

# ANNUAL REPORT

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2014 ANNUAL REPORT

# EMPOWERING AN EMERGING PHILIPPINES



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## ABOUT THE COVER

Staying true to its mandate of bringing progress to the nation, the Development Bank of the Philippines (DBP) is steadfast in spearheading projects that aid in our country's growth.

On this cover, progress is reflected on the solar panels, conveying an imagery of DBP's continuing pursuit of finding innovative ways of uplifting the life of every Filipino. The solar panels reflect some of DBP's development projects – a school building to show the Bank's unwavering efforts in the field of education, a progressive cityscape and ultimately, a Filipino family enjoying the fruits of progress.



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## VISION STATEMENT

By 2020, a regionally-recognized development financial institution, serving as a catalyst for a progressive and more prosperous Philippines.

## MISSION STATEMENT

To raise the level of competitiveness of the economy for sustainable growth.

To support infrastructure development, responsible entrepreneurship, efficient social services and protection of the environment.

To promote and maintain the highest standards of service and corporate governance among its customer constituencies.



## MESSAGE FROM HIS EXCELLENCY

A nation's progress is determined by its people and institutions. The banking sector has the potential to effect great change in Philippine society, and I am heartened to see the Development Bank of the Philippines rise to this challenge. By instilling the principles of good governance in development financing and including extending assistance to key areas such as infrastructure and logistics, environment, and social services, you have attained sustainable growth for your investors amounting to a net income of ₱4.60 Billion in 2014, with a total development loan portfolio of ₱146.58 Billion.

I commend your intensified focus on SMEs, as well as your Corporate Social Responsibility initiatives such as DBP Forest, DBP Endowment for Education Program, and your emergency assistance to regions affected by calamities. May you keep upholding the standards that have led you to achieve Compliance Status under the Performance Governance System, win the 2014 Silver Trailblazer Award, and achieve your breakthrough goals of loans to your core mandate sectors for countryside enrichment.

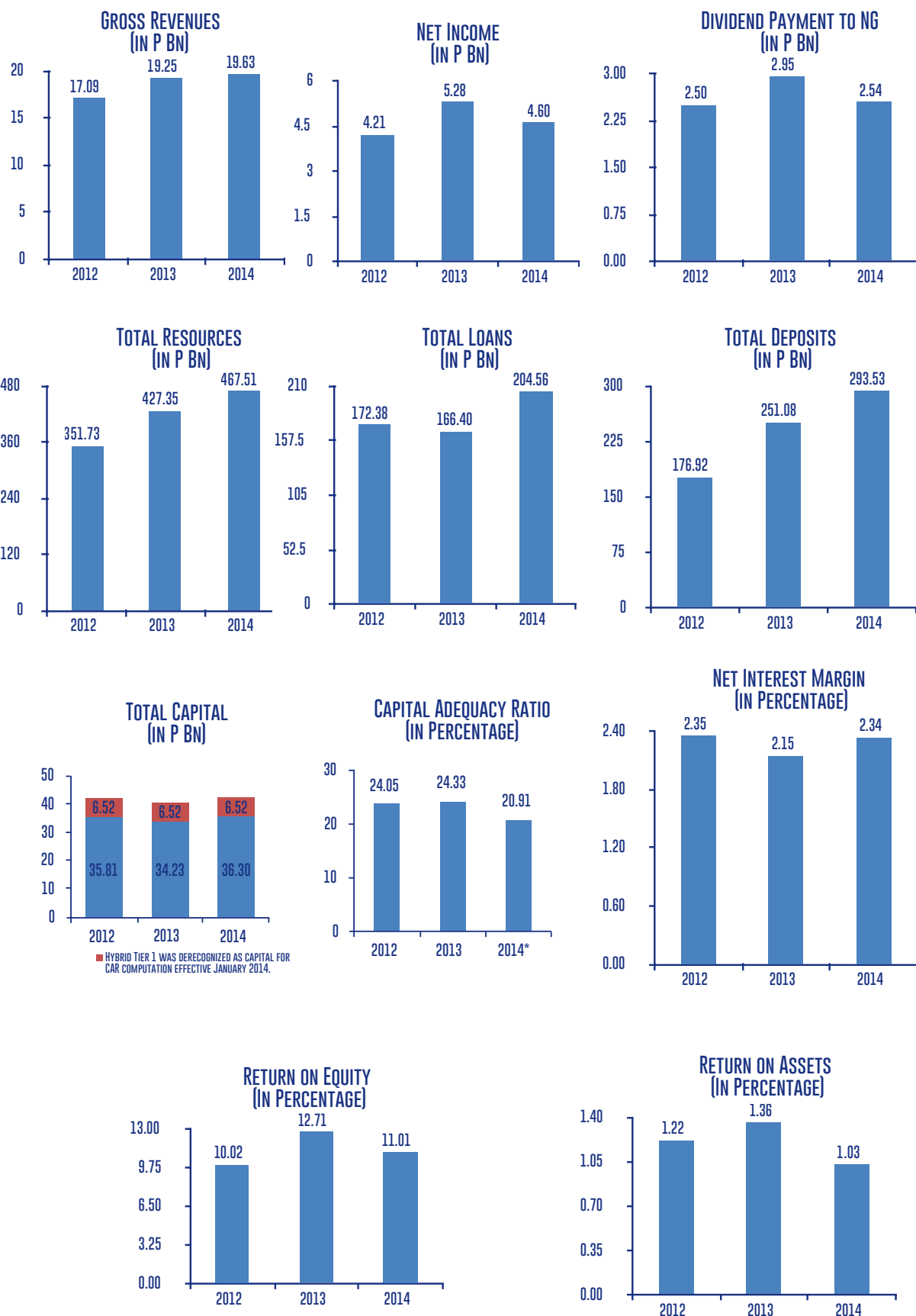
As we advance on the straight path, it is my hope that DBP continues to serve as a testament to the positive effects of the balance between profitability and inclusiveness, and I look forward to what you will achieve this coming year.

**BENIGNO S. AQUINO III**  
PRESIDENT  
REPUBLIC OF THE PHILIPPINES

Manila, May 14, 2015

# FINANCIAL HIGHLIGHTS

DBP continued to deliver good shareholder value in 2014 despite challenges in the global economy. The Bank's total resources grew by 9.40% to P467.51 Billion on account of increases in total loans and total deposits. Capital adequacy ratio of 20.91% was more than double the BSP's 10% minimum requirement based on Basel III standards.





# MESSAGE FROM THE CHAIRMAN

HIS EXCELLENCY  
PRESIDENT BENIGNO S. AQUINO III  
Malacañang, Manila

Mr. President:

It is my honor to give an account on the gains that the Development Bank of the Philippines made in 2014, particularly in supporting the key development programs of your Administration.

Heeding your call, we have adopted and implemented good governance policies in order to ensure that the culture of ethics, accountability, compliance, and social responsibility is sustained in all levels of the Bank's operations and practices.

Good governance serves as the guidepost for the DBP Board of Directors. It underpins the Bank's development portfolio.

2014 was full of challenges for the local banking sector in general. These challenges included compliance with the Basel III regulatory framework on bank capital adequacy and market liquidity risk. Market liquidity and low interest rate regime affected the earning potentials of most banks which typically rely on trading gains as a major revenue source.

Yet, DBP performed as well as, and in some measures, better than other private banks. This is despite the fact that DBP has more hurdles and risks to overcome in financing development projects. These are projects that we believe are critical for the Government's development agenda and the country's sustainable progress.

DBP's net profit in 2014 amounted to P4.60 Billion. We are pleased to highlight that the Bank's income from loans and investments increased significantly. More importantly, it marked a shift to more recurring sources of income in line with our strategic direction to re-focus on its core lending and investing businesses.

With 83 percent of its loan portfolio comprising developmental loans, DBP continues to live up to its name as the country's leading development bank. These include loans to Local Government Units (LGUs) for their farm-to-market roads, post-harvest facilities, public markets, transport terminals, hospitals, schools as well as IT and system enhancements. In 2014, DBP realized one of its goals of increasing its loans to its core mandate sectors consisting not only of LGUs, but also Water Districts, Electric Cooperatives, and Micro, Small and Medium Enterprises throughout the country.

DBP's financial exposure to these critical sectors is in response to the President's call, and in support of the National Government's pursuit of inclusive growth. After all, these sectors have the most immediate and biggest impact to the people's well-being.

In pursuit of the Bank's development mandate, we in DBP have put in place a good governance program that we hope, like the reforms in Government that the President initiated, will be irreversible.

DBP is proud to be the first government financial institution to have been certified Proficient under the Performance Governance System (PGS) by the Institute for Solidarity in Asia, the country's leading advocate and certifying agency for good governance. The PGS is an important tool of good governance reform, promoting the efficient delivery of services, economic growth, and the establishment of a positive climate for market institutions. The Bank is on track to becoming certified as an Island of Good Governance that would be showcased during the Asia-Pacific Economic Cooperation (APEC) meeting that the Philippines will host in November 2015.

We in DBP are confident that by making good governance the pillar of the Bank's policies and programs, the institution will continue to remain a vital partner of government in attaining inclusive growth, and improving the lives of the Filipino people.

  
JOSE A. NUÑEZ, JR.  
Chairman



# REPORT TO THE PRESIDENT

In 2014, DBP celebrated its 67th year in development banking with sound profitability and a strong balance sheet. Amidst challenging market conditions, the Bank moved forward with solid confidence and steadfast commitment to attain its vision.

**Contributing to inclusive and sustainable growth.** DBP remained focused on the administration's priority sectors with our loan portfolio dedicated to development projects. A total of P121.18 Billion or 83 percent of our loan portfolio funded infrastructure and logistics, environment, social services, micro, small and medium enterprises (MSMEs), and other strategic sectors.

**Cultivating the grassroots of society.** To boost this underserved sector, we extended our reach to the MSMEs by growing our competencies in the Head Office and branches. We upgraded the SME structure and processes and redefined the mindset of our talents to think developmental. An SME Department was created for more focused lending to SMEs using its own credit committee and following a more efficient process. All SME lending of the Bank became centralized in the Development Sector, thus transforming it to a Development Banking Sector. These breakthroughs paved the way for a loan portfolio amounting to P11.12 Billion exclusively for MSMEs.

**Expanding our footprint.** To extend our development banking reach, we opened four new branches in Pasig, Pasay, Mandaluyong, and San Juan bringing the total to 96 DBP branches. In addition, seven new branches will be opened in the countryside in 2015.

In terms of expanding our banking systems, DBP pursued the procurement, customization, and implementation of an Integrated Core Banking Solution, which aims to increase employee efficiency and effectiveness, reduce operational cost, improve customer service, position the Bank for growth, and improve risk and regulatory compliance management.

**Financial viability.** A vital offshoot of our inputs to inclusive and sustainable growth are the gains that help sustain our development operations. In 2014, the Bank posted net profits of P4.60 Billion, translating to a Return on Equity of 11.01 percent. Higher interest income from investments in debt securities and regular loans, and higher foreign exchange gains offset a decline in trading gains.

The growth in income from loans and investments marks the shift to more recurring sources of income, in line with the Bank's strategic thrust to re-focus on its core lending and investing businesses. In government securities, the Bank showed increased presence in the financial markets. The Bureau of Treasury awarded DBP as the 3rd Best Performing Government Securities Eligible Dealer in 2014, a big jump from its 10th rank in 2013.

Total deposits climbed 17 percent to P293.50 Billion, paced by low cost funds that grew by 8.5 percent to P201.00 Billion. This resulted in a 68 percent low cost to high cost deposit ratio. The high deposit growth rate, coupled by the high proportion of low cost funds, helped the Bank improve its net interest margin to 2.34 percent from 2.15 percent the previous year.

The Bank's total resources went up by 9 percent to P467.50 Billion, nearing the half-trillion mark from P427.30 Billion in 2013. Net loans and other receivables increased by 24 percent or P38.40 Billion to P199.70 Billion, with the bulk of the increase accounted for by regular loans. The Bank's capital adequacy ratio (CAR) stood at 20.91 percent, well above the industry CAR of 15 percent and the Bangko Sentral ng Pilipinas' prescribed level of 10 percent.

**Remitting financial dividends.** In full support of your administration, we remitted dividend payments in the amount of P2.53 Billion to the National Treasury. As of 2014, we have contributed to the national coffers a total of P42.83 Billion in dividend payments, of which P10 Billion are stock dividends.

Beyond reaping financial returns, the Bank has also built social gains over its 67 years of exploring new horizons of progress. In our efforts to make economic gains felt by more Filipinos, we continued to reach out and serve the wider spectrum of population, especially the disadvantaged and underserved sectors. Thus, our natural ecosystem comprised Local Government Units tasked with building the infrastructure for social services in our communities: public markets, hospitals, schools, roads, sanitation, sports and leisure. We also partnered with Electric Cooperatives and Water Districts to enhance and expand their service coverage for the provision of the most basic needs for electricity and water.

In 2014, the Bank's developmental loans increased by P9.65 Billion or 8.7 percent led by the over-achievement in its breakthrough goals of loans to its core mandate sectors of Local Government Units, Water Districts and Electric Cooperatives. Loan approvals to these sectors breached the P28 Billion mark, exceeding the Bank's target of P18 Billion under the Performance Governance System (PGS). In October 2014, the Bank achieved Compliance Status which is the second stage of the PGS and for which it won a Silver Trailblazer Award.

**Upholding our Corporate Social Responsibility (CSR).** We continued to advocate good corporate citizenship through our enduring commitment to programs promoting the welfare of our people.

We are on the seventh year of implementing the DBP Endowment for Education Program (DEEP), our 10-year, P1 Billion CSR program that has already supported a total of 3,024 deserving indigent scholars all over the country.

We have also continued implementing the DBP Forest Program. Launched in 2005, there are presently 44 forest projects in varying stages of development. Forest partner communities already benefit from the harvest of high value fruits and crops.

**Advancing Good Governance.** Heedful of your administration's policy of "Tuwid na Daan", the observance of good corporate governance principles has been strengthened and institutionalized in the DBP. As a concrete sign of our commitment, we promoted transparency through availability of information in the DBP website and Bank documents. We also adopted the "No Gift Policy" to fight corruption in the workplace. In celebration of the 2nd DBP Corporate Governance Month in July, the Bank held a Corporate Governance Forum with the theme "Ethics, Integrity and Accountability for Good Governance." Institute of Corporate Directors Chairman Jesus P. Estanislao shared his insights on the importance of instilling the tenets of good governance in public service as a vehicle towards a transformed society.

Despite these gains we have achieved over the years, we will strive to continue carrying the torch of good governance to improve our work performance and to consciously reinvent our banking products, systems and processes to successfully meet the challenges of the changing economic horizon.

With this outlook, we believe that we will fulfill our platform of long-term development to attain inclusive growth and our vision of a poverty-free Philippines.

  
GILA BUENAVENTURA  
President and CEO

# OPERATIONAL HIGHLIGHTS

## Branch Banking

DBP's Branch Banking Sector (BBS) is responsible for running the branch network and serves as the direct interface between the Bank and its customers, being literally the "face" of the Bank when responding to their banking needs and transactions. BBS performs the vital roles of transaction processing, account acquisition, customer servicing and overall relationship management on behalf of the entire Bank.

As a revenue-generating business sector, BBS is tasked with generating deposits that fund DBP's asset side of loans and investments; and loans generation focused on its dedicated sectors of Local Government Units (LGUs), Electric Cooperatives and Water Districts which also

comprise the Bank's core charter mandate development sectors. Thus, it is BBS that bears the major share of responsibility in fulfilling DBP's developmental mission. The Bank is focused on these sectors in support of the Philippine Development Plan because projects in these sectors might not be attractive to other private commercial banks due to different return parameters or longer time horizons. DBP, through its on-the-ground people in the branches, has a better understanding and specialization of these sectors.

Most importantly it is these sectors that have the most immediate and biggest impact to our countrymen's well-being: the social infrastructure put up by LGUs such as the public markets, transport terminals, hospitals, schools, roads, and sports and leisure facilities that are put up by towns, cities, and provinces and the most basic



need for water and electricity distributed by Water Districts and Electric Cooperatives.

In 2014, BBS added five new branches to bring the network total to 96 – a broader presence that translated to significant gains in customer acquisition and service delivery. Additionally, the Bank's ATM network has increased to 377 nationwide.

To further improve its branch network, BBS has accelerated the rebranding and renovation of existing branches not just to strengthen DBP's brand image and enhance the aesthetic appeal of its brick-and-mortar facilities but more importantly, to improve overall banking experience for its customers. The branches delivered a 36% growth in total deposits and 25% growth in volume of Current and Savings Accounts (CASA), which was

chiefly responsible for lowering the Bank's cost of funds and increasing the net interest margin to 2.34% in 2014.

On the Bank's breakthrough goals commitment under its Performance Governance System "Expand access to loans by Local Government Units, Water Districts and Electric Cooperatives," BBS exceeded its targets as loan approvals reached P25.80 Billion in 2014, vs. the target of P18 Billion.

**P25.8 BILLION**  
LOANS APPROVED IN 2014





BBS led the development and marketing of new, innovative and solutions-oriented banking products and channels for the Bank as demonstrated in the DBP Gift Card, Salary Loans, Deposit products, e-Government online payments and Point of Sale terminals deployments. Because of these rapid deployments, DBP is now the payment transaction processor that enables electronic payments via ATM, debit and credit cards for government agencies and offices like the Department of Trade & Industry (DTI); University of the Philippines (UP) – for tuition and other school fees payments; Valenzuela City – for payment of real property and other taxes; Tourism Infrastructure and Enterprise Zone Authority (TIEZA) - for travel tax payments at the airports; Philippine Drug Enforcement Agency (PDEA) – for licenses and clearance fees; and soon at the Land Transportation Office (LTO), National Bureau of Investigation (NBI) and other government offices, towns and cities.



BBS has also initiated projects to bring the important transaction platforms of Cash Management/Transaction Banking and Card Products systems to be at par not just locally but with the world's best. With these systems expected to be in place by the end of 2015, DBP will be able to offer robust and features-rich banking platforms and products to its customers.

### Corporate Banking

2014 proved to be another fruitful year for the Corporate Banking Sector (CBS), having surpassed its major Key Results Areas despite the external and internal challenges such as the continuous drop of lending interest rates, availability of cheaper funds, liquid market, SBL constraints and lean manpower complement, among others.

Total loan portfolio, including UDSCL, HTM, and AFS-FA, as of year-end

grew by 13% at P118.20 Billion from last year's outstanding balance of P104.24 Billion. CBS continued its lending activities to its existing clients and viable projects aligned with the Bank's priority areas. Developmental loans accounted for 82% or P96.46 Billion of the total loan portfolio, 38% of which or P36.19 Billion went to Infrastructure and Logistics. Loan booking under the Environmental priority areas posted substantial growth of 270% from P1.82 Billion in 2013 to P6.75 Billion in 2014. Commercial loans were recorded at 18% or P21.66 Billion. CBS loan portfolio registered 109% realization rate against P115.88 Billion target for 2014.

CBS generated a gross income of P5.31 Billion or 109% of the P4.87 Billion gross income target for 2014. Net income per FS registered P4.60 Billion or 113% realization rate of the P4.05 Billion target for 2014.

CBS marketing activities focused on the developmental priority areas of the Bank, resulting to a significant build-up of pipeline projects. Approvals on notable projects include the following:

#### A. Infrastructure and Logistics

- P2 Billion Corporate Notes to partially finance the general financial and corporate requirements, including the biomass renewable energy plant, of an energy company in Batangas; the proposed project promotes conservation of resources and pollution prevention and will benefit the Government through the diversification of sources of primary energy supply by the private sector. Bio-methane as a source of energy reduces dependence on expensive imported fossil fuel.
- P200 Million clean omnibus credit line to partially finance short term operational requirements of a power plant in Mindanao with an interim source of energy to help combat the island's looming power shortage and contribute to the Government's thrust of achieving energy independence.
- Bridge loan facility of up to P4 Billion to support a conglomerate's bid in a PPP project which will address the need for adequate water supply in the province of Bulacan. It will also contribute to meeting the Millennium Development Goals by allowing greater access to clean and potable water.

- US\$50 Million omnibus line to partially finance an engineering and construction company's working capital requirements for a liquefied natural gas project.

#### B. Environment

- P1.40 Billion term loan to partially finance a proposed hydroelectric power plant in Ifugao. The project will contribute to the Government's thrust of achieving energy independence through development of indigenous and renewable energy sources. It will also contribute to the global effort of reducing greenhouse gas emission in the atmosphere estimated at 22,753 tons of CO<sub>2</sub> per year using the National Grid Emission Factor of 0.45 tons CO<sub>2</sub> per MWh for the Luzon-Visayas Grid from the DOE website.

#### C. Social Services

- P1.50 Billion term loan to partially finance the debt portion of the total project cost of a PPP project won by an infrastructure firm. The project will address the demand for medical services.
- P650 Million term loan and P100 Million clean omnibus lines to partially finance general corporate purposes including debt refinancing and CAPEX requirements of a medical group.

#### D. Others – Real Estate

- P1.50 Billion syndicated term loan to partially finance CAPEX requirements, primarily the development of shopping malls and high-rise condominiums by a property company, and for its general corporate purposes.

