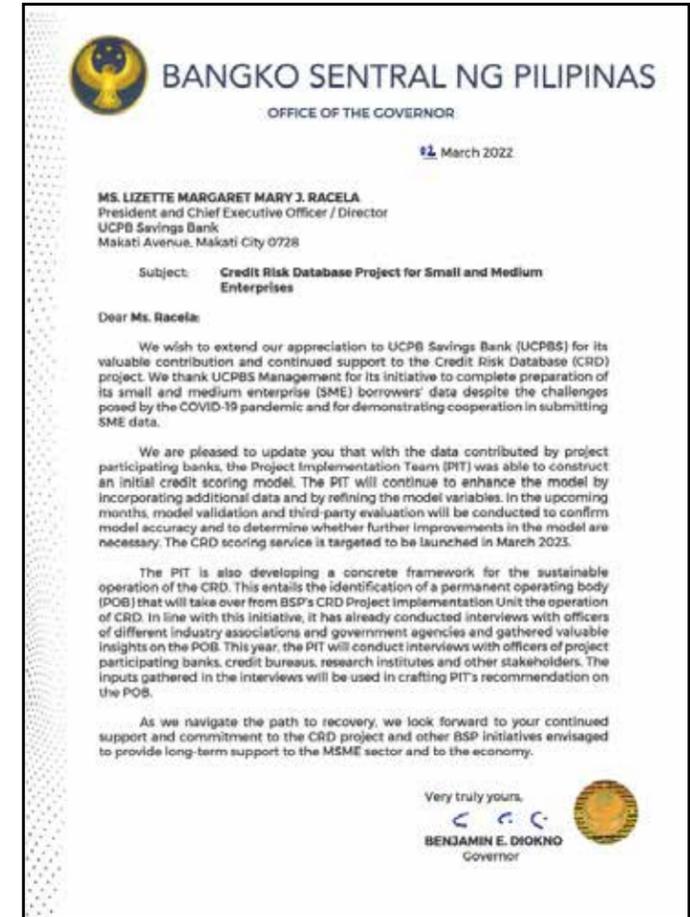
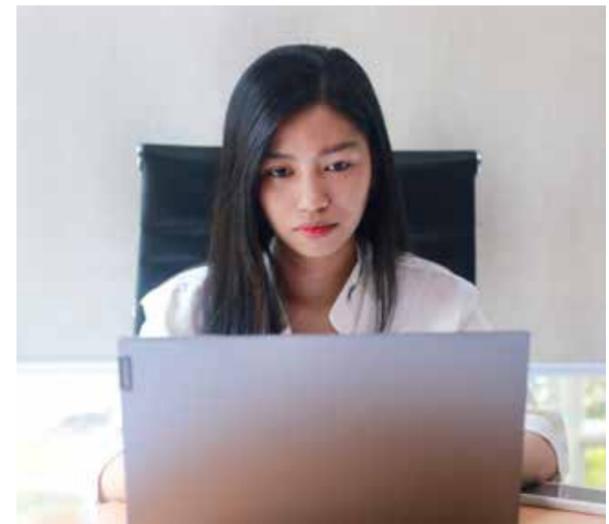
banking system and migration which is planned for live implementation by 2025. Lastly, the Loan Release Systems were approved in May 2022 to provide a fast, efficient and effective automated process of loan release while integrating the application to Loans Origination System (LOS).

**Sustainability and Environmental Credit Risk**

CMD was able to align the Bank's process to Circular No. 1085 (Sustainable Finance Framework) and Circular No. 1128 (Environmental and Social Risk), appraisal of Real and Other Properties Acquired (ROPA) every two years, consistent to the BSP Circular No. 520, series of 2006 and UCPBS ROPA Manual and digitalization of appraisal reports. The Phase I of Appraisal System launched in coordination with ITD to automate the appraisal report and also serves as the data warehouse.

Moreover, as compliance to Environmental and Social Risk Management System (ESRM), a Memorandum of Agreement between UCPBS and Department of Science and Technology – Philippine Institute of Volcanology and Seismology (DOST – PHIVOLCS), was signed as a tie up program to access the HazardHunterPH for the unlimited free of charge access through API Hub application under GeoRisk Philippines (GeoRiskPH) for Disaster and Risk Reduction and Climate Change (DRR-CC) initiatives, research and development and other use. The system provides risk profiling of our ROPA, acceptability of properties being offered as bank's collateral and determines safety of location of our branches. A training program was attended by CAID appraisers regarding the utilization of Hazard HunterPH.

UCPBS is the first in the Banking industry to tie up with DOST PHILVOLCS.



**In partnership with BSP MSME Credit Scoring Model**

UCPBS was among the 16 pioneer participating banks at the start of the project who supported the development of BSP's Credit Risk Database (CRD) Scoring Model. The project aims to establish a robust statistical scoring model for assessing probability of default on an SME borrower. This will facilitate risk-based lending and risk-based loan pricing, sharpens credit assessment for reduced reliance on collateral, and promotes sustainable SME financing. Data collection for the project started on the 2nd quarter of 2020 and the building of credit scoring model will be completed on the last quarter of 2022. The SME credit scoring pilot testing will be launch in 2023 to selected Banks.

### Driving Efficiency, Delivering Savings Procurement

The procurement team at UCPBS has achieved significant success in the first nine months of FY2022. In accordance with the Procurement Law (RA 9184) it delivered on its commitments to save money, improve efficiency, and support all divisions and departments of UCPBS, the team has made a valuable contribution to the organization's overall success.

Here are some of the key achievements of the UCPBS procurement team in FY2022 so far:

- Achieved a total savings of P6.9M, or 7.2%, on procurement activities.
- Successfully procured all goods and services within budget, despite ongoing supply chain challenges.
- Negotiated improved pricing and terms with suppliers, resulting in significant savings for UCPBS.
- Increased the number of suppliers/vendors participating in the procurement process.
- Implemented new strategies and processes to streamline the procurement process and improve efficiency.
- Reduced the average procurement cycle time by 10%.
- Increased the number of successful procurement activities.
- Achieved a 100% within-budget delivery rate for all procurement activities.



These achievements were testaments of the hard work and dedication of the UCPBS procurement team. The team has demonstrated its ability to save money, improve efficiency, and support the needs of the organization, even in the face of challenges such as supply chain disruptions.

### From Adaptability to Opportunity Human Resources & General Services Division (HRGSD)

Transitioning from a private bank to a government bank has various effects on the organization and its employees. Facing change can be difficult from an employee's perspective, but fostering strategies and plans for managing change can promote perspective transformation in such a way that change can be viewed as an opportunity.

During the transition period, the Human Resources Department played a significant role in assisting with one of the Bank's priorities, human resources. Regardless of the hurdles, the department went above and beyond to be there for UCPBS employees, ensuring that the new regulations and processes were effectively communicated and encouraged them to face the transition.

#### Employee Selection and Placement Unit

Despite the challenges, the Employee Selection and Placement Unit strove to acquire and provide UCPBS, employees that match its needs through effective recruitment methods, brand equity, targeted sourcing operations, and competency-based assessments.

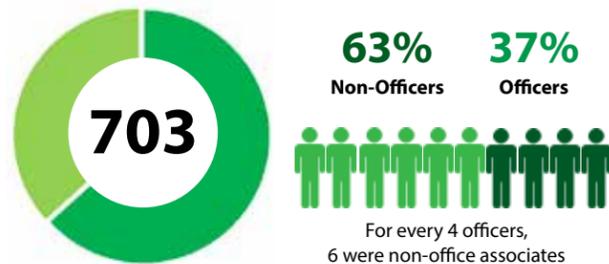
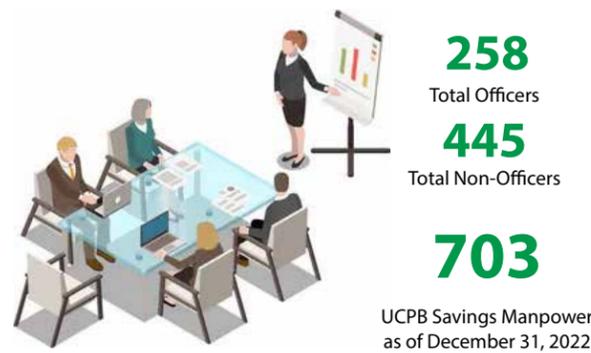
It is also evidenced that the use of technology contributed to significant improvements on employees' efficiency and its productivity. As a result, the Talent Acquisition Portal has been implemented, in collaboration with ITD. The portal ensures that all job applications received by the Bank and other employment records are being monitored and organized online.

The Employee Selection and Placement Unit is committed to providing employees who are a good fit for the bank; all applicants are screened and pre-assessed.

UCPBS Manpower as of December 2022	703
Total Officers	258
Total Non-Officers	445
2022 Total New Hires	104
Non-Officers (New Hires)	77
Officers (New Hires)	27



## MANPOWER CHARTS



**104** 2022 Total New Hires

- 27 Officers
- 77 Non-Officers

**333**  
47.37%  
Male

**370**  
52.63%  
Female



### Training and Development

The HR Center for Learning is dedicated to offering and fostering programs that will help develop and nurture the bank's employees.

Adapting to the new normal, UCPBS implemented new trends in learning and development delivery by redesigning programs such as ongoing usage of multiple learning platforms and training methodologies. As a result, the Bank was able to attract more employees to take advantage of training programs and create opportunities for career development and progress.

### Training Programs

In the ongoing efforts, the HR Center for Learning provides employees with more opportunities to develop and learn new knowledge, skills, and abilities in the face of change. With the new normal and the changing landscape of employee demographics in terms of age and location, the use of technology was maximized in the conduct of training programs. This addressed the concern on the employee's accessibility in attending trainings due to geographic location.

UCPBS is eager to welcome new employees to boost their confidence and assist them in adjusting to their new environment and jobs. In consequence, the Virtual New Employees Orientation Program is continuously provided, intended not only to welcome new employees to the UCPBS family but also to help new hires 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, Business Writing and Grammar, Project Procurement Management Plan, Personal Development, GOCC Orientation, BOSH, PhilSys Information and Education Campaign, Technologies for the Future Workplace, and among others.

Specific training programs were also conducted to enhance the UCPBS employee's proficiency in 2022 such as Cybersecurity, Strategic Management, Politically Exposed Person Training, Remittance Application System, BOO Learning Series, Mock-Up Branch, Test Your Memory, Filing of Small Claims Cases, BBD Learning Series - these and other functional and technical training programs were made available to UCPBS employees to improve security, satisfaction, and productivity.

The UCPBS recognized that its leaders must attend training programs to maintain the bank's competitiveness in a constantly changing world. The succeeding leadership training programs attended in 2022 are the ff: Essentials of Supervi-



sion and Leadership Program Embracing and Thriving in Leadership, Annual General Membership Meeting and Executive Learning Series Featuring Building Resilience in Leadership, Basic Leadership and Effective Supervision Seminar (BLESS), Implementing Sustainability in the Philippine Banking & Corporate Sectors, and many more.

