



STRONG & BRILLIANT

@70

2017 ANNUAL REPORT

About the COVER

The value of a gem is judged according to its strength and brilliance. Like a diamond with a sheen that is matched by its hardness, DBP, with its legacy of resilience, stability and relevance, is truly a prime jewel in the National Government's development efforts over the last seven decades.

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Message from **THE PRESIDENT**



My warmest greetings to the **Development Bank of the Philippines (DBP)** as it publishes its **2017 Annual Report**.

In the past two years, we have embarked on an unprecedented infrastructure development program that will not just facilitate commerce and trade across the country, but will also serve as the foundation upon which our long-term progress will be built on. The success of this endeavor relies heavily on the invaluable support and assistance of institutions such as DBP.

Its stature as an important pillar of the Philippine banking industry has been tested by seven decades of service not only to its clientele but also to the Filipino people. Its contribution to the advancement of environmental conservation, social services and micro, small and medium enterprises speak well of its commitment to go beyond its role as the nation's primary infrastructure bank.

Let us all look back on the gains of the past year with optimism that DBP will remain as the embodiment of strength, stability and reliability in the financial sector in the years to come.

I wish you all the best.

A handwritten signature in black ink, appearing to read 'Rodrigo Roa Duterte'.

RODRIGO ROA DUTERTE

President
Republic of the Philippines
Manila
August 2018

Report to STAKEHOLDERS



We are pleased to present the 2017 Annual Report of the Development Bank of the Philippines. In 2017, DBP celebrated its 70th year as the country's premiere development financial institution. The cover story of this report reflects DBP's characteristics as likened to a blue diamond - strong, rare, and precious.

DBP's value can be seen in its long history of pushing forward the country's sustainable growth. On its 70th year, given its enhanced mandate as an Infrastructure Bank, DBP stepped up to support the country's massive infrastructure requirements.

The bank intensified development lending to infrastructure projects to support the "Build Build Build" program of the National Government through loans syndication and partnerships with other Government Agencies and Private Investors. Out of its total loan portfolio, Php73.6 billion was channeled to infrastructure and logistics projects.

Funding assistance was also allocated for social services at Php29.8 billion, while environmental initiatives enjoyed a Php15.4 billion share. Total loan portfolio for Education and Health reached Php17.4 billion. Micro, small and medium enterprises also benefitted from loans amounting to about Php16.2 billion.

The bank's development efforts were also focused on other critical sectors and industries with accelerated lending in the public sector principally the Local Government Units (LGUs), Water Districts (WDs) and Electric Cooperatives (ECs). Total loan approvals for LGUs, WDs and ECs amounted to Php31.8 billion.

DBP continued to optimize opportunities for the infrastructure sector. In 2017, it launched the Infrastructure Contractor Support Program (ICONS) to address funding gaps in infrastructure development. ICONS is envisioned to help in improving the capacity of Filipino contractors to complete their contracts and finance their own investments, including the acquisition of heavy equipment for use in infrastructure projects. The program also financed contractor-projects involving infrastructure for efficient transportation systems, waste management, power generation and distribution, and water systems.

DBP's aggressive lending efforts powered a net income after tax of Php5.49 billion, a 24% increase from Php4.44 billion in 2016. DBP continued to promote financial inclusion, mounting an aggressive campaign to get as many Filipinos into mainstream banking. Attesting to this is

DBP's deposits that grew to Php412.36 billion from Php356.24 billion previously.

Total assets in 2017 reached Php592.36 billion, or a 10 percent increase from Php536.28 billion in 2016. This sustained viable financial performance allowed the bank to remit to the National Government cash dividends amounting to Php2.52 billion.

DBP remained aggressive in reaching out to Filipinos countrywide through an expanded network of 125 branches and 3 extension offices. Its ATM network expanded to 637 in 2017.

Through the DBP Digital Banking Portal (DBP squared), a complete suite of cash management solutions was offered to corporate and institutional clients. DBP² allowed DBP account holders to view their account portfolios, transaction history and statement of account. The facility also allowed for fund transfers between DBP accounts and to enrolled third party accounts in real time.

DBP's responsive and efficient customer service also earned the nod of its clients. The results of a third-party customer satisfaction survey revealed a customer satisfaction rating of 95% from both the depositors and borrowers of the bank.

The bank's credit ratings were affirmed at BBB both by Standard and Poor's (S&P) and Fitch Ratings. These credit ratings were aligned with the country's sovereign rating.

Looking inward, DBP undertook initiatives to improve competency standards through competency profiling and gap assessment activities of lending officers in 2017. These activities facilitated the bridging of competency gaps through appropriate interventions and training programs.

By any metric or standard, we are proud to report that DBP did impressively well in 2017. DBP's performance was recognized seven times by local and international award-giving entities. These recognitions included the Award of Excellence from the Governance Commission for GOCCs and the Institute of Corporate Directors as DBP achieved 99.8 percent in its corporate governance scorecard.

DBP was also recognized as the SME Bank of the Year in the prestigious The Asian Banker – Philippine Country Awards. The bank was recognized for the 30 per cent growth of its SME lending portfolio in 2016, and for creating value to its customers. DBP's SME accounts also grew by a high teen rate.

DBP also earned accolade for supporting an integrated resource recovery management project in Naga City, Cebu which offers an integrated zero waste and no landfill approach to municipal solid waste management. For this initiative, DBP won the Outstanding Sustainable Project Award during the Karlsruhe Sustainable Finance Awards 2017.

DBP's efforts in promoting infrastructure development also did not go unnoticed. During The Asset AAA Asian Infrastructure Awards, the bank won the Transport Deal of the Year for the Philippines and Regional Overall for the Light Rail Manila Corporation's Php24-billion project loan facility for the Light Rail Transit 1 PPP, and the Power Deal of the Year – Philippines for GN Power Dinginin Limited Company's US\$670-million and Php7.5-billion project financing facilities for its 2x668 megawatt super critical coal-fired power plant.

That DBP exhibits the characteristics of the rare blue diamond, one that is strong and brilliant, is evident in its role as the country's mandated bank for sustainable development. To fulfill this mandate, DBP has adopted a new vision to become a one-trillion bank capable of supporting and spearheading development in half of the Philippine countryside by 2022. This is in the context of the creation of the ASEAN Economic Community that calls on banks like DBP to build asset size to be comparable with their counterparts.

No other bank in the country has been given the challenge and the opportunity to help build a progressive Filipino society.

To continuously deliver on its mandate, DBP is revving up for change and innovation in 2018. Starting with the most basic, DBP looked into its organization. DBP laid the groundwork for a revitalized organization with the overriding objective of ensuring the efficient implementation of the bank's strategic priorities, while enhancing effectiveness in the delivery of its products and services. DBP will operate under functional clusters, to give more focus on its lending activities and deposit generation, while increasing operational efficiency.

DBP will continue to make its products and services more accessible to a greater number of Filipinos with its branch expansion program. DBP will strengthen its presence in underserved areas with the targeted opening of new branches and extension offices.

To build the bank's financial muscle, DBP will continue to generate low cost funds by embarking on a deposit promotion campaign. This is also intended to broaden the bank's depositor base while promoting financial inclusion.

More aggressive efforts will have to focus on building the digital finance infrastructure of the bank. Ease of Doing Business will be further promoted through the bank's Internet Payment Gateway and DBP-BIR PayTax Online, among others.

As precious as a blue diamond, DBP's 70-year history is intertwined with the country's development story. Throughout its existence, DBP has complemented the government's national development goals. From its creation in 1947, just as the country was coming out of war, DBP has come a long way to emerge at a ready stance for the country's march to progress.

The coming years will continue to test DBP's mettle as a responsive and relevant development institution. DBP pledges to continue to play a catalytic role in bringing growth in strategic and critical sectors of Philippine society. In consonance with the vision of the National Government for the country, the Development Bank of the Philippines will always be the bank that makes life better for every Filipino.



ALBERTO G. ROMULO
Chairman



CECILIA C. BORROMEO
President and
Chief Executive Officer

The Start of BRILLIANCE

I can think of no more significant ceremony with which to open the New Year than this formal launching of the operations of the Rehabilitation Finance Corporation.

This organization, created by the Philippine Congress, is the vehicle of the hopes of the administration and of the entire Filipino people for major progress on the road to rehabilitation and recovery.



Remarks of His Excellency Manuel Roxas, President of the Philippines, at the official opening of the Rehabilitation Finance Corporation, 2 January 1947

Great expectations are pinned on you, Mr. Lovina, and on your fellow board members. There is no agency of government and no department of government which bears a more focal responsibility for the years to come than the Rehabilitation Finance Corporation. By means of this government instrumentality, which is really much more than an instrumentality, the nation expects that vigorous impetus will be given not only to national rehabilitation but to a progressive expansion of the national economy, to a broadening of the national economic horizons.

Congress has seen fit to give this agency comprehensive powers. No other department or agency of the Government in the history of the Philippines has had comparable authority. The Rehabilitation Finance Corporation has an authorized capitalization of P300,000,000, an astronomical sum three times the entire pre-war revenue of the Government and one-eighth of the entire pre-war assessed value of all property in the Philippines; and even this need not be a ceiling upon the efforts and activities of this organization. Congress has given you power to issue bonds; and I do not doubt Congress will be willing to increase your capitalization should practical needs be shown. The obligations of the Rehabilitation Finance Corporation will be obligations of the Philippine Government. There is thus placed in your hands the responsibility for the credit and financial standing of our Government. It is a towering responsibility to delegate to any group of officials. It is almost too great, but there is no other way. You must know that you will be held strictly to account for the manner in which you discharge that responsibility.

The Rehabilitation Finance Corporation will have vast funds, of which to dispose. You will be subjected to political pressures and to financial temptations. Those pressures, however strong, you must resist with all vigor. I promise you without qualification that my office will support you to the limit against pressure from any quarter for the granting of loans or other favors on the basis of political attractions. The temptations to which you will be exposed may be cunning, indirect, subtle and insidious. They may be unconscious temptations. I appeal to you in the name of patriotism, in the name of the future of your nation, to steel yourselves with impenetrable resolve and to arm yourselves with never-ceasing vigilance against any inducement, honor or promise which may be made to you, which would lead you to act in any different manner, even in the slightest respect, from that in which you would act, had such an inducement not been offered or given you. I have named you to this board in the belief, my knowledge, that you are all men of unquestioned integrity and irreproachable honor. I warn you that the people will scrutinize all your acts, official and personal, to detect the least sign of departure from the high moral level at which your business must be conducted. This organization

and all of its personnel must be beyond reproach, and this means above the appearance of evil as well as of evil itself. I must also advise you that error will be almost as dangerous as evil.

As you see, it is not a light task which you will undertake. Your shoulders must be broad and your spirit strong to bear the weight which has been placed upon you. Yet I do not wish that the Rehabilitation Finance Corporation to operate in a narrow and conservative mold. Vision and courage must characterize your undertakings. You are not here merely to lend money at interest. This is neither a bank nor a pawnshop. You are entrusted with a major part of the rehabilitation and reconstruction program of the Philippine Republic. You must look far into the future to ascertain and fulfill the basic financial needs of an expanding economic structure. The primary consideration of every venture must be: will it aid the productive economy of the nation? Will it help bring wealth to the people? Will it give them employment? Will it bring them lasting good?

You are the servants of the people. Your activities must help Filipinos to find a productive place in the national economy, especially in small business and industry whose development is so vital to true economic democracy. You are not authorized to subsidize any undertaking which would create an artificial enterprise not capable of competition and independence within a sound and reasonable period of time. You must use the same scales in weighing the proposed activities and undertaking of government instrumentalities which will appeal to you for financial aid.

I do not think any Filipino would envy the roles in which you have been placed. Yet if you play them heroically, you will earn the nation's gratitude. You will make possible the strengthening of the national economy; you will be building a road for the glorious future of our people.

NOTE.—See No.35. The Corporation started with a capital of Php101,276,523.88 of public money; and this was augmented by the issuance of bonds that amounted to Php54,123,552 on November 30, 1949. As of this date, its capital and borrowed money totaled Php170 million already. In addition, it has been given the management of several trust funds amounting to some Php98 million.

Its investments were distributed as follows: agriculture, 16 percent; industries, 31 per cent; real estate, 47 per cent; the rest to provincial and local governments, backpay certificates, and financial companies.

This entry was posted under Historical Papers & Documents, Speeches and tagged Manuel Roxas, speeches. Bookmark the permalink.



I do not think any Filipino would envy the roles in which you have been placed. Yet if you play them heroically, you will earn the nation's gratitude. You will make possible the strengthening of that national economy; you will be building a road for the glorious future of our people."

SPREADING GROWTH FAR AND WIDE



125
BRANCHES



3
EXTENSION OFFICES



171
ONSITE ATMs



458
OFFSITE ATMs



Strong and Brilliant DBP

Since its beginnings as the Rehabilitation Finance Corporation tasked to fund post-war rehabilitation, DBP has remained steadfast in its commitment to support the government's various development initiatives.