CBS also obtained approvals for the following new accounts under the commercial loans:

- P1 Billion term loan to partially finance a power generation company's investments/acquisition to be undertaken directly by it or indirectly through any of its subsidiaries, and/or fund other general corporate purposes.
- P500 Million clean revolving promissory note line to partially finance the working capital requirements of a utilities firm to provide water and wastewater services in the East Zone of Metro Manila.
- P2 Billion clean non-committed omnibus credit facility and P35 Million irrevocable SBLC to partially finance a PPP project of a transport-related consortium.
- P3 Billion syndicated revolving credit facility of up to US\$20 Million to partially finance general corporate requirements of a global port services group, including working capital and CAPEX.
- Clean term loan up to US\$22.22 Million DBP participation (in primary or in secondary market) in a conglomerate's US\$50 Million (with Greenshoe of up to US\$50 Million) to support various corporate spending including funding of general business expenses and working capital, repayment of existing financial indebtedness, initial funding of the interest Reserve Account (under aforesaid facility), and payment of agree fees, costs and other transaction-related expenses payable (under the facility).
- P420 Million clean term loan scaled down to P412 Million to partially refinance existing loan with a real estate development

company used to partially finance the construction of a mixed used development in Cavite.

- P500 Million clean omnibus line to partially finance working capital of an automotive products manufacturer.
- P100 Million omnibus line to partially finance working capital of a money remittance company.
- P500 Million LC/TR line to partially finance importation of raw materials by a steel manufacturing firm.

CBS has proven its strong presence in the market through active participation in various corporate fundraising transactions, as follows:

- Participation of up to P1 Billion in the P2 Billion fixed rate Corporate Notes of an electricity supply company with an overallotment option of up to P1 Billion. This will partially finance general corporate purposes, including but not limited to capital expenditures for existing assets and investments in a power generation project.
- Purchase of up to P1 Billion SEC registered Fixed Rate Bonds from primary market by a broadcast media firm.
- Purchase of up to P750 Million Fixed Rate Bonds from primary and secondary market by a telecommunications player.
- Participation of up to P2 Billion of Fixed Rate Corporate Notes of a diversified conglomerate. Proceeds to partially refinance certain existing indebtedness and for general corporate purposes.
- Participation of up to P500 Million Corporate Notes to partially finance the general funding requirements of a property company.
- Participation of up to P1 Billion in the P2 Billion Fixed Rate SEC registered Bonds of a multi-industry conglomerate.

### Middle Market

The Middle Market Group (MMG) was created in 2014 to focus and grow the middle market loan portfolio of the Bank nationwide. This is in support of the Government's thrust on inclusive growth.

### MMG generated P1.71 Billion incremental portfolio in about nine months from its start-up in March 2014.

Eight new clients engaged in various industries such as shipping, socialized housing, hospitality & restaurant, construction, and financing expanded the Bank's loan portfolio. Total outstanding portfolio ending December 2014 reached P10.12 Billion, a 39% growth from the previous year. About 73% of which were referred by the branches. Pipeline accounts currently being evaluated, which will translate to P10 Billion potential bookings, include the following:

- Development/construction of an 18 MW hydro power plant in Aklan
- Expansion of an existing solar power plant in Mexico, Pampanga
- Construction of ship building and ship repair facility in Albuera, Leyte

- Working capital requirements of a major player in mall development in Cebu
- Working capital requirement of a leading logistics company in freight and cargo forwarding

### Corporate Finance Group

The Bank's Corporate Finance Group (CFG) offers a comprehensive range of fee-based corporate financial services tailored to the requirements of clients in both public and private sectors: fixed income arranging and underwriting, corporate and limited recourse syndication, financial, and privatization advisory services.

CFG analyzes, structures and executes transactions to optimize a client's capital resources and help them design viable financial packages that meet their objectives and requirements.

### Investment Banking

#### Advisory Services

#### **DBP continues to play a vital role in the Government's flagship Public-Private Partnership (PPP) program.**

In 2014, the Bank served as the transaction advisor, together with its co-advisor, International Finance Corporation (IFC), to the successful tender of the Cavite Extension, Operations and Maintenance of the Manila LRT Line 1 of the Department of Transportation and Communications (DOTC). It also assisted a Government-Owned and Controlled Corporation (GOCC) in a valuation exercise for its holdings in one of its projects.

The Bank also continues to support the privatization efforts of the Government through ongoing advisory transactions in the transport and media sectors. DBP is likewise currently mandated by a private company in the manufacturing sector to assist its rehabilitation efforts following the destruction of its facilities by Typhoon Yolanda.

#### Loan Syndication

DBP also plays a vital role in the financing of priority sectors of the economy. In this regard, the Bank is currently mandated by a private company in arranging long-term limited recourse financing for a power plant utilizing pioneering technology.

### Capital Markets Development

DBP maintains an active presence in the domestic capital markets through participation in various fundraising transactions of both government and private institutions. In 2014, it continued to play key roles in the funding and liability management initiatives of the National Government and GOCCs.

The Bank was one of the Joint Deal Managers in the liability management transaction of the Republic of the Philippines, and was a

Joint Lead Arranger in a GOCC fundraising transaction.

Furthermore, DBP was one of the underwriters in several SEC-registered fixed rate bonds issued in 2014, including the bond offerings of ABS-CBN Corporation, JG Summit Corporation and Philippine Long Distance Telephone Company.



### Treasury

Treasury Group beat its net revenue targets for 2014 by focusing on increasing accrual income from investments and reducing cost of funds to improve shareholder value. Treasury diversified its investments portfolio to include other Asian credits (i.e., sovereign, quasi-sovereign, and corporate notes) in Indonesia, Korea, and India to take advantage of higher yields in these securities. It capped the year with a 58% increase in net interest income which made up for the decline in trading income. The significant decline in trading income from the previous year was highly expected as the outlook for higher interest rate was persistent throughout the year. Despite the cautious trading environment, Treasury managed to generate a total trading income of P471 Million.

Revenues from customers likewise showed remarkable improvement as it posted significant growth from sales of Treasury and deposit products including new client acquisitions to increase market penetration.

#### **The Bank was again awarded by the Bureau of Treasury as it was ranked 3rd among the Top 10 Best Government Securities Eligible Dealers (GSED),**

a big leap from the previous year. This award was in recognition of Treasury's active participation and significant share in volume turnover for both the primary and secondary markets for Government Securities. The award also recognized the invaluable support of DBP in the liability management or bond exchange program of the Government through the Bureau of Treasury.

### Trust Banking

DBP's Trust Services Group was re-named as DBP-Trust Banking Group (TBG), marking a shift in focus from a service group into a business oriented enterprise.

TBG presides over total AUM of P37.77 Billion as of end-2014 divided into:

- Investment Management Accounts (IMA), 46% or P17.28 Billion;
- Trust and Other Fiduciary Accounts (TOFA), 26.34 % or P9.95 Billion; and
- Unit Trust Investment Fund (UITF), 27.91% or P10.54 Billion.



In September 2014, TBG launched its initial niche of investment products aimed at tapping the rich, but latent and un-served, market of Government entities and employees, respectively:

- Unlad Pamahalaan GS Money Market Fund that caters to the unique investment requirements of Government-Owned and Controlled Corporations, State Colleges and Universities, with a total portfolio of P10.50 Billion in December 2014.
- Unlad Kawani Money Market Fund, a uniquely customized investment product that is the country's first unit trust investment fund crafted exclusively for Government employees as one of DBP's responses to the call for financial inclusion. For as little as P25.00, an employee can participate in the Fund consisting of high yielding Special Savings Accounts from various financial institutions and the Bangko Sentral ng Pilipinas' Special Deposit Account. It provides ease of investing through regular salary deductions and the innovative subscription feature via the DBP ATM while instilling the value of investment and encouraging the active participation of the Kawanis in managing their own finances. From inception to date, Unlad Kawani has benefited 1,246 participants and generated total assets of P4.40 Million as of December 31, 2014.

TBG is re-positioning itself as among DBP's proactive game changers focused in expanding DBP's trust business.

#### Remittance Center

Using the partner model of signing up duly licensed overseas remittance tie-ups (ORTUs), and augmenting local remittance distribution with BSP-registered domestic remittance tie-ups (DRTUs), DBP continued to make inroads in the OFW remittance business. In 2014, total remittance volume reached over \$200 Million coming from more than 360,000 individual remittance transactions. Major remittance source countries and DBP's market share (computed from the Bangko Sentral country remittance report, [www.bsp.gov.ph](http://www.bsp.gov.ph)) are: Kingdom of Saudi Arabia (3.2%), United Arab Emirates (0.8%), Hong Kong (1.0%), and Israel (12.6%). Other significant remittance markets for DBP are the USA, Qatar, Bahrain, Malaysia, Canada, and Australia. The Bank now receives remittance transactions from more than 30 OFW host countries.

Beyond remittances, and in line with the National Government's objectives of financial inclusion and financial education for basic sectors, DBP conducted financial literacy sessions participated in by over 24,300 departing OFWs and their families in coordination with



accredited providers for pre-departure orientation seminars (PDOS), LGUs, schools, and accredited non-government organizations. The Bank also opened in 2014 more than 12,100 EC Card savings accounts thereby enhancing financial inclusion among unbanked OFWs and their beneficiaries. Prospective and existing OFW entrepreneurs are accommodated under DBP's MSME program, and the OFW Reintegration Loan Program in partnership with the Overseas Worker Welfare Administration (OWWA).

### Fund Sourcing

DBP remains committed to strengthening its partnerships with its Funders – the Japan International Cooperation Agency (JICA), Japan Bank for International Cooperation (JBIC), KfW Development Bank (KfW), Asian Development Bank (ADB) and World Bank – International Bank for Reconstruction and Development (IBRD) – in pursuing the development of the Bank's priority sectors, i.e. infrastructure and logistics, social services, environment and micro, small and medium enterprises (MSMEs).

This year highlights DBP's efforts in ensuring that the long-term financing requirements of the Bank's borrowers are aptly met through the provision of the necessary funding for projects of the private sector and that of LGUs, water districts, and electric cooperatives using available funds. The Bank also continuously works with its partners in sourcing competitively-priced funds to address market-driven requirements, e.g. for infrastructure and new and renewable energy projects, among others.

### Information Technology

2014 had been the most exciting year for the Information and Communications Technology Group (ICTG), with the innumerable acquisitions, several systems developments and moves toward progress that were implemented by the group. The front-line and customer-facing departments will directly reap the benefits of these developments, thus making it inevitable also for the clientele to experience the benefits and giving the Bank a competitive advantage. Also during the year, DBP earned the distinction of being the country's first Government Financial Institution and universal Bank to successfully implement an Integrated Quality and Environmental Management Systems (IMS) certifiable to ISO Standards.

Among the remarkable improvement projects that were realized as a result of collaboration of ICTG and the different Business Units was the initial implementation of the Financial Reporting Package (FRP) for the Bank's Accounting (AC) department. FRP alleviated part of the tedious consolidation activities being done at the Head Office for general ledger-sourced schedules. Consistent with DBP's mantra of continual improvement under its IMS, this initiative eliminates manual report submission and consolidation, and is expected to result in the reduction of general and subsidiary ledger discrepancies. Another fruitful partnership between ICTG

and the Operations Sector, particularly the Credit and Appraisal Management (CAM), is the CAM Information System (CAMIS). The pilot implementation in 2014 has enabled the Bank to view and access court case listing and cross references. The nationwide data contributed by all the regional field teams and CAM HO is now at the fingertips of the credit investigators, thus providing more credible and timely information to the credit account officers.

Recent developments in DBP's application systems must have robust infrastructure support, where recent acquisitions spanned communications, security and disaster recovery. Various newly-installed security solutions strengthened the overall security system of the Bank against external threats and targeted attacks. The acquisition of the new ePABX system, meanwhile, modernized the Bank's manner of inter-office and inter-island voice and communication facilities, now made available via network. Most of all, IT Operations took business continuity one step further by obtaining replications solutions that dramatically reduced application downtime even in the event of a disaster. This has allowed for continuous customer service even during emergency situations.

As a pivot point in the Bank's quest to leapfrog our competitors, with consideration of the impending ASEAN integration, ICTG takes the lead towards implementation of an integrated Core Banking solution (ICBS). The many features, functionalities and integration strength of the Core Banking System will provide our customer-facing and core departments with a time-to-market advantage in developing and deploying products; made possible by its many features and functionalities, integrating fundamental banking elements such as customer information and transaction history, tellering, liability and lending services.

A new department under the ICTG was also created. The Management and Information System (MIS) successfully spearheaded the Customer Information File (CIF) Consolidation and Data Cleansing. These initiatives were undertaken to prepare the Bank towards achieving a fully functional and beneficial ICBS.

ICTG is now more proactive, with all the valuable and relentless involvement of its contributing departments. Functioning together as one team, the group remains true to the enterprise goal of going beyond meeting customer requirements and efficiently providing services as well.

### Human Resources Management

The Human Resources Management Group (HRMG) continued to be the Bank's partner in building capable, motivated, committed, and results-oriented professionals through its work teams.

The Strategic Talent Sourcing (STS) Unit aggressively sourced for high potential recruits across the country, not only to fill-up approved vacancies but to continue to grow a cadre of potential

successors, through the Management Associates Program (MAP). In 2014, 30 out of 900 young, dynamic and passionate individuals surpassed the rigorous assessment procedures of MAP Batch VI. These young men and women who will successfully complete the Program will eventually be placed in critical roles at the Bank's forefront.

Strategic Talent Management (STM) Department, on the other hand, further reinforced talent growth and engagement. Three hundred sixty high performing employees were promoted. This is equivalent to 16% of DBP's total workforce – 52% of which are staff while the remaining 48% are junior and senior officers. Through its meticulous process of talent identification, the Bank's talent bench complements the growth and sustainability of DBP's leadership.

The Total Rewards, Provident Fund and HR Finance Department partnered with the HR Service Delivery Team in the design, implementation and administration of the Bank's compensation programs and rewards.

As an SSL-exempt entity, the Bank is able to grant emoluments, allowances and incentives in addition to the government-mandated benefits and SSL benefits. The Bank's Compensation Plan is competitive with that of the private sector. It is reflective of the Bank's compensation

philosophy of competitive pay for competitive performance. It adopts four core principles, namely: 1) rewards linked to business and individual performance; 2) strategic talent acquisition and retention; 3) incentives aligned with prudent risk-taking; and 4) encourage a long-term view to increase shareholder value and sustainability. Driven by these principles, compensation management takes into account the employee's performance consistency, seasoning, competency level, business performance, industry compensation level, and target comparative ratio based on the Bank's target positioning objective.

In 2014, two major incentives were implemented – the Performance-Based Bonus (PBB) and the annual Merit Increase Program (MIP) – which reinforced the Bank's compensation principles. The award size varied depending on the individual's performance relative to assigned targets, vis-à-vis that of his peers and its impact to the Bank's accomplishment. As a vehicle towards high performance culture, a number of Excellence Awards were conferred on individuals who exceeded performance targets and exemplified the Bank's core values.

The Bank has also established a contributory plan for the retirement benefits of its employees pursuant to R.A. No. 4537, through its Provident Fund. Through effective fund management and grant of loan facilities for its members, it continues to grow the Fund and



assist its members. As of 31 December 2014, it registered a net income of P129 Million from its total loan portfolio of P2.50 Billion and total investments of P1.09 Billion.

A remarkable 7.15 average training days per employee was posted versus target of five. A total of 57,000 training hours out of 360 internal, external and foreign training programs, attended by 83% of the Bank's total population was recorded by Learning and Organization Development (LOD) Department. Participation was from the top management through Good Governance and Risk Management Courses and Leadership Excellence series to the Bank's agents of development via the High Impact Bank Selling, Relationship Management, Project Finance, Moody's credit e-learning, Technical Due Diligence and Financial Inclusion Courses. 2014 also formalized the Organization Development Unit tasked to fortify unique leadership skills and traits and reinforce employee engagement.

The Human Resource Information Management (HRIM) Team complemented operational efficiency in HR service delivery in generating business analytics while driving the iHRIS Upgrading Project.

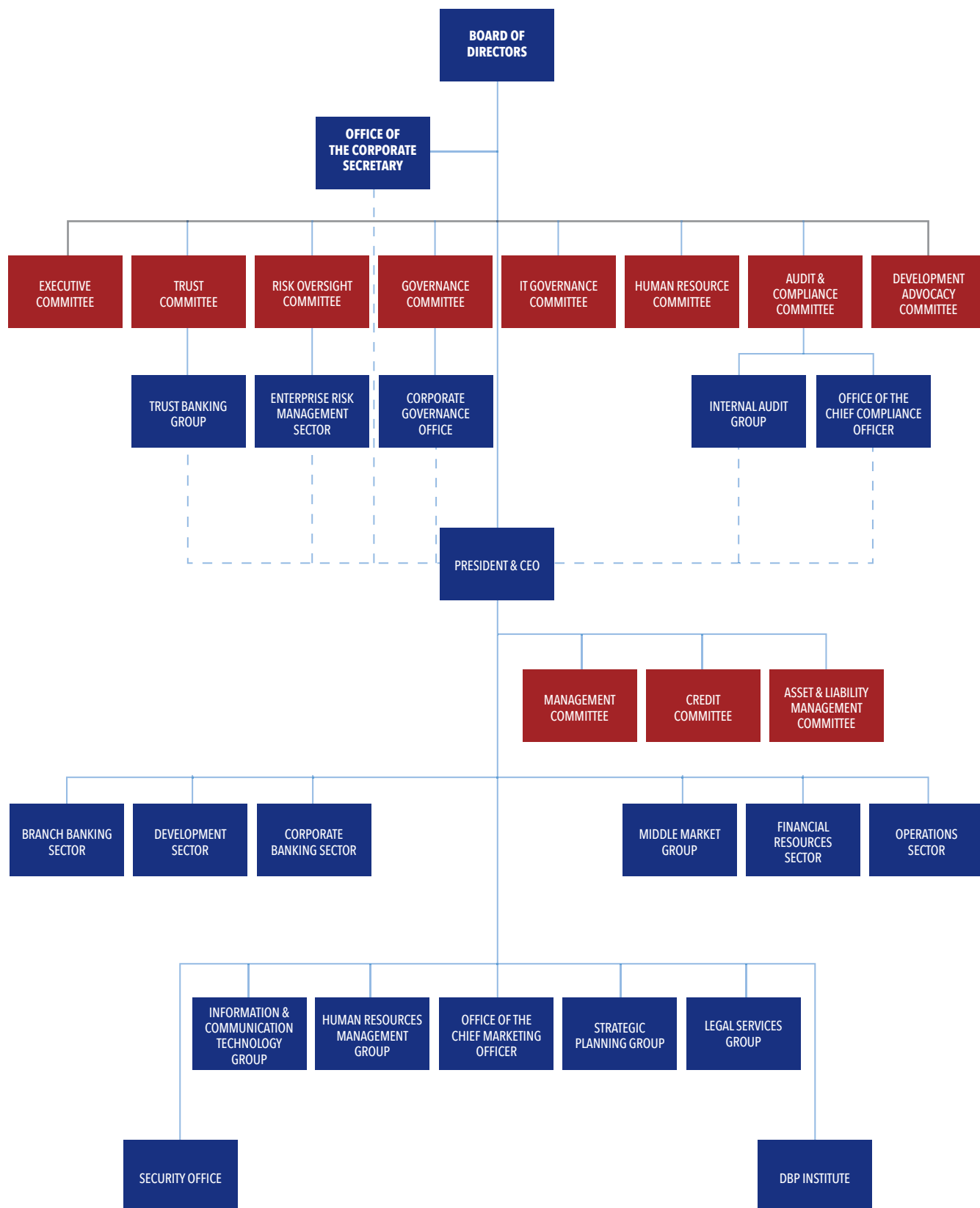
The HRMG believes that a healthy workforce contributes to the productivity of the Bank that is why the Health and Wellness Unit made it their primary commitment to promote health and wellness of DBP employees through its curative clinical services, disease prevention and health promotion campaigns. The Bank approved 8,164 medical and dental claims of employees and eligible dependents during the year.

As a corporate citizen, DBP, through the HRMG, accented Bank employee's volunteerism by facilitating the administration of the financial assistance drawn from employee contributions which were extended to a total of 120 employees and their families through the Calamity and Disaster Support Program (CDSP).



# TABLE OF ORGANIZATION AS OF DECEMBER 2014

## DEVELOPMENT BANK OF THE PHILIPPINES





# EMPOWERING DEVELOPMENT THROUGH INFRASTRUCTURE PROJECTS

Countryside Electrification. Power Generation and Distribution. Water Supply Services. Transportation and Logistics. Road Construction and Rehabilitation. DBP focuses on these key developmental priority areas which redound to the improvement of lives and the enhancement of Philippine competitiveness.

The Tarlac-Pangasinan-La Union Expressway or TPLEX Project is an 88.8-kilometer highway that links Metro Manila to the northern provinces of Luzon. It consists of three sections and starts at the tailend of the Subic-Clark-Tarlac Expressway or SCTEX. The project supports the development of new growth centers and facilitates north-south access to key destinations and agricultural production areas to stimulate trade and tourism. Commencing commercial operation in 2014, TPLEX is operated by Private Infra Development Corporation (PIDC), a subsidiary of conglomerate San Miguel Corporation that also provides management services, toll collection, road maintenance, traffic safety, and security management. DBP provided a syndicated term loan facility to PIDC to partially finance the design, construction, operation and maintenance of TPLEX, which will be completed in 2016.