The HR Center for Learning also took steps to provide pertinent information by implementing learning interventions such as Microlearning. This animated intervention brings a chunk of timely information right to the employees' workstations.

### Health and Safety

The health and well-being of UCPBS employees is one of the bank's most valuable assets. In a time of transition, employees' overall well-being is inevitably affected. Therefore, the Human Resources Department took this as an advantage to assist the UCPBS employees in providing coping mechanisms and further medical aid.

Since the COVID-19 pandemic was still active in the first half of 2022, there were still UCPBS employees infected with the virus. However, the infected employees were well-assisted with the help of the Pandemic Response Team and continuous implementation of the Health and Safety management system. In combating the COVID-19 virus and bringing back good deeds in the community, activities were implemented, such as UCPBS ZUMBA, Bloodletting, and more.

To address uncertainty due to the bank's transition from the private to the government sector, the UCPBS provided tailored learning materials through HR Advisory and training programs about Mental Health to lessen the adverse effect.

### Other Initiatives

As UCPBS transitioned into a full-fledged government bank, it is imperative that the organization realign 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 well-being amidst uncertainty and change. Gender and Development (GAD) is one of the top priority programs, with activities such as Purple Tuesday and Musika ng Kababaihan Fridays. 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

The Bank maintains a tax-qualified, non-contributory defined benefit retirement plan that is being administered by a trustee covering all regular employees.

The normal retirement age is 65 with a minimum of five years of credited service. The plan also provides for an early retirement at age 60 with a minimum of 15 years of credited service and late retirement after age 60, both subject to the approval of the BOD. Normal retirement benefit is an amount equivalent to 150 per cent of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

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 Accrued 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

### Retirement Benefits of Key Management Personnel

The Bank's retirement benefits are covered by the parent bank in as much as the officers and employees of the Bank are seconded. The parent bank has separate funded contributory defined contribution retirement plan. Under the retirement plan, all concerned officers and employees are entitled to cash benefit after satisfying certain age and service requirements.

### Succession Policy

In 2022, the Bank continued to focus on promoting potential employees to fill in the critical vacancies, aid in career advancement, and ensure the implementation of the succession plan. 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.

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:

- 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.
- 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.
- 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 learn-

ing 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

The Philippine Labor Code governs all pay and benefits. However, as a result of the transition to the government sector, pay and benefits will be in line with the Compensation and Position Classification System in accordance with E.O. 150.

### DISCLOSURE STATEMENTS

#### Complaints by employees concerning illegal and unethical behavior

UCPBS 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 UCPBS 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 UCPBS 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 UCPBS. 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 (75%) - To be based on actual attainment of targets as set forth in the individual performance plans or objectives. Immediate Heads must:
  - Ensure objective, quality and quantifiable rating with full justification;
  - A rating of three (4) means that standards are met or equivalent to 100% task done and would mean extraordinary performance. This should be fully manifested or evident with justifications; and
  - Include or indicate numbers to validate ratings.
- b. Living and Leading the Brand (10%) – To be based on behaviors demonstrated by the associate. Immediate Head must:



- Read and understand guidelines and sample for better understanding and appreciation on how to rate;
  - Scores and template for "Managing performance for success", should be the previous year's Leadership Survey rating.
  - Performance Appraisals should be signed off by the Division / Department or Region / Branch Head, where applicable;
  - Associates have the option of retaining a copy of their performance appraisals;
  - Fully accomplished forms should be consolidated per Division/ Branch, using the Performance Appraisal Summary Form; and
  - HRGSD shall ensure that performance appraisal is implemented properly.
- Read and understand the guidelines;
  - Demonstrated required competencies are Knowledge, Attitudes, Values, and Skills.
- d. Sustainable Financial Framework (SFF) – BSP requirement to align financial decision-making with the broader goals of sustainable development. Immediate head must:
- Read and understand the guidelines;
  - The rating is based on participated in any of the SFF Activities, Projects, and Programs (Rethink, Reduce, Reuse, Repair, and Recycle)

3.2. Rating descriptions found in the Bank's Performance Appraisal Rating Sheet shall be amended to conform to the below policy change, as follows:

- c. Based on the requirement of GOCC and CPCS policy the competency rating is included with the rating of 10%. Immediate head must:

From		To	
5	Exceed objective at least (110%)	5	Exceeded objective over 105%
4	Slightly exceeded the standards of the objective set (101% - 109%)	4	Objectives met at over 95% - 105%
3	Met all the standards of the objective set (95% - 100%)	3	Objectives met at over 85% - 95%
2	Met most of the standard objective set (85% - 94%)	2	Objectives met at over 75% - 85%
1	Met some of the standard objective set (75% - 84%)	1	Objectives met at over below 75%



## MANAGING OUR RISKS

### Risk Management 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 over-emphasis 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 and 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, is composed of three (3) members that 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.

Under the Bank's Enterprise Risk Management framework (ERM), the various categories of risks enumerated below are not only monitored in silos but across all interrelated business risks. RMD does a quarterly stress testing across various types of risks to evaluate the potential impact on portfolio values of unlikely but plausible events or movements in a set of financial variables. The stress testing seeks to check the Bank's stability and resilience should the potential vulnerabilities occur.

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.

The following are risk management tools specific for the management of Credit Risk and are discussed during ROC meeting on a monthly 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;
- Review of Sufficiency of Valuation Reserves using the Expected Credit Loss model in measuring credit impairment aligned with the provisions of PFRS 9; and
- Stress testing using BSP's Uniform Stress Testing Framework and internal scenarios.

## 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-weighted assets broken down by type of exposure:

CREDIT RISK WEIGHTED ASSETS (IN PESO)				
	2022 Amount (in Millions)		2021 Amount (in Millions)	
<b>0% Risk Weight</b>				
Cash on Hand	775.39		757.01	
Due from BSP	1,495.75		3,507.14	
Available for sale financial assets	592.28			
Held to Maturity Financial Assets	305.69		1.01	
Loans and Receivables Arising from Repurchase Agreements	363.55		466.24	
<b>Total Subject to 0% Risk Weight</b>	<b>3,532.67</b>		<b>4,731.40</b>	
<b>20% Risk Weight</b>				
Held to Maturity Financial Assets	9.92		9.92	
<b>Total Subject to 20% Risk Weight</b>	<b>9.92</b>	<b>1.98</b>	<b>9.92</b>	<b>1.98</b>
<b>50% Risk Weight</b>				
Due from other Banks	34.55		88.21	
Loans and Receivables Interbank Loans Receivable and others	2,282.31		2,055.92	
<b>Total Subject to 50% Risk Weight</b>	<b>2,282.31</b>	<b>1,158.43</b>	<b>2,144.13</b>	<b>1,072.07</b>
<b>100% Risk Weight</b>				
Due from other Banks	0.65		1.53	
Loans and Receivables Interbank Loans Receivable and others	7,142.69		7,072.51	
Sales Contract Receivables	40.73		22.24	
Other Assets	394.00		558.07	
<b>Total Subject to 100% Risk Weight</b>	<b>7,578.11</b>	<b>7,578.11</b>	<b>7,654.35</b>	<b>7,654.35</b>
<b>150% Risk Weight</b>				
Loans and Receivables Interbank Loans Receivable and others	1,575.39		1,777.56	
Sales Contract Receivable	138.39		11.14	
Real and other Properties Acquired	587.59		647.40	
<b>Total Subject to 150% Risk Weight</b>	<b>2,301.36</b>	<b>3,452.05</b>	<b>2,436.11</b>	<b>3,654.17</b>
Risk-weighted on Balance Sheet Assets		12,190.57		12,382.57
<b>Total Credit Risk Weight Assets</b>		<b>12,190.57</b>		<b>12,382.57</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 2022, the market risk weight of P46.5 MM accounted for only 0.32% of the Bank's overall RWA.

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

MARKET RISK WEIGHTED ASSETS (IN PESO)			
Debt Securities / Derivatives	2022 Amount		2021 Amount
<b>0% Risk Weights</b>			
1 month or less			599,725,045.49
Subtotal subject to 0% Risk Weight			599,725,045.49
<b>0.20% Risk Weight</b>			
Over 1 month to 3 months			222,045.01
Subtotal subject to 0.20% Risk Weight			222,045.01
<b>2.25% Risk Weight</b>			
Over 3 years to 4 years	49,813,710.71		
Subtotal subject to 2.25% Risk Weight	49,813,710.71	1,123,808.49	
<b>2.75% Risk Weight</b>			
Over 4 years to 5 years	94,758,383.26		
Subtotal subject to 2.75% Risk Weight	94,758,383.26	2,605,855.54	
<b>Total Capital Charge for Interest Rate Exposure (IRR)</b>		<b>3,726,664.03</b>	<b>444.09</b>
<b>Adjusted Capital Charge for IRR (times 125%)</b>		<b>4,658,330.04</b>	<b>555.11</b>
<b>TOTAL RISK WEIGHTED ASSETS (times 10)</b>		<b>46,583,300.38</b>	<b>5,551.13</b>

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:
  - o Loss Event Reporting
  - o Information Security Incident Reporting
  - o Compliance reports
  - o Legal reports
- Risk Control Self-Assessment (RCSA)
- Operational Risk Self-Assessment (ORSA)
- 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.

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).

### 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.

## CAPITAL MANAGEMENT

The primary objectives of the Bank's capital management are to ensure that it complies with externally imposed capital requirements and it maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital structure, or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

The breakdown of the Bank's risk-weighted assets as at December 31, 2022 and 2021 as reported to the BSP follows (in thousands):

	Without BSP Relief	With BSP Relief 2022	With BSP Relief 2021
Credit risk-weighted assets	12,190,573	12,554,264	12,452,897
Market-risk weighted assets	46,583	46,583	6
Operational risk-weighted assets	2,326,292	2,326,292	2,377,730
	<b>14,563,448</b>	<b>14,927,139</b>	<b>14,830,633</b>

## Regulatory Qualifying Capital

Under existing BSP regulations, the determination of the Bank's compliance with regulatory requirements and ratios is based on the amount of the Bank's "unimpaired capital" (regulatory net worth) as reported to the BSP, which is determined on the basis of regulatory accounting policies which differ from PFRS in some respects.