In 2017, DBP marked its 70th year as the country's premier development financing institution, with an enhanced mandate as the country's Infrastructure Bank, more aggressively supporting infrastructure development and inclusive growth.

DBP supports projects directed at laying the infrastructure for growth in priority sectors, namely: transportation and logistics, environment, social services and community development, and small and medium enterprises. Accelerated lending is also channeled to the public sector, principally Local Government Units, Water Districts and Electric Cooperatives.

As a universal bank with an expanded commercial banking license granted in 1995, DBP's business model is deemed complex under the Bangko Sentral ng Pilipinas (BSP) Manual of Regulations for Banks. DBP is a 100-percent government-owned policy bank.

VISION 2022

By 2022, a one-trillion Bank capable of supporting and spearheading development in half of the Philippine countryside.

VISION 2040

By 2040, DBP will be a world-class infrastructure and development financial institution, and proven catalyst for a progressive and prosperous Philippines.

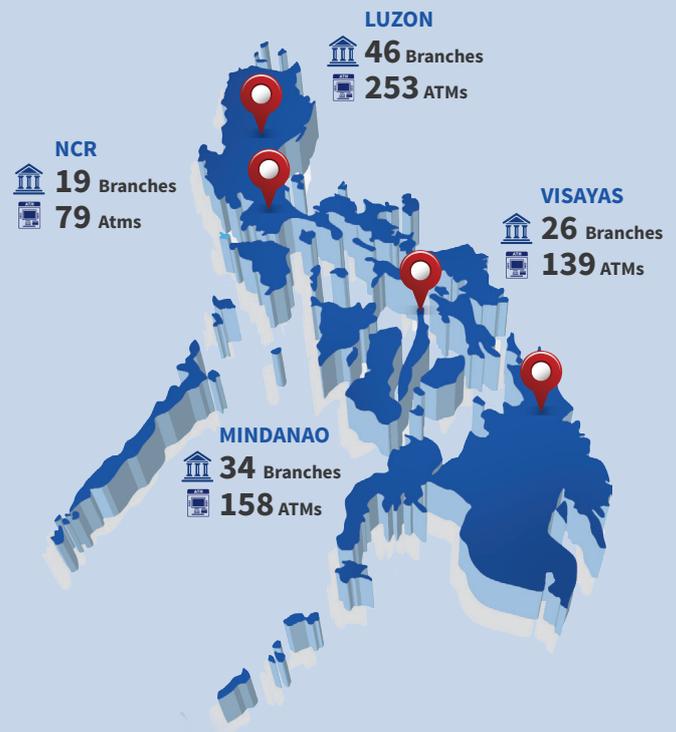
MISSION

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

To work for raising the level of competitiveness of the economy for sustainable growth.

To promote and maintain the highest standards of good governance.

SPREADING GROWTH FAR AND WIDE



SUBSIDIARIES

DBP Leasing Corporation, **100%**
 DBP Data Center, Inc., **100%**
 DBP Management Corporation, **100%**
 Al-Amanah Islamic Investment Bank
 of the Philippines, **99.88%**

ASSOCIATES

LGU Guarantee Corporation, **47.94%**
 DBP Service Corporation, **28.04%**

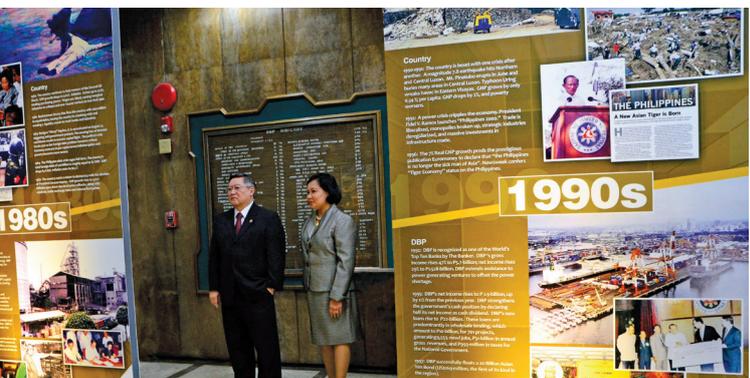
JOINT VENTURES

DBP Insurance Brokerage, Inc., **40%**
 DBP Daiwa Capital Markets Philippines, Inc., **17.06%**

MILESTONES

DBP continued to make strides in fulfilling its mandate as the country’s premier development financing institution. The bank celebrated 70 years of relentless work for the nation’s sustainable progress, taking on an enhanced mission as the country’s Infrastructure Bank and a firm advocate of inclusive growth.

- The P1.5-billion DBP Program Assistance to Support Alternative Driving Approaches (DBP PASADA) was launched in collaboration with the Department of Transportation in support of the initial implementation of the administration’s Public Utility Vehicle (PUV) modernization program. DBP PASADA offers responsive and reasonable financing to allow transport corporations and cooperatives to acquire new, environment-friendly and passenger-safe PUVs.
- DBP was one of the signatories to the “Karlsruhe Resolution” which supports the U.N.-backed sustainable development goals and the Paris Climate Agreement collectively known as “Agenda 2030.” The resolution stresses the important role of the financial services industry in achieving the aspirations of Agenda 2030.



Finance Secretary Carlos G. Dominguez III graces DBP’s 70th Anniversary activities

- Led by Chairman Alberto G. Romulo and President and Chief Executive Officer Cecilia C. Borrromeo, DBP marked its 70th anniversary by reaching out and extending its appreciation to strategic partners with business roadshows in seven key areas across the country. The roadshows were held in Clark, Pampanga; Davao City; Legazpi City; Cagayan de Oro City; Bacolod City; Cebu City; and Batangas City.



Cebu Business Roadshow



Davao Business Roadshow



Pampanga Business Roadshow

- DBP launched the Infrastructure Contractor Support Program (ICONS) to address funding gaps in infrastructure development in the country. The program aims to help Filipino contractors complete their contracts and finance their own investments including the acquisition of heavy equipment for use in construction projects.



Engineering and construction firm Goldridge Construction & Development Corporation (GCDC) was the first DBP client that availed of an omnibus line under the ICONS Program.

- A Php1.8-billion loan agreement was signed between DBP and the provincial government of Davao Occidental for the financing of various infrastructure and livelihood projects that include the construction of the provincial hospital, provincial capitol building and barangay halls; water resource development; small cottage industries and craft villages; and the acquisition of heavy equipment and medical equipment.



DBP has partnered with LGU Davao Occidental for various development projects

- DBP supported the construction of the 82-kilometer Ilagan-Divilacan road project linking the country's eastern seaboard towns in Isabela province to mainland Luzon. This landmark initiative, which will connect the towns of Palanan, Divilacan, Maconacon

and Dinapigue to neighboring municipalities, is expected to spur economic development in the area as it will enable farmers and traders to transport their goods to and from the markets.

- A DBP term loan was extended to the Provincial Government of Camarines Sur to finance 343 priority developmental projects in the different municipalities of the province. The loan will finance various infrastructure programs such as school buildings, road projects, multi-purpose buildings and covered courts, health centers, mini pavilions and acquisition of farm/agricultural and road-building equipment.
- DBP was tapped by the Social Security System (SSS) to serve the payroll requirements of its employees nationwide.
- The Pag-IBIG DBP Prepaid Card was launched to provide a convenient and secure way of disbursing short-term loan proceeds of fund members. Equipped with the Europay, MasterCard and Visa (EMV) chip card technology, the Pag-IBIG DBP Prepaid Card provides owners with the convenience of greater ATM accessibility, cashless VISA payment, and online and tap-to-pay VISA PayWave payments.



Launching of the Pag-IBIG DBP Prepaid Card

- DBP and the Bureau of Internal Revenue (BIR) launched the BIR-DBP PayTax Online portal to enable individuals to pay taxes online using a secure and convenient channel. Tax payments may be made using the ATM card or credit card issued by any bank via the web-based portal www.DBPpaytax.com powered by DBP's Online Payment Gateway.
- The DBP Digital Banking Portal (DBP²) was launched as a complete suite of cash management solutions designed to provide online banking convenience to its clients. DBP² allows corporate and institutional clients to manage their bank accounts in real time online.

FINANCIAL HIGHLIGHTS

(In thousand pesos)

Minimum Required Data	CONSOLIDATED		PARENT	
	2017	2016	2017	2016
Profitability				
Total Net Interest Income	12,997,207	11,548,447	12,921,526	11,488,201
Total Non-Interest Income	2,572,509	2,709,447	2,437,514	2,517,147
Total Non-Interest Expenses	8,144,450	7,699,827	7,969,647	7,519,015
Pre-provision Profit	7,425,266	6,558,067	7,389,393	6,486,332
Allowance For Credit Losses	505,315	778,026	497,059	757,511
Net Income (before tax)	6,919,931	5,780,041	6,892,334	5,728,821
Net Income (after tax)	5,493,040	4,480,066	5,489,304	4,436,471
Selected Balance Sheet Data				
Liquid Assets	237,290,422	211,105,419	236,827,253	210,698,540
Gross Loans	326,596,944	277,795,980	323,300,390	274,627,170
Total Assets	594,237,194	537,987,744	592,355,104	536,282,969
Deposits	412,676,037	356,419,509	412,363,755	356,242,441
Total Equity	48,015,758	44,825,088	48,084,843	44,889,880
Selected Ratios				
Return on Average Equity	11.83%	10.84%	11.81%	10.72%
Return on Average Assets	0.97%	0.86%	0.97%	0.85%
CET 1 Capital Ratio	11.33%	11.22%	11.08%	10.92%
Tier 1 Capital Ratio	11.33%	11.22%	11.08%	10.92%
Capital Adequacy Ratio	15.27%	15.38%	14.99%	15.10%
Per Common Share Data				
Net Income per Share:	-	-	-	-
Basic	31.39	25.60	31.37	25.35
Others				
Cash Dividends Declared	2,524,273	2,365,215	2,516,158	2,341,125

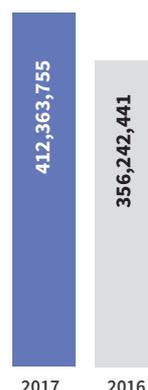
Gross Loans



Total Assets



Deposits



Net Income (after tax)



AWARDS AND RECOGNITIONS

DBP received major awards and accolades in 2017 in recognition of its position as an industry leader.

- **Award of Excellence** conferred by the Governance Commission for GOCCs and the Institute of Corporate Directors for achieving one of the highest scores in the Corporate Governance Scorecard for government-owned and controlled corporations. DBP ranked fourth out of the 10 awardees with a score of 91.50% based on 2016 Assessment for 2015 Operations. The bank also posted the biggest leap among the awardees, jumping to #4 from #11 previously with a 28.8-point improvement. It also earned a perfect score of 35% in the section on Disclosure and Transparency.



- **Visa Inclusive Growth Award 2017** for DBP's role in promoting financial inclusion in the country. The award is in recognition of its Pag-IBIG DBP prepaid card, an innovative card-based disbursement solution for short-term loans granted by the Home Development Mutual Fund or Pag-IBIG Fund to its members nationwide.



- **SME Bank of the Year** from the prestigious The Asian Banker – Philippine Country Awards, which cited the growth of DBP's SME lending business and the bank's efforts towards creating value to its customers.



- **Outstanding Sustainable Project Award - Karlsruhe Sustainable Finance Awards 2017** for DBP's assistance to an integrated resource recovery management project, the FDR Integrated Resource Recovery Management, Inc. (FDR-IRRMI). FDR-IRRMI offers an integrated, zero-waste and no-landfill approach in the management of municipal solid waste in Naga City, Cebu.



- **The Asset AAA Asian Infrastructure Awards** for DBP's role in promoting infrastructure development in the country: **Transport Deal of the Year for the Philippines and Regional Overall** for the Light Rail Manila Corporation's Php24-billion project loan facility for the Light Rail Transit 1 ("LRT1") PPP tendered by the Department of Transportation and the **Power Deal of the Year – Philippines** for GNPowder Dinginin Limited Company's US\$670-million and P7.5- billion project financing facilities for its 2x668MW Supercritical Coal-fired Power Plant.

DBP @ 70. OUR STORY TO TELL

To stay strong and brilliant for seven decades is not for the faint hearted. It requires guts and fortitude, the ability to bounce back from defeat and capitalize on victories. For an organization, it demands focus, dedication and a single-minded determination to do what needs to be done to stay dynamic, resilient and relevant.

The story of the Development Bank of the Philippines (DBP) over the last 70 years is a story of government and banking industry leaders, bank executives and bank employees — all working for their clients. It abounds with tales of successes and challenges, of setbacks and resurgence, of visions and lofty goals. Taken together, these tales continue to weave a tapestry that showcases a heritage and legacy of dedicated service towards the development of the Philippines and the Filipinos.