DBP also remains steadfast in its commitment to support countryside development through rural electrification. Cognizant of the challenges in power generation faced by the country, DBP supported projects amounting to ₱5.02 Billion with an aggregate installed capacity of 337.26 MW, of which the bulk power capacity is in Mindanao.

Moving forward, the Bank is expected to further increase its loan portfolio for power generation projects of ₱5.72 Billion to support the economic growth of the country.

In 2014, DBP approved modular bunker fuel and coal-fired power projects amounted to ₱2.95 Billion. These power projects are expected to contribute an additional 319.70 MW of base and peak load capacity to help address the country's power supply requirement.

On power distribution, approved projects amounted to ₱5.82 Billion for 32 distribution utilities of which 30 are electric cooperatives. The Bank also extended term loans to seven distribution utilities worth a total of ₱1.95 Billion.

Under the Countryside Electrification Financing Program, the Bank extended loans to six electric cooperatives amounting to ₱1.22 Billion. These projects are expected to reduce the technical systems loss of 20,718,339 kWh that will result to an estimated savings of ₱93.39 Million. The projects will also generate an estimated fuel oil savings equivalent to 39,096 barrels translated to foreign exchange savings on oil import of \$3.84 Million per year.

DBP's total loan portfolio in the water supply sector stood at ₱13.28 Billion comprising 56 accounts, of which 43 are water districts. To further boost investment in the sector, the Bank established the Financing Program for Water Sector (FPWS) in June 2011. The program aims to increase the number of households with sustainable access to safe drinking water supply and enable Local Government Units, Water Districts, and Private Water Service Providers to expand the provision of water supply services to waterless areas. To date, the FPWS has funded 38 projects with an aggregate loan amount of ₱5.57 Billion and loan releases of ₱2.77 Billion. Since the approved amount exceeded the program target of ₱5 billion up to 2016, FPWS was expanded in terms of coverage and target amount of ₱20 Billion up to 2025.

DBP continues to expand its transportation and logistics programs with the inclusion of the Tourism Sector in the Connecting Rural Urban Inter-modal Systems Efficiently (CRUISE) program and enhancement of the Logistics Infrastructure Development Project (LIDP). As of year-end, loan releases to 52 infrastructure and logistics projects amounted to ₱6,511.70 Billion out of the ₱7,187.61 Billion approved projects. These are comprised of 36 LGUs and 16 from the private sector.

In 2014, loan releases to LGU projects for the construction and rehabilitation of roads, bridges, public markets and acquisition of heavy equipment units amounted to ₱372.71 Million. On the other hand, loan releases to private sector projects that were mainly for the acquisition of RORO vessels reached ₱910.41 Million.



# EMPOWERING SUSTAINABILITY

## THROUGH RENEWABLE ENERGY SOURCES

At the core of DBP's development mandate is environmental protection and the preservation and conservation of nature. Through various development initiatives, we vigorously pursue ecologically-sound practices to help spur sustainable growth country-wide.

The province of Aklan in the Western Visayas region is booming primarily because of its tourism industry. Power requirements are increasing especially in its main travel destination, the world-famous island of Boracay. PetroWind Energy, Inc. (PWEI), a unit of Philippine Stock Exchange-listed firm PetroEnergy Resources Corporation, invested in a renewable energy project at Nabas and Malay municipalities through a wind energy service contract issued by the Department of Energy, with funding from DBP. The 50 MW Nabas Wind Power Project is being developed in two phases – Nabas-1, with a capacity of 36 MW from 18 wind turbines, and Nabas-2, with a capacity of 14 MW from seven wind turbines. PWEI has committed to contribute to the country's power supply by utilizing clean, indigenous and renewable sources. This translates to zero pollution and no greenhouse gas emission during operation. Financing the PetroWind project will help the Government achieve energy independence through development of indigenous and renewable energy resources.



DBP's ecological campaign is known as the Green Financing Program, designed to assist private and public sectors in achieving production efficiency, global competitiveness in the fast-growing green markets, and compliance to environmental laws and regulations. These are achieved primarily by extending both financial and technical assistance to projects that integrate green processes and technologies in their operations such as cleaner production, water conservation, proper waste management, energy efficiency, air quality improvement, pollution prevention and pollution control.

The Bank's Environmental Development Project (EDP) is a policy-based lending facility from the Japan International Cooperation Agency (JICA) that provides long-term funds to support investments in industrial pollution prevention and control, solid and hazardous waste management, new and renewable energy, and water supply and sanitation.

As of 2014, loan approvals under EDP reached P19.55 Billion of which P7 Billion was released. A total of 23 accounts are under evaluation totalling P16.67 Billion. In the pipeline are 37 accounts amounting to P7.78 Billion.

In 2014, industrial pollution prevention and control projects approved under EDP amounted to P110.72 Million, while total releases amounted to P108.92 Million. Loan releases for solid waste management projects amounted to P191.23 Million while P83.03 Million was approved for a new project.

New and renewable energy projects approved under EDP amounted to

P5.79 Billion while total releases amounted to P488.96 Million. These include power distribution and transmission projects that connect to new and renewable energy plants.

As of year-end, loans approved under the Philippine Water Revolving Fund (PWRF) of the EDP reached P4.301 Billion with total loan releases of P3.21 Billion. The PWRF is already fully committed with a utilization rate of 96%. For 2014 alone, DBP approved water supply projects with loans totalling to P862 Million. It is expected that said projects will provide 533 liters per second additional volume of water supply and serve a total of 13,862 additional service connections. Overall, the recorded developmental and environmental contributions of these projects include additional 545,688,101 cubic meters per year of revenue water, and additional service connections of 88,604 who now enjoy 41.71 million cubic meters per year of water supply.

Under the EDP, the Bank granted loans to new and renewable energy projects for the year amounting to P2.07 Billion. These are expected to contribute 17.56 MW of additional capacity that will result to an estimated fuel oil savings equivalent to 166,460 barrels translated to foreign exchange savings on oil imports of \$17.64 Million per year. These are also expected to contribute to the global effort of reducing greenhouse gas emission at approximately 42,745 tons of CO<sub>2</sub> per annum.

In support of the Biofuels Act, DBP and four other banks extended loans totalling P1.78 Billion to finance a bio-ethanol production plant. As of the first half of 2014, the project produced 14,639,331 liters of bio-ethanol and exported 3,593,150 kWh of electricity to the Visayas grid.



# EMPOWERING ENTREPRENEURS THROUGH SME FINANCING

DBP is a reliable ally in the development of micro, small and medium enterprises. The Bank's credit facilities include the Inclusive Lending for Aspiring Women Entrepreneurs, the Small and Medium Investment and Loans for Entrepreneurs, and the Bankability Enhancement for Setup Technopreneurs.

Emeretha S. Daniel is a B.S. Industrial Engineering graduate who manages Nooks International, a knitting company based in the Southern Luzon provinces of Batangas, Cavite and Laguna. Nooks created micro-enterprises run by husband-and-wife teams as sub-contracted production partners, thereby eliminating indirect labor costs and other overhead expenses. With the high cost of imported cotton which is in limited supply locally, the company found an alternative raw material abundant in the Philippines— pineapple leaf fiber. Nooks was the first in the world to turn this uniquely Filipino fiber into yarn that is five times stronger than cotton and exceptionally resistant to salt, vapor and traction. Through a loan from DBP, Nooks was able to purchase multi-fiber decorticating machines developed by the Fiber Industry Development Authority that increased the quantity of extracted fiber.



## **Sustainable Enterprises for Economic Development (SEED)**

DBP has enhanced its Sustainable Enterprises for Economic Development (SEED) Program, its umbrella program for micro, small and medium enterprises (MSMEs), with two new lending facilities namely: the Inclusive Lending for Aspiring Women (ILAW) Entrepreneurs and Bankability Enhancement for SETUP Technopreneurs (BEST).

The ILAW Program provides a special credit facility to support the development and growth of the various business endeavors of women entrepreneurs. The program specifically seeks to harness the potential and capabilities of women as catalysts for job creation and local economic development; contribute towards the improvement of human development measures on education, nutrition and health by financing women entrepreneurial activities; and promote the further integration of women as full and equal partners of men in development and nation building.

The DBP-BEST Program offers loan assistance for SETUP beneficiaries from the Department of Science and Technology (DOST). It includes the provision of a working capital line, term loan for equipment acquisition (except those covered under DOST-SETUP) and other capital expenditures, letters of credit for trade transactions and other facilities needed by MSMEs.

DOST employees are being oriented on credit evaluation to enable them to effectively endorse to DBP prospective borrowers under their SET-UP Program. DBP provides resource persons during seminars and workshops on credit evaluation conducted by DBP and DOST. The cooperation between DBP and DOST under the BEST Program provides awareness for the SET-UP beneficiaries to expand their operations and transitions for formal banking.

More defined MSME lending direction and better supervision were noted with the creation of the SME+ Development Group. In 2014, both the Small and Medium Investment and Loans for Entrepreneurs (SMILE) and the SME Wholesale departments of the Bank exhibited positive performance.

Still in the transition period from a non-lending to a lending Department, 2014 marked the standardization of the processes involved in SME lending by the SMILE Department. A total loan portfolio of P2.80 Billion was processed and booked in 2014 under the SMILE Department. Total loan releases amounted to P1.73 Billion, benefiting 650 borrowers.

On the other hand, loan releases under the wholesale lending to MSMEs reached a total of P4.30 Billion in 2014, channelled through PFIs/MFIs/NGOs of which P2.70 Billion were for MSMEs. Total number of MSME beneficiaries reached 15,479. Releases were funded principally by IGLF amounting to P3.27 Billion.

## **Credit Surety Fund Program**

The Credit Surety Fund (CSF) Program was developed by the Bangko Sentral ng Pilipinas (BSP) to help address the requirements for collateral faced by MSMEs when obtaining loans from banks. The Bank participates as a contributor to the fund, trustee bank, and lender to the participating cooperatives and its qualified members.

DBP has participated in all 37 CSFs, established nationwide. In 2014, DBP participated in the following CSFs: Bataan, Quezon City, Marikina City, Agusan del Norte, Butuan City, San Jose City, Science City of Muñoz, and Nueva Vizcaya. To date, the Bank has allocated P74.25 Million to the CSF Program and has subsequently released a total of P41.30 Million to various CSFs already launched.

The Bank was named Outstanding Program Partner for the CSF Program by the BSP in 2014 during the recent Awards Ceremony and Appreciation Lunch for BSP Stakeholders.

## **Integrated Sustainable Agribusiness Financing Program (ISAFP)**

The Sustainable Agribusiness Program (SAFP) is a 2014 rationalized credit program for all agriculture related credit facilities including those for crops, livestock, poultry and aqua-culture. Among the ISAF sub-programs are the facilities for high value commercial crops and organic farming and the loans to farmers and fisherfolks for projects from production, post-harvest, processing to marketing of products. Thirty-seven (37) agribusiness projects amounting to P623.11 Million were approved in 2014. Total releases for the year totalled P5.20 Billion for 63 projects.

## **Tree Plantation Financing Program (TPFP)**

The TPFP is a credit assistance program for the expansion, harvesting, maintenance and protection of existing tree plantations with at least four-year-old standing trees in at least 1% of the plantation area of qualified private and public land. The amount available for the facility is P2 Billion to help increase the number of trees planted as a mode for addressing climate change and reactivate wood-based industries.

DBP signed a memorandum of agreement with a palm oil company and palm oil growers association for the planting of oil palm in at least 3,000 hectares and the establishment of a 30-tonner milling plant in Bukidnon. Initial project cost is estimated at P80 Million that can cover 800 hectares expandable to additional 2,200 hectares with an estimated project cost of P220.00 Million. As of end 2014, loan approval under the program amounted to P100.40 Million.



# EMPOWERING COMMUNITIES THROUGH HOUSING INITIATIVES

In 2014, DBP integrated all shelter projects under the Bank's Residential Real Estate Financing Program. This is in line with our commitment to help address the country's massive housing backlog and support community development throughout the archipelago.

After Hausland Development Corporation's humble beginnings as a buyer of foreclosed properties from the Government Service Insurance System and the Social Security System, it took a bold step in 1992 and ventured into urban housing. Hausland became the country's first Kabalikat sa Pabahay Developer Awardee in 2003 and thereafter improved its branding by developing housing projects that are not only economical, but also state-of-the-art and modern in style. Aiming to be the prime provider of affordable quality homes, its projects include the Mirus and Nouveau Residences under the HomExperience brand, catering to young executives in the low-middle and middle income groups. DBP supported this project through a P255 Million credit line to Hausland to finance around two-thirds of the firm's working capital requirements.



The Bank has developed responsive social services programs with four delineated sectors, namely: Housing, Health Care, Education and Basic Sectors.

## Health Care

The Sustainable Health Care Investment Program (SHCIP) is a US\$100 Million health care financing facility exclusively funded by the Kreditanstalt für Wiederaufbau-Sustainable Health Care Investment Project (KfW-SHCIP) and Asian Development Bank-Credit for Better Health Care Project (ADB-CBHCP).

As of year-end, SHCIP boasts of P2.52 Billion total loan releases to the country's health care system and assistance to 44 hospitals located mostly in unserved and underserved areas. In 2014, a total of P510.53 Million loan disbursements were made under the SHCIP, of which P288.85 Million was financed by KfW and P221.68 Million by ADB.

## Housing

In 2014, the Bank launched the Residential Real Estate Financing Program (RRFP) to rationalize its development approach to the shelter sector and direct investments towards innovative shelter finance initiatives such as housing microfinance and cooperative housing. With a P1.35 Billion strong program pipeline in shelter and community development projects, the Bank stands to potentially contribute an additional 769 shelter units towards the alleviation of the country's shelter backlog. This is in addition to assisting other community development and commercial infrastructure projects that include the development of commercial spaces, construction of dormitories, improvement of parks and playgrounds and other projects that aim to improve the overall community living of Filipino families. As of end-2014, loan releases under the program totalled P665.81 Million.

## Education

Through the years, DBP has remained focused on contributing to nation-building while generating substantial gains to sustain

its development operations. The Bank supports the Millennium Development Goals (MDGs) and Philippine Development Plan in education by complementing the targets of "Education for All (EFA)" and pursuing higher education linked with employment opportunities.

To address chronic shortages in school facilities and improve accessibility and quality of education in the country, DBP continued to promote infrastructure development for the education sector through the P10 Billion DBP Financing Program for Education (FiPE). The FiPE includes as eligible borrowers micro finance institutions, non-government organisations, cooperatives, training centers and similar organisations supporting the delivery of education services anywhere in the country. It incorporates additional attention to the following: technical education; other education programs, such as Early Childhood Programs, including Kindergarten, Alternative Learning Systems, Out-of-School-Youth Programs, Adult Learning Programs, Voc-Tech Programs and other technology-based education systems; other providers of education services, such as non-government organisations, foundations, cooperatives and similar entities duly accredited with government bodies. It shall also encourage Public-Private Partnerships and similar arrangements.

DBP's total loan portfolio as of end 2014 reached P1.62 Billion from total approval of P2.31 Billion comprising 124 projects. These projects generated more classrooms and other school facilities such as libraries, laboratories and function rooms. More than 80 student borrowers also benefitted from the Bank's student assistance loan proceeds.

DBP will carry on its mandate in terms of program management, marketing, monitoring and evaluation to ensure the consistency and quality of the Bank's program vis-a-vis the country's overall development strategy in education.

# RISK MANAGEMENT

## Highlights

The Bank continued to exhibit preparedness and ability to absorb shocks in its pursuit of financial strength and viability to sustain its development efforts. In 2014, DBP sustained its profitable operations and posted a Capital Adequacy Ratio (CAR) of 21.25% on a consolidated basis. This is more than twice the BSP's regulatory minimum of 10% CAR. Further, it posted CET1 and Tier 1 ratios of 13.77% on a consolidated basis, above regulatory thresholds. The Bank places emphasis on maintaining a better-than-industry capital ratio to ensure availability of sufficient resources in pursuing DBP's mandate.

DBP is committed to maintain this strong capital position. Overall risk positions and capital levels are regularly reviewed and monitored to ensure that the Bank is sufficiently capitalized. Integrated stress testing is conducted to provide a comprehensive enterprise-wide assessment of the Bank's vulnerabilities, results of which serve as basis for determining capital buffer for shocks.

With the implementation of the BSP-issued Circular 639 requiring all UKBs to adopt the Internal Capital Adequacy Assessment Process (ICAAP), DBP has adopted the "Pillar I Plus" approach to account for additional capital provisions for non-Pillar I risks such as credit concentration risk, interest rate risk in the banking book, liquidity risk, strategic risk, compliance risk and reputational risk. The Bank has undergone efforts to institutionalize the ICAAP by successfully integrating it in its Strategic Planning Exercise and Enterprise Risk Management (ERM) framework.

## Management of Risk

The responsibility of risk management resides in all levels of the organization with the Board of Directors being ultimately responsible for the overall risk of the Bank.

The Board sets the tone and risk tolerance level by articulating the risk appetite and establishing the risk management strategy for the Bank. The Bank's Board of Directors takes the lead in promoting a culture of risk-awareness throughout the institution. The Enterprise Risk Management (ERM) Sector recommends policies and methodologies. Risk and capital management is then performed at all levels of the organization, instituting a culture of risk awareness and a risk-based approach to decision-making.

Management of risk is guided and monitored by various Bank committees such as the Risk Oversight Committee (ROC), Governance Committee, Development Advocacy Committee, Audit and Compliance Committee, Executive Credit Committee (CRECOM), Financial Risk Management Sub-committee (FRMC), Asset & Liability Management Committee (ALCO), Management Committee (ManCom), and IT Steering Committee, among others. Management and the Board are provided with detailed analysis of the Bank's portfolio and a comprehensive assessment of its overall risk profile to serve as guide in strategy formulation.

The Bank follows an Enterprise Risk Management (ERM) framework which integrates Strategic Planning, the ICAAP and Business Continuity Planning (BCP). The ERM involves risk assessment and identification from which formulation of risk management strategies emanates. Strategies take into account capital implications and other requirements to ensure continuity of developmental service to the nation. These risk strategies, when implemented, are subject to monitoring and further evaluation with the aim of continually improving the risk management process. Capital adequacy rounds these up as it is needed to ensure financial stability as objectives are achieved even as risk management is enhanced.

## Credit Risk

Credit risk is the Bank's biggest risk exposure arising mainly from its lending, trade-financing, treasury and underwriting businesses. Past Due and Non-Performing Loans have consistently been kept at single-digit levels, reflective of its ability to manage credit exposure effectively, while keeping its mandate as a development bank.

Given the Bank's primary thrust of financing development to stimulate economic activities across the nation, the Bank's loan portfolio is generally concentrated on developmental loans, typically characterized by large and long-term exposures to priority sectors. DBP actively performs its primary role of financing development in the priority areas of Government, including infrastructure and logistics, environment, micro, small and medium enterprises (MSMEs), and social services and community development, manufacturing, among others.

The Bank manages its credit risk at all relevant levels of the organization through its credit evaluation and assessment process, credit policies and controls and monitoring structures. The Bank has an established credit limit structure which provides for safeguards to manage credit concentration risk brought about by significant exposures to single name/group borrowers, industry sectors and DOSRI. Credit risk mitigation is likewise employed through the acceptance of eligible collaterals and guarantees. An internal credit risk rating system (ICRRS) enables monitoring of the portfolio risk level and individual credits, accounts needing remedial action and adequacy of reserves for loan losses.