The Bank has complied with the capital adequacy ratio prescribed by BSP. The Capital Adequacy Ratios (CAR) of the Bank, as reported to the BSP, is shown in the table below and in the succeeding page (in thousands):

	2022 w/out relief	2022 with relief	2021 with relief
Qualifying Capital (consists of Tier 1 and Tier 2 Capital, net of required deductions)			
A. Tier 1 Capital			
A1. CET1 Capital			
1. Paid-up common stock	717,249	717,249	717,249
2. Additional paid-in capital	389,508	389,508	389,508
3. Retained earnings	1,052,825	1,297,909	1,357,459
4. Other comprehensive income	(64,649)	(64,649)	(114,536)
1. Total outstanding unsecured credit accommodations, both direct and indirect, to directors, officers, stockholders and their related interests (DOSRI)	13,786	13,786	21,421
2. Deferred tax assets	657,514	575,819	782,642
3. Other intangible assets	30,987	30,987	37,885
<b>Total CET1 Capital</b>	<b>1,392,646</b>	<b>1,719,425</b>	<b>1,507,732</b>
A2. Additional CET1 Capital	0	0	0
<b>Total Tier 1 Capital</b>	<b>1,392,646</b>	<b>1,719,425</b>	<b>1,507,732</b>

	2022 w/out relief	2022 with relief	2021 with relief
<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"	89,294	89,294	84,901
<b>Total Tier 2 Capital</b>	<b>89,294</b>	<b>89,294</b>	<b>84,901</b>
<b>Total Qualifying Capital</b>	<b>1,481,940</b>	<b>1,808,719</b>	<b>1,592,633</b>

In addition to the above disclosure, please see the reconcillation between the Bank's AFS and the computed Regulatory Capital and adjustments:

	2022 w/out relief	Reconciling Items	Annual Audit Report	2021 w/out relief	Reconciling Items	Annual Audit Report
<b>"Qualifying Capital (consists of Tier 1 and Tier 2 Capital, net of required deductions)"</b>						
<b>A. Tier 1 Capital</b>						
A1. CET1 Capital						
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	1,052,825	276,215	1,329,040	1,030,680	276,638	1,307,317
4. Other comprehensive income	(64,649)	51,552	(13,097)	(114,536)	54,690	(59,846)
less: Regulatory adjustments to CET 1 Capital						
1. Total outstanding unsecured credit accommodations, both direct and indirect, to directors, officers, stockholders and their related interests (DOSRI)"	13,786	(13,786)	-	21,421	(21,421)	-
2. Deferred tax assets	657,514	(657,514)	-	673,715	(673,715)	-
3. Other intangible assets	30,987	(30,987)	-	37,885	(37,885)	-
<b>Total CET1 Capital</b>	<b>1,392,646</b>	<b>1,030,053</b>	<b>2,422,699</b>	<b>1,289,880</b>	<b>1,064,349</b>	<b>2,354,229</b>
A2. Additional CET1 Capital	-	-	-	-	-	-
<b>Total Tier 1 Capital</b>	<b>1,392,646</b>	<b>1,030,053</b>	<b>2,422,699</b>	<b>1,289,880</b>	<b>1,064,349</b>	<b>2,354,229</b>
<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"	89,294	(89,294)	-	84,901	(84,901)	-
<b>Total Tier 2 Capital</b>	<b>89,294</b>	<b>(89,294)</b>	<b>-</b>	<b>84,901</b>	<b>(84,901)</b>	<b>-</b>
<b>Total Qualifying Capital/Total Equity</b>	<b>1,481,941</b>	<b>940,759</b>	<b>2,422,699</b>	<b>1,374,781</b>	<b>979,448</b>	<b>2,354,229</b>



## OUR SELF-ASSESSMENT

### Self-Assessment Function

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

Internal audit is essential in maintaining the Bank's overall strength and stability as it provides independent assurance and contributes to the effectiveness and efficiency of governance, risk management, and control processes. The results of assurance reviews are translated into value-added recommendations to strengthen controls, mitigate risks, and improve operations. It assists the Bank in fulfilling its vision, mission, strategic initiatives and objectives while adhering to its core values. 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.

As provided for in the UCPBS Internal Audit Charter, internal audit activity has full, free and unrestricted access to all functions, records, property, and personnel of the Bank subject to existing mandate and applicable laws.

To ensure its independence, the Internal Audit Division reports functionally to the Board through Audit Committee and administratively to the President and Chief Executive Officer. It derives its authority from, and is directly accountable to the Audit Committee.

The Chief Audit Executive 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. As stated in the UCPBS Audit Committee Charter, recommending for approval of the Board of Directors the appointment, reappointment, replacement/dismissal, and performance appraisal of the Chief Audit Executive 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 Group.

## Audit Committee

### Duties and Functions:

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.

### Its principal objectives are:

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

### Membership, Composition and Competencies

The Committee shall be composed of at least three (3) members of the board of directors including the Chairperson, preferably with accounting, auditing, or related financial management expertise or experience commensurate with the size, complexity of operations and risk profile of the Bank.

All members of the Audit Committee shall have a basic understanding of finance and accounting, and be able to read and understand financial statements. No member of the Audit Committee shall be a large customer of Land Bank of the Philippines (LBP) or any of its subsidiaries or affiliates.

The Committee Chair and members of the Audit Committee shall be 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 Committee Chair of the Audit Committee shall not be the Chairperson of the Board of Directors or of any other board-level committees.

The following are the accomplishments of the Audit Committee (AC) regarding its functional supervision over audit activities of the Bank:

- Approved/noted IA reports with results of its assurance services, consulting services, special/ fraud audits, and other services to ensure that Senior Management is taking necessary corrective actions in a timely manner to address any weakness, non-compliance with policies, laws, and regulations, and other issues identified by the auditors;
- Noted the updates from Business Units on ROPA and other related concerns;
- Noted other AC reports such as (1) IAD Budget for 2022, (2) IAD Accomplishment Reports on a semestral basis in 2022 and (3) Summary of Branch Banking Units Common Audit Exceptions with Estimated Financial Risk Exposures, etc.;



- Noted the status updates on the validation activities of IAD relative to the Letter of Commitment of the Bank (LOC) with BSP on a monthly basis;
- Noted the Minutes of the Meetings and updates on CAATS reports;
- Noted the movements of IAD personnel/ employee turnover;
- Approved special projects or improvements of audit methodologies such as (1) Updating of AC Charters and (2) Updating of the IAD Charter (3) Continuous alignment of UCPBS IAD with LBP IAG on its internal audit strategies, methodology, scope, and quality assurance measures among others;
- Endorsed the Bank's 2021 Financial Statements for BOD's approval and authority for issue;
- Approved the recalibrated short-term audit plan anchored on the approved LT Audit Plan and proposed extension of such Audit Plan;
- Noted the results of IAD's Validation on the first run of Institutional Risk Assessment (IRA) on ML/ TF Risk Implementations;

- Noted the Replies to BSP Final Report of Examination for Findings Attributable to Internal Audit Division;
- Noted the Results of IAD's Validation of ECL Model/ Policies and Computations;
- Noted the results of IAD's Review of the Banks' Contingency Funding Plan (CFP) based on the Liquidity Contingency Plan (LCP) as of date;
- Noted the participation of IAD in the Sign-off on Bank Operations-Related Policy (in advisory capacity) as well as Bank System's Pre-Implementation pursuant to Standards on Internal Auditing;
- Noted the Competency Framework- Job Description and Position Profile of Auditors;
- Noted the SFF Updates on Deliverables of Internal Audit Division in line with the Commitment of the Bank with Bangko Sentral ng Pilipinas;
- Approved archiving of CATR open items and noted the outstanding audit findings which are being regularly monitored for corrective actions committed by the concerned business units including assessment of the justification and timeline if acceptable.



The Audit Committee held ten (10) regular and two (2) special meetings in 2022:

Name of Director	Period Covered	Audit Committee Meetings		
		Held since assumption	Attended	%
<b>Old set of Directors / AC Members (Jan 2022 to Apr 2022)</b>				
John B. Llamas	Jan 1, 2022 to Apr 29, 2022	4	4	100%
Ramon L. Macasaet	Jan 1, 2022 to Apr 29, 2022	4	4	100%
Katrina Therese Lim-Dy	Jan 1, 2022 to Apr 29, 2022	4	4	100%
<b>New set of Directors / AC Members (Apr 2022 to Dec 2022)</b>				
Delma O. Bandiola	Apr 29, 2022 to Dec. 31, 2022	8	8	100%
Filipina B. Monje	Apr 29, 2022 to Dec. 31, 2022	8	5	63%
Camilo C. Leyba	Apr 29, 2022 to Dec. 31, 2022	8	8	100%

Note : No Board Meetings/ Audit Committee Meetings were conducted from March 2022 to April 2022 due to transition of board membership.

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.

Thus, IAD reports to the Audit Committee the results of its assurance services, consulting services, special/ fraud audits, and other services to ensure that Senior Management is taking necessary corrective actions in a timely manner to address any weakness, non-compliance with policies, laws, and regulations, and other issues identified by 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 audit's recommendations to address internal control breaches or related plans.

The Committee meets regularly and maintains minutes of its meetings. The Minutes are confirmed by the UCPBS Board. They held 12 meetings in 2022.

The Committee is composed of the following:

- I. Old set of Directors/ AC Members (Jan. 01, 2022 to Apr. 29, 2022)
  - Dir. John B. Llamas (Chairman)
  - Dir. Ramon L. Macasaet (Member)
  - Dir. Katrina Therese Lim-Dy (Member)
- II. New set of Directors/ AC Members (Apr. 29, 2022 to Dec. 31, 2022)
  - Dir. Delma O. Bandiola (Chairman)
  - Dir. Camilo C. Leyba (Member)
  - Dir. Filipina B. Monje (Member)





## 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 the good governance practices within the group that centered into laws, rules, and regulations. The Board of Directors define the appropriate corporate governance framework for the Bank's structures that facilitate oversight on the effective implementation of policies and procedures governing its major areas of operations.

### BOARD OF DIRECTORS (BOD)

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 how to achieve them, as well as monitoring and overseeing of management action. The BOD is responsible in defining the Bank's Vision, Mission, and Values of the Bank. It has fiduciary responsibility to the Bank and its shareholders. They approve and oversee the implementation of strategies in line with the Bank's corporate objectives, risk governance, and the systems of check and balance.

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, heads of control functions, and approval of a sound remuneration and incentive policy for personnel; and
- Approving the Bank's good corporate governance framework and overseeing the implementation thereof.

The BOD is composed of seven (7) members of which at least one-third should be independent directors. Non-executive directors shall be comprised of at least majority of the Board Members to promote an independent oversight of the Bank. The UCPBS Board is composed of the following:

- From January 1, 2022 to April 29, 2022

Independent Director	5
Non- Executive Director	1
Executive Director	1
<b>Total</b>	<b>7</b>

- From April 29, 2022 to December 31, 2022

Independent Director	-
Non- Executive Director	7
Executive Director	-
<b>Total</b>	<b>7</b>

### SELECTION PROCESS

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

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

### PRESIDENT AND 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 for the Bank's business affairs considering the strategic direction and risk appetite approved by the BOD. The President and CEO is responsible in developing the primary direction, strategies, and in promoting the long-term interest 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
- Conducts 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 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
- 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 oversees the Bank's independent unit. These Board level Committees convene monthly and report to the Board during regular Board meeting.