DEVELOPMENT LENDING

Relentless. Resilient. Dedicated. DBP capped its 70th year keeping faithfully at aggressively supporting the government's program for inclusive, sustainable development. Pump priming growth in priority growth areas through strategic development lending, the bank channeled program support to projects and initiatives in key development sectors, namely: infrastructure and logistics; environment; social services; and micro, small, and medium enterprises.

INFRASTRUCTURE AND LOGISTICS

In 2017, DBP found itself mustering its strategic position as the country's prime bank for development, taking on the government's challenge of increasing funding for its massive infrastructure program. The bank welcomed its enhanced mandate as the country's Infrastructure Bank supporting the government's "Build, Build, Build!" initiative.

For DBP, infrastructure financing is a familiar territory. As a development institution that had seen and supported the rebuilding of a country from the destruction of war, the bank more than welcomes the chance to once again be engaged in this most fundamental element of national development.

DBP's strengthened support for growth in the infrastructure and logistics sector is implemented through four flagship initiatives: Connecting Rural Urban Intermodal Systems Efficiently (CRUISE) Program; Infrastructure Contractor Support (ICONS) Program; Financing Utilities for Sustainable Energy Development (FUSED) Program for the energy sector; and Water for Every Resident (WATER) Program for increased access to water services.

DBP's umbrella initiative for connectivity infrastructure is the **CRUISE Program**, which supports investments in the transport, logistics and tourism sectors, and related information technology and climate change adaptation/risk mitigation requirements of the public and private sectors. The program also actively promotes the use of different investment modalities that encourage private sector participation.

As of 31 December 2017, the CRUISE Program has supported a total of 244 projects that make up a total loan portfolio of Php19.56-billion. Majority of these projects involve infrastructure and logistics and transport initiatives in support of sustainable enterprises and agribusiness sectors.

DBP's expanded support to the infrastructure sector was concretized with the launching on 29 March 2017 of the **ICONS Program**. Through the program, DBP extends credit assistance to contractors in the completion of contracts and in expanding their capacities through capital investments. As of December 31, 2017, total loan portfolio under the Program reached Php4.55-billion. Majority of the contracts supported were those with the government involving farm-to-market roads, irrigation dams, and bridges, among others.

DBP has always believed that the fruits of development must be cascaded to communities. Staying true to this mandate, the bank has consistently funded infrastructure projects supportive of the need of developing communities for basic services.

DBP consistently directed priority attention to the energy sector as it ended the year with a total loan portfolio for electricity, gas, steam and air conditioning supply amounting to Php38.41-billion, or an increase of 2.34 percent from Php37.52-billion previously. Of this amount, 75 percent or Php28.73-billion was attributed to the **FUSED Program**, which supported power generation and distribution projects.

FUSED, which stands for Financing Utilities for Sustainable Energy Development, is the bank's financing window that supports initiatives aimed at increased access to electricity services. The program is envisioned to fund Php40-billion of the estimated investment requirement for power generation and power distribution under the Philippine Energy Plan for 2012-2030.

Of the total Php28.73-billion FUSED loan portfolio, 90 percent or Php25.63-billion was channeled to power generation projects with total installed capacity of 3,385.87 MW. These consisted of conventional and renewable energy with total installed capacity of 3,136.58 MW and 249.29 MW, respectively. Loan portfolio for renewable energy reached Php14.44-billion, with the remaining Php11.19-billion supporting conventional energy projects.

Increasing access to water services in communities across the country is the main goal of DBP's **WATER Program**, which targets a total disbursement of Php25-billion by 2025. In 2017, WATER turned in a loan portfolio amounting to Php8.25-billion, which was 33 percent of the target disbursement under the Program. The amount was 44 percent of the total loan portfolio for Water Supply, Sewerage, Waste Management and Remediation that increased by 10.22 percent to reach Php18.66-billion from Php16.93-billion in 2016.

About 66 percent of the projects supported under the WATER Program were funded by Official Development Assistance (ODA) funds sourced from the Japan International Cooperation Agency (JICA), while the rest were supported through DBP's internally-generated funds.

ENVIRONMENTAL INITIATIVES

In its 70-year history, DBP's mandate as a development financing institution has remained clear – be vigorous in ushering in national growth but be prudent as to ensure the conscientious stewardship of natural resources so that the needs of the future may not be compromised.

DBP has integrated environmental considerations in all aspects of its operations, holding the distinction of being the first Philippine bank to be ISO 14001-certified since 2002 for the sustained implementation of its environmental management system. Expanding its sphere of influence, the bank encourages its partners and clients to exercise environmental responsibility in the pursuit of their business and thrusts.

Today, DBP's focused approach to encouraging industry participation in environmental protection efforts is embodied in two main programs: Green Financing Program and People's Survival Fund.

The **Green Financing Program** is an umbrella program for environment and climate change mitigation and adaptation projects, including disaster risk reduction initiatives. As of 31 December 2017, total loan portfolio under the program stood at Php21.87-billion. Financing assistance was channeled to environmental projects for air and water pollution prevention and control, sanitation, solid and hazardous waste management, resource conservation, resource efficiency, cleaner production, renewable energy, water supply, occupational health and safety, climate change adaptation and mitigation and disaster risk reduction and other environmental projects.

Through an Agency-to-Agency agreement with the Department of Finance (DOF), DBP provides support in the implementation of the **People's Survival Fund (PSF)**. Under a memorandum of agreement to be formalized in January 2018, DBP's assistance to the PSF covers project preparation, fund marketing, fund administration and project monitoring.

The PSF is a fund created under Republic Act No. 10174. It is a special fund in the National Treasury sourced from the General Appropriations Act (GAA), and may be augmented by donations, endowments, grants or contributions for the financing of climate adaptation programs and projects on the National Framework Strategy on Climate Change. In accordance with R.A. 10174, the amount of Php1-billion



DBP supports partnerships for increased access to electricity services.

shall be appropriated under the GAA as opening balance of the PSF. Thereafter, the balance of the PSF from all sources including the amount appropriated in the GAA for the year should not be less than Php1-billion.

MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMEs)



The DBP BEST Program encourages SMEs in adopting technological innovations for increased productivity and competitiveness.

Since 1947 when its forerunner – the Rehabilitation Finance Corporation (RFC) – was created to provide credit facilities for the development of agriculture, commerce and

industry and the reconstruction of properties damaged by war, DBP has been looking after the growth and sustainability of MSMEs as part and parcel of its reason for being.

As the recognized SME Bank of the Year during the 2017 The Asian Banker-Philippine Country Awards, DBP has emerged as a consistent and reliable partner of enterprising Filipinos for accessible and responsive developmental programs.

In 2017, DBP generated a 25.5 percent increase in total MSME loan portfolio at Php11.87-billion, from Php9.46-billion in 2016. A total of 488 MSME projects have been approved for bank assistance.

The **Sustainable Enterprises for Economic Development (SEED)** Program is DBP’s umbrella program supporting all micro, small, and medium enterprises, regardless of the nature of the project.

Giving special focus on women-entrepreneurs, the **Inclusive Lending for Aspiring Women (ILAW) Program** extends funding support to women-owned and managed enterprises for the establishment of viable income-generating activities. As of December 2017, the bank approved a total of Php1.553-billion in loans to 152 women entrepreneurs. Loan releases reached a total of Php862.33-million.

On top of providing loans to MSMEs, DBP participates in the Bangko Sentral ng Pilipinas-developed **Credit Surety Fund (CSF) Program**, a credit enhancement scheme that aims to increase the credit worthiness of MSMEs that lack collateral, credit knowledge, and credit history.

FDR-INTEGRATED RESOURCE RECOVERY MANAGEMENT, INC.

It wasn’t easy for FDR Integrated Resource Recovery Management, Inc. (FDR-IRRMI) to find a financial partner who fully understood that funding a project on using waste to generate renewable energy was more of an advocacy rather than just a business venture. After unsuccessful negotiations with other banks, FDR-IRRMI found a sympathetic ally in DBP who believed in the cause and FDR-IRRMI’s ability to deliver on its promise.

With DBP’s assistance, FDR-IRRMI now offers an integrated, zero-waste and no landfill approach for the management of municipal solid waste. Its Integrated Resource Recovery Facility located in Naga City, Cebu accepts up to 300 tons per day (tpd) of mixed waste, processes 150 tpd of compost and produces 60 tpd of refuse derived fuel. It has now handled more than 180,000 tons of MSW in seven years.

The launch of the FDR-IRRMI Dry Anaerobic Digesting (DAD) Biogas Plant located in Brgy. Pangdan in Naga in June 2017 was a further validation of this trust. It produces electricity and heat by fermenting the organic wastes

collected from various LGUs and private entities. The plastics and other combustible wastes are processed into refuse-derived fuel, while the recyclables are sold to off-takers.

The Plant can process up to 130 tons of organic wastes per day and can produce 760 kilowatts of power per hour that will initially be used to run FDR-IRRMI’s facilities. The firm collects an average of 100 tons of municipal wastes daily from the cities of Naga and Carcar and the town of Minglanilla with a tipping fee of Php750 for every ton of garbage collected. Once production is scaled up, the electricity can be sold and distributed to the grid. The plant addresses both issues of waste management and power generation. On one hand, it replaces the production of electricity through unsustainable fossil fuels like coal. On the other, it helps manage climate change by preventing methane emission, which is often caused by uncontrolled decomposition of organic wastes in open dumpsites.

FDR-IRRMI first received DBP loan support in 2011 to partially finance the expansion of its Materials Recovery Facility, which then had a capacity of 20 tpd. In September 2015, it received another DBP loan for the installation of the biogas plant with electricity generation.



FDR-IRRMI and its sustainable model for solid waste management is successful in solving local governments' perennial problem of proper garbage disposal through the industrial ecology approach. The Company has also proven itself as one of the leaders in the emerging markets of Refuse Derived Fuel used by cement plants.

On 15 December 2017, DBP approved the Php243-million additional loan to partly finance the expansion of its integrated solid waste management facility. The proposed loan will involve rehabilitation, expansion and installation of Anaerobic Digestion of Organic Slurry (ADOS) technology which will optimize the organic treatment of waste. This will also be the country's first facility to operate a unique combination of two types of biogas plants – “the wet and dry” to efficiently process, treat and generate renewable energy from organic waste. With this expansion and new technology, FDR-IRRMI is expected to generate up to 40% more biogas from the expanded recovery capacity of 300 tpd to 600 tpd of municipal solid waste.

The Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) has awarded a Certificate of Merit to DBP in recognition of its support to this integrated resource recovery management project during the 2017 ADFIAP Development Awards and Annual Meeting held in Macao, China. DBP also won the Outstanding Sustainable Project Award for its assistance to the integrated resource recovery management project in the prestigious Karlsruhe Sustainable Finance Awards held in Germany in July 2017.

In the Philippines, DBP received the National Economic and Development Authority (NEDA) Good Practice Award (GPA) 2017 for its entry “Institutionalizing Environmental, Social, and Climate Change Considerations in Project Evaluation and Monitoring in the Bank's Credit Process through the Environmental Development Project (EDP),” during ceremonies held at the Department of Social Welfare and Development Central Office in Quezon City.

TAGUIBO AQUATECH SOLUTIONS CORPORATION



Bank participation in the CSF Program is carried out in three ways: 1) as a contributor; 2) as a trustee bank, and 3) as lender to member cooperatives or members of such cooperatives. As of December 2017, the bank has approved a total of Php1.27-billion covering 27 CSF cooperatives and 1,609 beneficiaries. Of the approved amount, Php1.23-billion has been released to projects of cooperative members.

In partnership with the Department of Science and Technology (DOST), the **DBP Enhancement for SETUP Technopreneurs (DBP-BEST)** is a credit program that supports efforts towards encouraging SMEs to adopt technological innovations. DBP-BEST complements the DOST's Small Enterprise Technology Upgrading Program (SETUP) Technopreneurs by assisting SMEs to improve their operations and to boost their productivity and competitiveness through technology.

DBP's **Sustainable Agribusiness Financing Program (SAFP)** covers DBP's program of assistance to agriculture-related enterprises. In 2017, a total of 206 accounts were approved under SAFP amounting to Php76.33-billion for livestock and poultry-related projects; projects for marketing corn and rice; and other agribusiness projects including fisheries, commercial crops, marketing of various agricultural products, and processing of dairy, meat, and rubber. These bank-funded projects supported initiatives to address the country's food self-sufficiency, while creating forward and backward linkages in the agricultural value chain, while also supporting compliance with the Agri-Agra law.



DBP advances efforts towards shelter provision and secure tenure delivery through funding assistance to real estate companies and housing developers.

Under the **SAFP-Dairy** subprogram, DBP has approved almost Php319-million in credit assistance to four borrowers for their dairy processing projects. As a partnership initiative with the National Dairy Authority (NDA), SAFP-Dairy supports the goal of milk self-sufficiency in the country, while gaining a significant share in the local Ready-to-Drink (RTD) milk market.