The Bank makes use of the standardized approach under the Basel framework to determine required capital levels on account of its credit risk exposures. The Bank's total credit risk weighted assets as of December 2014 amounted to P215.27 Billion, broken down as follows:

<b>Credit Risk-Weighted Assets</b> (In million pesos)	<b>Group</b>	<b>Parent</b>
Total Risk-Weighted On-Balance Sheet Assets (Schedule A)	203,370	201,324
Total Risk-Weighted Off-Balance Sheet Assets (Schedule B)	12,007	12,007
Total Counterparty Risk-Weighted Assets in Banking Book (Derivatives and Repo-style Transactions) (Schedule C)	440	440
Total Counterparty Risk-Weighted Assets in Trading Book (Derivatives and Repo-style Transactions) (Schedule D)	69	69
Total Gross Risk-Weighted Assets	215,886	213,839
Deductions	612	123
<b>TOTAL CREDIT RISK-WEIGHTED ASSETS</b>	<b>215,274</b>	<b>213,717</b>

<b>Schedule A - Group ON-BALANCE SHEET ASSETS</b> (In million pesos)	<b>Total Credit Risk Exposure after Risk Mitigation</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Total Credit Risk- Weighted Assets</b>
Cash on Hand	2,643	-	-	-	-	-	-
Checks and Other Cash Items	108	108	-	-	-	-	22
Due from Bangko Sentral ng Pilipinas (BSP)	104,327	-	-	-	-	-	-
Due from Other Banks	16,996	4,911	11,617	-	467	-	7,258
Financial Assets Designated at Fair Value through Profit or Loss	-	-	-	-	-	-	-
Available-for-Sale (AFS) Financial Assets	59,413	311	10,653	-	17,900	-	23,289
Held-to-Maturity (HTM) Financial Assets	69,177	-	8,363	-	8,511	-	12,692
Unquoted Debt Securities Classified as Loans	38,171	945	3,141	-	34,084	-	35,844
Loans and Receivables	116,443	5,143	8,215	4,079	96,046	2,598	108,138
Loans and Receivables Arising from Repurchase Agreements, Certificates of Assignment/ Participation with Recourse, and Securities Lending and Borrowing Transactions	6,743	-	-	-	-	-	-
Sales Contract Receivable	25	-	-	-	8	18	34
Real and Other Properties Acquired	1,537	-	-	-	-	1,537	2,305
Total Exposures, Excluding Other Assets	415,583	11,419	41,989	4,079	157,017	4,152	189,582
Other Assets	6,300	-	-	-	13,788	-	13,788
Total Exposures, Including Other Assets	421,883	11,419	41,989	4,079	170,805	4,152	203,370
Total Risk-weighted On-Balance Sheet Assets not covered by CRM							421,883
Total risk-weighted On-Balance Sheet Assets covered by CRM							41,527
<b>TOTAL RISK-WEIGHTED ON-BALANCE SHEET ASSETS</b>							<b>463,410</b>

<b>Schedule A - Parent ON-BALANCE SHEET ASSETS</b> (In million pesos)	<b>Total Credit Risk Exposure after Risk Mitigation</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Total Credit Risk- Weighted Assets</b>
Cash on Hand	2,628	-	-	-	-	-	-
Checks and Other Cash Items	108	108	-	-	-	-	22
Due from Bangko Sentral ng Pilipinas (BSP)	103,898	-	-	-	-	-	-
Due from Other Banks	16,782	4,911	11,617	-	254	-	7,045
Financial Assets Designated at Fair Value through Profit or Loss	-	-	-	-	-	-	-
Available-for-Sale (AFS) Financial Assets	59,363	311	10,653	-	17,900	-	23,289
Held-to-Maturity (HTM) Financial Assets	69,168	-	8,363	-	8,502	-	12,684
Unquoted Debt Securities Classified as Loans	38,171	945	3,141	-	34,084	-	35,844
Loans and Receivables	115,339	5,143	8,215	4,079	94,942	2,598	107,034
Loans and Receivables Arising from Repurchase Agreements, Certificates of Assignment/ Participation with Recourse, and Securities Lending and Borrowing Transactions	6,743	-	-	-	-	-	-
Sales Contract Receivable	25	-	-	-	8	18	34
Real and Other Properties Acquired	1,537	-	-	-	-	1,537	2,305
Total Exposures, Excluding Other Assets	413,762	11,419	41,989	4,079	155,691	4,152	188,256
Other Assets	5,580	-	-	-	13,068	-	13,068
Total Exposures, Including Other Assets	419,342	11,419	41,989	4,079	168,759	4,152	201,324
Total Risk-weighted On-Balance Sheet Assets not covered by CRM							419,342
Total risk-weighted On-Balance Sheet Assets covered by CRM							41,527
<b>TOTAL RISK-WEIGHTED ON-BALANCE SHEET ASSETS</b>							<b>460,870</b>

Schedule B  
OFF-BALANCE SHEET ASSETS  
(In million pesos)

	Group	Parent
Direct credit substitutes (e.g. general guarantees of indebtedness and acceptances)	3,478	3,478
Transaction-related contingencies (e.g., performance bonds, bid bonds, warranties and stand-by LCs related to particular transactions)	8,337	8,337
Trade-related contingencies arising from movement of goods (e.g., documentary credits collateralized by the underlying shipments) and commitments with an original maturity of up to one (1) year	192	192
Other commitments which can be unconditionally cancelled at any time by the bank without prior notice and those not involving credit risk	-	-
<b>TOTAL RISK-WEIGHTED OFF-BALANCE SHEET ASSETS</b>	<b>12,007</b>	<b>12,007</b>

Schedule C  
COUNTERPARTY ASSETS IN THE BANKING BOOK  
(In million pesos)

	Group	Parent
A. Derivative Exposures	-	-
1. Interest Rate Contracts		
2. Exchange Rate Contracts		
B. Counterparty Exposures arising from Financial Assets Sold/Lent under Repurchase Agreements, Certificates of Assignment/ Participation with Recourse, Securities Lending and Borrowing Agreements (Repo-style Transactions)	440	440
<b>TOTAL COUNTERPARTY RISK-WEIGHTED ASSETS IN THE BANKING BOOK</b>	<b>440</b>	<b>440</b>

Schedule D  
COUNTERPARTY ASSETS IN THE TRADING BOOK  
(In million pesos)

	Group	Parent
A. Derivative Exposures		
1. Interest Rate Contracts	1	1
2. Exchange Rate Contracts	68	68
<b>TOTAL COUNTERPARTY RISK-WEIGHTED ASSETS IN THE TRADING BOOK</b>	<b>69</b>	<b>69</b>

## MARKET RISK

A major source of market risk for the Bank is in the form of price and foreign currency risk from its Treasury activities. Trading and investments activities are carried out mainly to manage residual funds from the Bank's lending activities.

While capital requirements are accounted for using the standardized approach, DBP makes use of Value at Risk (VaR) calculations and stress tests and scenario analysis to monitor its risks arising from trading positions to determine the Bank's ability to withstand severe and prolonged adverse market conditions.

The table below provides a summary of Parent Company's VaR profile, by risk class for 2014:

	2014 Year end	December 2013 - December 2014			2013 Year end
		Average	Min	Max	
In PhP Millions					
Fixed Income Trading	50.58	41.63	0.00	158.15	27.44
Foreign Exchange Trading	3.80	14.17	0.02	66.77	5.08

As of end 2014, total market risk weighted assets stood at PhP1.9 billion, of which, 83% is accounted for by interest rate exposures.

<b>MARKET RISK-WEIGHTED ASSETS</b>			
(In million pesos)		<b>2014</b>	<b>2013</b>
A.	Using Standardized Approach		
1.	Interest Rate Exposures	1,569	516
2.	Equity Exposures	0	0
3.	Foreign Exposures	330	244
4.	Options	-	19,825
<b>TOTAL MARKET RISK-WEIGHTED ASSETS</b>		<b>1,900</b>	<b>20,585</b>

Market Risk Management Department – Market and Liquidity Risk Unit (MRMD-MLRU) handles risk management for the Bank's Treasury operations. MRMD-MLRU provides Board, Senior Management and Treasury with comprehensive analytics for market risk. Said business unit establishes and monitors parameters imposed on the Bank's trading portfolio to ensure that the risk tolerance established by the Board of Directors is properly implemented. The trading parameters include exposure and loss limits both on a portfolio and per trader basis. It also includes a set of rules that restrict the type of financial assets that can be traded by the Bank and control mechanisms to ensure that only capable individuals are allowed to trade and all transactions are dealt above board, transparent and with strict adherence to ethical standards.

### Liquidity and Interest Rate Risk

The Bank's funding profile is different from typical commercial banks which are largely dependent on their deposit base. Being a development bank, it has access to ODA facilities from foreign governments and supranational development banks, as well as other agencies which provide funds characterized by stability, longer tenors and lower interest rates.

The Bank designed the liquidity risk management process with three elements: (1) the Maximum Cumulative Outflow (MCO), (2) stress testing, and (3) the Contingency Funding Plan. This design helps ensure the Bank's ability to meet its maturing obligations, which can be subject to uncertainty resulting from external events and changes in other risk factors.

The Bank has instituted liquidity risk controls taking into account the MCO in both its domestic and foreign currency books. The Bank also employs Liquidity Ratio analyses to determine significant changes in its liquidity profile and identify potential points of liquidity stress and serve as gauge for industry comparison.

	DBP Ratios	Industry Ratio <sup>1/</sup>
Stable Funding vs. Non-Liquid Assets	43%	13%
Liquid Assets vs. Volatile Funding	60%	43%
Liquid & Less Liquid Assets vs. Volatile Funding	68%	45%
Key Liquidity Provider Sourced Funding vs. Total Liabilities	18%	2%
Liquid Assets Ratio	40%	36%

*1/Top 10 universal banks in terms of assets excluding DBP as of September 30, 2014*

The Bank makes use of various tools in managing interest rate risk including the Interest Rate Gap (IR Gap), and Earnings at Risk (EaR) methodologies. The IR Gap is used to identify timing differences in the repricing of assets and liabilities to measure the effect on the Bank's net interest income as a result of interest changes on the balance sheet. The greater these timing differences (commonly known as Repricing Mismatch), the greater the Bank's risk of loss from interest rate shifts. The IR Gap is constructed by slotting interest rate sensitive assets and liabilities according to their repricing dates or maturity, whichever comes first. However, there are a few specific assumptions used:

- Time deposits reprice a certain period after their repricing/maturity date based on historical statistical analysis.
- Demand and savings deposits reprice at the earliest time bucket.

The Bank also uses the Earnings-at-Risk methodology to measure potential earning impact on the Bank's accrual portfolio. Similar to the VaR concept, it measures the loss potential as a result of adverse market movement under normal events but specific to interest rate shifts. The Bank's IR Gap and EaR is regularly reported to the Risk Oversight Committee. Interest rate risk is managed through a structure of limits which define the Bank's tolerance to losses brought about by interest rate movements. This is complemented by regular stress testing which measures the Bank's ability to absorb interest rate shocks.

The following table shows the impact of reasonable changes in interest rates to the Bank's net income as of December 2013 and December 2014 (amounts in PhP Millions):

Impact of Change in Interest Rate to Net Income  
(In million pesos)

Currency	-200 bps	-100 bps	-50 bps	50 bps	100 bps	200 bps
<b>2013</b>						
PHP	530	265	133	(133)	(265)	(530)
USD	766	383	192	(192)	(383)	(766)
JPY	9	5	2	(2)	(5)	(9)
<b>2014</b>						
PHP	1,146	573	287	(287)	(573)	(1,146)
USD	558	279	140	(140)	(279)	(558)
JPY	11	5	3	(3)	(5)	(11)

MRMD Market and Liquidity Risk Unit (MLRU) handles risk management for the Bank's liquidity and interest rate risks exposures. MLRU establishes the parameters for the liquidity and interest rate risk management tools such as MCO, EaR and IR Gap. More importantly, analysis of the results of these monitoring tools is provided to Treasury, Senior Management and Board to guide decision-making.

### Operational Risk

The Bank's operational risk capital charge is determined using the Basic Indicator Approach (BIA). An analysis of the Bank's historical loss experience based on data reported and captured via the Enhanced Operational Loss Monitoring Module (eOLMM), an automated system for tracking operational losses, complements the results of the BIA.

The operational risk capital charge is obtained by multiplying the computed average gross income by a specified factor. Capital allocated for operational risk is currently at PhP2.06B.

<b>OPERATIONAL RISK-WEIGHTED ASSETS</b>		
(In million pesos)		
	<b>2014</b>	<b>2013</b>
Using Basic Indicator Approach (BIA)		
Year 3	1,637	1,680
Year 2	1,635	1,637
Year 1	1,668	1,635
Average	1,647	1,651
Adjusted Capital Charge	2,058	2,063
<b>TOTAL OPERATIONAL RISK-WEIGHTED ASSETS</b>	<b>20,583</b>	<b>20,634</b>

Risk and Control Self-Assessment (RCSA) is conducted across the institution to identify risk areas and vulnerabilities. Top level risk assessment is performed by the Board and Senior Management in its annual Strategic Planning exercise. This is complemented by a bottom-up RCSA conducted by business units, wherein high risk areas given the functions of the units are identified and risk responses are determined.

### Business Continuity Management

Recognizing the Bank's vulnerability to losses resulting from operational disruptions due to internal factors such as power outage, system downtime and external factors such as natural disasters, terrorist attacks and pandemic illness, among others, the Bank continually exerts efforts to improve its business continuity management including disaster preparedness. The Bank regularly reviews and enhances its Business Continuity Manual to adopt industry best-practices and ensure that the Bank's core business operations continue to function in the event of business disruption or disaster. Regular tests are scheduled and performed to ensure the ability of all Bank units to recover their business operations. Complementing the detailed contingency measures, the Bank's disaster recovery facilities are regularly assessed and maintained with a view towards the Bank's recovery requirements, including critical application systems, equipment and supplies.

### Compliance And Legal Risk

Through the Office of the Chief Compliance Officer (OCCO), DBP implements a Compliance Program which includes a regular compliance risk testing of business units. The OCCO also has an Information Security Office which ensures implementation of and monitors compliance with the Bankwide Information Security policy, standards, procedures and/or guidelines with the aim of achieving information confidentiality, integrity, availability, and accountability for the Bank. Meanwhile, legal risk is centrally managed, through the Legal Services Group, via control structures such as Legal Office sign-off procedures, issuance of legal opinions, continuous training and awareness campaigns.

In an effort to prevent money laundering through the Bank, it has adopted Know Your Customer (KYC) policies. Each business unit is required to validate the true identity of a customer based on reliable identifying documents/records before an account may be opened. For high net worth individuals whose sources of funds are unclear, a more extensive due diligence is exercised. Decisions to enter into a business relationship with a high risk customer, such as a politically exposed person or an individual holding a prominent position, are made exclusively at the senior management level.

To assess the capital requirements for compliance risk, the Bank considers the sum of the highest historical fines and penalties (already settled and therefore acting as buffer) and the total potential fines and penalties. Meanwhile, to assess the capital impact of compliance risk-related legal risk, the following were considered in the computation of capital charge: (1) the amount involved, (2) probable result, and (3) amount of possible liability / loss for ongoing cases that were identified by the litigation lawyers. The estimated capital charge for Compliance and Legal Risks are part of the annual Internal Capital Adequacy Assessment Process (ICAAP).

### Reputation Risk

As a government financial institution dealing with public funds, trust is of paramount importance to the Bank as the success of its operations is anchored on credibility and integrity. In all business undertakings, the Bank preserves its good name and lives up to its mandate of being a primary driving force for the country's development. This proactive stance is taken to manage its reputation risk, which is not easily measurable. Most importantly, it protects the reputation that took years to build, but will take an instant to tarnish. Even crafting and predicting the whole range of scenarios under which this could ensue is difficult. Potential repercussions may even be huge since a bank's business is built on trust, and it may be entirely impossible to quantify precisely the effects.

Hence, the Bank actively implements marketing and promotional campaigns to build up its image as a proactive development financial institution. This includes offering a line-up of responsive products and services, as well as outreach activities including scholarship and reforestation programs as part of its Corporate Social Responsibility. Should negative publicity arise involving the Bank, clarifications are immediately undertaken to protect the Bank's good name, with a dedicated department handling media relations and external communications. Apart from these, good corporate governance policies have been adopted and are being observed by the Bank in its day-to-day operations. The Bank also exercises prudence in its lending and investing operations to protect its reputation. The Bank's Corporate Affairs handles media relations and external communications.

### Strategic Risk

DBP as a government financial institution pursues the strategic direction of the National Government, encapsulated in the DBP Balanced Scorecard. This contains DBP's commitment to deliver its core development mandate that supports the national agenda of inclusive growth and poverty reduction. The scorecard also highlights the Bank's continued pursuit of financial strength and viability to sustain its development efforts.

Strategic risk is the potential risk to earnings and capital of inappropriate business decisions and implementation and/or inability to adequately respond to changing business environment.

Strategic risk is qualitatively assessed, and its management involves setting the strategy, deploying resources, monitoring implementation, and being aware of opportunities and threats. Business plans are aligned with the Bank's strategic thrusts and directions as determined by the Board and Senior Management, with the associated risk assessments taken into consideration in the formulation of risk management strategies and determination of capital requirements. Periodic review of actual performance versus set objectives is done by the Management Committee and the Board. Responsiveness to macroeconomic and industry changes is provided by continuous awareness by various Bank units to opportunities and threats, resulting in tactical revisions of specific business plans.

### Capital Structure And Capital Adequacy

Effective January 1, 2014, the Group complied with BSP issued Circular No. 781 (series of 2013) or the Basel III Implementing Guidelines on Minimum Capital Requirements. This provides the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi-banks, in accordance with the Basel III standards.

The Circular sets out a minimum Common Equity Tier 1 (CET1) ratio of 6.00% and Tier 1 capital ratio of 7.50% and also introduced a capital conservation buffer of at least 2.50% comprised of CET1 capital. The existing requirement for Total Capital Adequacy Ratio (CAR) remains unchanged at 10.00% and these ratios shall be maintained at all times.

Basel III also requires that existing capital instruments as of December 31, 2010 which do not meet the eligibility criteria for capital instruments under the revised capital framework shall no longer be recognized as regulatory capital. In addition, under Section 4 of the Circular, capital instruments issued under BSP Circular Nos. 709 and 716 (the circulars amending the definition of qualifying capital particularly on Hybrid Tier 1 and Lower Tier 2 capitals) and before the effectivity of BSP Circular No. 781, are recognized as qualifying capital until December 31, 2015.

The Group and the Parent Bank have complied with all externally imposed capital requirements throughout the year.

Prior to January 1, 2014, the risk-based capital ratio is computed in accordance with BSP Circular No. 538 or Basel II.

On a consolidated basis, the Bank's Total Qualifying Capital amounted to P50.52 Billion with Common Equity Tier 1 (CET1) Capital accounting for 65% and Tier 2 Capital at 35% or P17.79 Billion:

<b>CAPITAL ADEQUACY</b>		
(In million pesos)		
	<b>Group</b>	<b>Parent</b>
Qualifying Capital		
Common Equity Tier 1 (CET1) Capital	32,730	31,584
Tier 1 Capital	32,730	31,584
Tier 2 Capital	17,786	17,765
<b>TOTAL QUALIFYING CAPITAL</b>	<b>50,516</b>	<b>49,349</b>
<b>CAPITAL CONSERVATION BUFFER</b>	<b>18,465</b>	<b>17,426</b>
Risk-Weighted Assets (RWA)		
Credit RWA	215,273	213,716
Market RWA	1,900	1,900
Operational RWA	20,583	20,359
<b>TOTAL RWA</b>	<b>237,756</b>	<b>235,975</b>
Qualifying Capital Requirements (10.0% of RWA)		
Credit Risk	21,527	21,372
Market Risk	190	190
Operational Risk	2,058	2,036
<b>TOTAL QUALIFYING CAPITAL REQUIREMENT</b>	<b>23,775</b>	<b>23,598</b>
<b>CET 1 Ratio</b> (CET 1 Capital ÷ Total RWA)	13.77%	13.38%
<b>Tier 1 Ratio</b> (Tier 1 Capital ÷ Total RWA)	13.77%	13.38%
<b>Capital Adequacy Ratio (CAR)</b> (Qualifying Capital ÷ Total RWA)	21.25%	20.91%

Capital requirement (equivalent to 10% of risk-weighted assets) for credit risk is at P21.53 Billion, P190 Million for market risk and P2.06 Billion for operational risk. The Bank's risk-based CAR of 21.25% is well above the 12.5% internal and 10% regulatory minimum, while CET1 and Tier 1 ratios are calculated at 13.77%. On top of the 6.0% minimum CET1 capital requirement, the Bank posted P18.47 Billion as Capital Conservation Buffer (CCB).

The Bank posted solo CAR, Tier 1 and CET1 ratios of 20.91%, 13.38% and 13.38%, respectively, as of end-2014.

Common Equity Tier 1 capital, Tier 1 capital and Qualifying capital are computed in accordance with the provisions of Part II of BSP Circular. 781. Further, risk weighted assets (RWA) is the sum of (1) credit-risk weighted assets, (2) market risk weighted assets, and (3) operational risk weighted assets.

RWA consist of total assets less cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items determined by the Monetary Board (MB) of the BSP. As of December 31, 2014, the Group has no exposures to securitization structures, contracts that provide credit protection through credit derivatives and investments in other types of structured products. Credit risk mitigants on risk-weighted assets were based on collateralized transactions (margin deposits and hold-out on deposits) as well as guarantees by the Philippine National Government and those guarantors and exposures with highest credit rating. Standardized credit risk weights were used in the credit assessment of asset exposures. Third party credit assessments were based on the ratings by S&P, Moody's, and Fitch on exposures to Sovereigns, Multilateral Development Banks, Banks, Local Government Units, Government Corporations, and Corporates. Operational RWA are computed using the Basic Indicator Approach.

# DBP SUBSIDIARIES



## DBP Management Corporation

DBP Management Corporation (DBP-MC) was created primarily to assist the Bank in the management of distressed accounts and disposal of acquired assets; to purchase, or otherwise dispose of real and personal property of every kind and description; and to carry on and manage the general business of any company.

In September 2005, DBP-MC was authorized to put up a remittance office in Hong Kong in pursuit of DBP's remittance business and other related activities. This is in line with the company's strategic role of pushing the Bank's OFW remittance program in support of the Government's thrusts. Said endeavor required the increase in DBP-MC's capitalization from P10 Million to P550 Million, of which DBP subscribed and paid for an additional P35 Million capital stock.