**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 AudCom reports to the BOD regarding the Bank's auditing, accounting, financial management principles, and practices generally conforms with the approved internal policy. The AudCom oversees the financial reporting framework, monitors, and evaluates the adequacy and effectiveness of the internal control system, operation of internal and external audit functions, and implementation of corrective actions.

The Committee is composed of at least three (3) members of the board of directors including the chairperson. The Chairperson of the audit committee shall not be the chairperson of any other board-level committees.

**Risk Oversight Committee (ROC)**

The ROC reports to the BOD the Bank's policies and management programs for the Bank. The ROC develops appropriate strategies in identifying, quantifying, managing, and controlling risk exposures, including preventing and minimizing the impact of losses as they occur. The Committee oversees the implementation and review the effectiveness of the Bank's risk management system on an integrated enterprise-wide basis and ensure that authority limits are observed and monitor that immediate corrective actions are taken whenever limits are breached or risk events occur.

The Committee shall be composed of at least three (3) members of the board 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 them in discharging its responsibilities.

**The Corporate Governance Committee (CGC)**

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 requires 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 requires 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 regularly report to the Committee the evaluation of the remuneration 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 appraises the Board on all matters pertaining to Anti-Money Laundering activities, which was aligned with the requirements of RA. 9160, as amended in 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 is 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 Director:

Board of Directors (From Jan 1, 2022 to Apr 29, 2022)

- Liduvino S. Geron
- Lizette Margaret Mary J. Racela
- Victor P. Dela Serna Jr.
- John B. Llamas
- Ramon L. Macasaet
- Filemon S. Cimafranca, Jr.
- Katrina Therese Lim-Dy

Board of Directors (From Apr 29, 2022 to Dec 31, 2022)

- Liduvino S. Geron
- Camilo C. Leyba
- Delma O. Bandiola
- Filipina B. Monje
- Ma. Belma T. Turla
- Marilou L. Villafranca
- Randolph L. Montesa

#### 2. Corporate Secretary

- Atty. Florence Rosalinda R. Claveria – Corporate Secretary
- Atty. Doris S. Te – Assistant Corporate Secretary

#### 3. Senior Management Committee

- Ms. Lizette Margaret Mary J. Racela - President and CEO
- Mr. Reynaldo E. Ebanen - Head, Bank Compliance Division
- Mr. Patrick M. Gonzalez - Head, Branch Banking Division
- Ms. Ma. Pamela V. Suarez - Head, Asset Recovery & Management Division
- Mr. Jaime Juan Ramon N. Valera III - 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
- Atty. Jonathan M. Acosta - Head, Legal Services Division
- Mr. Tristan D. Baria - Head, Internal Audit Division
- Mr. Elmer M. Aquino – Head, Commercial Lending Division
- Mr. Manuel C. Madridejos - Head, Treasury Division
- Mr. Ernesto Olavario - Head, Operations Division

### BOARD MEETINGS 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 LEVEL COMMITTEES

#### 1. Executive Committee:

From January 1, 2022 to April 29, 2022

- Mr. Liduvino S. Geron - Chairperson
- Ms. Lizette Margaret Mary J. Racela
- Mr. Filemon S. Cimafranca Jr.

From April 29, 2022 to December 31, 2022

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

#### 2. Audit Committee:

From January 1, 2022 to April 29, 2022

- Mr. John B. Llamas – Chairperson
- Ms. Katrina Therese Lim-Dy
- Mr. Ramon L. Macasaet

From April 29, 2022 to December 31, 2022

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

#### 3. Risk Oversight Committee:

From January 1, 2022 to April 29, 2022

- Ms. Katrina Therese Lim-Dy – Chairperson
- Mr. Victor P. Dela Serna Jr.
- Ms. Lizette Margaret Mary J. Racela

From April 29, 2022 to December 31, 2022

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

#### 4. Corporate Governance Committee:

From January 1, 2022 to April 29, 2022

- Mr. Ramon L. Macasaet - Chairperson
- Mr. John B. Llamas
- Mr. Victor P. Dela Serna Jr.

From April 29, 2022 to December 31, 2022

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



**BOARD OF DIRECTORS ATTENDANCE FOR THE PERIOD ENDING DECEMBER 31, 2022**

Board of Directors	Jan 26	Feb 23	Mar	Apr 29	May 5	May 27	Jul 1	Jul 22	Aug 26	Sep 26	Nov 4	Dec 9
1. Liduvino S. Geron (Chairman)	✓	✓	No Board meeting was conducted	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2. Lizette Margaret Mary J. Racela (Member)	✓	✓		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
3. Filemon S. Cimafranca, Jr. (Member)	✓	✓		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4. Victor P. Dela Serna, Jr. (Member)	✓	✓		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
5. John B. Llamas (Member)	✓	✓		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
6. Ramon L. Macasaet (Member)	✓	✓		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
7. Katrina Therese Lim-Dy (Member)	✓	✓		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Board of Directors	Jan 26	Feb 23	Mar	Apr 29	May 5	May 27	Jul 1	Jul 22	Aug 26	Sep 26	Nov 4	Dec 9
1. Liduvino S. Geron (Chairman)	n/a	n/a	No Board meeting was conducted	✓	✓	✓	✓	✓	✓	✓	✓	✓
2. Delma O. Bandiola (Member)	n/a	n/a		✓	✓	✓	✓	✓	✓	✓	✓	✓
3. Filipina B. Monje (Member)	n/a	n/a		✓	✓	✓	✓	✓	✓	✓	✓	✓
4. Camilo C. Leyba (Member)	n/a	n/a		✓	✓	✓	✓	✓	✓	✓	✓	✓
5. Randolph L. Montesa (Member)	n/a	n/a		✓	✓	✓	✓	✓	✓	✓	✓	✓
6. Ma. Belma T. Turla (Member)	n/a	n/a		✓	✓	✓	✓	✓	✓	✓	✓	✓
7. Marilou L. Villafranca (Member)	n/a	n/a		✓	✓	✓	✓	✓	✓	✓	✓	✓

\* April 29, 2022 – Date of resignation of the previous Board of Directors and date of assumption of the new Board of Directors  
 \* March 2022 – No board meeting due to transition of board membership

**Audit Committee**

Board of Directors	Jan 18 & 28	Feb 15 & 23	Mar	Apr	May 27	Jun 27	Jul 25	Aug 22	Sep 27	Oct 28	Nov 24	Dec 20
1. John B. Llamas (Chairman)	✓	✓	No Audit Committee meetings were conducted		n/a							
2. Ramon L. Macasaet (Member)	✓	✓		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
3. Katrina Therese L. Dy (Member)	✓	✓		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Board of Directors	Jan 18 & 28	Feb 15 & 23	Mar	Apr	May 27	Jun 27	Jul 25	Aug 22	Sep 27	Oct 28	Nov 24	Dec 20
1. Delma O. Bandiola (Chairman)	n/a	n/a	No Audit Committee meetings were conducted		✓	✓	✓	✓	✓	✓	✓	✓
2. Filipina B. Monje (Member)	n/a	n/a		✓	X	✓	✓	✓	X	✓	✓	X
3. Camilio C. Leyba (Member)	n/a	n/a		✓	✓	✓	✓	✓	✓	✓	✓	✓

\* April 29, 2022 – Date of resignation of the previous Board of Directors and date of assumption of the new Board of Directors  
 \* March and April 2022 – No Audit Committee meetings due to transition of board membership  
 \* May 2022 – Resumption of Board Level Committee meetings including the Audit Committee meeting.

**Corporate Governance Committee**

Board of Directors	Jan 18	Feb 15 & 18	Mar	Apr	May 23	Jun 16	Jul 15	Aug 19	Sep 16	Oct 21	Nov 25	Dec 16
1. Ramon L. Macasaet (Chairman)	✓	✓	No Corporate Governance Committee meetings were conducted		n/a							
2. John B. Llamas (Member)	✓	✓		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
3. Victor P. Dela Serna, Jr. (Member)	✓	✓		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Board of Directors	Jan 18	Feb 15 & 18	Mar	Apr	May 23	Jun 16	Jul 15	Aug 19	Sep 16	Oct 21	Nov 25	Dec 16
1. Marilou L. Villafranca (Chairman)	n/a	n/a	No Corporate Governance Committee meetings were conducted		✓	✓	✓	✓	✓	✓	✓	✓
2. Randolph L. Montesa (Member)	n/a	n/a		✓	✓	✓	✓	✓	✓	✓	✓	✓
3. Ma. Belma T. Turla (Member)	n/a	n/a		✓	✓	✓	✓	✓	✓	✓	✓	✓

\* April 29, 2022 – Date of resignation of the previous Board of Directors and date of assumption of the new Board of Directors  
 \* March and April 2022 – No corporate governance committee meetings due to transition of board membership  
 \* May 2022 – Resumption of Board Level Committee meetings including the Corporate Governance Committee meeting.

**Risk Oversight Committee**

Board of Directors	Jan 17 & 24	Feb 14 & 16	Mar	Apr	May 26	Jun 28	Jul 26	Aug 23	Sep 29	Oct 27	Nov 22	Dec 21
1. Katrina Therese L. Dy (Chairman)	✓	✓	No Risk Oversight Committee meetings were conducted		n/a							
2. Victor P. Dela Serna, Jr. (Member)	✓	✓		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
3. Lizette J. Racela (Member)	✓	✓		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Board of Directors	Jan 17 & 24	Feb 14 & 16	Mar	Apr	May 26	Jun 28	Jul 26	Aug 23	Sep 29	Oct 27	Nov 22	Dec 21
1. Randolph L. Montesa (Chairman)	n/a	n/a	No Risk Oversight Committee meetings were conducted		✓	✓	✓	✓	✓	✓	✓	✓
2. Delma O. Bandiola (Member)	n/a	n/a		✓	✓	✓	✓	✓	✓	✓	✓	✓
3. Camilo C. Leyba (Member)	n/a	n/a		✓	✓	✓	✓	✓	✓	✓	✓	✓

\* April 29, 2022 – Date of resignation of the previous Board of Directors and date of assumption of the new Board of Directors  
 \* March and April 2022 – No Risk Oversight committee meetings due to transition of board membership  
 \* May 2022 – Resumption of Board Level Committee meetings including the Risk Oversight Committee meeting.