Addressing the funding requirements of the forestry sector, the bank's **Tree Plantation Financing Program (TPFP)** provides credit assistance for the expansion, harvesting, maintenance and protection of qualified existing tree plantations. During the year, the Bank approved a total financing of Php105-million for two rubber plantation projects.

Leaving no stone unturned, DBP continues to explore more growth opportunities for MSMEs, further strengthening

TAGUIBO AQUATECH SOLUTIONS CORPORATION

Water is life. The Earth is 71 percent water and the human body is composed of 50 percent to 65 percent water. It is one of the most essential resources not only for basic household needs, but also for the community's growth and development.

Cognizant of the need of everyone for the constant supply of safe and potable water, DBP approved a new 12-year clean term loan for Taguibo Aquatech Solutions Corporation (TASC) to refinance the Taguibo Water Supply Development and Water Treatment Services Facility Project.

Just around two decades ago, Butuan City enjoyed the strong supply of clean water directly from their taps. But massive illegal mining, logging and road construction within the Taguibo Watershed changed all that. As observed by the Butuan City Water District (BCWD), when the rain dissolves the loose soil, mudflows run down into the river basin – increasing turbidity and turning the water muddy. As turbidity levels become intolerable, BCWD had to close valves to prevent turbid water from entering into the distribution pipelines. There are not enough deep well pump stations to supply into the system, thus several areas inevitably run dry.

In 2013, TASC entered into a Public-Private Partnership with BCWD. Under the PPP agreement, TASC will design, construct, finance and operate the Taguibo Bulk Water Supply project for a period of 25 years with option to renew for another 25 years. It will also construct the bulk water facilities which include an impounding weir that can provide at least 15 days of reserve. The DBP loan will be used to cover the construction and operation of 30 million liters per day bulk water system facility in Sitio Iyao, Anticala, Butuan City.

The treated water produced will be sold to BCWD under a take-and-pay arrangement. The project is expected to enhance the efficiency of the existing water treatment facility of BCWD which will help address the perennial problem of water scarcity during dry season as well as improve the quality of water during rainy season.

The project is also expected to spur industrial development and expansion in the region. As Butuan City ascends to become a strategic hub city, the project supports this vision by providing cost-effective and sustainable water supply to every Butuanon, both for domestic and industrial needs.

its network of partners through aggressive program marketing and active participation in various legislative and MSME/industry promotions and learning and training events.

SOCIAL SERVICES

Embedded in the DNA of DBP is a firm and continuing concern for every Filipino's need for an empowered community, inclusive growth and equitable access to opportunities. From managing the Teacher's Retirement Fund in the 1930s to shining a beacon of hope to a people disheartened by the ravages of war in the late 1940s, DBP continues to leave an imprint in the country's continuing development story.

Today, the bank further articulates its commitment to social development as its Social Policy Statement provides: "The DBP, in its developmental mission and initiatives, is committed to social protection and sustainable development and shall integrate and implement social consideration into all aspects of its operations and services, asset management, and business decision."

In pursuit of this commitment, DBP consistently strives to ensure that Filipinos have access to basic social infrastructure. The bank lends to projects for health care, education, housing and community development.

Programs are also available to provide access to shelter for the poor, while supporting the development of infrastructure and community facilities in cities and municipalities.

Under its **Strategic Healthcare Investment for Enhanced Lending and Development (SHIELD) Program**, DBP assistance was approved for 20 projects. These projects involved hospitals and medical service providers, including those that are targeted at marginalized patients whose choices for basic health and medical services are limited to lying-in clinics and cooperative medical centers.

DBP approved financing support for five projects in 2017 under the **Residential Real Estate Financing Program (RRFP)**, amounting to almost Php177-million. Through the RRFP, DBP provides accessible financing to support shelter production and secure tenure delivery.

On its third year of implementation, the **DBP Educational Fund Program (DEFP)** provided funding assistance to 17 educational institutions amounting to Php2.01-billion. Projects funded included those located in underserved areas in the provinces and cities outside of Manila. These projects also address the need of students in elementary, high school, higher education, and technical-vocational institutions.

SALUBRIS MEDICAL CENTER

In 2006, a team with a mission set out to form Salubris, Inc., Nueva Vizcaya's pioneer provider of affordable health care services and advanced diagnostic systems. Staying true to its name which is Latin for "healthful", "wholesome" or "beneficial", Salubris, Inc. has come to symbolize the quality standard for comprehensive, reliable and convenient health care delivery.

Salubris saw in DBP the qualities of an ideal financial partner. From the outset, DBP understood the requirements of building a hospital – a legacy project for future generations. It was a partnership that went beyond being just a business deal. As a Salubris founder so eloquently put it, "DBP held our hand." The bank granted Salubris, Inc. a term loan to finance its hospital building, medical equipment and permanent working capital requirements.

Salubris Medical Center is a private hospital in the province which is equipped with modern medical equipment, facilities and instruments. It is a five-story hospital building covering an area of approximately 11,000 square meters located along the National Highway at Brgy. Roxas, Solano, Nueva Vizcaya. Its location enables it to serve the areas of Nueva Vizcaya, Ifugao and Quirino.

The financed Level II hospital was inaugurated in October 2017 and started business operations two months later. The current bed capacity authorized by the Department of Health is 100 with an option to increase to 133 based on the existing personnel complement of

the Center. The Center offers the following allied services: Clinical Laboratory (tertiary), Blood Station, Pharmacy, Physical Rehabilitation, Ambulance, Level 2 and Specialized Diagnostic X-Ray services, and Mammography.

The Salubris Medical Center Team is composed of dedicated professionals committed to excellent health care delivery. Key members are the core drivers of excellent health care in Nueva Vizcaya and were the first to establish advanced diagnostic systems and treatment facilities through the use of ultrasound, CT-scan, EEG and dialysis center. Some have also pioneered the delivery of neurologic services and laparoscopic surgery in the province. Currently, 49 active medical practitioners of various specializations are on call to attend to their patients' requirements.

With its facilities and highly-trained Filipino medical staff, the Center is able to provide the best health care options and make comprehensive and reliable health care available, adequate and accessible to every family. It promotes the use of PhilHealth packages and partners with charity institutions like the Philippine Charity Sweepstakes Office, thereby providing quality standards of healthcare services while reducing out-of-pocket payments of patients, particularly those in need. It also serves as the referral hospital of other nearby lower level health facilities and contribute to the rationalized hospital referral system.

Salubris Medical Center plans to expand in terms of infrastructure and partnerships. The current building itself can handle additional rooms both for patients and more facilities and services. The Center is looking at working with interested partners to set up the first cancer center in the area and to purchase a linear accelerator as well as MRI equipment.



DBP DEVELOPMENT LENDING PROGRAMS (As of December 31, 2017)

Program	Total Loan Portfolio (Php Billion)	Number of Projects Assisted	Nature of Projects Assisted	Developmental Impact/ Results	
Infrastructure and Logistics					
1. Connecting Rural Urban Intermodal Systems Efficiently (CRUISE Program)	19.56	244	Infrastructure and logistics Transport initiatives	Indicator	Impact
				RORO vessels acquired	16 vessels
				Tonnage Capacity	18,798.81 GT
				Passenger traffic capacity increased	6,335
				Cargo traffic capacity increased	1,002.60 GT by 16 vessels by 300 days
				Time Saving (hours)	Batangas-Calapan: 1.66 hours (33%) Caticlan-Bulalacao: 2.66 hours (33.5%) Matnog-San Isidro: 1.33 hours (33.33%)
				Berthing spaces improved/constructed	8 berthing spaces
				Roads rehabilitated/constructed	3,713.97 lane kilometers
				Travel time improved (average road speed)	Average of at least 40 kilometers/hour attained
				Distribution terminals improved/constructed	10 Facilities (average of 5,252 m ² per facility)
				Cargo storage and distribution capacity increased	52,517.24 m ² (790 rentable stalls- public market & 1,394 base-parking/transport) terminals
				Bulk terminals improved/ constructed	4 facilities (average 5,776 m ³ each)
				Bulk cargo vessels acquired	9 units (average 4,423 DWT each)
				Tonnage capacity increased	13,270 DWT- Cargo Vessel
				Bulk storage capacity (bulk chain facility)	23,102.63 m
Cold storage facilities improved/ constructed	6 facilities (average 2,584.79 m)				
Cold storage capacity	7,754.36 m ³				
Spoilage volume reduced (percent)	<1%				
2. Infrastructure Contractor Support (ICONS) Program	4.55	120	Contracts for government projects involving farm-to-market roads, irrigation dams, bridges, etc.	A total of 120 contractors assisted that translated to completion of specific infrastructure projects.	
3. Financing Utilities for Sustainable Energy Development (FUSED) Program	28.73	53	Power generation projects (conventional and renewable energy with total installed capacity of 3,090.39 MW) Power distribution projects	Renewable Energy • Energy Generation – 374,087.81 MWH • Fuel Oil Displaced – 705,959.25 Barrels • FOREX Savings – US\$ 36,540,451.02 • CO2 Avoided – 175,930.20 Conventional Energy • Energy Generation – 187,719.98 MWH	
4. Water for Every Resident (WATER) Program	8.25	59	Enhancement of access to water services provided by LGUs and private institutions	• Additional Water Production – 199,632,424 cu.m./year • Additional connections – 988,240 • Pipeline Network rehabilitated/upgraded/expanded – 6,002,421 meters • Water conserved – 7,159,411 cu.m./year • Employment generated – 3,494	
Environment					
5. Green Financing Program (GFP)	21.87	163	Air and water pollution prevention and control, sanitation, solid and hazardous waste management, resource conservation, resource efficiency, cleaner production, renewable energy, water supply, occupational health and safety, climate change adaptation and mitigation and disaster risk reduction	Industrial Pollution Control Projects • Reduced Energy Consumption on LED Streetlight system installed (3,600 units) – 226,800 kWh/month equivalent to Php 1.828 Million • 41 tunnel ventilated Poultry Houses with bird population of 2,328,154 • Reduced mortality rate of birds – From 10% to 6% • Erosion avoided for at site with land area of 18,010 sq. m. equivalent to Php36-million • Sewage treatment equivalent to 5,607.11 cu. m. • Septic Tank Desludged – 620 units • BOD avoided / treated – 15,806.45 kilograms Solid and Hazardous Waste Management Projects • Recycled Waste from Materials Recovery Facility – 169 tons per day (TPD) • Waste-to-Energy (WTE) Project (Dry Anaerobic Digesting (DAD) Facility Capacity) -- 130 TPD • WTE: Electricity Generated -- 700 kWh • Landfill Design Capacity -- 890,249,37m ³ • Landfilled Waste -- 1,611,656.91 m ³ • Waste Collected / Transported -- 147.49 m ³	
Micro, Small and Medium Enterprises (MSMEs)					
6. Sustainable Enterprises for Economic Development (SEED) Program	11.87	488	MSMEs: Women-owned and managed enterprises; guarantee mechanism for MSMEs; various business endeavors of DOST Technopreneurs	No. of ILAW borrowers: 152 No. of CSF benefitted : 40 No. of beneficiaries: 1,605	
7. Sustainable Agribusiness Financing Program (SAFP)	76.33	206	Agriculture-related enterprises encompassing production, harvest, processing, and marketing of crops, poultry, livestock, and fishery-related business activities	Sustainable Agribusiness Financing Program • Employment Generated – 10,742 • No. of broilers/ layers – 41,095,293 heads • No. of eggs – 30,094,250 pieces • No. of hogs – 70,200 heads • Animal feeds production – 56,160 metric tons • No. of dressed chicken – 32,552,000 pieces • No. of planted trees – 320,250 trees • Area planted – 1,200.5 hectares	
Social Services					
8. Strategic Healthcare Investment for Enhanced Lending and Development (SHIELD)	10.09	154	Hospitals, medical service providers	No. of Beds – 2,285 No. of dialysis centers - 12	
9. Residential Real Estate Financing Program (RRFP)	0.84	5	Site development, socialized housing projects	No. of housing units - 893	
10. DBP Educational Fund Program (DEFP)	1.97	17	Projects of educational institutions located in underserved rural areas and cities outside Manila	No. of classrooms/libraries/school facilities constructed – 55	

BRANCH BANKING

DBP's vision has remained clear and firm to this day: to cascade the fruits of development to the communities. To be where it is most needed, the bank has established a network of local offices to make its products and services accessible especially to the underserved and unbanked.



DBP's Branch Banking Sector (BBS) is charged with ensuring the accessibility of the bank's deposit products and transaction banking services.

DBP branches handle account acquisition, customer servicing, transaction processing, and overall relationship management. These local offices serve as the main channel for the day-to-day nurturing of banking relationships and provide accessible and responsive human interaction thus, creating the intangible cement that bonds customers to DBP.

Even more important than the financials of branch profitability and the operational count of banking transactions fulfilled is the strategic value of branches across all the major cities and municipalities. They are a constant affirmation that DBP is a bank open to all Filipinos. A DBP branch's presence is a reassuring sight in the far reaches of the country. It assures Filipinos access to a reliable platform for their banking and financial needs.