As of December 31, 2014, DBP-MC's assets increased to P122 Million from P84 Million in 2013. Net income likewise increased from P4.56 Million in 2013 to P8.60 Million in 2014.

DBP-MC currently operates as a holding company. Pending the result of GCG's evaluation on the mandate and operations of the company, winding down activities are now being positioned in preparation for the imminent closure of the company.

## DBP Data Center, Inc.

The DBP Data Center, Inc. (DCI) has been continuously supporting DBP's Information Technology infrastructure for the past 32 years. In 2014, DCI continued to focus primarily on assisting the Bank's initiatives on various DBP products by providing the workforce for the development and maintenance of the Bank's systems and applications. Further, DCI also started to seek opportunities to increase revenues by expanding its customer base to include government agencies and instrumentalities. Aligned with DCI's strategic plan for 2014-2016, DCI pursues an aggressive business plan to deliver high quality services, build an excellent team and capture competitive market share in the industry.

Below are some of DCI's notable accomplishments in 2014:

- DBP IT Staffing. Among DCI's core competencies is identifying the right people suitable for augmenting the IT staffing needs



of the Bank. As of December 31, 2014, DCI has a 125-strong workforce working closely with DBP's IT requirements.

- Non-DBP Opportunities. DCI has started opportunities and negotiation on non-DBP projects focusing on government agencies and instrumentalities:
  1. Maritime Industry Authority (MARINA) – DCI offers an outsourcing solution covering all the workflows, IT tools, and manpower resources to answer requirements of ILO 185;
  2. Philippine Ports Authority (PPA) – provision of assistance to expedite upgrade of their current system;
  3. National Kidney and Transplant Institute (NKTi) – enterprise level Hospital Information System with interoperable and administrative, clinical and research functionalities geared towards a government standards-compliant and technology adapting ecosystem of health information exchange;
  4. Philippine Economic Zone Authority (PEZA) – The project involves the development of an Automated Building Permit System for easy assessment and recording of building permits for the different PEZA zones;
  5. Philippine Health Insurance (PhilHealth) – Phase 1 of the project involves consultancy services for the build-up of PhilHealth's Business Intelligence platform to analyze statistical data and create an Executive Dashboard;
  6. LGUs – Comprehensive LGU System in collaboration with DBP's Branch Banking Sector; and
  7. LGUs – Hospital Information System for LGU Hospitals.

## DBP Leasing Corp.

DBP Leasing implemented strategic changes in 2014 that made notable improvements in its performance during the year. Those changes enabled the company to offer financial products aside from the traditional finance leases and to expand customer base outside of the maritime industry that has been its main focus in the past, among others.



The Account Management team, reinforced by experienced marketing officers who joined the company in April 2014, secured credit approvals in excess of P900 Million for 14 new institutional clients coming from various industries such as construction, industrial air-conditioning, logistics, trading, public land transport, and shipping. Eleven of those 14 clients availed of their approved credits, bringing in total net bookings of P258.46 Million versus only P51 Million in 2013. The higher production raised net credit portfolio by 56.85% or P266.59 Million, ending at P735.48 Million at year-end 2014. Consequently, total assets grew by 22.12%, from P987.57 Million in 2013 to P1.21 Billion in 2014.

In tandem with its vigorous account generation and business development activities, the company was persistent in reducing its non-performing assets, which consist principally of vessels repossessed from defaulting lessees. The active disposal efforts resulted to three of the idle vessels being converted to new finance leases, thus bringing down non-performing assets by 54.48%, from P355.36 Million in 2013 to only P161.76 Million in 2014, net of impairment losses. In addition, three more vessels became revenue-generating assets through their redeployment under bareboat charter contracts, contributing some P960,000 in monthly gross income.

The company likewise strengthened its collection and remedial accounts management activities. The efforts paid off, with collection attaining 98% efficiency in the second half of 2014. Except for one client that had a past due of only P126,174.00, all accounts were on current status.

Total revenues of P56.20 Million in 2014 were lower than 2013's P75.26 Million mainly on account of non-recurring income of P13.25 Million booked in 2013. But with fewer vessels in its inventory, the company brought down maintenance and operating expenses by 36% or P27 Million. However, because its inventory of remaining idle vessels required further impairment, as mandated by COA, the company booked an impairment loss of P36.36 Million in 2014, in addition to the P71.78 Million impairment recognized in the prior year. As a result, 2014 Profit and Loss showed net loss of P54.19 Million, nonetheless an improvement over the P99.10 Million net loss in 2013.

Meanwhile, additional equity poured in by parent DBP bolstered DBP Leasing's equity, from P622.16 Million to P847.97 Million at the end of 2014.

Despite its negative bottom line, DBP Leasing still earned the trust and confidence of creditors as it was able to secure a total of P950 Million worth of loans and credit line approvals from four local banks. The proceeds of these credit accommodations will fund DLC's portfolio growth in 2015.

#### **Al Amanah Islamic Investment Bank of the Philippines**

2014 is another year of hope for the AAIIBP. The Bank attained its earnings peak in the past five years. This year's total gross earnings of P48.13 Million was complemented with a total expenditure of P72.87 Million, bringing a net loss of P24.74 Million - the Bank's lowest net loss in recent years.

Another notable performance is the growth rate of 3.5% in total resources, from P678.58 Million in 2013 to P702.66 Million in 2014 due to the increase in deposit liabilities. This marginal growth represents a desirable deviation from a five-year-downhill trend in total resources experienced by AAIIBP. Despite this downtrend over the last five years, the Bank's capital adequacy ratio (CAR) steadily remained compliant with the BSP's minimum required ratio of 10 percent.

Al Amanah Islamic Investment Bank of the Philippines has remained true to its mandate through the collective marketing efforts of our Bank personnel, as evidenced by the rise in Islamic Deposits of 40% from P52.07 Million to P73.38 Million in 2014. Likewise, conventional deposits climbed from P192.39 Million to P220.69 Million. While deposits rose, the total loans granted by AAIIBP dropped from P147.86 Million in 2013 to only P33.40 Million in 2014. This sharp fall in loan releases directly contributed to the decline in loan portfolio balance. To mitigate the impact of this drop in the earning capacity of the Bank, its loanable funds were placed in short-term investment alternatives and outlets offered by the Bangko Sentral ng Pilipinas. In 2014, Income from Treasury operations accounted for 17.4% of the gross earnings.

As demonstrated by AAIIBP's performance in 2014, the Bank will continue to persevere and emerge triumphant through hard work and dedication to public service. Also, the Bank will strive to sustain AAIIBP's growth and move towards achieving its vision of becoming a full Islamic Bank.

# BOARD OF DIRECTORS



- 1 JOSE A. NUÑEZ, JR.**  
Chairman of the Board / Independent Director
- Chairman:
- Executive Committee (Jan. 1 - Dec. 31, 2014)
  - Audit and Compliance Committee (Jan. 1 - Dec. 31, 2014)
- Member:
- IT Governance Committee (Jan. 1 - Dec. 31, 2014)

- 2 GIL A. BUENAVENTURA**  
Vice Chairman / President and CEO
- Vice Chairman:
- Executive Committee (Jan. 1 - Dec. 31, 2014)
- Member:
- Trust Committee (Jan. 1 - Dec. 31, 2014)
  - Human Resource Committee (Jan. 1 - Dec. 31, 2014)
  - IT Governance Committee (Jan. 1 - Dec. 17, 2014)

- 3 DANIEL Y. LAOGAN**  
Independent Director
- Chairman:
- Governance Committee (Jan. 1 - Dec. 31, 2014)
- Vice Chairman:
- Human Resource Committee (Jan. 1 - Dec. 31, 2014)
- Member:
- Audit and Compliance Committee (Jan. 1 - Dec. 31, 2014)

- 4 RAUL O. SERRANO**  
Director
- Director (Sept. 5 - Dec. 31, 2014)

- 5 CECILIO B. LORENZO**  
Director
- Chairman:
- IT Governance Committee (Jan. 1 - Dec. 31, 2014)
- Vice Chairman:
- Audit and Compliance Committee (Aug. 13 - Dec. 31, 2014)
  - Risk Oversight Committee (Aug. 13 - Dec. 31, 2014)
  - Development Advocacy Committee (Jan. 1 - Dec. 31, 2014)
- Member:
- Trust Committee (Jan. 1 - Aug. 13, 2014)



## 6 ALBERTO A. LIM

Director

Chairman:

- Risk Oversight Committee (Jan. 1 - Dec. 31, 2014)

Member:

- Executive Committee (Jan. 1 - Dec. 31, 2014)
- Governance Committee (Jan. 1 - Dec. 31, 2014)

## 7 REYNALDO G. GERONIMO

Director

Chairman:

- Trust Committee (Jan. 1 - Dec. 31, 2014)

Member:

- Executive Committee (Jan. 1 - Dec. 31, 2014)
- Development Advocacy Committee (Jan. 1 - Dec. 31, 2014)

## 8 LYDIA B. ECHAUZ

Director

Chairman:

- Human Resource Committee (Jan. 1 - Dec. 31, 2014)

Vice Chairman:

- Governance Committee (Jan. 1 - Dec. 31, 2014)
- IT Governance Committee (Jan. 1 - Dec. 31, 2014)

## 9 VAUGHN F. MONTES

Director

Chairman:

- Development Advocacy Committee (Aug. 13 - Dec. 31, 2014)

Vice Chairman:

- Trust Committee (Jan. 1 - Dec. 31, 2014)

Member:

- Executive Committee (Jan. 1 - Dec. 31, 2014)
- Risk Oversight Committee (Aug. 13 - Dec. 31, 2014)

## 10 JOSE LUIS L. VERA (Not in photo)

Director

Chairman:

- Development Advocacy Committee (Jan. 1 - July 30, 2014)

Vice Chairman:

- Audit and Compliance Committee (Jan. 1 - July 30, 2014)
- Risk Oversight Committee (Jan. 1 - July 30, 2014)

# BOARD OF DIRECTORS

**1** JOSE A. NUÑEZ, JR.  
Chairman of the Board  
Independent Director

**2** RAUL O. SERRANO  
Director

**3** DANIEL Y. LAOGAN  
Independent Director

**4** VAUGHN F. MONTES  
Director



**5** **GIL A. BUENAVENTURA**  
Vice Chairman

**6** **REYNALDO G. GERONIMO**  
Director

**7** **CECILIO B. LORENZO**  
Director

**8** **ALBERTO A. LIM**  
Director

**9** **LYDIA B. ECHAUZ**  
Director



## MANAGEMENT COMMITTEE

**1 GIL A. BUENAVENTURA**  
President and CEO

**2 SUSAN Z. PRADO**  
Executive Vice President

**3 ANTHONY T. ROBLES**  
Executive Vice President

**4 ALEXANDER A. PATRICIO**  
Executive Vice President

**5 BENEL D. LAGUA**  
Executive Vice President

**6 MARIO B. PALOU**  
Executive Vice President

**7 FRITZIE T. FABRICANTE**  
First Senior Vice President

**8 NILO S. CRUZ**  
First Senior Vice President

**9 LILIA G. BAUN**  
Senior Vice President

**10 DENNIS D. DECENA**  
Senior Vice President



**11 MARIETTA M. FONDEVILLA**  
Senior Vice President

**12 LUTGARDA C. B. PERALTA**  
Senior Vice President

**13 DONNA P. SHOTWELL**  
Senior Vice President

**14 ANTONIO OWEN S. MARAMAG**  
Senior Vice President

#### **OBSERVERS:**

**15 MA. TERESA M. JESUDASON**  
First Senior Vice President

**16 RAFAEL DANILO RANIL M. REYNANTE**  
Senior Vice President

**17 ISIDRO A. SOBRECAREY**  
Senior Vice President



# SENIOR OFFICERS

## OFFICE OF THE PRESIDENT & CEO



**GIL A. BUENAVENTURA**  
President & CEO



**CRIS S. CABALATUNGAN**  
Executive Vice President



**NILO S. CRUZ**  
First Senior Vice President



**MA. TERESA T. ATIENZA**  
Senior Vice President



**LUTGARDA C. BAQUIRAN-PERALTA**  
Senior Vice President



**MARIETTA M. FONDEVILLA**  
Senior Vice President



**RAFAEL DANILO RANIL M. REYNANTE**  
Senior Vice President



**DONNA P. SHOTWELL**  
Senior Vice President



**ISIDRO A. SOBRECAREY**  
Senior Vice President



**FRITZ P. TANGKIA-FABRICANTE**  
First Senior Vice President



**DANNY E. BUNYI**  
First Vice President



**PERLA MELANIE C. CARAAN**  
First Vice President



**DANILO T. REYES**  
First Vice President



**MA. VERONICA B. BAUTISTA**  
Vice President



**MADELEINE M. CASAS**  
Vice President



**RENE A. GAERLAN**  
Vice President



**GERARDO K. GALVEY**  
Vice President



**ARDY D. GOMEZ**  
Vice President



**VICENTE S. PAGDATOON II**  
Vice President



**CRISTOPHER C. REALINA**  
Vice President



**KARL GLENN G. REYES**  
Vice President



**STELLA A. SAMPAYAN**  
Vice President



**RONALDO U. TEPORA**  
Vice President



**MARIA VIRGINIA M. TIPACE**  
Vice President



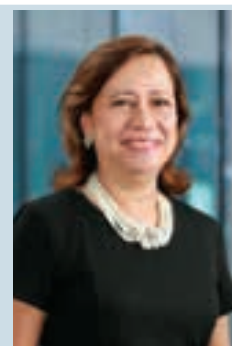
**FELIPE P. VELASCO**  
Vice President



**MINERVA M. VIRTUCIO**  
Vice President



**ANTHONY T. ROBLES**  
Executive Vice President



**MA. TERESA M. JESUDASON**  
First Senior Vice President



**ANTONIO OWEN S. MARAMAG**  
Senior Vice President



**ALBERTO O. QUIOGUE**  
First Vice President



**MARK DENNIS S. TAN**  
First Vice President



**CATALINA R. AVILA**  
Vice President



**RICARDO JOSEF S. BANDAL II**  
Vice President



**NEOGEN M. CHAVES**  
Vice President



**GERONIMO ALFREDO GERALD  
S. CRISOLOGO**  
Vice President



**FERNANDO G. LAGAHIT**  
Vice President



**ABELARDO L. MONARQUIA**  
Vice President



**SISINIO S. NARISMA**  
Vice President

# SENIOR OFFICERS



**EDUARDO Z. RIVERA**  
Vice President

## CORPORATE BANKING SECTOR



**LILIA G. BAUN**  
Senior Vice President



**MA. LOURDES B. GUMBA**  
First Vice President



**VICTOR L. VITAL**  
Vice President

## DEVELOPMENT BANKING SECTOR



**BENEL D. LAGUA**  
Executive Vice President



**DANIEL M. GONZALES**  
First Vice President



**PAUL D. LAZARO**  
First Vice President

## ENTERPRISE RISK MANAGEMENT SECTOR



**ALEXANDER A. PATRICIO**  
Executive Vice President



**AURALYN S. TORRES**  
Senior Vice President



**RODAT T. CELIS**  
First Vice President



**MARIO P. PAGARAGAN, JR.**  
Vice President



**ROSE MARIE Q. QUILANTANG**  
Vice President



**RAINIER C. TERESA**  
Vice President

## FINANCIAL RESOURCE SECTOR

**MARIQUITA L. AGENA**  
Senior Vice President (not in photo)



**FE SUSAN Z. PRADO**  
Executive Vice President



**JOSE GABINO D. DIMAYUGA**  
Senior Vice President



**ROSE ADELA T. QUTORIANO**  
First Vice President



**GILDA M. VELEZ**  
First Vice President



**SUZANNE S. AQUINO**  
Vice President



**GEORGE S. INOCENCIO**  
Vice President

## MIDDLE MARKET GROUP



**MARIO B. PALOU**  
Executive Vice President



**ROXANN D. MORALES**  
Vice President



**FRANCISCO R. RAMOS**  
Vice President

## OPERATIONS SECTOR



**DENNIS D. DECENA**  
Senior Vice President



**NENITA R. DY**  
Vice President



**ISABELITA S. LOPEZ**  
Vice President



**ERNESTO R. PURUGGANAN**  
Vice President



**RUBY R. RODEROS**  
Vice President



**MARIE CIELO T. VERAN**  
Vice President

# CORPORATE GOVERNANCE

As the country's premier development financing institution, DBP remains committed to good governance which plays an important role in helping the Bank achieve its development mandate while likewise ensuring its financial viability. This strategic direction inspires the Bank even as it serves as an instrument for sustainable development and financial inclusion. With sound governance as the backbone of DBP's vision, the Bank continually ensures that a culture of ethics, compliance and integrity is practised not only in its operations and day-to-day activities, but also ingrained as core values in its officers and staff.

Under the Bank's robust Good Governance Program, several initiatives have been adopted, and are continually re-visited, in order to sustain the impact of governance in the organization. DBP intends to set the bar higher in the advocacy and practice of good governance in its policies and all levels of banking operations.

The celebration of the 2nd DBP Corporate Governance Month in July was highlighted by the conduct of governance-related activities, including the 2nd Good Governance Forum, with the theme: "Ethics, Integrity and Accountability for Good Governance". Guest speakers were former Civil Service Commission Chairman Francisco T. Duque III and Institute for Corporate Directors Chairman Jesus P. Estanislao, who shared their insights on the importance of instilling the tenets of good governance in public service as a vehicle towards a transformed society operating on the principles of ethical conduct and the practices of integrity and accountability. The celebration also marked the launch of the Corporate Governance Office (CGO) Portal and the DBP Revised Manual of Corporate Governance.

For its governance efforts, DBP holds the distinction of being the first government-owned-and-controlled-corporation to attain Compliant Status (or the second stage) in the Performance Governance System (PGS). DBP was also awarded the Silver Governance Trailblazer Award for attaining a rating of 8.77 out of 10 during the Public Revalida. Through the PGS, the Bank has remained focused towards financing core development projects – infrastructure and social services with

Local Government Units, electric cooperatives, water districts, micro, small and medium enterprises – and towards sustaining revenue sources.

The promotion of transparency and accountability are also at the forefront of DBP's good governance initiatives. The easy availability of its latest financial and operational information in the DBP website demonstrates the Bank's continuing adherence to open governance.

These initiatives have substantially contributed to DBP's strong business performance in 2014 despite the disastrous effects of natural calamities in 2014 and 2013, and the high market liquidity that increased competition among all banks in the country. DBP not only maintained resiliency in its operations, but also sustained its growth momentum through good corporate governance.

DBP will continue to pursue its development mandate while further enhancing its financial performance through the continued adoption of global best practices in corporate governance, thus, further ensuring the successful achievement of its strategic directions as a catalyst of a progressive and more prosperous Philippines.



# BOARD COMMITTEES

## Assignment of Independent Directors

Chairman Jose A. Nuñez, Jr. and Director Daniel Y. Laogan have been designated as independent directors of DBP, duly approved by Bangko Sentral ng Pilipinas. The assignment of independent directors is made from choosing among the nine directors appointed by the President of the Philippines following Subsection X141.1 of the Manual of Regulations for Banks (MORB).

## Functions of the ExCom and Board Committees

To aid in the compliance with the principles of good governance, DBP has set up the following committees, namely: the Executive Committee (ExCom), Audit and Compliance Committee (ACC), Risk Oversight Committee (ROC), Trust Committee (TC), IT Governance Committee (ITGC), Governance Committee (GC) and Human Resource Committee (HRC). In addition, DBP created the Development Advocacy Committee (DAC) to further strengthen the implementation of its development mandate as well as further improve its governance.

### Executive Committee

The Executive Committee is a scaled down version of the Board of Directors. The ExCom is tasked with reviewing the short and long term plans prepared by Management prior to submission to the Board. It also reviews progress against plan with emphasis on those activities or units within activities that are not performing up to agreed upon standards.

Below are the specific functions of the various Board Committees, the number of Committee meetings held, and attendance of the Committee members as of year-end 2014.

### Audit and Compliance Committee

The Audit and Compliance Committee is made up of three members of the Board, two of whom are independent directors. The ACC provides oversight of the institution's financial reporting and control and external and internal audit functions, including the Bank's Internal Audit (IA) and Compliance Monitoring (CoM). It reviews the reports of internal and external auditors and regulatory agencies and monitors Management's compliance with regulatory requirements as well as corrective actions taken on identified control deficiencies.

Total number of meetings held during the year: 13

Board of Directors	Number of Meetings Upon Assumption	Number of Meetings Attended
Jose A. Nuñez, Jr.	13	12
Jose Luis L. Vera	8	8
Daniel Y. Laogan	13	13
Cecilio B. Lorenzo	5	5

### Risk Oversight Committee

The Risk Oversight Committee includes three members of the Board. The ROC is principally responsible for overseeing the adequacy and effectiveness of existing risk policies, procedures and controls as well as ensuring that such policies, procedures and controls are implemented. It also reviews and revises the plans/strategies of the Bank to ensure its relevance, adequacy and effectiveness in the face of changing risk exposures over time brought about by various factors.