**Executive Committee**

Board of Directors	Jan 19	Feb 16	Mar	Apr	May 5 & 26	Jun 17	Jul 21	Aug 25	Sep 22	Nov 3	Dec 6 & 27
1. Liduvino S. Geron (Chairman)	✓	✓	No Executive Committee meetings were conducted		n/a	n/a	n/a	n/a	n/a	n/a	n/a
2. Filemon S. Cimafranca (Member)	✓	✓		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
3. Lizette J. Racela (Member)	✓	✓		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Board of Directors	Jan 19	Feb 16	Mar	Apr	May 5 & 26	Jun 17	Jul 21	Aug 25	Sep 22	Nov 3	Dec 6 & 27
1. Liduvino S. Geron (Chairman)	n/a	n/a	No Executive Committee meetings were conducted		✓	✓	✓	✓	✓	✓	✓
2. Lizette J. Racela (Member)	n/a	n/a		✓	✓	✓	✓	✓	✓	✓	✓
3. Filipina B. Monje (Member)	n/a	n/a		✓	✓	✓	✓	✓	✓	✓	✓

\* April 29, 2022 – Date of resignation of the previous Board of Directors and date of assumption of the new Board of Directors  
 \* March and April 2022 – No executive committee meetings due to transition of board membership  
 \* May 2022 – Resumption of Board Level Committee meetings including the Executive Committee meeting.



## 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 medical, 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:

- a. Identifying all relevant laws, rules, and regulations applicable to the Bank.
- b. Analyze the risks of non-compliance, prioritize the risks (e.g., low, medium, high) and address all compliance matters.
- c. Establish a clear communication process to inform all affected business and operating units of the Bank all regulatory changes in a timely manner.
- d. 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:

- a. Identify the key risk exposures, assess, and measure the extent of risk exposures of the Bank.
- b. 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;
- c. 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
- d. 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.

3. Internal Audit Division (IAD)

The Internal Audit Division assist 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. 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. It shall operate only under the direct control of the Audit Committee and shall be given an appropriate standing within the Bank to be free from bias and interference. 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 will assist to 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 (PhilSys)**

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**

(From January 1, 2022 to April 29, 2022)

**LIDUVINO S. GERON**  
Chairman of the Board since July 17, 2020  
Filipino, 58

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 its 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 Banos and a Masters Degree in Systems Agriculture from the University of Western Sydney.

**LIZETTE MARGARET MARY J. RACELA**  
President and CEO since September 6, 2017  
Filipino, 57

Ms. Racela has more than 30 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.

**RAMON L. MACASAET**  
Independent Director since June 15, 2017  
Filipino, 64

Mr. Macasaet is an entrepreneur engaged in agricultural and aquatic business. He served in various positions at the Zamboanga Special Economic Zone and Freeport Zone Authority (Zamboanga Ecozone) including Finance Department Manager II, Budget Division Chief II, Administrative Division Chief II, and Treasury Division Chief II. He also held various branch personnel roles at Security Bank. He completed his Bachelor of Science in Business Administration from Ateneo de Zamboanga University.

**JOHN B. LLAMAS**  
Independent Director since June 15, 2017  
Filipino, 74

Mr. Llamas is the Managing Partner of Elysium Management and Consultancy. He was formerly a Consultant of Multi-Orient Manpower & Management Services, Inc., Special Projects Officer of the Oriental Ship Management Co., Inc., and Finance Manager of Dameco Corp. Davao City. He also served as Account Officer, Appraiser and Credit Investigator of the Bank of the Philippine Islands; and Bookkeeper, Credit Investigator and Appraiser at Philippine Veterans Bank. He has a Bachelor of Science in Business Administration degree, Major in Accounting from the University of the East.

ATTY. FILEMON S. CIMA FRANCA, JR.  
Independent Director since November 27, 2018  
Filipino, 75

Atty. Cimafranca is a Managing partner of FDC & Co. Law, and a Consultant of the Office of the Director, National Bureau of Investigation. He is also the Chairman of the Davao City Council, Boy Scouts of the Philippines and concurrently Chairman of Eastern Mindanao Region, Boy Scouts of the Philippines; and Director and Legal Counsel of the Philippine Shooter Match Operators Confederation. He was a Consultant for the Public Order and Security at the Office of the Mayor, Davao City; Special Counsel and Mindanao Region Legal Head of the Philippine National Bank; Interpol agent of the National Bureau of Investigation; Clerk Stenographer at the Dausi, Bohol Municipal Court, and past President of the Kiwanis Club of Sarangani Bay. He obtained his Bachelor of Law and Bachelor of Arts in Political Science, both from the Holy Name University.

ATTY. VICTOR P. DELA SERNA, JR.  
Independent Director since April 3, 2018  
Filipino, 56

Atty. Dela Serna is a practicing lawyer handling collection and labor cases. He was also a Partner of Molaer and De La Serna Law Offices, Trial Lawyer at the Brillantes Law Office and Legal Officer at the Bureau of Immigration. He also served as Associate Attorney at the Lopez Law Office, Legal Researcher at the House of Representatives, In-House Counsel at the AFP General Insurance Corporation, and Legal Counsel at Delbros, Inc. He obtained his Bachelor of Law at the University of the East and Bachelor of Arts in Political Science at the San Sebastian College.

KATRINA THERESE LIM-DY  
Independent Director since August 20, 2021  
Filipino, 40

Ms. Katrina Therese Lim-Dy is a member of the Catbalogan Chamber of Commerce, being an entrepreneur engaged in the fuel and construction business. She also served as member of the Board of the Philippine Sugar Corporation. She graduated from St. Scholastica's College with a degree in Bachelor of Science in Accountancy and is a CPA by profession.

ATTY. FLORENCE ROSALIND R. CLAVERIA  
Corporate Secretary since September 2, 2020  
Filipino, 47

Atty. Claveria has 21 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.

## BOARD OF DIRECTORS PROFILE

(From April 29, 2022 to December 31, 2022)

LIDUVINO S. GERON  
Chairman of the Board since July 17, 2020  
Filipino, 58

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 its 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 Banos and a Masters Degree in Systems Agriculture from the University of Western Sydney.

DELMA O. BANDIOLA  
Filipino, 52

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 Accountant. She graduated with a degree in Commerce, Major in Accounting, from St. Anthony's College in 1991 and earned her Masters in Business Administration from Pamantasan ng Lungsod ng Maynila in 2013.

CAMILO C. LEYBA  
Filipino, 60

Mr. Leyba is Senior Vice President of Land Bank of the Philippines. He has been with Landbank for 38 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, 55

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 degree in Bachelor of Science in Civil Engineering from the University of the Philippines – Diliman, and a Masters Degree in Business Administration from the College of the Holy Spirit.

FILIPINA B. MONJE  
Filipino, 61

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 Masters in Business Administration from the College of the Holy Spirit.

MA. BELMA T. TURLA  
Filipino, 55

Ms. Turla is Senior Vice President of Land Bank of the Philippines. She has been with LANDBANK for 34 years and currently heads its North Luzon Branches Group. She graduated with a degree in Commerce, major in Accounting and is a Certified Public Accountant. She earned her Masters in Public Administration from the Philippine Christian University and completed the Leadership Development Program of Ateneo Business School.

MARILOU L. VILLA FRANCA  
Filipino, 54

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 30 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 2, 2020  
Filipino, 47

Atty. Claveria has 21 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.

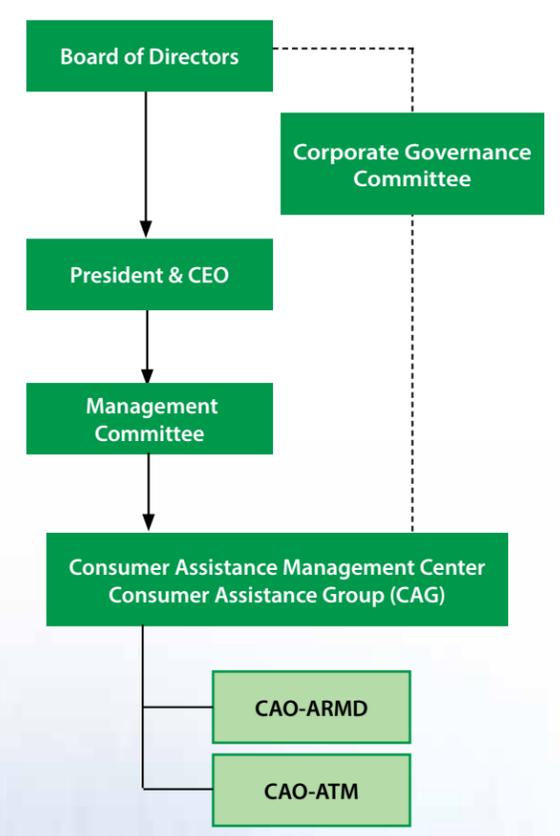
# CUSTOMER PROTECTION AND ASSISTANCE

## A RELIABLE CUSTOMER JOURNEY

For UCPBS' Customer Assistance and Management Center (CAMC), Bank customers are the prime concern. While its responsibilities involve efficiently managing customers' concerns, inquiries, requests, and complaints, it also guarantees that these are treated fairly, addressed promptly, and with the utmost confidentiality. The process enabled the Bank to identify issues and continuously improved its service delivery and standards.

With the adoption of BSP Circular No. 1160, series of 2022-Regulations on Financial Consumer Protection to Implement R.A No. 11765, otherwise known as the "Financial Products and Services Consumer Protection Act", the Bank performed a GAP analysis to determine the sections required by the circular for the amendment of the existing Financial Consumer Protection Manual. The findings were presented to the Board of Directors for approval. To continuously safeguard the welfare of the Bank customers, CAMC ensured that all communication channels were available to address customer concerns, especially during the Bank's headquarters transition from Makati to Manila City.