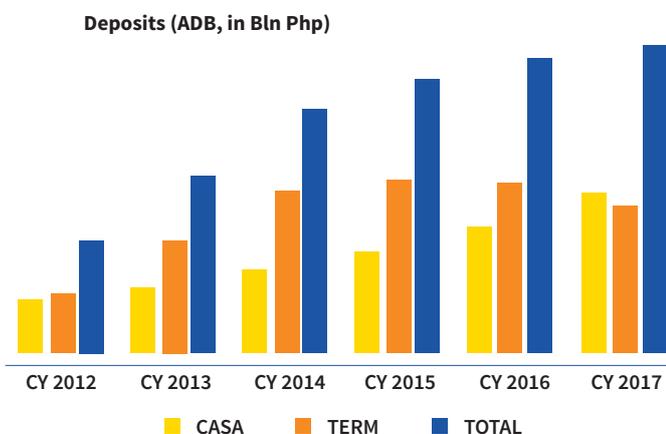
DEPOSITS GENERATION

BBS is tasked with deposits generation – especially low-cost Current and Savings Accounts – to fund the bank's assets. It is also mandated to provide development loans and salary loans for the public sector comprising of National Government Agencies, Local Government Units, Electric Cooperatives, and Water Districts.

The bank posted a strong 27% growth in low cost deposits (CASA or Current and Savings Accounts) for a 4 percent growth in Total Deposits, amidst a competitive term deposits market which saw the bank shrinking its Term Deposits portfolio.

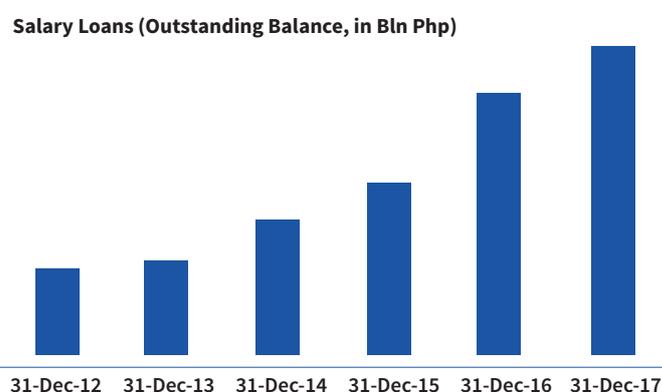
The bank's Salary Loans portfolio, expanded to Php8.8-billion, making DBP among the top providers of an essential financing tool for public sector employees.

Figure 1: Deposits: 27% CASA Growth, 4% Increase in Deposits



Deposit Type	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017
CASA	50.932	62.643	78.315	97.471	120.258	152.71
TERM	56.643	107.756	154.017	164.938	161.668	141.138
TOTAL	107.575	170.399	232.332	262.409	281.926	293.848

Figure 2: Salary Loans



31-Dec-12	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16	31-Dec-17
2.489	2.690	3.878	4.914	7.484	8.854

EXPANDED CUSTOMER BASE, BRANCH AND SERVICE CHANNELS

In 2017, DBP accelerated its branch expansion, adding 19 new branches to bring its nationwide branch network total to 125.

These new branches include Taytay, Palawan; Guagua, Pampanga; Talisay, Cebu; Bangui, Ilocos Norte; Siquijor, Siquijor; Lal-lo, Cagayan; Tubigon and Ubay, Bohol; Zamboecozone, Zamboanga; and Sta. Cruz, Davao del Sur. DBP also opened extension offices in Naguilian, La Union and Cabugao Ilocos Sur.

Deposits growth is dependent not only on the range of products and services that DBP can provide but also on the network of branches where these products and services can be made available, accessed and serviced. More and more DBP customers appreciate that their financial ecosystem – especially payments and collections – can transact across a broader geographical spread that includes all of the country’s major cities and capital towns. As customers equate market presence and visibility with a bank’s strength, DBP’s branches raise the bank’s visibility and multiply customer exposure to the DBP brand.

Complementing DBP’s physical “brick-and-mortar” presence, the bank expanded its electronic channels by increasing the number of its automated teller machines (ATMs) to further expand client access to physical cash needs. The bank ended the year with a total of 629 ATMs.

BUILDING THE FINANCIAL PAYMENTS INFRASTRUCTURE

In 2017, DBP undertook several initiatives to help build the country’s financial payments infrastructure. These included the bank’s Internet Payment Gateway and Point-of-Sale terminals in the public sector. These enabled the acceptance of payments for partner clients such as the Department of Trade and Industry (business registration fees); Tourism Infrastructure and Enterprise Zone Authority (travel taxes); local government units



DBP’s branch expansion focuses on making banking services more accessible to underserved areas.



DBP has partnered with SSS for the handling and management of the collections, disbursements and investments of SSS. Photo shows (from left): SSS president and CEO Emmanuel F. Dooc, and executive vice president Anthony T. Robles and president and CEO Cecilia C. Borromeo of DBP.

(real property taxes and business license and permits) in progressive cities and towns such as Valenzuela, Naga, Zamboanga, Muntinlupa, Pasig, Cagayan de Oro, and Silang; the University of the Philippines (tuition and miscellaneous fees); electric cooperatives and water districts (bills payments).

ELECTRONIC FINANCIAL PAYMENTS AND COLLECTIONS

During the year, DBP implemented, along with like-minded progressive government agencies and government-owned-and-controlled corporations, innovative payment mechanisms that migrated traditional cash and check payments and disbursements to electronic means or channels. This included the use of prepaid cash cards for Pag-IBIG Fund member loans, checkless electronic disbursements to Pag-IBIG Fund home developers, personalized identification card with payroll for Clark Development Corporation and other local government units, and electronic account consolidation for the Social Security System.

DIGITAL BANKING PORTAL: DBP²

Inspired by the imperative to bring the efficiencies of online banking to the public sector, DBP developed and launched an internet banking platform geared to meet the requirements of public sector clients. To be “best in class,” while differentiated and customized to each client’s specifications, the bank created the Digital Banking Portal or DBP².

DBP² has the most comprehensive array of online transaction banking services comprising Account Services, Financial Transactions, Cash Management Services, and Financial Supply Chain Management, all done online with the latest security features.

TREASURY AND CORPORATE FINANCE

In the 1960s, DBP Progress Bonds kicked off the securities market. The said issuance was tax-free and convertible into preferred stocks of selected private corporations under DBP. Several decades after, DBP embarked for the first time on a US Dollar Hybrid Tier 1 issue that was 12 times over subscribed.

Through the years, DBP has developed its competitive advantage in treasury and corporate finance.

TREASURY GROUP

The year 2017 posed challenges to the Treasury departments of many banks as the Federal Reserve ratcheted up its tightening bias and hiking rates by 75bps.

This continued to put pressure on banks’ fixed income positions as the increasing rates drove bond prices lower. Banks also had to prepare for their transition to the new Philippine Financial Reporting Standards 9 before 1 January 2018. On top of this, geopolitical risks continued to persist as US President Donald Trump’s controversial foreign and trade policies brought unwarranted volatility across all asset classes.

Despite these conditions, DBP’s Treasury Group continued to surpass its income targets, posting a net income of Php5.7436-billion for the year. This was made possible through a conscious effort to reduce portfolio duration, re-deploy non-earning assets to improve yields, and reduce costs.

During the year in review, the Group’s net interest income ended higher than budget due to a better net interest margin of 2.59 percent versus the 2.31 percent budget, amid a lower asset level.

Trading and sales revenues reached Php240.8-million versus the Php477.1-million budget, or a 50.5 percent realization rate due to lower revenues registered from the sale of Available For Sale (AFS) securities, amortization of unrealized losses on AFS securities transferred to Held-to-Maturity (HTM) for the year (unbudgeted), lower revenues on HFT fixed income securities trading, as well as losses on Foreign Exchange spot trading.

Other Income for 2017 was above budget primarily due to the huge FX gains on ODA payments amounting to Php108.5-million, alongside the Php7.1-million brokerage fee on peso GS transactions.

Overall, amid lower trading and sales revenues, the bank’s treasury operations was able to realize and exceed its net income target of Php5.33-billion by 8 percent to reach Php5.74-billion by the end of 2017.

	Full Year 2017				Realization Rate (RR)
	Actual	Budget	Variance (Actual vs. Budget)		Actual
			Amt.	%	
Net Interest Income	5,668.7	5,067.1	601.5	11.9%	111.9%
Trading and Sales Revenues	240.8	477.1	-236.3	-49.5%	50.5%
Other Income	517.4	487.1	30.2	6.2%	106.2%
Operating Expenses	-683.2	-703.1	19.9	2.8%	97.2%
Net Income	5,743.6	5,328.3	415.3	7.8%	107.8%

DBP's Treasury Group was also instrumental in supporting the government's liability management exercises in 2017, contributing Php16.4-billion in the Retail Treasury Bond volume sold to institutional and retail clients. On top of this, the Treasury Group was also selected as one of the 10 Market Makers in the Bureau of the Treasury's Bond Repurchase Program which was launched in late 2017. This gave the bank an avenue to play a more active role in the government's initiative towards further capital markets development.

CORPORATE FINANCE GROUP

In line with the bank's developmental mandate, the Corporate Finance Group continued to provide needed fund-raising services to both public and private sector clients through arrangement, issue management, and project structuring, and financial and transaction advisory services.

Through its Capital Markets Department, DBP assumed lead roles in some of the largest capital issuances of the year by the Bureau of the Treasury, paving the way for the National Government to finance its ambitious "Build, Build, Build" program.

DBP was one of the Joint Issue Managers in the 19th Retail Treasury Bond (RTB) transaction of the Bureau of the Treasury concluded in April 2017, which at the time of issue, was the largest at Php181.93-billion. DBP generated total sales of Php11.95-billion, and greatly exceeded the required retail and individual sales obligations set by the Bureau of the Treasury. This represented 6.6 percent of total issue and 111-percent of DBP's pro-rata share.

The strong showing of the 19th RTB, which was more than six times oversubscribed, led DBP to be designated as Joint Lead Issue Manager for the 20th RTB issue in November 2017, which again broke records delivering Php255.36-billion in funds to the National Treasury, an oversubscription of more than eight times the minimum issue size of P30-billion, making it the largest RTB issuance to date.

Apart from supporting the National Government's fundraising requirements, the bank continued to foster relationships with corporate clients preparing to tap the debt capital markets to finance their expansion programs and projects.

The Investment Banking Department continued to provide financial and transaction advisory services to various units of the government, as well as to private sector clients, particularly in relation to infrastructure and development projects.

It rendered general financial advisory services to the Bases Conversion and Development Authority as well as to the Bureau of the Treasury for their various projects and programs. It also provided valuation advisory to several government units.

The department likewise continued to support clients in the preparation and structuring of projects to ensure their successful fund raising in the future.

Through its Corporate Finance Group, the bank also executed the following major transactions for its shareholder and other public sector entities in 2017:

Advisory assistance to the Department of Finance (DOF) on the transfer/ proposed transfer of the funds and functions of the People's Survival Fund and the Municipal Development Fund to DBP as part of the DOF's rationalization efforts for operational and cost efficiency.

Advisory assistance to the Bureau of the Treasury to establish a stronger and more robust financial guarantee framework through the proposed consolidation of guarantee functions and programs of the National Government. This is aligned with efforts to rationalize various financial guarantee products and services being offered by different government entities.

Advisory assistance to the Bases Conversion and Development Authority (BCDA) in evaluating, negotiating, and executing various transactions that will further BCDA's mandate.

Advisory to submit an unsolicited mass transit proposal to the Department of Transportation (DOTr) as part of the private sector's support of the "Build, Build, Build" Program of the government.



DBP was Joint Lead Issue Manager of the 20th offering of the government's retail treasury bonds (RTB20) in November 2017.

TRUST BANKING



DBP's earliest involvement in the trust business dates back to 1935 when its predecessor, the National Loan and Investment Board was created to coordinate and manage government trust funds such as the Postal Savings Fund and the Teacher's Retirement Fund.

Over the years, the bank's Trust Banking Group (TBG) evolved into an entity that continuously develops products and services to keep in step with the evolving needs of its customers and the changes in the financial market.

Reflective of its drive to expand the scope of its products and services, DBP introduced in 2014 the first unit investment trust fund for government employees. The DBP Unlad Kawani Money Market Fund (Unlad Kawani) was DBP's response to the government's call for the promotion of financial inclusion. Unlad Kawani offers investment products to small individual investors in government.

Initially offered to DBP employees, it presented an option for higher investment rates compared to traditional deposit products at an affordable minimum participation rate.

In 2017, the ATM top-up option for the Unlad Kawani was continued and accounted for 40 percent of the fund's additional subscription for the year.

TBG's year-end asset under management stood at Php36.44-billion comprising mainly of Investment Management Accounts (80 percent) and Trust and Other Fiduciary Accounts (20 percent). Majority of DBP's trust portfolio was attributed to its government clientele.