Total number of meetings held during the year: 14

Board of Directors	Number of Meetings Upon Assumption	Number of Meetings Attended
Alberto A. Lim	14	14
Cecilio B. Lorenzo	6	6
Vaughn F. Montes	14	14
Jose Luis L. Vera	8	8

### Trust Committee

The Trust Committee is composed of the President & CEO and three members of the Board. The TC is a policy-making body tasked with overseeing the investment activities of the Trust Banking Group and formulation of broad investment strategies for the Group through the establishment of major policy criteria for investment decisions and determination of areas of investments for trust funds. It is in charge of periodically reviewing the operating policies and procedures of the Group as well as the overall assets held in trust.

Total number of meetings held during the year: 16

Board of Directors	Number of Meetings Upon Assumption	Number of Meetings Attended
Reynaldo G. Geronimo	16	16
Vaughn F. Montes	16	16
Gil A. Buenaventura	16	13
Cecilio B. Lorenzo	11	10

### IT Governance Committee

The IT Governance Committee is composed of the Chairman, the President & CEO and two members of the Board. The ITGC strongly advocates the strategic importance of IT in the context of the Bank's operations and ensures that the directions set for IT are aligned with and will sustain the Bank's goals and objectives. It also ensures that the Bank's Information Systems Strategic Plan (ISSP) is appropriately developed to reflect the business requirements for IT and is reviewed periodically. Additionally, it ensures that IT's performance is measured, its resources are managed and its risks mitigated.

Total number of meetings held during the year: 12

Board of Directors	Number of Meetings Upon Assumption	Number of Meetings Attended
Cecilio B. Lorenzo	12	12
Lydia B. Echaz	12	11
Jose A. Nuñez, Jr.	12	11
Gil A. Buenaventura	12	12

### Governance Committee

The Governance Committee is composed of three members of the Board. Director Laogan, who is also an independent director, served as Chairman of GC as of year-end 2014. The GC ensures the Board's effectiveness in fulfilling its corporate governance responsibilities. It is tasked with the review and evaluation of the qualifications of all persons nominated to positions requiring appointment by the Board. In addition, it oversees the periodic performance evaluation of the Board and its Committees and Executive Management as well as makes recommendations to the Board regarding the continuing education of directors and assignment to board committees.

Total number of meetings held during the year: 8

Board of Directors	Number of Meetings Upon Assumption	Number of Meetings Attended
Daniel Y. Laogan	8	8
Lydia B. Echaz	8	7
Alberto A. Lim	8	8

### Human Resource Committee

The Human Resource Committee is composed of the President & CEO and two members of the Board. Director Laogan, who is also an independent director, served as Vice Chairman of HRC as of year-end 2014. The HRC reviews, screens, and formalizes management recommendations on HR-related matters for the Board's approval. It is tasked with the review of bankwide compensation and benefits programs, organization plans and structure, management development programs, and Personnel Manuals, among others. It also handles the review of the Bank's manpower plan including enhancements and promotions to meet growth needs.

Total number of meetings held during the year: 11

Board of Directors	Number of Meetings Upon Assumption	Number of Meetings Attended
Lydia B. Echauz	11	11
Daniel Y. Laogan	11	11
Gil A. Buenaventura	11	9

### Development Advocacy Committee

The Development Advocacy Committee is composed of three members of the Board. The DAC is the unifying and focal body in spearheading the Bank's drive towards accomplishing its developmental mandate. It takes the lead in generating ideas, promoting awareness on development issues, advocating development programs and projects, and expanding and strengthening linkages within and outside the Bank towards a unified and distinct approach to accomplish DBP's development mandate.

Total number of meetings held during the year: 2

Board of Directors	Number of Meetings Meetings Attended	Number of Upon Assumption
Jose Luis L. Vera	2	2
Cecilio B. Lorenzo	2	2
Reynaldo G. Geronimo	2	2

Under the revised charter of the DBP or Executive Order No. 81, s. 86 as amended by Republic Act No. 8523, each member of the Board shall be paid a per diem of One Thousand Pesos (P1,000.00) for each meeting of the Board of Directors actually attended, provided that the total amount of per diems for every single month shall not exceed the sum of seven thousand five hundred pesos (P7,500.00).

# MANAGEMENT COMMITTEE

## The Management Committee

The Management Committee (ManCom) is the highest collective approving body of the Bank and approves matters based on the decision of the majority of its members. It is composed of the President and CEO as Chairman, and the designated Senior Officers.

The ManCom Chairman may invite other members of senior management to sit in the deliberations of the Committee as non-voting members or observers who attend all ManCom meetings.

In general, policy and operational matters presented to the ManCom for approval cut across sectors and impact on the whole Bank. These include: (1) all matters of policy, whether administrative or credit in nature, for determination of management's official position prior to Board submission and approval; (2) all matters of policy, whether administrative or credit in nature, as may be delegated by the Board of Directors for ManCom deliberation and approval; and (3) administrative or operational matters that are within the approving authorities of any of its members but, because of their nature, would benefit from the collective wisdom and deliberation of the ManCom as a collegial body.

Other collective bodies of management are the Credit Committee and the Asset and Liability Management Committee.

Total number of meetings held during the year: 39

		Number of Meetings Upon Assumption	Number of Meetings Attended
CHAIRMAN	President Gil A. Buenaventura	39	34
MEMBER	EVP Fe Susan Z. Prado	39	33
	EVP Anthony T. Robles	39	30
	EVP Alexander A. Patricio <sup>a/</sup>	13	11
	EVP Mario B. Palou <sup>b/</sup>	32	29
	EVP Benel D. Laguna	39	32
	SVP Marietta M. Fondevilla	39	38
	FSVP Fritzie T. Fabricante	39	30
	SVP Lutgarda C. B. Peralta	39	35
	SVP Donna P. Shotwell	39	33
	SVP Antonio Owen S. Maramag <sup>c/</sup>	29	29
	SVP Lilia G. Baun	39	36
	SVP Dennis D. Decena	39	31
	FSVP Nilo S. Cruz	39	37
	FSVP Ma. Teresa M. Jesudason <sup>d/</sup>	9	8

<sup>a/</sup> EVP Patricio was designated as Regular Member on Aug. 26, 2014

<sup>b/</sup> EVP Palou was designated as Regular Member on Feb. 25, 2014

<sup>c/</sup> SVP Maramag was designated as Regular Member on Mar. 18, 2014

<sup>d/</sup> FSVP Jesudason served as Regular Member until Mar. 4, 2014; thereafter, she continued to attend the ManCom meetings as observer

## The Credit Committee

The Credit Committee (CreCom) deliberates and acts on all credit and credit-related proposals. These include: (1) proposals for loans and other credit accommodations; (2) credit-related matters involving prospective borrowers; (3) lending programs, policies and guidelines; (4) amendments on previously approved credit and credit-related matters; and (5) call reports or any other subject matter affecting clients/accounts/business, industry or market.

The CreCom serves as approving authority for all credit and credit-related proposals within its Delegated Authorized Credit Limits (DACs). In addition, it passes/screens proposals prior to submission to higher authority level (ExCom/ Board). All credit proposals requiring ExCom/Board approval shall bear the endorsement of the President and CEO.

Total number of meetings held during the year: 44

		Number of Meetings Upon Assumption	Number of Meetings Attended
CHAIRMAN	President Gil A. Buenaventura	44	36
MEMBER	EVP Fe Susan Z. Prado	44	30
	EVP Anthony T. Robles	44	32
	EVP Benel D. Laguna	44	28
	EVP Mario B. Palou <sup>a/</sup>	40	34
	FSVP Ma. Teresa M. Jesudason	44	39
	SVP Lilia G. Baun	44	42
	SVP Marietta M. Fondevilla	44	30
	FVP Paul D. Lazaro <sup>b/</sup>		3
	FVP Ma. Lourdes B. Gumba <sup>c/</sup>		1
	VP Abelardo L. Monarquia <sup>d/</sup>		1

<sup>a/</sup> EVP Palou was designated as Regular Member on Feb. 25, 2014

<sup>b/</sup> FVP Lazaro serves as an Alternate Member

<sup>c/</sup> FVP Gumba serves as an Alternate Member

<sup>d/</sup> VP Monarquia serves as an Alternate Member

#### Asset and Liability Management Committee

The Asset and Liability Management Committee (ALCO) is directed towards the optimization of income to ensure viable and profitable operations through maximization of yields and minimization of costs relative to risk and opportunities in the market.

The specific functions of ALCO include approval of pricing policies and interest rate setting, and review/notation of reports, namely Sources/Uses of Funds, Profitability and Financial Performance Indicators, Fund Sourcing, Market Highlights, and Economic Review.

The Committee serves both as an approving authority and a pre-clearing body of the Bank's participation in underwriting and direct equity investment activities.

To assist in the deliberation and to facilitate the implementation of recommendations deliberated upon and approved by the Committee, the Head of Investment Banking, the Chief Legal Counsel, and concerned Heads of Sectors/Departments/Units (except when they are designated as ALCO members) are invited to attend the meetings of the Committee as Resource Persons whenever there is any issue that might need their expertise and/or affect their operations.

Total number of meetings held during the year: 42

		Number of Meetings Upon Assumption	Number of Meetings Attended
CHAIRMAN	President Gil A. Buenaventura	42	35
MEMBER	EVP Anthony T. Robles	42	31
	EVP Fe Susan Z. Prado	42	37
	EVP Benel D. Laguna	42	38
	EVP Mario B. Palou <sup>a/</sup>	36	28
	EVP Dennis D. Decena	42	39
	SVP Mariquita L. Agena	42	40
	SVP Lilia G. Baun	42	42
	SVP Lutgarda B. Peralta	42	35
	SVP Marietta M. Fondevilla	42	36
	FSVP Ma. Teresa M. Jesudason	42	25
	VP Nenita R. Dy	42	40

<sup>a/</sup> EVP Palou was designated as Regular Member on Feb. 24, 2014

# INDEPENDENT AUDITOR'S REPORT



## REPUBLIC OF THE PHILIPPINES COMMISSION ON AUDIT

Corporate Government Sector  
Cluster 1 - Banking and Credit

The Board of Directors  
Development Bank of the Philippines  
Gil J. Puyat Avenue cor. Makati Avenue  
Makati City

We have audited the accompanying consolidated financial statements of Development Bank of the Philippines (DBP) and its subsidiaries (referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in capital funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statement in accordance with Philippine financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Philippine Public Sector Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion the financial statements present fairly, in all materials respects, the financial position of the Group as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards.

### Emphasis of the Matter

We draw attention to Note 24b. of the Notes to the Financial Statements which disclosed that the Parent Bank classified the Hybrid Tier 2 (HT1) Capital Securities under Capital Funds – Other equity instrument in accordance with BSP Circular No. 503 dated December 22, 2005. Said classification, however, did not conform to the conditions prescribed under paragraph 16 of PAS 32 regarding the classification of a financial instrument as equity instrument because the HT1 securities are not convertible into common shares of the issuer at anytime as the DBP charter allows only the subscription of common shares by the National Government. Had the Parent Bank accounted for the transaction under the PFRS, the capital funds would have been decreased by P5.814 billion and financial liabilities would have been increased by P5.797 billion, net of the P0.017 billion unamortized discount.

Our opinion is not modified in respect of the above matter.

### COMMISSION ON AUDIT

**EMMA V. MOISES**  
State Auditor V  
Supervising Auditor

July 31, 2015

**DEVELOPMENT BANK OF THE PHILIPPINES**  
**STATEMENT OF FINANCIAL POSITION**

December 31, 2014

(In thousand pesos)

		Group		Parent	
	Note	2014	As restated 2013	2014	2013
<u>Resources</u>					
Cash and other cash items	7	2,754,635	2,082,130	2,736,300	2,053,438
Due from Bangko Sentral ng Pilipinas	7,8	104,327,504	109,463,609	103,898,378	109,066,391
Due from other banks	7	17,009,729	6,137,756	16,782,163	5,997,255
Interbank loans receivable	7,9	12,132,497	2,274,253	12,132,497	2,274,253
Securities purchased under agreement to resell	7	6,742,696	-	6,742,696	-
Financial assets at fair value through profit or loss	10	3,625,801	381,808	3,625,801	381,808
Financial assets available for sale - net	11,18	65,892,403	108,383,999	65,833,517	108,325,444
Financial assets held to maturity - net	12	69,136,836	28,176,095	69,128,158	28,170,778
Loans and receivables - net	13,18,31	181,259,269	159,590,254	180,844,995	158,989,208
Bank premises, furniture, fixtures and equipment - net	14	2,024,245	2,091,614	2,011,197	2,076,687
Investment Property - net	15,18	1,308,126	1,034,357	1,308,126	1,034,357
Equity investment in subsidiaries - net	16,18	-	-	1,548,230	1,479,030
Equity investment in associates and joint ventures - net	17	402,132	378,259	155,267	156,439
Non-current assets held for sale - net	18	574,387	846,705	570,642	842,049
Other resources - net	18,19,20	811,968	7,332,849	194,535	6,505,236
Total resources		<u>468,002,228</u>	<u>428,173,688</u>	<u>467,512,502</u>	<u>427,352,373</u>
<u>Liabilities and Capital Funds</u>					
<u>Liabilities</u>					
Deposits liabilities	21	293,683,352	251,287,592	293,531,828	251,083,365
Bills payable	22				
Official Development Assistance (ODA)		49,626,119	56,328,729	49,626,119	56,328,729
Non-ODA		35,834,048	43,414,136	35,566,900	43,102,251
		<u>85,460,167</u>	<u>99,742,865</u>	<u>85,193,019</u>	<u>99,430,980</u>
Bonds Payable	23	13,366,830	13,263,295	13,366,830	13,263,295
Due to Bangko Sentral ng Pilipinas/other banks		546	758	546	758
Manager's checks and demand drafts outstanding		267,775	187,318	267,147	186,711
Accrued taxes, interests and expenses		3,436,677	3,301,081	3,414,050	3,274,805
Unsecured subordinated debt	24a	15,627,231	15,621,134	15,627,231	15,621,134
Deferred credits and other liabilities	25	13,439,543	4,065,006	13,291,319	3,737,914
Total liabilities		<u>425,282,121</u>	<u>387,469,049</u>	<u>424,691,970</u>	<u>386,598,962</u>
<u>Capital Funds Attributable to the Equity Holder of DBP</u>					
Capital Stock	26	12,500,000	12,500,000	12,500,000	12,500,000
Other equity instrument - Hybrid Tier 1	24b	6,524,986	6,524,986	6,524,986	6,524,986
Retained earnings		28,859,518	27,376,263	28,976,314	27,441,219
Retained earnings reserves	27	247,654	248,085	227,654	228,085
Accumulated other comprehensive income/(loss)	28	(5,411,534)	(5,944,208)	(5,408,422)	(5,940,879)
		<u>42,720,624</u>	<u>40,705,126</u>	<u>42,820,532</u>	<u>40,753,411</u>
Non-controlling interest		(517)	(487)	-	-
Total capital funds		<u>42,720,107</u>	<u>40,704,639</u>	<u>42,820,532</u>	<u>40,753,411</u>
Total liabilities and capital funds		<u>468,002,228</u>	<u>428,173,688</u>	<u>467,512,502</u>	<u>427,352,373</u>

See accompanying Notes to Financial Statements

**DEVELOPMENT BANK OF THE PHILIPPINES**  
**STATEMENT OF PROFIT OR LOSS**  
For the Year Ended December 31, 2014  
(In thousand pesos, except per share amounts)

	Note	Group		Parent	
		2014	As restated 2013	2014	As restated 2013
Interest income					
Loans and receivables		9,954,183	9,082,889	9,938,816	9,068,443
Financial assets - debt securities		5,813,723	4,341,533	5,813,723	4,341,533
Deposits with banks		887,372	967,215	877,015	958,082
Interbank loans receivable/Securities purchased under agreement to resell		424,686	459,726	422,853	458,442
		17,079,964	14,851,363	17,052,407	14,826,500
Interest expense					
Bills payable and other borrowings					
ODA Borrowings		2,259,012	2,268,375	2,259,012	2,268,375
Other Borrowings		2,293,172	2,429,023	2,282,005	2,414,015
Deposits		2,319,343	2,142,687	2,319,516	2,142,842
		6,871,527	6,840,085	6,860,533	6,825,232
Net interest income		10,208,437	8,011,278	10,191,874	8,001,268
Provision for impairment	11,13,15, 16,18,19	609,118	553,951	563,101	473,907
Net interest income after provision for impairment		9,599,319	7,457,327	9,628,773	7,527,361
Other income					
Profit/(loss) from investment and securities trading		678,515	2,762,823	678,283	2,762,693
Foreign exchange profit/(loss)		316,800	31,040	312,282	25,974
Service charges, fees and commissions		455,253	507,224	449,922	502,609
Dividends - equity investments		464,942	498,161	491,643	517,297
Miscellaneous	29	767,742	751,251	641,077	615,967
		2,683,252	4,550,499	2,573,207	4,424,540
Other expenses					
Compensation and fringe benefits	32	2,966,048	2,630,545	2,832,058	2,518,545
Taxes and licenses	31, 37	1,185,919	1,203,094	1,177,985	1,199,958
Occupancy expenses		97,083	84,468	85,893	72,852
Other operating expenses	30	2,411,062	2,227,993	2,432,824	2,200,412
		6,660,112	6,146,100	6,528,760	5,991,767
Profit before tax		5,622,459	5,861,726	5,673,220	5,960,134
Provision for income tax	31	1,073,855	681,680	1,072,746	678,328
<b>Profit for the year</b>		<b>4,548,604</b>	<b>5,180,046</b>	<b>4,600,474</b>	<b>5,281,806</b>
Attributable to:					
Equity holder of DBP		4,548,634	5,180,106		
Non-controlling interest		(30)	(60)		
		<b>4,548,604</b>	<b>5,180,046</b>		
Earnings per share for net income attributable to the equity holder of DBP during the year		36.39	41.44	36.80	42.25

See accompanying Notes to Financial Statements.

**DEVELOPMENT BANK OF THE PHILIPPINES**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
For the Year Ended December 31, 2014  
(In thousands of pesos)

	Note	Group		Parent	
		2014	As restated 2013	2014	As audited 2013
<b>Profit for the Year</b>		4,548,604	5,180,046	4,600,474	5,281,806
Other comprehensive income					
<b>Items that will not be reclassified subsequently to profit or loss:</b>					
Coupon payment of Hybrid Tier 1	24b	(481,554)	(459,316)	(481,554)	(459,316)
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Revaluation of Hybrid Tier 1	24b	42,250	434,850	42,250	434,850
Net unrealized gains on securities		971,940	(4,283,748)	971,761	(4,283,433)
Translation adjustments		62	879	0	0
Others		(24)	(634)	0	0
		532,674	(4,307,969)	532,457	(4,307,899)
<b>Total Comprehensive Income for the Year</b>		<u>5,081,278</u>	<u>872,077</u>	<u>5,132,931</u>	<u>973,907</u>
Attributable to:					
Equity holder of DBP		5,081,308	872,137		
Non-controlling interest		<u>(30)</u>	<u>(60)</u>		
		<u>5,081,278</u>	<u>872,077</u>		

*See accompanying Notes to Financial Statements.*

**DEVELOPMENT BANK OF THE PHILIPPINES**  
**STATEMENT OF CHANGES IN CAPITAL FUNDS**  
For the year ended December 31, 2014  
(In thousand pesos, except per share amounts)

	Group							Parent					
	Attributable to Equity holder of DBP												
	Capital Stock	Other Equity Instrument - Hybrid Tier 1 (Note 24b)	Retained Earnings (As restated)	Retained Earnings Reserves (Note 27)	Accumulated Other Comprehensive Income/(Loss) (Note 28)	Non-Controlling Interest	Total	Capital Stock	Other Equity Instrument - Hybrid Tier 1 (Note 24b)	Retained Earnings (As restated)	Retained Earnings Reserves (Note 27)	Accumulated Other Comprehensive Income/(Loss) (Note 28)	Total
BALANCE AT DECEMBER 2012	12,500,000	6,524,986	24,687,252	295,852	(1,636,239)	(435)	42,371,416	12,500,000	6,524,986	24,661,646	275,852	(1,632,980)	42,329,504
Comprehensive income													
Net income			5,180,106		(4,307,969)	(60)	5,180,046			5,281,806		(4,307,899)	5,281,806
Other comprehensive income for the year							(4,307,969)						(4,307,899)
Total comprehensive income for the year							872,077			5,281,806		(4,307,899)	973,907
Transaction with owner													
Cash dividends - 2012 (P20 per share)			(2,500,000)				(2,500,000)			(2,500,000)			(2,500,000)
Dividends declared - DCI			5,000				5,000						
Transfer to (from) Surplus Free							(2,495,000)						
Trust reserve			(2,233)	2,233						(2,233)	2,233		
Reversal of appropriation - Lawsuits							(50,000)				(50,000)		(50,000)
BALANCE AT DECEMBER 31, 2013	12,500,000	6,524,986	27,370,125	248,085	(5,944,208)	(495)	40,698,493	12,500,000	6,524,986	27,441,219	228,085	(5,940,879)	40,753,411
Cumulative effect of prior period adjustments (Note 38)			6,138			8	6,146						
RESTATED BALANCE AT DECEMBER 31, 2013	12,500,000	6,524,986	27,376,263	248,085	(5,944,208)	(487)	40,704,639	12,500,000	6,524,986	27,441,219	228,085	(5,940,879)	40,753,411
Comprehensive income													
Net income			4,548,634		532,674	(30)	4,548,604			4,600,474		532,457	4,600,474
Other comprehensive income for the year							532,674						532,457
Total comprehensive income for the year							5,081,278			4,600,474		532,457	5,132,931
Transaction with owner													
Cash dividends - 2013 (P23.58 per share)			(2,947,087)				(2,947,087)			(2,947,087)			(2,947,087)
Transfer to (from) Surplus Free													
Trust reserve			431	(431)						431	(431)		
Adjustments							(118,723)			(118,723)			(118,723)
BALANCE AT DECEMBER 31, 2014	12,500,000	6,524,986	28,859,518	247,654	(5,411,534)	(517)	42,720,107	12,500,000	6,524,986	28,976,314	227,654	(5,408,422)	42,820,532

See accompanying Notes to Financial Statements.