## CONSUMER ASSISTANCE ORGANIZATIONAL STRUCTURE

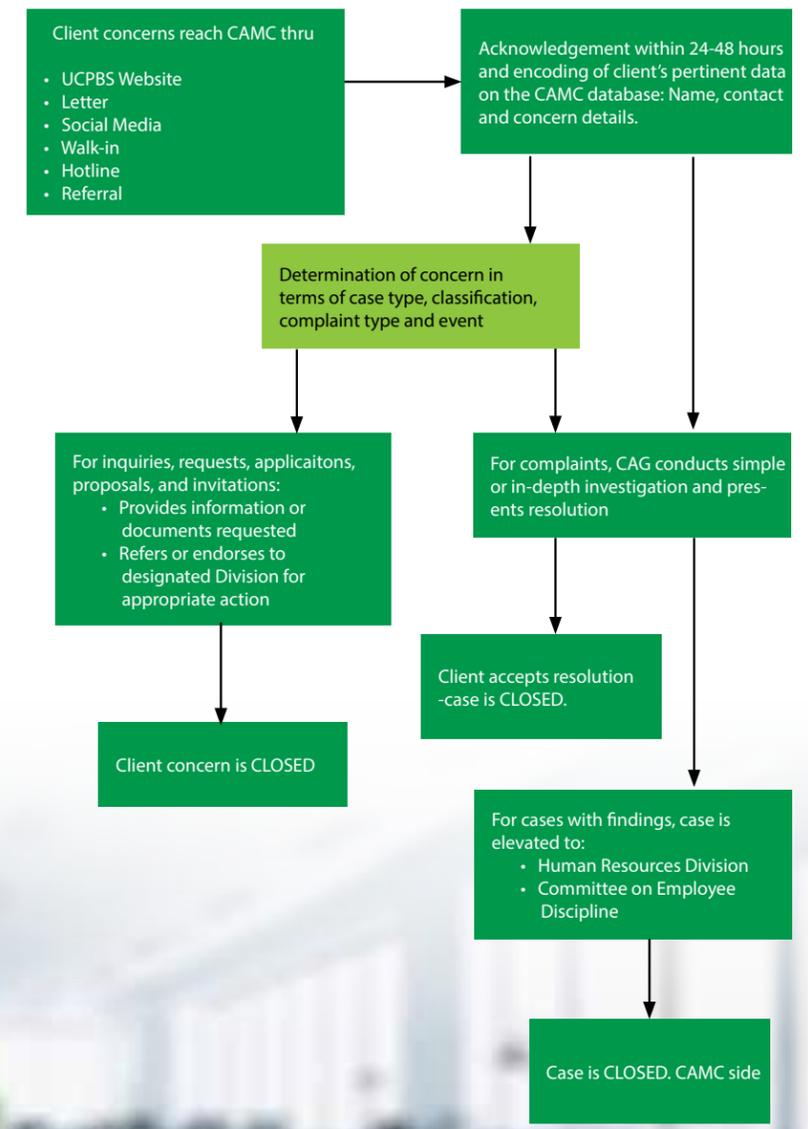


The Board of Directors (BOD) has maintained its lead role in developing, building, and promoting a strong culture of consumer protection in the Bank, chiefly responsible for ensuring compliance with BSP Circular 1160 and all other laws, rules, and regulations governing consumer protection. The implementation of the BOD's oversight was supported by the Bank's Corporate Governance Committee (CGC). The Senior Management (ManCom) ensured that the practices of the Bank were aligned with the approved risk management system and consumer protection policies.

The Consumer Protection Risk Management System (CPRMS) System was integrated into the Bank's risk management processes and risk framework. It included the governance structure, policies, processes, measurement, and control procedures to ensure that consumer protection risks are identified, measured, monitored, and mitigated. It provided the foundation for ensuring the Bank's adherence to consumer protection standards of conduct and compliance with consumer protection laws, rules, and regulations.

In compliance with the mandate prescribed under the Governance Commission for Government-Owned and Controlled Corporation (GCG) Memorandum Circular No. 2012-07, the National Customer Satisfaction Survey for the year 2022 was conducted. It yielded a very satisfied rating on the overall customer satisfaction index, with a very satisfied rating from both individual and business customers.

## CUSTOMER ASSISTANCE PROCESS FLOW



### UCPB SAVINGS CUSTOMER ASSISTANCE & MANAGEMENT CENTER HOTLINE

**(02) 8811-0278**  
0998-591-9006 (SMART)  
0917-620-4851 (GLOBE)

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)

# Rippling of Change to the Community

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.



CORPORATE SOCIAL RESPONSIBILITY



## Segunda Mana Donations in-kind Program Relunched

After the 2018 and 2019 Segunda Mana Donations-in-kind Program participation, the Bank relunched its fundraising program that aims to collect in-kind donations of new or pre-loved usable and valuable items such as apparel, footwear, bags, accessories, furniture, appliances, books, and educational materials.

The donated items will then be converted to cash through their 52 Segunda Mana Charity Outlets where the proceeds will go to funding Caritas Manila's Youth Servant Leadership and Education Program (YSLEP).

Donation boxes were distributed to selected Luzon Bank Branches. The employees and Bank customers were encouraged to donate as part of their community service.

A Certificate of Partnership was signed by UCPBS President and CEO Ms. Lizette Margaret Mary J. Racela and Caritas Manila Executive Director Fr. Anton C.T. Pascual on June 22, 2022, at 2002 Jesus St., Pandacan Manila. The program started on August 1, 2022, and will last for the whole year.



## A Half Decade of Saving Lives

True to its commitment to serving the communities, UCPBS is now on its 5th year of partnership with the Philippine Red Cross (PRC).

As a response to PRC's Donor Recruitment and Retention intended to address the increasing demand for blood and augment the national blood requirement, associates from the Head Office donated a total of 37 blood bags that would yield 111 blood products on September 09, 2022, to help the most vulnerable with their blood needs. PRC has been the leading provider of blood and blood products in the country.

Apart from this, 159 associates, family members, and extended family of employees renewed their voluntary membership to the organization to support its services all over the country. This time, the Bank's total membership amounted to more than P50,000. The amount will be used to support Blood Services, Disaster Management Services, Safety Services, Health Services, Social Services, Red Cross Youth, and Volunteer Services.



## UCPB Savings partners with the KIDS Foundation

In line with the continuous efforts of UCPBS to be of active service to those in need, we have partnered with K.I.D.S2 Foundation Inc. (Kindness for Indigent, Deprived, and Sick Kids). It is a non-profit organization created to extend financial, psychological, and spiritual services to indigent children afflicted with Cancer and other life-threatening diseases. Over the years, they have extended financial assistance to more than 900 children beneficiaries.

Last Dec 10, 2022, a Golf Tournament for a cause was held at the Philippine Navy Golf Club in Taguig City of which UCPBS was one of its sponsors.

Present to witness the check turnover last December 9, 2022, at the UCPB Head Office were Ms. Yvonne Eduarte (from Kids Foundation) and the head of UCPBS Corporate Communications and Planning Division, Mr. Jay Valera.

UCPBS shall remain steadfast in helping the community in whatever way we can. Whenever we can.



CORPORATE SOCIAL RESPONSIBILITY



# UCPB Savings Bank Sustainability Report

SUSTAINABLE FINANCE FRAMEWORK

UCPBS recognizes the worst effect of climate change and other environmental and social risks as it could pose financial stability concerns considering the significant and protracted implications on the bank's operations and financial interest.

UCPBS also recognizes 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 Nation's 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 created its Sustainability Finance Framework which outline 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 and Compliance functions incorporated in their respective programs the assesment of adherence to policies related to the management of E&S risks and evaluation of the robustness and continuing relevance of said policies thereby helping the Bank manages those risks and foster resilience.

The Internal Audit shall also review 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 that 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

Kasama mo sa mas masaganang ani.



Sustainable Development Goals	Project Initiatives
Zero Hunger 	Modified SBL Agri-loan  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 focused helping farmers, fisherfolks and the whole agriculture value chain to access affordable and easy loan grant to fund their agri-activities.
Climate action, Affordable and clean Energy, Responsible Consumption & Production  	Rate incentive for Auto & REL clients who are compliant and practice sustainability.

SUSTAINABLE FINANCE FRAMEWORK



PICK UP • ORGANIZE • OPEN • LAY ASIDE

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.

Sustainable Development Goals	Project Initiatives
	<ul style="list-style-type: none"> <li>• Digitization Projects/ Document Scanning</li> <li>• Scheduling of shredders</li> <li>• Implementation of e-signature</li> </ul>
	<ul style="list-style-type: none"> <li>• Use of LED Lights</li> <li>• Conservation via aircon switching-off at 4pm</li> <li>• Common resource area for pooling of supplies</li> <li>• Regular reminders to employees to conserve and reuse</li> <li>• Recycling</li> <li>• Use of quality paper instead of white bond paper</li> <li>• Waste segregation</li> <li>• Secure Printing Feature</li> </ul>

Social Dimension

UCPBS shall empower Filipino consumers, including rural underserved and unserved communities, through financial products and services are accessible, convenient, affordable and reliable to meet their unique needs. Such initiatives shall cover the following:

- Forged tie-ups with car dealerships, 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 associate or officer.



Sustainable Development Goals	Project Initiatives
	<p>Installation of drop boxes for educational materials for donation to charitable institutions or remote areas.</p> <p>The bank partnered with Caritas Manila for the donation drive. Employees and clients may drop their preloved items such as books, clothes, bags and other usable things that can still be enjoyed by others.</p>



	<ul style="list-style-type: none"> <li>• On-site fitness program (Zumba Class)</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>
	<ul style="list-style-type: none"> <li>• Policy against harassment and gender-based violence</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.

Sustainable Development Goals	Project Initiatives
	<ul style="list-style-type: none"> <li>• Inclusion of sustainability in selection and opening of branches</li> </ul>

Partnership for the Goals

**Hazard Hunter**

The bank entered into an agreement with PHILVOCS to use the Hazard Hunter for the geohazard assessment of the properties before it can be accepted as collateral.

The bank codified its Exclusion list which prohibits the bank from engaging with business activities which deemed not aligned with Sustainable Development Goals (SDG):

**Environmental Issues**

- Illegal activities prohibited under Philippine Environmental law such as illegal logging, forest land grabbing, illegal mining, Illegal fishing, etc.
- Illegal quarrying and other extraction activities that may have violated Philippine Mining Act of 1995 (RA7942)
- Deforestation or reclamation of bodies of water that may have detrimental effect to environment
- Production or trade of explosives, ammunition, bullets, etc.
- Cannabis cultivation
- Motor Vehicles that do not comply with the emission standard set by DOTR and DENR.