INFORMATION AND COMMUNICATIONS TECHNOLOGY

DBP completed four Information and Communication Technology (ICT) projects in 2017: Check Imaging Clearing System – Remote Deposit Service on Checks, EMV Acquiring Certification (VISA, Bancnet and Mastercard), Cash Management System-Port to Production, and Mobile Banking Facility. User Acceptance Cycle 2 for the Integrated Core Banking System (ICBS) Deposit and Core-GL was declared 90 percent complete.

The other major ICT projects implemented in 2017 were Loans Management System – Technical Migration, Customer Information File Consolidation Phase 2 and Secure File Transfer Protocol.

The bank implemented the Check Imaging Clearing System – a new technology related to check processing. DBP is among the first batch of banks complying with the mandate of the Philippine Clearing House to upgrade all bank's check processing systems.

To improve customer experience, the Cash Management Solution was implemented to support the various offerings of DBP².

The bank received BancNet and VISA EMV acquiring certification. The certification enhanced the security capabilities of transactions being done at our ATM Machines.

The bank started working on the planned technology refresh of its Deposits, Loans and General Ledger systems. Its started testing the various modules of the new system. In preparation for the implementation, Customer Information Consolidation and Loans Migration were undertaken.

Documentation of business requirements for the Risk Asset Classification & Measurement and Expected Credit Losses was completed to facilitate the Bank's compliance with the international requirements of PFRS 9.

PROPERTY AND SERVICES MANAGEMENT

The Disposal Committee under the bank's Operations Sector facilitated the sale of DBP-owned real properties in Davao, Boracay, Malaybalay, Laoag and Dumaguete; and various scrap, old, unneeded, and unserviceable equipment, furniture and fixtures. This generated a total net gain of Php132.62-million during the year.

The Brilliance of PARTNERSHIP

Seven decades of advancing countrywide progress would not have been possible without DBP's development partners. The bank's enduring partnership with its valued clients has allowed DBP to successfully fulfill its mandate and translate its vision and mission to reality. DBP's missionary zeal kicks into high gear as it looks back and takes inspiration from the success of its clients who continue to be in step with the bank's thrust to bring progress in strategic growth sectors. Featured in this section are some of DBP's development partners who have grown and continue to flourish sharing DBP's relentless pursuit of progress countrywide.

JOLLIVILLE HOLDINGS CORP.

Originally incorporated as a realty company in 1986, Jolliville Holdings Corporation (JOH) underwent a transformation in 1999 to that of a holding company. Today, the company and its subsidiaries are engaged in management, property development, real estate, tourism, water distribution and power generation.

DBP's relationship with JOH started in 2005 when the Bank granted Calapan Waterworks Corporation (CWWC), a JOH subsidiary, a loan facility for the rehabilitation, expansion and development of the waterworks system for Calapan City, Oriental Mindoro. Prior to this rehabilitation, water in Calapan was brackish, fetid and undrinkable. Upon completion of the project, clean, and potable water became available 24/7 and the provision of this basic necessity greatly helped in the social development and economic progress of the city. Since then, DBP has been a dependable partner for our water development projects. CWWC now serves more than 14,000 households comprised of about 70,000 to 80,000 people. It distributes water to 36 out of 62 barangays and continues to expand service to more areas.

In 2014, a similar loan arrangement was granted by DBP to Metro Agoo Waterworks Inc., a subsidiary of CWWC, to partly finance Phase I of the development of the waterworks system in Agoo, La Union. Ever since

the devastating 1990 earthquake damaged the local water system, a dependable source of clean, potable water has been a perennial problem of the municipality. After completion of the development of the new water system in early 2016, Agoo residents now enjoy continuous clean, potable water.

Ormin Power, Inc. (Ormin Power), another JOH subsidiary, is a power generating company based in Sta. Isabel, Calapan City. Its vision is to provide communities with timeless, alternative, clean, reliable, renewable and affordable sources of energy to empower people and communities.

DBP supported Ormin Power projects and financed the construction of a 9.83MW Bunker-C fired Diesel Power Plant in 2011. In 2012, the bank granted Ormin Power a new term loan for the construction of the Inabasan Mini-Hydro Power Plant in the mountainous slopes of San Teodoro, Oriental Mindoro. The 10-megawatt facility consists of three turbines with a capacity of 3.33MW each. The full commissioning of the plant by 2018 will provide an economical and sustainable power supply and support the growing power requirements of the province.

"JOH will not be able to fulfill our mantra of Building Better Communities without the trust and support of DBP. We look forward to many more projects together," JOH chairman Jolly L. Ting said.



CAGAYAN DE ORO WATER DISTRICT

The Cagayan de Oro City Water District (COWD) has been a trusted development partner of DBP since 1992. Apart from being a depositor and borrower, COWD avails of DBP's Salary Loan Facility, Point of Sale (POS), ATM, Bills Payment, Pick-up Service and Payroll Service. COWD, in fact, is also the first water utility provider in the country to avail of DBP's automated bills payment collection facility that is available 24/7 to any DBP ATM Visa Debit Cardholder.

COWD, formed as the first water district in the Philippines in 1973, has served as the model for self-reliant, quasi-public entities with the same mandate across the country. COWD started with only 3,500 service connections when it took over the management of the defunct NAWASA or the City Waterworks System in 1973.

By 2017, it has grown around 26 times more in service connections, 10 times more in water production and as much as 12 times more in pipeline length. The safe and potable water COWD serves to the public comes from 28 wells distributed in the six well fields situated at Macasandig, Balulang, Calaanan, Bugo, Tablon and Agusan, along with one spring source located at Malasag. Production facilities include three Booster Pumping Stations and 8 reservoirs.

As of June 2017, COWD has over 92,847 service connections. Its service area is spread over the city and the municipality of Opol. It conducts its operations based on a Quality Policy that focuses on giving its concessionaires excellent and efficient service at all times, while providing safe, clean, adequate and reliable water for a healthy life and sustainable environment and economy.

Sharing DBP's goal of adequately providing for safe and potable water supply in local communities, COWD has partnered with DBP for several main initiatives that include Non-Revenue Water (NRW) Reduction Project,

as well as the acquisition of vehicles, tools and equipment under its NRW initiative.

Tapping on every opportunity to ensure efficient water supply distribution and management in communities, DBP and COWD further strengthened their collaboration through a term loan for the establishment of smaller areas of water distribution called District Metered Areas (DMAs). DMAs will allow timely remedial action on leakages or illegal connections, while effectively controlling water pressure to help avoid pipe leaks caused by high water pressure.

The NRW project likewise involves the setting up of a Geographic Information System (GIS) & Hydraulic Model/ Pressure Monitoring Program that provides ready access to mission-critical data that can be used for repair and replacement, capacity assessment, capital improvement planning and other water utility applications. Rehabilitation of service connections and replacement of aged meters are also essential parts of the project.

Better management of NRW would mean improved water pressure, more water available for use and increased revenues that would redound to better quality service for the water consumers. And this, no less, is the vision shared by COWD and DBP.





HERMA GROUP OF COMPANIES

Herma Group founder Herminio Esguerra started dreaming to be an entrepreneur at age 10. He did not just dream, however. He acted to make his dreams happen. From one rented barge in 1985, he grew an impressive group of companies. Today the Herma Group is involved in shipping; ship building; ship repair; petroleum supply chain such as importation and terminalling of petroleum products and domestic and international bunkering; property development and environmental waste management. DBP recognized Esguerra's potential early on, awarding him with the recognition of Outstanding Entrepreneur for Metro Manila – Lighterage in 1992.

For DBP, Esguerra and the Herma Group are exactly the partners it looks for. The brilliance of this partnership is DBP did not just assist in the success of an individual businessman – DBP and the Herma Group became partners in national development. This relationship goes back three decades with financing for the construction of the ship M/T Pandi in 1988, one of the company's first big tankers, under the DBP IMG/PMD II program. DBP's early investments propelled the Herma Group forward, opening up relationships with other banking institutions for even more growth.

Over the years, DBP has been instrumental in financing significant Herma Group investments, including:

- Partial financing for the construction of Cleanway Environmental Management Solutions (CEMSI) in 2004. This is the first integrated hazardous waste management

facility in the Philippines, located in Silang, Cavite. Today, CEMSI continues to develop the best environmental solutions to the waste treatment and disposal needs of various industries, providing its clients with security, peace of mind, and the beyond-100% assurance of full compliance with environmental laws and standards.

- Modernization loan for Herma Shipyard, Inc. (HSI) in 2007, which paved the way for Herma Group to venture into shipbuilding activities. Today, HSI has built 16 vessels to international standards.
- Financial support for various vessels for Herma Shipping and Transport Corporation (HSTC) throughout the years, including M/Tkr Bigaa, M/Tkr Hagonoy, M/Tkr Pandi, M/Tkr Pulilan and M/Tkr Marangal.

In 2017, DBP assisted in the building of M/T Matapat, the 16th locally-built, internationally-classed tanker built by HSI to join the fleet of HSTC. M/T Matapat is an affirmation of the Filipino's innate capability to build ships and sail the seas. According to Mr. Herminio Esguerra, Herma Group Chairman and CEO, this is a tangible manifestation of the "Kaya Natin Ito" spirit of the Filipino.

The bank also financed the building of M/T Agnaya, M/T Danglayan and M/T Sasa, vessels used to support the trading and bunkering business of Petrotrade Philippines, Inc. (PPI). PPI is recognized as the Philippines' most reliable bunker supplier and is engaged in refueling petroleum products to foreign and domestic clients.

DBP has been a steady and consistent partner for Herma Group with over a billion pesos in financial support through the years. Herma Group maintains an unblemished credit record with DBP. Its efforts to develop linkages to various ports all over the country support the government's development plans for an efficient transport network and increased capacity of a Philippine Tankering Fleet; in addition to promoting a cleaner environment, job creation and improved tax generation.



THE DOCTORS' HOSPITAL

The relationship between DBP and The Doctors' Hospital, Inc. (TDHI) of Bacolod City spans nearly the life of the hospital itself. Founded in 1950, the TDHI became a client of DBP in 1957 when it marked a milestone in its history with the construction of its own 50-bed capacity building at B.S. Aquino, (formerly North Drive), Capitol Subdivision, Bacolod City. With the bank's assistance, the newly-incorporated hospital started its legacy of providing superior health care that has improved even more today.

TDHI acquired its biggest loan from DBP in 2006 for the upgrading of hospital facilities. Bulk of DBP's loan assistance was allocated for the massive renovation of the main building and the purchase of medical equipment and improvement of power generation, among others.

Almost six decades hence, TDHI has evolved into a major contributor to the improvement of the quality and accessibility of health care services not only in Bacolod City but in the entire province. Its continued operations particularly help alleviate the bed-to-population ratio in Negros Occidental.

TDHI's privately-owned, 150-bed capacity facility is a Level 3 tertiary care hospital with a clinical laboratory, diagnostic x-ray services, pharmacy, HIV testing, drug testing laboratory, and dialysis clinic. The hospital offers affordable quality hospital care services at flexible payment arrangements – even allowing payment installments of up to one year, depending on guarantees provided.

In 2017, DBP extended assistance to TDHI in acquiring a commercial lot with building that will be converted into a 22-bed capacity patients' room. Upon completion, the Hospital will have an increased bed capacity of 172. DBP also helped in establishing TDHI's Clinic Central, which started operations in September 2017. Sixty-four of the total 103 clinic rooms at the Clinic Central were already occupied as of December 2017.

TDHI plans to expand and further improve its services in the next five years, including the establishment of a drug rehabilitation facility. Banking on a long history of partnership towards quality and accessible health care, DBP looks forward to a continued and strengthened partnership with TDHI as it pursues its commitment to serve patients with the same zeal, dedication, caring and selflessness embodied by its founders.

MUNICIPALITY OF TUMAUNI

From a quiet town with a purely agricultural economy just a few years ago, Tumauni, Isabela has dramatically developed into a thriving base for commerce and trade. The town now boasts of a new mall as well as major retail and fast food brands. Financial institutions have established branches in Tumauni, too, including DBP extension office expected to open within the year – an indication of its growing role as a key economic center for the province. And in all these successes, DBP has enjoyed the privilege of being the trusted development partner of the local government, helping it evolve and realize its growth potential since 1994.

Beyond economic growth, the Municipality of Tumauni has also expanded its development vision to include sustainability and environmental considerations. The local government has undertaken initiatives to address proper waste management and sanitation, the improvement of health services and facilities, as well as other requirements brought about by the increase in population and commercial activities.

The LGU's sanitary landfill project is the latest partnership initiative between the municipality and the bank. In 2017, DBP financed 95 percent of the total cost of the said project. DBP also assisted the LGU in furthering its efforts to provide responsive health care services to its constituents with the acquisition of various heavy and medical equipment, including an ambulance.