**DEVELOPMENT BANK OF THE PHILIPPINES**  
**STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2014  
(In Thousand Pesos)

		Group		Parent	
	Note	2014	Restated 2013	2014	As audited 2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net profit before tax		5,622,459	5,861,726	5,673,220	5,960,134
Adjustments for:					
Depreciation		249,782	278,239	225,775	251,772
Amortization		114,456	95,208	112,318	90,758
Provision for impairment losses	18	609,118	553,951	563,101	473,907
(Gain)/Loss from HFT Marking to Market		2,695	3,754	2,695	3,754
FX (Gain)/Loss on revaluation		(147,943)	255,439	(147,943)	255,439
Other income/expenses		(1,234,171)	(778,334)	(1,234,210)	(807,449)
Operating income before changes in operating assets and liabilities		5,216,396	6,269,983	5,194,956	6,228,315
Changes in operating assets and liabilities:					
(Increase) Decrease in operating assets:					
Financial assets at fair value thru profit or loss		(3,155,390)	4,450,457	(3,155,390)	4,450,457
Loans and receivables		(19,779,744)	(5,541,162)	(19,712,641)	(5,580,522)
Non-current assets held for sale		292,452	610,761	291,540	610,761
Other assets		6,332,807	(506,505)	6,146,233	(529,397)
Increase (Decrease) in operating liabilities:					
Deposit liabilities		41,904,878	72,788,098	41,957,581	72,724,664
Due to Bangko Sentral ng Pilipinas/other banks		(212)	541	(212)	548
Manager's checks and demand drafts outstanding		80,457	(9,704)	80,436	(9,869)
Accrued taxes, interest and expenses		207,677	483,685	211,326	478,878
Deferred credits and other liabilities		8,985,249	864,322	9,164,117	935,559
Cash provided by from operating activities		40,084,570	79,410,476	40,177,946	79,309,394
Income taxes paid		(1,583,201)	(545,253)	(1,582,092)	(541,902)
Claim on Trust Notes		(33,956)	-	(33,956)	-
Payment of Prior Year's Merit Increase		-	(105,182)	-	(105,182)
Net cash provided by operating activities		38,467,413	78,760,041	38,561,898	78,662,310
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
(Increase) Decrease in:					
Financial assets available for sale		43,631,835	(56,002,245)	43,631,826	(55,951,995)
Financial assets held to maturity		(40,785,703)	(5,260,203)	(40,782,368)	(5,265,428)
Equity investment in subsidiaries		-	-	(280,000)	-
Equity investment in associates and joint ventures		(25,045)	(41,014)	-	-
Bank premises, furnitures, fixtures and equipment		(120,437)	(28,421)	(130,731)	(26,477)
Investment properties		(297,772)	(532,618)	(283,687)	(532,618)
Intangible assets		(108,420)	(175,369)	(108,384)	(175,272)
Net cash used in investing activities		2,294,458	(62,039,870)	2,046,656	(61,951,790)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Increase (Decrease) in:					
Borrowings		(14,332,046)	2,321,485	(14,287,309)	2,392,386
Issuance of unsecured subordinated debt		-	10,000,000	-	10,000,000
Redemption of unsecured subordinated debt		-	(6,500,000)	-	(6,500,000)
Cash dividends paid		(2,947,087)	(2,500,000)	(2,947,087)	(2,500,000)
Coupon Payment for DBP Hybrid Tier 1		(481,554)	(459,316)	(481,554)	(459,316)
Net cash provided by financing activities		(17,760,687)	2,862,169	(17,715,950)	2,933,070
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		23,001,184	19,582,340	22,892,604	19,643,590
Cash and cash equivalents					
Beginning of year	7	119,944,197	100,361,857	119,377,860	99,734,270
End of year	7	142,945,381	119,944,197	142,270,464	119,377,860

See accompanying Notes to Financial Statements.

# PRODUCTS AND SERVICES

## CORPORATE BANKING

### Term Loans

Credit Transactions with a specific stipulated limit and expiry date of more than one year. It is not reusable, is liquidating in nature through a repayment program and payable in full at maturity date. Financing may either be bilateral or syndicated; may be in the form of Bonds and Corporate Notes Issuances.

### Short Term Loans/Credit Lines

Credit facility available to a client for use and reuse up to the specified limit unless amended, revised or revoked and has maturity of one year or less. These are utilized to finance specific components of a borrower's working capital requirements. Credit lines available are as follows:

**Revolving Promissory Note Line (RPNL)** – a standby facility for working capital requirements. Drawdown against the line with a term of up to one year and are payable upon the maturity of Promissory Note. The specific purpose may include, among others, the following:

- receivable discounting
- increase in account receivables
- inventory build up

### Trade Products/Services

**Letter of Credit/Trust Receipt** – a facility for working capital against trade documents. Drawn in compliance with the letter of credit terms. Standby Letter of Credit (SBLC) - a special type of LC covered by BSP MORB 347 and International Trade Law ISP 98. Standby LC may either be in the form of a guarantee or payment.

**Export Packing Credit Line** – a loan given to the exporter for the purchase of raw materials or for the manufacture of goods intended for sale. It is a pre-shipment financing facility where an exporter can borrow working capital for export production, the term of the loan shall not exceed the expiry of the date of the LC.

**Export Advance** – a payment/remittance received before shipping, including Prepayment and Red Clause advances. Bank draft/telegraphic transfer, buyer's checks or acceptable foreign currency notes may be used in prepayment/export advance but for buyer's checks, the same shall be cleared before shipment.

**Export LC Advising** – advise the arrival of LC and release to the exporter upon payment of bank fees without obligation on the part of the bank.

**Bills Purchased Line** – Facility wherein the Bank purchases local checks/ negotiable instruments for collection from other Banks which are either encashed or credited to the customer's accounts.

### Exporter's Hedging Program

**Foreign Exchange Insurance (FX Insurance)** - provides the exporter the ability to participate in a Peso depreciation and protection on the rate chosen during appreciation of the peso, for a fee.

**Forward Foreign Exchange Rate Protection (FX Forward)** – a forward foreign exchange contract where only the net difference between agreed dollar/peso forward rate and the market rate shall be settled at maturity. No fee is paid and no gain on the depreciation of peso.

### Back to Back Deals

Loans secured by placements or deposits (1:1 loans).

## DEVELOPMENT BANKING

### Financing Infrastructure, Environment and Logistics Development (FIELD)

#### 1. Environment Program

- Green Financing Program

#### 2. Infrastructure and Logistics Programs

- Connecting Rural Urban Intermodal Systems Efficiently
- Financing Utilities for Sustainable Energy Development
- Financing Program for Water Sector

### Financing Inclusive Development (FinD)

#### 1. Social Services Programs

- Sustainable Health Care Investment Program (SHCIP)
- DBP Financing Program for Education (DBP FiPE)
- Residential Real Estate Financing Program (RRFP)

#### 2. Micro, Small & Medium Enterprises Programs

Sustainable Enterprises for Economic Development (SEED)

- Retail Lending for Micro and Small Enterprises (RLM)
- Credit Surety Fund (CSF) Credit Facility
- Overseas Filipino Workers – Reintegration Program (OFW-RP)
- Inclusive Lending for Aspiring Women Entrepreneurs Program (ILAW)
- DBP Bankability Enhancement for SETUP Technopreneurs Program (DBP-BEST)

#### 3. Agribusiness Programs

- Sustainable Agribusiness Financing Program (SAFP)
- Reforestation and Tree Plantation Financing Program (TPFP)

#### 4. Corporate Social Responsibility Programs

- DBP Endowment for Education Program (DEEP)
- DBP Forest Program (DFP)

## BRANCH BANKING SERVICES

### 1. Deposit

- Savings Account
- Current Account
- Pensioner's Account
- Young Earners' Savings Account
- Wisdom Account (Peso & US Dollar)
- Premier Payroll Account with Payroll Savings Plan
- Zero Balance Account (for eGov, eFPS/EPS Payments and Trust Banking Group Clients)

### 2. Term Deposit

- Option Savings
- Special Savings
- Regular Time Deposit (Peso & US Dollar)
- Wisdom Time Deposit (Peso & US Dollar)
- High Earner Time Deposit (Peso & US Dollar)
- Special Investor's Resident Visa

### 3. Loans

- Term Loans
- Omnibus Line
- Short Term Loans
  - Revolving Promissory Note Line (RPNL)
  - Back to Back Loans
  - Bills Purchase Line
- Trade Products/Services
  - Letter of Credit/Trust Receipt
  - Standby Letter of Credit (SBLC)
  - Export Packing Credit Line
  - Export Advance
- EC Credit Salary Loan

### 4. Electronic Banking

- DBP ATM Visa Card
- DBP Gift Card
- DBP Prepaid Card (Reloadable)
- Point-of Sale for Merchants
- Internet Payment Gateway for Merchants
- Bills Payment Facility for Merchants
- eGov (PhilHealth, SSS, Pag-IBIG)
- Electronic Payment System / eFPS - BIR
- Bills Payment via DBP ATM and DBP ATM Visa Card

### 5. Fund Transfer

- Manager's Check
- Foreign Currency Denominated Bank Draft
- Philippine Domestic Dollar Transfer System (PDDTS)
- Society for Worldwide Interbank Financial Telecommunication (SWIFT)
- Real Time Gross Settlement - Domestic (RTGS)
- Electronic Peso Clearing Settlement - Domestic (EPCS)
- Agent of Asia United Bank Inward Remittance Service
- DBP Quick Cash Remittance
- Interim Remittance System (IRS)

### 6. Special / Other Services

- Authorized Agent Bank of the Bureau of Internal Revenue
- Acceptance of PhilHealth and SSS contributions/payments
- Acceptance of Over-the-Counter Bills Payments for PLDT and SMART subscribers
- Deposit Pick-up Delivery Service
- Payroll Servicing
- Servicing of Government's Modified Disbursement Scheme (MDS)

# PRODUCTS AND SERVICES

- NCO collection for the Bureau of the Treasury
- Central Posting of Internal Revenue Allotment (CePIRA)
- Debit to One Credit to All Deposit Facility (DOCA)
- Credit to One Debit to All Deposit Facility (CODA)
- Payroll Servicing
- Foreign Currency Exchange Dealership (Non-Trade)

## INVESTMENT BANKING SERVICES

- 1. Transaction/Financial Advisory for:**
  - a. Corporate Finance
  - b. Mergers and Acquisitions
  - c. Privatizations
  - d. Public-Private Partnership (PPP) Projects
- 2. Arranger of Limited Recourse / Project Finance Loans**

## CAPITAL MARKETS DEVELOPMENT SERVICES

- 1. Arranger and Underwriter of Corporate and Public Sector Fixed Income Securities**
- 2. Arranger of Corporate Loans**

## REMITTANCE PRODUCTS AND SERVICES

- 1. EC Card**  
An interest-bearing ATM savings account designed for OFWs and their beneficiaries featuring zero initial deposit, zero maintaining balance, and accessible from any BancNet, Megalink, and ExpressNet ATMs, as well as online through DBP EC Banking portal at [www.dbp.ph](http://www.dbp.ph).
- 2. EC Credit to Account (CTA)**  
Immediate 24/7 credit of inward remittance to designated DBP account.
- 3. EC Bank to Bank (BTB)**  
Fast and worry-free credit to any other bank account in the Philippines
- 4. EC Door to Door (DTD)**  
Delivery of remittance in cash direct to the homes of beneficiaries. Available in over 1,000 cities and municipalities nationwide.
- 5. EC Cash Pick-up (CPU)**  
For beneficiaries without bank accounts, remittances can be conveniently claimed in cash at any DBP branch or more than 4,000 accredited cash outlets nationwide. For emergencies and urgent fund transfers, designated cash outlets in major cities operate 24/7 and remittances are available within minutes of being received from DBP's overseas tie-ups.
- 6. Overseas Collection Arrangement (OCA)**  
Collection of premiums and loan amortizations for payment to Social Security System (SSS), Philhealth, DOLE, POEA, OWWA, real estate companies, and other institutions.

## TREASURY PRODUCTS AND SERVICES

- 1. Interbank Borrowing/Lending**
- 2. Government and Corporate Securities Dealership**
  - a. Treasury Bills
  - b. Retail Treasury Bonds (RTB)
  - c. Fixed Rate Treasury Notes (FXTNs)
  - d. Corporate Bonds (in US\$ and Php)
  - e. Capital Notes
  - f. ROP Sovereign Dollar Bond
  - g. Global Peso Notes (GPN)
- 3. Outright FX Forward**
- 4. Foreign Exchange Dealership**  
(buying and selling of foreign currency)

## TRADE PRODUCTS & SERVICES

- 1. Import**
  - a. Import Letter of Credit (L/C)
  - b. Foreign Standby LC
  - c. Document Against Payment (D/P)
  - d. Document Against Acceptance (D/A)
  - e. Open Account (OA)/Telegraphic Transfer (T/T)
  - f. Direct Remittance (DR)
  - g. Advance Payment
- 2. Export**
  - a. Export LC Advising and Confirmation
  - b. Export LC Negotiation

- b.1 Export Bills Purchase (EBP)
- b.2 Outward Bills for Collection (OBC)
- c. Document Against Payment (D/P)
- d. Document Against Acceptance (D/A)
- e. Open Account (OA)/Telegraphic Transfer (T/T)

## 3. Domestic

- a. Domestic LC
- b. Domestic Standby LC

## 4. Other Trade Services

- a. Shipment Bond/Bank Guarantee Issuance
- b. Advance Release/Airway Bill Endorsement
- c. Collection of Custom Duties (Import & Export)

## 5. Trade Credit Facilities

- a. Trust Receipt Financing
- b. Export Advance/Packing Credit Loan vs. LC

## TRUST PRODUCTS & SERVICES

### 1. Trust

- a. Unit Investment Trust Fund (UITF)
  - Unlad Pamahalaan GS Money Market Fund
  - Unlad Kawani Money Market Fund
- b. Institutional Trust
  - Employee Benefit
  - Pre-need Account
- c. Individual Trust
  - Personal Trust Account
  - Living Trust: Revocable Living Trust / Irrevocable Living Trust
  - Personal Pension Fund
  - Personal Retirement Fund

### 2. Other Fiduciary Services

- a. Court Trust
  - Administratorship
  - Executorship
  - Guardianship
- b. Legislated and Quasi-judicial Trust
  - Public Trusteeship
- c. Property Administratorship
- d. Corporate Fiduciary Services
  - Mortgage Trust Indenture / Collateral Trust Indenture
  - Facility / Loan Agency
  - Transfer Agency
  - Depository and Reorganization
- e. Escrow
- f. Safekeeping
- g. Life Insurance Trust

### 3. Agency

- a. Institutional Agency
  - Employee Benefit
  - Pre-need Account
  - Investment Management Account (IMA- Institutional)
    - Peso
    - Foreign Currency
- b. Individual Agency
  - Personal Pension Fund
  - Personal Retirement
  - Investment Management Account (IMA- Personal)
    - Peso
    - Foreign Currency

### 4. Advisory/Consultancy

### 5. Special Purpose Trust

# DBP BRANCH NETWORK

## RMC-NORTHEASTERN LUZON

2nd Flr. DBP Bldg. Osmeña, National Highway City of Ilagan, Isabela 3300  
Direct Line (078) 624-0877  
Fax No. (078) 624-0877  
E-mail Address rmc-nel@dbp.ph  
RMC Head AVP CATHERINE T. CAMARAO

### Aparri Branch

Maharlika Highway, Macanaya District  
Aparri, Cagayan 3515  
Direct Line (078) 888-2066, 822-8291  
Fax No. (078) 888-2066  
E-mail Address aparri@dbp.ph  
Branch Head MR. FLOILAN R. RAMOS

### Ilagan Branch

National Highway, Brgy. Osmeña  
City of Ilagan, Isabela 3300  
Direct Line (078) 624-2145  
Fax No. (078) 624-2145, (02) 8189511  
local 1607  
E-mail Address ilagan@dbp.ph  
Branch Head AM CAROLYN C. BAGO

### Santiago Branch

Purok 7, National Highway, Villasis,  
Santiago City, Isabela 3311  
Direct Line (078) 305-0916, 305-0405  
Fax No. (078) 305-0905  
E-mail Address santiago@dbp.ph  
Branch Head MGR. ARMENIO S. ESLAVA

### Solano Branch

Burgos St., Brgy. Quezon,  
Solano, Nueva Vizcaya 3709  
Direct Line (078) 326-6087, 326-6096  
Fax No. (078) 326-6087  
E-mail Address solano@dbp.ph  
Branch Head MGR. LORETO MARITES B. LILAGAN

### Tabuk Branch

No. 9 Provincial Road, Dagupan Centro,  
Tabuk City, Kalinga 3800  
Fax No. (02) 818-9511 local 1606  
E-mail Address tabuk@dbp.ph  
Branch Head MS. UDETTE F. FALGUI

### Tuguegarao Branch

Cor. Burgos & Arellano Sts. Centro,  
Tuguegarao City, Cagayan 3500  
Direct Line (078) 844-1828, 844-2386,  
844-1957  
Fax No. (078) 844-1957, 846-2381  
E-mail Address tuguegarao@dbp.ph  
Branch Head MR. EMIL ANTONIO N. CALIMAG

## RMC-WESTERN LUZON

M. H. del Pilar, Dagupan City,  
Pangasinan 2400  
Direct Line (075) 523-7836, 529-5490  
Fax No. (075) 523-7835 / 522-2696  
E-mail Address rmc-nwl@dbp.ph  
RMC Head MGR. MARIA DOLORES C. GUEVARA

### Baguio Branch

Session Road cor. Perfecto St.  
Baguio City 2600  
Direct Line (074) 442-5305, 442-2550,  
442-5308, 442-4987,  
442-7109  
Fax No. (074) 442-5307  
E-mail Address baguio@dbp.ph  
Branch Head MGR. EDGARDO T. MANALO (as of 2015)  
AM JESILY A. REJUSO (as of end-December 2014)

### Dagupan Branch

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515-4403,  
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Branch Head MS. MA. CAROLINA D.O. AUSTRIA

### Laoag Branch

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Branch Head MGR. LUZVIMINDA M. BUDUAN

### San Fernando (La Union) Branch

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242-1664  
Fax No. (072) 242-1049, 818-9511  
loc. 1410  
E-mail Address sfdo@dbp.ph  
Branch Head AM MA. REGINA A. SERRANO (as of 2015)  
AM MARCOS M. PEREZ, JR. (as of end-December 2014)

### Vigan Branch

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Branch Head MGR. MARJORIE ANNE R. MUÑOZ

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920-4732, 920-4903,  
920-4894, 920-4717  
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RMC Head SAVP MADELEINE F. ALDANA

### Alabang Branch

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552-9219 Loc. 101,  
552-9216 Loc. 102,  
552-9215 Loc. 108

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Branch Head MGR. RIA MAELA A. ARRIOLA

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Veterans Compound, Camp Emilio Aguinaldo  
EDSA, Quezon City 1110  
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### Commonwealth Branch

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920-4708, 920-4703,  
920-4892, 920-4907  
Fax No. (02) 920-4898  
E-mail Address cmwealth@dbp.ph  
Branch Head MGR. NICOLAS L. DIZON

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Fax No. (02) 556-1100, 552-9227  
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Branch Head SM ARLENE P. ESCULLAR

### Mandaluyong Branch

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576-6456  
Fax No. (02) 576-6430  
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Branch Head AM KRISTINE EDINNE C. PELINGON

### Manila-Nakpil Branch

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Branch Head AM PEARL ANGELICA C. HUFANO

### Manila Cash Unit

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525-8703  
Fax No. (02) 525-8672  
E-mail Address manila@dbp.ph  
Branch Head AM VIRNA G. DE LEON

### Marikina Branch

No. 37 cor. Dragon and Gil Fernando Ave.,  
Midtown Subdivision, San Roque Marikina  
City 1801  
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E-mail Address marikina@dbp.ph  
Branch Head MGR. VIRGILIO F. CASTELO III

### Muntinlupa Branch

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City 1702  
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Fax No. (02) 861-5398  
E-mail Address muntinlupa@dbp.ph  
Branch Head MR. JERWIN L. FABRICANTE