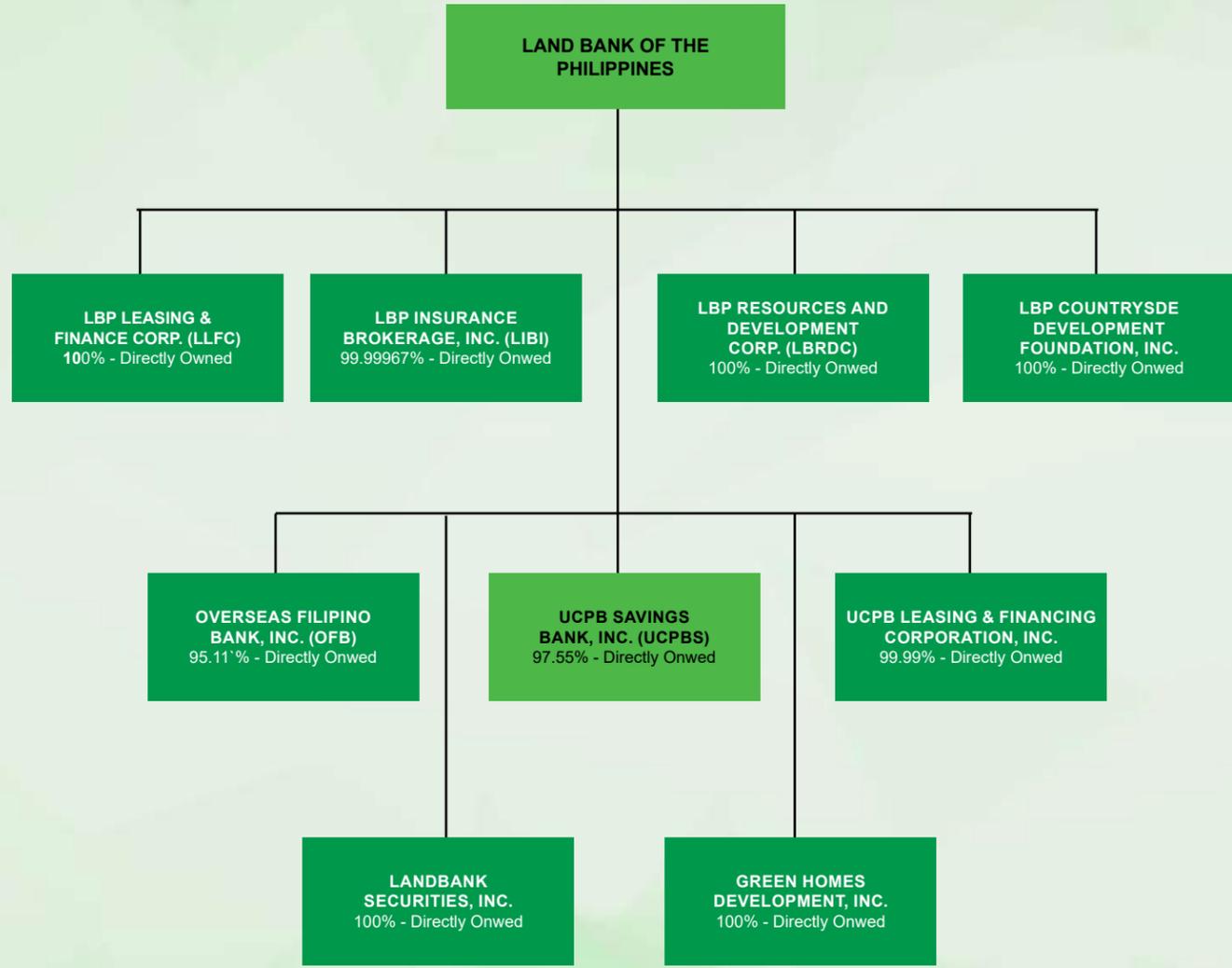




<p>Partnership for the Goals</p> 	<p><b>Social Issues</b></p> <ul style="list-style-type: none"> <li>• Activities related to illegal gambling (e.g. jueteng)</li> <li>• Activities related to prostitution, human trafficking, forced labor, violence against women and children.</li> <li>• Construction of 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>
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UCPBS shall continue to gear towards sustainability. What has been started will be practiced and periodically reviews to ensure relevance to the government’s campaign towards sustainable future.

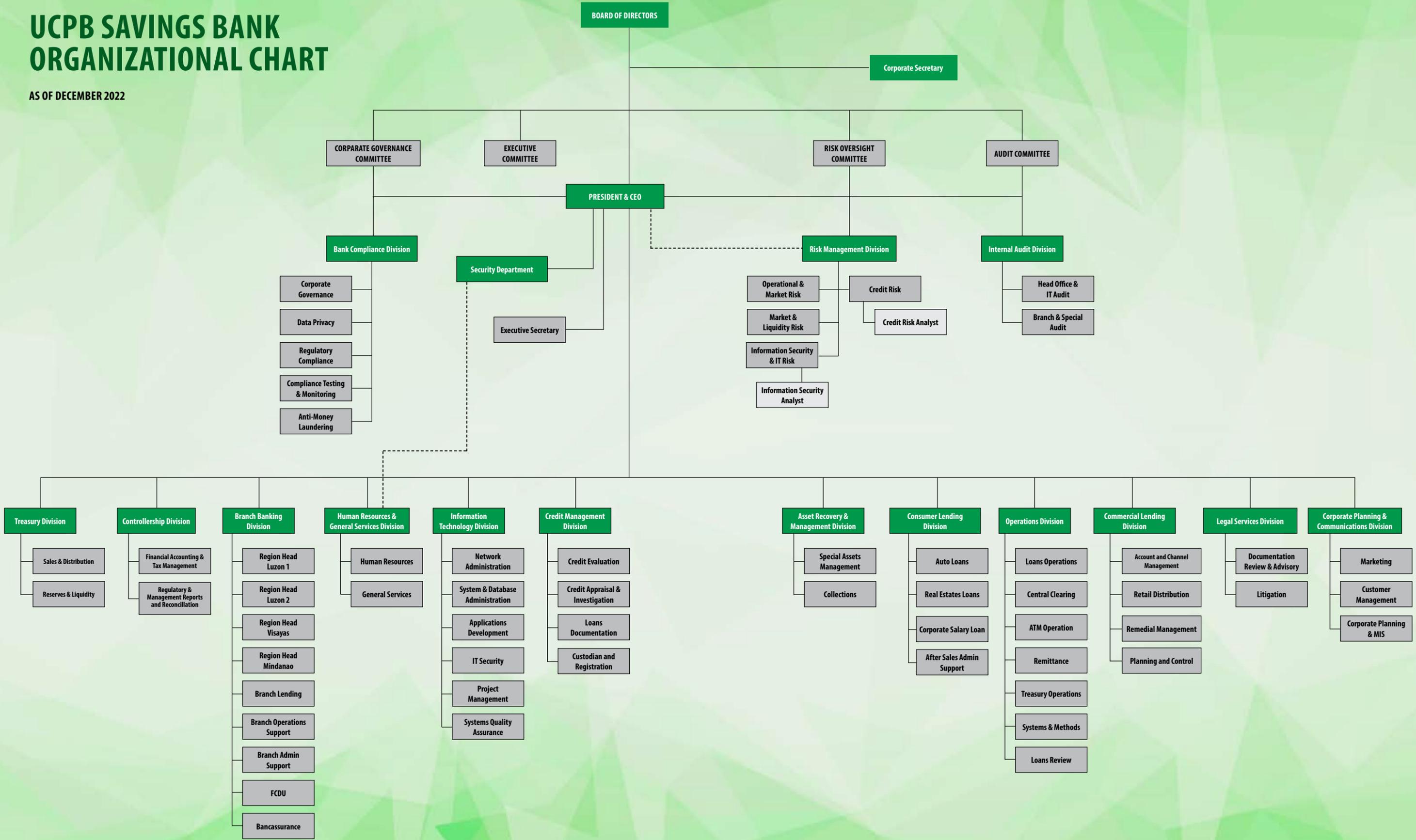
# THE CONGLOMERATE MAP STRUCTURE



THE LEADERSHIP

# UCPB SAVINGS BANK ORGANIZATIONAL CHART

AS OF DECEMBER 2022



# 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 since July 17, 2020  
Filipino, 58

- UCPBS - Director/Chairman
- Masaganang Sakahan, Inc. - Director
- Landbank of the Philippines - Executive Vice President
- UCPB - Officer-in-Charge
- UCPB Leasing and Finance Corp. - Director/Chairman

Mr. Geron brings with him over two decades of expertise in various areas of banking, particularly branch banking, strategic planning and lending. Mr. Geron is the Executive Vice President for National Development Lending Sector of the Land Bank of the Philippines (LBP).

From a management trainee in 1994, he rose from the ranks and has headed different units, including the Bank's Visayas Branches Group, Lending Program Management Group, Credit Policy Department, Strategic Planning Group and the Branch Banking Sector. He earned his degree in Agricultural Engineering from the University of the Philippines Los Banos and pursued his master's degree in Systems Agriculture at the University of Western Sydney which he completed in 1992.



**CAMILO C. LEYBA**

Director  
Filipino, 60

Mr. Leyba is Senior Vice President of Land Bank of the Philippines. He has been with LandBank for 38 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, 52

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 Accountant. She graduated with a degree in Commerce, Major in Accounting, from St. Anthony's College in 1991 and earned her Masters in Business Administration from Pamantasan ng Lungsod ng Maynila in 2013.



**RANDOLPH L. MONTESA**

Director  
Filipino, 55

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 degree in Bachelor of Science in Civil Engineering from the University of the Philippines – Diliman, and a Masters Degree in Business Administration from the College of the Holy Spirit.



**FILIPINA B. MONJE**

Director  
Filipino, 61

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 Accountancy from Luzon Colleges and earned her Masters in Business Administration from the College of the Holy Spirit.



**MARILOU L. VILLAFRANCA**

Director  
Filipino, 54

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 30 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, 55

Ms. Turla is Senior Vice President of Land Bank of the Philippines. She has been with LANDBANK for 34 years and currently heads its North Luzon Branches Group. She graduated with a degree in Commerce, major in Accounting and is a Certified Public Accountant. She earned her Masters 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 2, 2020  
Filipino, 47

Atty. Claveria has almost 21 years 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, and 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 in 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.

# THE SENIOR MANAGEMENT



**LIZETTE MARGARET  
MARY J. RACELA**  
President & CEO

Note: Management Committee as of December 31, 2022

TOP (L-R) : Patrick M. Gonzalez, Jaime Juan Ramon N. Valera III, Reynaldo C. Ebanen, Manuel C. Madridejos,  
Ernesto O. Olavario, Dante R. Cortez, Rey Anthony E. Salazar, Elmer M. Aquino  
BOTTOM (L-R) : Atty. Jonathan A. Acosta, Maria Sarah V. Prepeña, Wilfred D. Abobo, Irene S. Quintana, Tristan D. Baria, Ma. Pamela V. Suarez

# THE SENIOR MANAGEMENT PROFILE



**LIZETTE MARGARET MARY J. RACELA**

President & CEO  
Filipino, 57 years old

Ms. Racela has more than 30 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.



**IRENE S. QUINTANA**

Controllership Division  
Filipino, 54 years old

Ms. Quintana has over 30 years of working experience in the bank industry. As she started her career in the said field, Ms. Quintana has 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.



**MANUEL C. MADRIDEJOS**

Treasury Division (April 18, 2022)  
Filipino, 51 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.



**MARIA SARAH V. PREPEÑA**

Risk Management Division (March 1, 2022)  
Consumer Lending Division (January 1 to March 1, 2022)  
Filipino, 53 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. At present, she is the Officer-in-Charge (OIC) of Risk Management Division (RMD) of UCPBS. She holds a Bachelor of Arts degree major in English from University of Nueva Caceres in Naga City.



**PATRICK M. GONZALEZ**

Branch Banking Division  
Filipino, 57 years old

Mr. Gonzalez' professional practice spans 35 years of experience and has an 18 years of experience in the banking industry making significant contribution that makes him promoted as Vice President. Mr. Gonzalez is a graduate of Bachelor of Arts in Humanities at University of the Philippines, Diliman.