DBP also shares the LGU's pride in implementing various projects in the past that reflected its continuing commitment to give back to the people of Tumauni. With the bank's assistance, the LGU undertook the construction of a public market (Phase I) in 2016 with additional available fund from the bank to construct Phase II public market this year. The LGU also undertook the computerization of its system in 2014 and the improvements of its municipal hall and community hospital and acquisition of various furniture and fixtures in 2009.

The Municipality of Tumauni has set its vision on transitioning into a city within the next five years. And DBP will always be ready to stay the course as the LGU ventures to make even greater strides towards this objective.



Strong and Brilliant GOVERNANCE

Every company strives for long-term success. Key to this is a corporate governance system that assures effective, entrepreneurial and prudent management through the direction and control by the organization's Board of Directors and Senior Management.

As reflected in DBP's mission statement, the bank seeks "to promote and maintain the highest standards of good governance."

For the year 2017, DBP was fully compliant with all the Good Governance Conditions of the Governance Commission for GOCCs and the Inter-Agency Task Force.

BOARD OF DIRECTORS

	NAME	PERIOD COVERED
Chairman	Jose A. Nuñez, Jr.	January 1 - February 15, 2017
	Alberto G. Romulo	February 15 - December 31, 2017
Vice Chairman	Cecilia C. Borromeo	January 4 - December 31, 2017
Members	Miguel C. Abaya	January 1 - December 31, 2017
	Maria Lourdes A. Arcenas	January 4 - December 31, 2017
	Luis C. Bonguyan	January 1 - December 31, 2017
	Emmanuel P. Galicia, Jr.	January 1 - December 31, 2017
	Rogelio V. Garcia	February 15 - December 31, 2017
	Teodoro M. Jumamil	January 1 - December 31, 2017
	Rolando L. Metin	January 1 - December 31, 2017
	Raul O. Serrano	January 1 - 3, 2017

CORPORATE GOVERNANCE INITIATIVES

DBP believes that effective corporate governance is critical to the oversight, management and operations of the bank. The bank's Corporate Governance Framework is anchored on the core principles of corporate governance, namely: fairness, integrity, accountability, transparency, and discipline. Guided by these core principles, DBP effectively manages risks and identifies gaps for improved performance and sound corporate governance and sound decision-making.

As an important initiative to carry out its good business practice, DBP maintains a customer centric business environment. The bank implements its customer feedback and complaints management programs that serve as tools to listen to its stakeholders, which include its customers, suppliers, the general public, among others, and appropriately address product and service-related concerns.

The bank is pleased to report its full compliance with the DBP's Revised Manual of Corporate Governance (MCG). The Board has likewise observed the principles and implemented best practices on good corporate governance.

The bank has institutionalized a Whistleblower Protection Policy with the issuance of DBP Circular No. 16, s. 2013 that aims to encourage responsible reporting of acts or omissions constituting illegal activities and corrupt practices.

Consistent with the State's policy to promote a high standard of ethics in public service, the bank has a Code of Ethics setting forth the core values every bank director, officer and employee must uphold in the performance of their duties. The Code is readily accessible through the bank's intranet system. To ensure bankwide implementation of the Code, a module on Code of Ethics is integrated in the mandatory Corporate Governance seminar and in the Orientation for New Employees.

The Board also adopted the DBP Related Party Transactions (RPT) Policy in order to address potential conflict of interest, prevent abuses arising from transactions with related parties, as well as ensure that all RPTs of the Bank are conducted at arms-length basis. For effective control mechanism, appropriate management/board-level committees were designated to exercise the vetting and evaluation of RPTs subject to Board approval/confirmation. The RPT policy was further strengthened by revision done in compliance with Bangko Sentral ng Pilipinas Circular No. 969, series of 2017. On 4 October 2017, the Board approved the constitution of the RPT Committee which shall be primarily responsible for vetting and evaluation of all material RPTs and allowable DOSRI RPTs of the Bank. Thereafter, DBP Circular No. 25, series of 2018 or the Revised DBP Related Party Transactions Policy was adopted.

Within the first quarter of each year, or on a date decided upon by the Board, an appraisal of the effectiveness of the performance of the Board is measured through the annual performance appraisal system. The questions in the assessment forms are based on the duties and responsibilities of the Board as provided in the BSP MORB, GCG Circular on the Fit and Proper Rule and the DBP Manual of Corporate Governance. Only Directors who have served the Board for three months are qualified to rate the performance of the Board. The Performance Appraisal of the Board for Calendar Year 2017 was conducted within the 2nd quarter of 2018.



In addition, peer assessment of the effectiveness of each Director is conducted using a criteria and rating system prescribed in the bank's revised MCG. Assessment shall be applicable to Directors who have served the bank for at least six months prior to the rating date. The Annual Peer Assessment of the Members of the DBP Board for January to December 2017 was conducted within the 1st quarter of 2018.

Also performed within the first quarter of each year is the appraisal of the effectiveness for each Board-level committee using the criteria and rating system approved by the Board. The raters are regular members of the specific committee, except for the Executive Committee where the raters shall be all members of the Board with at least three months of incumbency prior to the rating date.

The Performance Appraisal of DBP Board-level Committees for 2017 was conducted within the 1st quarter of 2018. Two committees — Audit and Compliance Committee and IT Governance Committee — received an “Outstanding” rating, while the rest were rated “Very Satisfactory.”

The bank's Corporate Vision and Mission/Strategy are reviewed yearly during the conduct of the Board Retreat. The Board Retreat signals the start of the planning process wherein the strategic thrusts and directions of the bank are defined. The Board reviewed the bank's vision, mission and strategy map during the Board Retreat on 16 November 2017, which resulted in the Refreshed Strategy Map for 2022. As part of its oversight function, the Board also monitored the implementation of the strategy.

The Board also oversees and monitors the implementation of the corporate strategy through Board committees, Mid-Year Review/Annual Planning, where Board and Senior Management review the results vis-à-vis objectives, evaluate the effectiveness of strategies and action plans, and formulate necessary corrective actions to ensure attainment of goals.

Pursuant to the Board-approved continuing education program for the members of the Board of Directors, the directors attended the Professional Director's Program (Modules on Policy and Accountability), Corporate Governance Orientation for Government Owned- or Controlled Corporations, Orientation on DBP Corporate Governance, Corporate Governance and Risk Management for Banks and Quasi Banks, Finance for Directors Program, Audit and AMLA Seminars in 2017.



BOARD COMMITTEES

ASSIGNMENT OF INDEPENDENT DIRECTORS

Chairman Jose A. Nuñez, Jr., Chairman Alberto G. Romulo, Director Miguel C. Abaya, Director Maria Lourdes A. Arcenas, Director Luis C. Bonguyan and Director Teodoro M. Jumamil were designated as independent directors of DBP duly confirmed by the Bangko Sentral ng Pilipinas. Independent directors were chosen from the nine directors appointed by the President of the Philippines who have satisfied the requirements under Subsection X141.1.g of the Manual of Regulations for Banks (MORB). Independent directors ensure the exercise of independent judgment on bank affairs and proper oversight of management performance, including prevention of conflict of interests and balancing of competing demands of the bank.

FUNCTIONS OF THE BOARD-LEVEL COMMITTEES

In adherence to good governance principles and to enable the Board to perform its functions effectively, the Board formed the following committees: the Executive Committee (ExCom), Audit and Compliance Committee (ACC), Risk Oversight Committee (ROC), Trust Committee (TC), IT Governance Committee (ITGC), Governance Committee (GC), Human Resource Committee (HRC) and Development Advocacy Committee. In addition, DBP created the Related Party Transactions (RPT) Committee pursuant to Subsection X144.4 of the MORB as amended by Bangko Sentral ng Pilipinas Circular No. 969, series of 2017.

The bank previously had a Directorship Nominations Committee (DNC) with the Strategic Planning Group as secretariat. DNC was dissolved per Board Resolution No. 0425 dated 20 December 2017. The functions of DNC will be transferred to the Management Committee, with Congenerics as secretariat, under the reorganized DBP structure.

Below are the specific functions of the various Board-level Committees, the number of Committee meetings held, and attendance of the Committee members as of year-end 2017.

A. Executive Committee

The Executive Committee (ExCom) is composed of the Chairman, the President and CEO and three other members 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 of Directors. It also reviews progress against plan to ensure a complete review of all management practices at least once a year. The ExCom exercises authority to approve credit and investment transactions as may be delegated by the Board. All business transacted or decisions made by ExCom are submitted to and confirmed by the Board at its next regular meeting, if required.

The regular attendees of the Executive Committee are Chairman Alberto G. Romulo and President and CEO Cecilia C. Borromeo. The three other members of the Executive Committee are designated by the Board of Directors from among the other Board members on rotation basis.

	NAME	PERIOD COVERED
Chairman	Jose A. Nuñez, Jr.	January 1 - February 15, 2017
	Alberto G. Romulo	February 15 - December 31, 2017
Vice Chairman	Cecilia C. Borromeo	January 4 - December 31, 2017
Members	Miguel C. Abaya	January 1 - December 31, 2017
	Maria Lourdes A. Arcenas	January 4 - December 31, 2017
	Luis C. Bonguyan	January 1 - December 31, 2017
	Emmanuel P. Galicia, Jr.	January 1 - December 31, 2017
	Rogelio V. Garcia	February 15 - December 31, 2017
	Teodoro M. Jumamil	January 1 - December 31, 2017
	Rolando L. Metin	January 1 - December 31, 2017
	Raul O. Serrano	January 1 - 3, 2017

B. Trust Committee

The Trust Committee (TC) is composed of at least five members including the President & CEO and the Trust Officer. The remaining Committee members, including the chairperson, may be any of the following: (a) non-executive directors or independent directors who are both not part of the audit committee; or (b) those considered as “qualified independent professionals”. The TC is a policy-making body tasked with overseeing the investment activities of Trust Banking Group (TBG) and formulation of broad investment strategies for TBG 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 TBG’s operating policies and procedures as well as overall assets held in trust. In CY 2017, the Revised Trust Committee Charter was approved per BR No. 0068 dated 8 March 2017. Pursuant thereto, the Mid-Year Performance Appraisal of the Trust Committee was conducted.

	NAME	PERIOD COVERED
Chairman	Emmanuel P. Galicia, Jr.	January 1 - December 31, 2017
Vice Chairman	Teodoro M. Jumamil	January 4 - December 31, 2017
Members	Cecilia C. Borromeo	January 4 - December 31, 2017
	Corazon D. Conde	March 29 - December 31, 2017
	Ma. Teresa T. Atienza	January 1 - December 31, 2017

C. Risk Oversight Committee

The Risk Oversight Committee (ROC) is composed of the members of the Board, two of whom are independent directors, including the Chairperson of the Committee. 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 relevancy, adequacy and effectiveness in the face of changing risk exposures over time brought about by various factors.

The Risk Oversight Committee (ROC) has remained at the forefront of the bank’s risk management initiatives and activities. In 2017, the Committee reviewed and endorsed to the Board for approval the revised ROC Charter.

In 2017, in preparation for the PFRS 9 implementation effective 1 January 2018, DBP undertook the processes of classification and measurement of Financial Assets (Treasury and Loan Portfolios) and business model gap analysis through the guidance of the ROC. The ROC also provided oversight in the completion of the Pilot Risk and Control Self-Assessment and Information Technology Risk Register Report. The ROC also played a critical role in the establishment of the DBP’s first Integrated Incident Management Framework in December 2017. Complementing these initiatives, the ROC through the Enterprise Risk Management Sector continued to be the strategic partner of the business units in accomplishing the bank’s goals and targets.

	NAME	PERIOD COVERED
Chairman	Teodoro M. Jumamil	January 4 - December 31, 2017
Vice Chairman	Rolando L. Metin	January 1 - 3, 2017
Members	Emmanuel P. Galicia, Jr.	January 4 - December 31, 2017
	Rogelio V. Garcia	March 8, 2017 - Oct. 3, 2017
	Luis C. Bonguyan	October 4 - December 31, 2017

D. Development Advocacy Committee

The Development Advocacy Committee (DAC) is composed of six members of the Board, consisting of the DBP Chairman, the President and Chief Executive Officer and four incumbent members of the DBP Board of Directors. 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 of 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. In 2017, the Committee reviewed and revised the DAC Charter, which the Board approved per BR No. 0114 dated 19 April 2017.

	NAME	PERIOD COVERED
Chairman	Rolando L. Metin	January 1 - December 31, 2017
Vice Chairman	Raul O. Serrano	January 1 - 3, 2017
	Miguel C. Abaya	January 4 - December 31, 2017
Members	Emmanuel P. Galicia, Jr.	January 1 - December 31, 2017
	Maria Lourdes A. Arcenas	May 1 - December 31, 2017
	Alberto G. Romulo	April 19 - December 31, 2017
	Cecilia C. Borromeo	April 19 - December 31, 2017

E. Audit and Compliance Committee

The Audit and Compliance Committee (ACC) is made up of three members of the Board, two of whom are independent directors, including the Chairperson of the Committee. The ACC provides oversight of the institution's financial reporting and control and external and internal audit functions, including the bank's Internal Audit Group (IAG) and Compliance Monitoring Group (CMG). 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.