### Parañaque Branch

Unit 14 & 15 G/F Aseana Power Station,  
Macapagal Blvd cor Bradco Ave., Parañaque  
City 1700  
Direct Line 5190645, 478-6179,  
519-5826  
Fax No. (02) 478-6783  
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Branch Head SM JULIE ANN ESGRA-GONZALES

### Pasay Branch

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Branch Head MS. MA. AYLENE V. RICAFARENT (as of 2015)  
AM EDWARD R. MANSION (as of end-December 2014)

### Pasig Branch

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Miguel Avenue, Ortigas Avenue, Pasig City  
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### Quezon Avenue Branch

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Branch Head MGR. RAE FRAMILE E. JUATON

### Quezon City Branch

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927-9383, 928-9156  
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AVP ELISA D. DUMLAO (as of end-December 2014)

### San Juan Branch

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SAVP ARTURO S. MARTINEZ (as of end-December 2014)

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Branch Head AVP MA. CRISTINA S. PIMPINIO

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Branch Head MGR. LILIANA. TRINIDAD

## Cabanatuan Branch

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Fax No. (044) 464-3536  
E-mail Address cabanatuan@dbp.ph  
Branch Head SM AILYN D. CAPATI

## Clark Branch

Pavillion I, Berthaphil III Clark Center, Jose Abad Santos Avenue, Clark Freeport Zone 2023  
Direct Line (045) 499-1649, 499-1650  
Fax No. (045) 499-1652  
E-mail Address clark@dbp.ph  
Branch Head AM DONNA B. DIWA

## Malolos Branch

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Fax No. (044) 796-0324  
E-mail Address malolos@dbp.ph  
Branch Head MGR. DONNIE LOU R. FIGUEROA (as of 2015)  
MGR. RYANNAT. BULATAO (as of end-December 2014)

## San Fernando (Pampanga) Branch

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Fax No. (045) 961-5845  
E-mail Address sanfernando-pampanga@dbp.ph  
Branch Head MGR. RYANNAT. BULATAO (as of 2015)  
SM REMELYN A. PAGARIGAN (as of end-December 2014)

## Subic Branch

G/F Hee-Mang Bldg. Lot 3 Greenwoods Park, CBD Area Subic Bay Freeport Zone 2222  
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Fax No. (047) 252-3090  
E-mail Address subic@dbp.ph  
Branch Head AM RUBEN F. RAYO

## Tarlac Branch

Macabulos Drive, Tarlac City, Tarlac 2300  
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Fax No. (045) 982-0885  
E-mail Address tarlac@dbp.ph  
Branch Head AM LIZEL S. LAPUZ

## Valenzuela Branch

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E-mail Address valenzuela@dbp.ph  
Branch Head MGR. JOWEL G. DE CASTRO

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RMC Head VP ABELARDO L. MONARQUIA

## Batangas Branch

Sambat Kumintang Ibaba, Batangas City 4200  
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Fax No. (043) 702-3378  
E-mail Address batangas@dbp.ph  
Branch Head SM MA. LUISA C. GRIMALDO (as of 2015)  
MS. CHRISTINA P. AÑOSO (as of end-December 2014)

## Calapan Branch

Roxas Dr., Sto. Nino, Calapan City, Oriental Mindoro 5200  
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Fax No. (043) 441-0217  
E-mail Address calapan@dbp.ph  
Branch Head SM CHED B. SY

## Dasmariñas Branch

Km. 30 E. Aguinaldo Highway, Dasmariñas Cavite 4114  
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Fax No. (046) 416-1390  
E-mail Address dasmarinas@dbp.ph  
Branch Head MGR. ROMEL P. SAN DIEGO

## Lipa Branch

No. 2 C.M. Recto Ave. Lipa City, Batangas 4217  
Direct Line (043) 756-4216  
Fax No. (043) 756-4217  
E-mail Address lipa@dbp.ph  
Branch Head AVP JOSE MARIA E. PETEZA (as of 2015)  
SM CRISTINA C. CORONEL (as of end-December 2014)

## Lucena Branch

Merchan St., Lucena City, Quezon Province 4301  
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Fax No. (042) 373-0134  
E-mail Address lucena@dbp.ph  
Branch Head SM JOEL G. JALBUENA

## Puerto Princesa Branch

GF Empire Suites Hotel, Rizal Avenue, Puerto Princesa City, Palawan 5300  
Direct Line (048) 433-2358, 433-2538  
Fax No. (048) 433-2358, 433-2538  
E-mail Address ptoprincesa@dbp.ph  
Branch Head MGR. JESTONI L. URBANO (as of 2015)  
AM JOSE MARIA E. PETEZA (as of end-December 2014)

## San Jose Branch

Rizal St. cor. Quirino St. San Jose, Occ. Mindoro 5100  
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Fax No. (043) 491-1932  
E-mail Address sanjose@dbp.ph  
Branch Head SM ALFREDO S. SEBASTIAN

## Santa Cruz Branch

A. Bonifacio cor. F. Sario Streets, Poblacion IV, Santa Cruz, Laguna  
Direct Line (049) 501-51-42  
Fax (049) 501-51-32  
E-mail Address stacruz@dbp.ph  
Branch Head AM CHRISTINA P. AÑOSO (as of 2015)  
SM MA. LUISA C. GRIMALDO (as of end-December 2014)

## Santa Rosa Branch

Maerix Terrace Bldg. Rizal Blvd., Brgy. Tagapo, City of Santa Rosa, Laguna 4026  
Direct Line (049) 534-2821,  
Fax No. (049) 534-2820  
E-mail Address starosa@dbp.ph  
Branch Head SM DINAH ORENDAIN-GUIAO

## RMC-BICOL

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Fax No. (054) 472-4727  
Email Address rmc-bicol@dbp.ph  
RMC Head VP ABELARDO L. MONARQUIA (as of 2015)  
SM ARIEL B. PEÑA (as of end-December 2014)

## Daet Branch

Magallanes Iraya St. Daet, Camarines Norte 4600  
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Fax No. (054) 440-0765  
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Branch Head AM RODERICK P. BARBADO

## Legazpi Branch

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E-mail Address legaspi@dbp.ph  
Branch Head SM FRANCISCO M. SAYSON

## Masbate Branch

Cor. Rosero & Quezon Sts. Masbate, Masbate 5400  
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Branch Head SM NATHANIEL T. RELAVO

## Naga Branch

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Branch Head SM ARIEL B. PEÑA (as of 2015)  
MS. RALLEN O. VERDADERO (as of end-December 2014)

## Sorsogon Branch

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Fax No. (056) 421-6876  
E-mail Address sorsogon@dbp.ph  
Branch Head SM ELEANOR ECO

## Virac Branch

DBP Virac Branch, Old Capitol Building, Rizal Avenue cor. Eustaquio St., Sta. Elena, Virac, Catanduanes  
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E-mail Address virac@dbp.ph  
Branch Head AM TRANQUILINO R. LASALA (as of 2015)  
MGR. VICENTE A. BALMACEDA (as of end-December 2014)

# DBP BRANCH NETWORK

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VP FERNANDO G. LAGAHIT (as of end-  
December 2014)

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### Catarman Branch

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Northern Samar 6400  
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E-mail Address [catarman@dbp.ph](mailto:catarman@dbp.ph)  
Branch Head MGR. MIGUEL S. CALADES

### Catbalogan Branch

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Branch Head SM HELBERT ANTOINE A. ACHAY

### Maasin Branch

RK Kangleon St. Tunga-Tunga,  
Maasin City Southern Leyte 6600  
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Branch Head SM PAUL C. MATIENZO

### Ormoc Branch

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Branch Head SM MICHAEL RODRIGO I.  
MONDOY

### Tacloban Branch

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6500  
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412-3588/255-6324  
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RMC Head VP FERNANDO G. LAGAHIT

### Bogo Branch

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Fax No. (032) 251-2241  
E-mail Address [bogo@dbp.ph](mailto:bogo@dbp.ph)  
Branch Head SM FELICITAS M. RUÑEZ

### Carcar Branch

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Fax No. (032) 487-7138 & 266-9480  
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Branch Head AM EMELITA B. SANCHEZ

### Cebu Branch

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Fax No. (032) 253-7988  
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Branch Head MGR. LORNA A. GALLEG0

### Mandaue Branch

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Barangay Alang-Alang, Mandaue City 6014  
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Fax No. (032) 344-4993  
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Branch Head SM LILIAN G. ROSALES

### Tagbilaran Branch

DBP Bldg. 243 Carlos P. Garcia Ave.  
North Tagbilaran City, Bohol 6300  
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Branch Head SM MARISSA P. ANINO

## RMC-PANAY

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RMC Head AVP CLIFF C. CHATTO  
(as of 2015)  
AVP RODEL B. BUSTILLO (as of end-  
December 2014)

## Antique Branch

AVP Bldg., T. A. Fornier St. San Jose,  
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E-mail Address [antique@dbp.ph](mailto:antique@dbp.ph)  
Branch Head MGR. EDWIN T. CAGALITAN  
(as of 2015)  
AVP NICHOLAS G. ALVARINO (as of end-  
December 2014)

## Iloilo Branch

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509-9490  
Fax No. (033) 337-2224  
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Branch Head AVP JESSICA E. JUANICO

## Jaro Branch

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329-5230  
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Branch Head AVP RODEL B. BUSTILLO (as of  
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MGR. EDWIN T. CAGALITAN (as of end-  
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Branch Head MGR. CRISTINA C. RIVERA

## Roxas Branch

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Capiz 5800  
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522-1380  
Fax No. (036) 621-2438  
E-mail Address [roxas@dbp.ph](mailto:roxas@dbp.ph)  
Branch Head MGR. GINA G. TA-AY

## RMC-NEGROS

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Negros Occidental 6100  
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709-6094  
Fax No. (034) 434-9377  
E-mail Address [rmc-negros@dbp.ph](mailto:rmc-negros@dbp.ph)  
RMC Head AVP ROSEMARIE C. CALLANTA (as  
of 2015)  
AVP MA. OFELIA V. TESORIO (as of end-  
December 2014)

## Bacolod Branch

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433-3574  
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Branch Head AVP ROSEMARIE C. CALLANTA

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Negros Oriental 6200  
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225-4339, 422-9057  
Fax No. (035) 225-5919  
E-mail Address [dumaguete@dbp.ph](mailto:dumaguete@dbp.ph)  
Branch Head MGR. ARLYN L. NAVARRA

## Kabankalan Branch

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Negros Occidental 6111  
Direct Line (034) 471-3170, 471-2285  
Fax No. (034) 471-2402  
E-mail Address [kabankalan@dbp.ph](mailto:kabankalan@dbp.ph)  
Branch Head AM MARIO A. INFANTE

## San Carlos Branch

F.C. Ledesma Avenue, San Carlos City,  
Negros Occidental 6127  
Direct Line (034) 312-5591, 312-5592,  
729-3351  
Fax No. (034) 312-5158  
E-mail Address [sancarlos@dbp.ph](mailto:sancarlos@dbp.ph)  
Branch Head MGR. RUGGERO CARLO J.  
PANGO

## RMC-NORTHERN MINDANAO

2nd Floor DBP Bldg. Corrales Ave. cor.  
Tirso Neri St. Cagayan de Oro City, Misamis  
Oriental 9000  
Direct Line (08822) 722-646, 722-647,  
(088) 856-4551, 857-3412  
Fax No. (08822) 723-316  
E-mail Address [rmc-nm@dbp.ph](mailto:rmc-nm@dbp.ph)  
RMC Head VP NEOGEN M. CHAVES

## Cagayan de Oro Branch

DBP Bldg. Corrales Ave. cor. Tirso Neri St.  
Cagayan de Oro City, Misamis Oriental 9000  
Direct Line (08822) 722-649, (088)  
857-2148, (088) 857-2087,  
857-2088  
Fax No. (088) 856-4517  
E-mail Address [cagayandeor@dbp.ph](mailto:cagayandeor@dbp.ph)  
Branch Head AVP SHIRLEY MAE B. SERATE

## Capistrano - CDO Branch

Capistrano cor. J. R. Borja Sts. Cagayan de Oro  
City, Misamis Oriental 9000  
Direct Line (088) 856-6154,  
(08822) 722-819  
Fax No. (088) 856-7776,  
Email Address [capistrano-cdo@dbp.ph](mailto:capistrano-cdo@dbp.ph)  
Branch Head AVP MARY JOYCE B. SALGADOS

## Iligan Branch

Picardal Road, Mahayahay Iligan City,  
Lanao del Norte 9200  
Direct Line (063) 221-2858, 221-8208,  
221-2857, 223-3332  
Fax No. (063) 221-3124  
E-mail Address [iligan@dbp.ph](mailto:iligan@dbp.ph)  
Branch Head AM FRANCIS R. DONGOGAN

# DBP BRANCH NETWORK

## Malaybalay Branch

Bonifacio Drive Caul, Malaybalay City,  
Bukidnon 8700  
Direct Line (088) 221-2134, 813-3831  
Fax No. (088) 813-3682  
E-mail Address malaybalay@dbp.ph  
Branch Head AVP NORA G. ISMAIL

## Ozamiz Branch

Burgos cor. Zamora Sts. Ozamiz City,  
Misamis Occidental 7200  
Direct Line (088) 521-0027, 521-0028  
Fax No. (088) 521-0032  
E-mail Address ozamis@dbp.ph  
Branch Head SM RUSSELLITA P. MURALLON

## Valencia Branch

Tamay Lang Park Lane, G. Laviña Avenue,  
Poblacion, Valencia City, Bukidnon  
Direct Line (088) 828-3316, 828-3190,  
828-3086  
E-mail Address valencia@dbp.ph  
Branch Head SM ANGELITAT.  
AGUHO

## RMC-NORTHEASTERN MINDANAO

J. C. Aquino Avenue Cor. J. Rosales Ave.  
Butuan City, Agusan del Norte 8600  
Direct Line (085) 815-6036, 341-5136,  
815-2196,  
Fax No. (085) 815-1627  
E-mail Address rmc-nem@dbp.ph  
RMC Head VP SISINIO S. NARISMA

## Butuan Branch

J. C. Aquino Avenue cor. J. Rosales Ave.  
Butuan City, Agusan del Norte 8600  
Direct Line (085) 341-5150, 342-6358  
Fax No. (085) 341-5137  
E-mail Address butuan@dbp.ph  
Branch Head MGR. JESSIE P. OMAMALIN

## Mangagoy Branch

Saren Bldg., Espiritu St. Mangagoy, Bislig City  
Surigao del Sur 8311  
Direct Line (086) 853-5044,  
Fax No. (086) 853-2245  
E-mail Address mangagoy@dbp.ph  
Branch Head MGR. JONAS T. DABALOS

## San Francisco Branch

Orange St. cor. Rotunda San Francisco,  
Agusan del Sur 8501  
Direct Line (085) 839-0436, 343-8274  
Fax No. (085) 839-0439  
E-mail Address sanfrancisco@dbp.ph  
Branch Head MGR. FREDDIE C. MERO

## Surigao Branch

Narciso St., Surigao City, Surigao del Norte  
8400  
Direct Line (086) 26-0289, 231-7351,  
826-1309  
Fax No. (086) 826-1118  
E-mail Address surigao@dbp.ph  
Branch Head AVP MA. LIZA C. BALMADRES

## RMC-SOUTHERN MINDANAO

Roxas Ave., General Santos City,  
South Cotabato 9500  
Direct Line (083) 552-2328, 552-4514,  
301-6110  
Fax No. (083) 552-1488  
E-mail Address rmc-sm@dbp.ph  
RMC Head SAVP NELITO H. TINGZON

## Cotabato Branch

Don Rufino Alonzo St. Cotabato City 9600  
Direct Line (064) 421-2367, 421-2368,  
421-2365  
Fax No. (064) 421-8216  
E-mail Address cotabato@dbp.ph  
Branch Head MARIELA LUZ T. CORTEZ  
(as of 2015)  
AM AMADO D. BRASILEÑO (as of end-  
December 2014)

## General Santos Branch

Roxas Avenue, General Santos City,  
South Cotabato 9500  
Direct Line (083) 554-7821, 552-2084,  
552-2961  
Fax No. (083) 552-4514  
E-mail Address gensan@dbp.ph  
Branch Head MGR. ICHIE M. BARROMETRO  
(as of 2015)  
AVP CLIFF C. CHATTO (as of end-  
December 2014)

## Marbel Branch

Alunan Ave., Koronadal City, South Cotabato  
9506  
Direct Line (083) 228-2429, 228-3118,  
228-3119, 228-5872,  
228-8629  
Fax No. (083) 228-3667  
E-mail Address marbel@dbp.ph  
Branch Head SM LANI A. CASTANIAGA

## Tacurong Branch

National Highway cor. Del Corro Sts. Tacurong  
City, Sultan Kudarat 9800  
Direct Line (064) 200-3485  
Fax No. (064) 200-3060  
E-mail Address tacurong@dbp.ph  
Branch Head AM AMADO D. BRASILEÑO  
(as of 2015)  
AM ICHIE M. BARROMETRO (as of end-  
December 2014)

## RMC-SOUTHEASTERN MINDANAO

2nd Floor, DBP Bldg. C. M. Recto Avenue,  
Davao City 8000  
Direct Line (082) 221-2117, 222-3477,  
227-2891, 222-3478,  
226-4094  
Fax No. (082) 221-2517  
E-mail Address rmc-sem@dbp.ph  
RMC Head SAVP ANA MARIE E. VELOSO

## Davao Branch

DBP Bldg., C. M. Recto Ave. Davao City,  
Davao del Sur 8000  
Direct Line (082) 222-8326, 227-6277,  
222-3480, 227-9681,  
227-7285  
Fax No. (082) 221-2572  
E-mail Address davao@dbp.ph  
Branch Head SM JUVIE LANI D. MANALOTO

## Digos Branch

DBP Bldg., Quezon Ave., Digos City,  
Davao del Sur 8002  
Direct Line (082) 553-2933  
Fax No. (082) 553-3943  
E-mail Address digos@dbp.ph  
Branch Head MGR. JAY ART G. GALACHE

## Kidapawan Branch

DBP Bldg., Quezon Blvd. cor. J.P. Laurel Sts.,  
Kidapawan City, Cotabato 9400  
Direct Line (064) 288-1450, 288-1372  
Fax No. (064) 288-1581  
E-mail Address kidapawan@dbp.ph  
Branch Head AM LOLITA O. TEOPE

## Mati Branch

Address DBP Bldg., Limatoc St. Mati City,  
Davao Oriental 8200  
Direct Line (087) 388-3840, 388-3642,  
811-0413  
Fax No. (087) 388-3911  
E-mail Address mati@dbp.ph  
Branch Head MGR. AMELITA B. PINANDAY

## Tagum Branch

DBP Bldg., Apokon Road, Tagum City 8100  
Direct Line (084) 216-7097, 216-7096  
Fax No. (084) 655-9287  
E-mail Address tagum@dbp.ph  
Branch Head SM JEMMA H. IRENEA

## RMC-WESTERN MINDANAO

Don P. Lorenzo St. (Port Area) Zamboanga  
City 7000  
Direct Line (062) 992-7365, 991-1316,  
992-5819  
Fax No. (062) 991-0359  
E-mail Address rmc-wm@dbp.ph  
RMC Head SAVP EDGAR N. SERONAY

## Basilan Branch

N. Valderrosa St., Isabela City Basilan 7300  
Direct Line (062) 200-3584  
Fax No. (062) 200-3585  
E-mail Address basilan@dbp.ph  
Branch Head MS. SHEILA B. PORTICOS

## Dipolog Branch

National Highway, Turno, Dipolog City,  
Zamboanga del Norte 7100  
Direct Line (065) 212-3404, 212-3414,  
908-0207  
Fax No. (065) 212-4290  
E-mail Address dipolog@dbp.ph  
Branch Head MGR. AL BRAIN C. TENORIO

## Ipil Branch

Corner Sucgang Avenue & Gethsemane St.,  
Ipil, Zamboanga Sibugay 7001  
Direct Line (062) 333-2279, 333-2420  
Fax No. (062) 333-2279, 333-2227  
E-mail Address ipil@dbp.ph  
Branch Head MGR. ROMEL S. CALAPARDO

## Jolo Branch

Gen. Arrola St. cor. Buyon St. Jolo, Sulu 7400  
Direct Line (085) 341-8911  
Fax No. 818-9511 loc 1491  
E-mail Address jolo@dbp.ph  
Branch Head AM FAWAZA R. TULAWIE

## Pagadian Branch

Rizal Avenue, Balangasan District Pagadian  
City, Zamboanga del Sur 7016  
Direct Line (062) 214-2169, 214-1448,  
214-4638  
Fax No. (062) 214-1450  
E-mail Address pagadian@dbp.ph  
Branch Head MGR. MAYLIN C. AGERO

## Zamboanga Branch

DBP Bldg. Don Pablo Lorenzo St. (Port Area)  
Zamboanga City 7000  
Direct Line (062) 991-2617  
Fax No. (062) 991-1331, 992-7366  
E-mail Address zamboanga@dbp.ph  
Branch Head SM FERNANDO J. YU

### Note:

There may be some changes in the address and branch head assignment in view of the continuing branch rationalization and expansion program of the Bank. Please visit the DBP Website (<https://www.devbnkphl.com>) for the updated details on our branch network.