**ELMER M. AQUINO**

Commercial Lending Division &  
Consumer Lending Division (March 1, 2022)  
Filipino, 53 years old

Mr. Aquino has 26 years of supervisory experience in corporate, middle market, retail and SME lending. He was the Division Head of a universal bank for 16 years and savings/thrift bank for 10 years. Mr. Aquino has an extensive background in account, credit and product management. He earned his Bachelor of Science in Commerce, Major in Accounting degree at the University of Sto. Tomas as Cum Laude; with MBA units from the University of the Philippines, Diliman and Ateneo Professional School Campus. He is a Certified Public Accountant



**MA. PAMELA V. SUAREZ**

Asset Recovery & Management Division  
Filipino, 54 years old

Ms. Suarez' professional practice spans 30 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.



**REY ANTHONY E. SALAZAR**

Information Technology Division (October 13, 2022)  
Filipino, 40 years old

Mr. Salazar has 17 years of experience in Information Technology and more than 5 years of experience in project management, process improvements, and business analysis. He led the data migration and conversion team. He is a Bachelor of Science in Computer Engineering graduate at the University of San Agustin and a Master's in Information Technology at Southville International School and Colleges.



**ERNESTO O. OLAVARIO**

Operations Division  
Filipino, 53 years old

Mr. Olavario has been in the banking industry for more than 29 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.



**WILFRED D. ABOBO**

Human Resources & General Services Division (August 1, 2022)  
Filipino, 52 years old

Mr. Abobo has 29 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.



**REYNALDO E. EBANEN**

Bank Compliance Division  
Filipino, 54 years old

Mr. Ebanen is a graduate of University of the East, with a bachelor degree in Business Administration. He has been with the banking industry for almost 30 years and has assumed several positions such as Accounting Assistant, Branch Accountant, Account Officer, AML Officer and Compliance Officer. Having worked for almost all types of banks such as rural, thrift, commercial and universal banks, Mr. Ebanen has gained extensive experience in the industry, which serves as his leverage in his current function as a Senior Officer of the Bank. He is a member of ABCOMP and was part of the Technical Working Group of the Philippine's Check Truncation System spearheaded by the BSP and PCHC prior to its implementation. His trainings include, among others, Corporate Governance, AMLA and Data Privacy. He has also attended the Trust Operations and Investment Management Program at the Asian Institute of Management (AIM) in 2006.



**DANTE R. CORTEZ**

Credit Management Division  
Filipino, 57 years old

Mr. Cortez has 32 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.



**JONATHAN M. ACOSTA**

Legal Services Division (October 26, 2022)  
Filipino, 52 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.



**TRISTAN D. BARIA**

Internal Audit Division  
Filipino, 42 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 19 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



**JAIME JUAN RAMON N. VALERA III**

Corporate Planning and Communications Division  
Filipino, 52 years old

Mr. Valera has close to 30 years of experience in the field of banking with expertise in the areas of Financial & Budget Planning, Business Intelligence, Customer Analytics and Treasury. He started his career in UCPB as General Teller and moved his way up to head the Treasury Division of UCPBS in 2005. Mr. Valera graduated from De La Salle University, Manila with a Bachelor of Arts degree in Asian Studies.



## PRODUCTS & SERVICES

### CASH DEPOSITS PESO ACCOUNTS

#### Current Account

- **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.

#### Savings Account

- **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.

- **Kiddie & Teen Savings**

A special savings/deposit account for kids and teens with passbook.

- **In trust for – ITF**
- **My first step – Kids**
- **My first step – Teen**

- **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 deposit account that automatically transfers a specific amount from the primary account on specified date/s of the month.

#### Time Deposit

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

- **Regular Time Deposit**

- Time Deposit for 30 - 90 days

- **Long Term Time Deposit**

- Time Deposit 1 Year  
- Time Deposit 5 Years +1

## 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 mandate 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.

### • Kasama Mo Salary Loan

#### Government Sector

##### - Government Universities, Colleges, and Schools (GUCS)

- a. GUCS K12 (DepEd Teachers and Personnel)
  - Elementary
  - HS and Senior HS
- b. GUCS CHED
  - State Universities
  - Local Colleges
- c. GUCS TESDA
  - TESDA Schools
  - TESDA Training Centers

##### - Government Entities (GESL)

- a. National Government Agencies (NGA)
- b. Local Government Unit (LGU)
  - Province
  - City/Municipality
  - Barangay

#### Private Sector

##### - Business Entities Salary Loan (BESL)

- a. Single Proprietorship
- b. Partnership
- c. Corporation

BESL is an unsecured SL facility for employees of accredited companies in the private sector. For large corporations (Top 15000 companies), accreditation and lending program will be managed by Commercial Lending

### • 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 needs 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

A collection facility that allows UCPBS to collect payments or contributions for PhilHealth.

#### • PhilHealth Payments

### • Safety Deposit Box\*

A safety box offered to the clients for lease to store/safekeep their important documents.

### • Manager's Check

Checks issued and guaranteed by the Bank for clients disbursement and other types of payouts.

### • eCash Card

A prepaid, reloadable card which can be availed as payment channel for remittance, commission and other types of pay-out or disbursement.

### • Foreign Exchange\*

Refers to transactions involving buying and selling of US Dollars

### • BancAssurance

A cross-selling program of the bank whereby life and non-life insurance products are made available for the bank's banking and non-banking customers.

- COCOLIFE** - Life Insurance
- COCOGEN** - Non-Life Insurance

### • Interbranch Transactions

Interbranch Transactions are deposits, withdrawals and check encashments made at a UCPBS Branch for credit or debit to an account maintained with another UCPBS Branch.

### • Remittances

#### - Instapay (Receiving)

Instapay (Receiving) is an electronic fund transfer (EFT) facility of BancNet that offers real-time and low-value electronic money transfers from one account to another using any digital device. The service aims to remove the need to physically transact at bank branches while making banking service accessible 24/7 through mobile apps and internet banking facilities provided by participating banks and electronic money issuers

#### - PesoNet

PesoNet is an electronic funds transfer service that enables customers of participating banks, e-money issuers or mobile money operators to transfer funds in Philippine Peso currency to another customer of other participating banks, e-money issuers or mobile money operators in the Philippines within the same day.

#### - Real Time Gross Settlement (RTGS)

Philippine Payments and Settlement Systems (PhilPaSS) is a real time gross settlement (RTGS) system that settles interbank fund transfer through the demand deposit account (DDA) of the transacting bank/financial institution with BSP. The Bank's access to PhilPaSS is via the Philippine Payment System – Front End System or PPS-FES.

\* Selected branches only

## 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 Loans

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.

# BRANCH AND ATM DIRECTORY

(AS OF 2023)

## LUZON

### ALABANG BRANCH

Common Goal 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) 402-1587

### ATIMONAN BRANCH

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

### BACNOTAN BRANCH LITE

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

### BANAUUE QUEZON CITY BRANCH

(formerly Sta. Cruz Branch)\*\*  
G/F PPSTA Dormitory Building, 245 Banauue Street, Sto. Domingo, Quezon City  
T: (02) 8733-0258 / 8733-7860

### BATAC BRANCH

MC Building Washington St. Brgy. Ablan Batac, Ilocos Norte  
T: (077) 600-0895 to 96

### 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

Cantre 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

### 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  
TF: (078) 624-1701

### KALAYAAN BRANCH

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

Kimaesha 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

### ORION BRANCH LITE

Stall No. 31 National Road, Brgy. Arellano, Orion, Bataan  
T: (047) 633-3197

### PILI BRANCH

National Highway, Brgy. Old San Roque Pili, Camarines Sur  
T: (054) 477-7752 / 205-1220  
TF: (054) 477-5170

### PUERTO PRINCESA BRANCH

AICON Plaza, National Highway Brgy. San Pedro, Puerto Princesa City, Palawan  
T: (048) 433-2066  
TF: (048) 433-8187

### RIZAL AVENUE BRANCH

Unit 201-203 Tan Han Chi Place 1558 Rizal Ave. cor. Mayhaligue St. Sta. Cruz, Manila  
T: (02) 8743-7426 / 5309-9558  
TF: (02) 8743-0750

### RIZAL NUEVA ECIIJA BRANCH LITE

Quezon St., Poblacion Centro, Rizal, Nueva Ecija  
T: (044) 940-9755

### SABLAYAN BRANCH

420 P. Urieta St., Brgy. Buenavista Sablayan, Occidental Mindoro  
T: (043) 458-0012

### SAN JOSE BATANGAS BRANCH

Makalintal Ave., cor. Dr. Ona St., San Jose, Batangas  
T: (043) 784-2052

### SAN JOSE DEL MONTE BRANCH

Dalisay Bldg., Halili Ave. Tungkong Mangga San Jose Del Monte, Bulacan  
T: (044) 815-1796  
TF: (044) 815-1742

### STA. IGNACIA BRANCH

Altandex Building, Romulo Highway, Poblacion East, Sta. Ignacia, Tarlac  
T: (045) 606-3380 to 82  
TF: (045) 606-3379

### STA. ROSA BRANCH

UCPB Building National Highway Brgy. Balibago, Sta Rosa, Laguna  
T: (049) 530-8191 / (049) 530-8193  
TF: (049) 530-8192

### TANAY BRANCH

F.T Catapusan St., Plaza Aldea Tanay, Rizal  
T: (02) 8654-0880  
TF: (02) 8654-0818

### 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

### BORONGAN BRANCH

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

### 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) 272-6638 / (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 LEYTE BRANCH LITE

Diversion Road, Barangay Guindapunan, Palo, Leyte  
T: (053) 522-2699 / (053) 888-3814

### 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 Occidental  
TF: (088) 545-4011

### 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 / 226-3800  
TF: (082) 300-0541

### DIPOLOG BRANCH

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

### GLAN BRANCH

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

### KABASALAN BRANCH LITE

(formerly Laguindingan Lending Office)\*\*  
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

### 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., Silongan 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

### SINDANGAN LENDING OFFICE

Mabini St., Brgy. Poblacion Sindangan, Zamboanga del Norte  
T: (065) 918-0625

### ZAMBOANGA CITY LENDING OFFICE

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

\* Lending Offices to be converted to Branch Lite by 2024

\*\* Branches opened in 2023

As of 2022, UCPBS has

- 49 branches,
- 9 Branch Lites, and
- 5 Lending Offices



Republic of the Philippines  
**COMMISSION ON AUDIT**  
Commonwealth Ave., Quezon City

## ANNUAL AUDIT REPORT

on the

## UCPB SAVINGS BANK, INC.

For the years ended December 31, 2022 and 2021

RECEIVED FROM COA : SEPTEMBER 12, 2023  
PUBLISHED ONLINE :

THE AUDITED FINANCIAL STATEMENT



47512588		
1256586301		
2211548690		
231145568		
213311599		
21315	1	
320120		22123
32369852	3322144	
121338	32366987	32
132579	214334	
395654084	5231	212013
2335512	47512588	23212303
340311	3032157	