The Committee, in the exercise of its oversight, held 12 meetings during the year and discussed financial, credit, operations, information systems, monitoring and accomplishment matters contained in 62 reports (65 audits and 10 monitoring and accomplishment matters). The ACC noted, reviewed, approved and endorsed the IAG and CMG's annual business plans, recommendations on credit policy enhancements, independent testing frameworks, compliance and related activities and performance of IAG and CMG. The Committee reviewed and affirmed the effectiveness of internal controls, risk management, compliance, systems, governance processes and the overall AML assessment of the bank based on the assurance and reports provided by the Chief Audit Executive and Chief Compliance Officer, respectively.

Part of the functions of the ACC is the review of the qualifications, and approval of the appointment, reappointment, or removal of the Chief Audit Executive.

	NAME	PERIOD COVERED
Chairman	Jose A. Nuñez, Jr.	January 1 - February 15, 2017
	Alberto G. Romulo	February 15 - October 3, 2017
	Luis C. Bonguyan	October 4 - December 31, 2017
Vice Chairman	Rolando L. Metin	January 1 - 3, 2017
	Luis C. Bonguyan	January 4 - October 3, 2017
	Alberto G. Romulo	October 4 - December 31, 2017
Member	Rolando L. Metin	January 4 - December 31, 2017

F. Governance Committee

The Governance Committee (GC) is composed of three members of the Board of Directors, two of whom are independent directors including the Chairperson of the Committee. The GC assists the Board in fulfilling its corporate governance responsibilities and in ensuring due observance of good governance principles. 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 as well as makes recommendations to the Board regarding the continuing education of directors and assignment to board committees.

In 2017, the GC approved the adoption of the DBP Annual Corporate Governance Report and the conduct of Workplace Integrity and Awareness Survey.

	NAME	PERIOD COVERED
Chairman	Luis C. Bonguyan	January 1 - 3, 2017
	Miguel C. Abaya	January 4 - December 31, 2017
Vice Chairman	Maria Lourdes A. Arcenas	October 4 - 17, 2017
	Rogelio V. Garcia	March 8 - October 3, 2017; October 18 - December 31, 2017
Member	Luis C. Bonguyan	January 4 - October 3, 2017
	Rogelio V. Garcia	October 4 - 17, 2017
	Teodoro M. Jumamil	October 18 - December 31, 2017

G. IT Governance Committee

The IT Governance Committee (ITGC) is composed of four 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.

	NAME	PERIOD COVERED
Chairman	Raul O. Serrano	January 1 - 3, 2017
	Luis C. Bonguyan	January 4 - October 3, 2017
	Rogelio V. Garcia	October 4 - December 31, 2017
Vice Chairman	Rogelio V. Garcia	March 8, 2017 - October 3, 2017
	Luis C. Bonguyan	October 4 - December 31, 2017
Members	Luis C. Bonguyan	January 1 - 3, 2017
	Jose A. Nuñez, Jr.	January 1 - February 15, 2017
	Teodoro M. Jumamil	January 4 - December 31, 2017
	Miguel C. Abaya	January 4 - December 31, 2017

H. Human Resource Committee

The Human Resource Committee (HRC) is composed of the President and CEO and two members of the Board. 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.

	NAME	PERIOD COVERED
Chairman	Maria Lourdes A. Arcenas	January 4 - December 31, 2017
Vice Chairman	Luis C. Bonguyan	January 1 - 3, 2017
	Cecilia C. Borromeo	January 4 - December 31, 2017
Member	Rolando L. Metin	January 4 - December 31, 2017

Report to Stakeholders	The Start of Brilliance	Strong and Brilliant DBP	DBP @ 70. Our Story to Tell	Strong and Brilliant Governance	A Legacy of Strength and Brilliance	Strong and Brilliant People
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I. Related Party Transactions Committee

The Related Party Transactions (RPTs) Committee is composed of three members of the Board of Directors, two of whom are independent directors, including the chairperson of the committee. The Committee evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, subsequent changes in relationships with counterparties are captured and all material RPTs are conducted on an arm's length basis. It also oversees the implementation of the system for identifying, monitoring, measuring, controlling RPTs through regularly reporting to the Board of Directors the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties. The RPT Committee ensures that transactions with related parties, including write-off of exposures, are subject to periodic

independent review or audit process. The RPT Committee further ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the bank's exposures, and that policies on conflict of interest and potential conflict of interest are duly observed.

The RPT Committee was constituted under B.R. No. 0313, series of 2017 composed of Chairman Alberto G. Romulo as Chairperson with Directors Teodoro M. Jumamil and Rogelio V. Garcia as members.

	NAME	PERIOD COVERED
Chairman	Alberto G. Romulo	October 4 - December 31, 2017
Vice Chairman	Teodoro M. Jumamil	October 4 - 17, 2017
	Miguel C. Abaya	October 18 - December 31, 2017
Member	Rogelio V. Garcia	October 4 - December 31, 2017

DIRECTORS' ATTENDANCE AT BOARD AND BOARD-LEVEL COMMITTEE MEETINGS

Name of Director	BOARD 25 Meetings			APPROVAL BY REFERENDUM 12 Meetings			EXECUTIVE COMMITTEE 21 Meetings			TRUST COMMITTEE ⁴ 8 Meetings		
	Held since Assumption	Attended	%	Held since Assumption	Attended	%	Held since Assumption	Attended	%	Held since Assumption	Attended	%
1. Jose A. Nuñez, Jr. ¹	3	3	100%	2	2	100%	2	2	100%	-	-	-
2. Alberto G. Romulo ²	22	22	100%	10	10	100%	19	19	100%	-	-	-
3. Cecilia C. Borromeo	25	24 ¹	96%	12	10 ²	83.3%	21	18 ⁶	85.7%	8	7 ⁷	87.5%
4. Miguel C. Abaya	25	25	100%	12	12	100%	11	11	100%	-	-	-
5. Maria Lourdes A. Arcenas	25	25	100%	12	11 ³	91.6%	8	8	100%	-	-	-
6. Luis C. Bonguyan	25	25	100%	12	12	100%	7	7	100%	-	-	-
7. Emmanuel P. Galicia, Jr.	25	25	100%	12	12	100%	10	10	100%	8	8	100%
8. Rogelio V. Garcia ²	22	21 ⁴	95.4%	10	10	100%	9	9	100%	-	-	-
9. Teodoro M. Jumamil	25	25	100%	12	12	100%	7	7	100%	8	8	100%
10. Rolando L. Metin	25	25	100%	12	11 ⁵	91.6%	11	11	100%	-	-	-

Name of Director	RISK OVERSIGHT COMMITTEE 13 Meetings			DEVELOPMENT ADVOCACY COMMITTEE 9 Meetings			AUDIT & COMPLIANCE COMMITTEE 12 Meetings			GOVERNANCE COMMITTEE 9 Meetings		
	Held since Assumption	Attended	%	Held since Assumption	Attended	%	Held since Assumption	Attended	%	Held since Assumption	Attended	%
1. Jose A. Nuñez, Jr. ¹	-	-	-	-	-	-	1	1	100%	-	-	-
2. Alberto G. Romulo ²	-	-	-	6	5 ⁸	83.3%	11	11	100%	-	-	-
3. Cecilia C. Borromeo	-	-	-	6	5 ⁹	83.3%	-	-	-	-	-	-
4. Miguel C. Abaya	-	-	-	9	9	100%	-	-	-	9	9	100%
5. Maria Lourdes A. Arcenas	-	-	-	6	6	100%	-	-	-	-	-	-
6. Luis C. Bonguyan	3	3	100%	-	-	-	12	12	100%	8	8	100%
7. Emmanuel P. Galicia, Jr.	13	13	100%	9	9	100%	-	-	-	-	-	-
8. Rogelio V. Garcia ²	8	8	100%	-	-	-	-	-	-	8	8	100%
9. Teodoro M. Jumamil	13	13	100%	-	-	-	-	-	-	1	1	100%
10. Rolando L. Metin	-	-	-	9	9	100%	12	11 ¹⁰	91.6%	-	-	-

Name of Director	IT GOVERNANCE COMMITTEE 8 Meetings			HUMAN RESOURCE COMMITTEE 14 Meetings		
	Held since Assumption	Attended	%	Held since Assumption	Attended	%
1. Jose A. Nuñez, Jr. ¹	-	-	-	-	-	-
2. Alberto G. Romulo ²	-	-	-	-	-	-
3. Cecilia C. Borromeo	-	-	-	14	14	100%
4. Miguel C. Abaya	8	8	100%	-	-	-
5. Maria Lourdes A. Arcenas	-	-	-	14	14	100%
6. Luis C. Bonguyan	8	8	100%	-	-	-
7. Emmanuel P. Galicia, Jr.	-	-	-	-	-	-
8. Rogelio V. Garcia ²	7	7	100%	-	-	-
9. Teodoro M. Jumamil	8	8	100%	-	-	-
10. Rolando L. Metin	-	-	-	14	14	100%

¹ On official travel on May 3, 2017.

² On official travel on July 12 and October 23, 2017.

³ On official travel on July 12, 2017.

⁴ On official business on April 26, 2017.

⁵ On official travel on July 12, 2017.

⁶ On official travel on May 10, June 12 and October 25, 2017.

⁷ On official travel on October 25, 2017.

⁸ On official business on July 19, 2017.

⁹ On official travel on October 25, 2017.

¹⁰ On official travel on June 12, 2017.

SCHEDULE OF BOARD MEETINGS

The schedule of the Board and Board-level Committee meetings for CY 2017 was approved per B.R. No. 0010 dated 4 January 2017.

A. REGULAR MEETING
January 4 & 18, 2017
February 1, & 15, 2017
March 8 & 29, 2017
April 19 & 26, 2017
May 3, 19 & 31, 2017
June 7 & 21, 2017
July 5 & 19, 2017
August 2 & 16, 2017
September 6 & 20, 2017
October 4 & 18, 2017
November 8 & 22, 2017
December 6 & 20, 2017
B. APPROVAL BY REFERENDUM
January 25, 2017
February 13 & 17, 2017
March 1, 2017
May 17, 2017
July 12 & 28, 2017
October 23 & 30, 2017
November 3, 2017
December 15 & 28, 2017

SCHEDULE OF BOARD COMMITTEE MEETINGS

I. EXECUTIVE COMMITTEE

A. REGULAR MEETING
January 11, 2017
February 8, 2017
March 15, 2017
April 5, 2017
May 10 & 24, 2017
June 14 & 28, 2017
July 12 & 26, 2017
August 9, 2017
September 13 & 27, 2017
October 11 & 25, 2017
November 17 & 29, 2017
December 15, 2017
B. APPROVAL BY REFERENDUM
June 23, 2017
August 30, 2017

II. TRUST COMMITTEE

A. REGULAR MEETING
February 15, 2017
April 19, 2017
June 14, 2017
August 2, 2017
October 25, 2017
December 6, 2017
B. APPROVAL BY REFERENDUM AND SPECIAL MEETING
March 17, 2017
July 5, 2017

III. IT GOVERNANCE COMMITTEE

January 25, 2017
March 15, 2017
June 28, 2017
August 9, 2017
September 20, 2017
October 18, 2017
November 17, 2017
December 15, 2017

IV. GOVERNANCE COMMITTEE

A. REGULAR MEETING
April 5, 2017
July 5, 2017
September 6, 2017
November 8, 2017
B. APPROVAL BY REFERENDUM
February 1, 2017
April 18, 2017
May 24, 2017
July 18, 2017
September 25, 2017
November 8, 2017

V. AUDIT AND COMPLIANCE COMMITTEE

January 18, 2017
February 22, 2017
March 29, 2017
April 26, 2017
May 10, 2017
June 28, 2017
July 12, 2017
August 16, 2017
September 20, 2017
October 18, 2017
November 22, 2017
December 15, 2017

VI. DEVELOPMENT ADVOCACY COMMITTEE

February 8, 2017
March 8, 2017
April 19, 2017
May 31, 2017
July 19, 2017
August 16, 2017
September 27, 2017
October 25, 2017
December 6, 2017

VII. RISK OVERSIGHT COMMITTEE

A. REGULAR MEETING
January 18, 2017
February 25, 2017
April 5, 2017
May 24, 2017
June 21, 2017
July 26, 2017
August 30, 2017
September 27, 2017
October 25, 2017
November 29, 2017
December 20, 2017
B. APPROVAL BY REFERENDUM
March 22, 2017
August 1, 2017

VIII. HUMAN RESOURCE COMMITTEE

A. REGULAR MEETING
January 16, 2017
February 14, 2017
April 5 & 26, 2017
June 21, 2017
July 26, 2017
August 16, 2017
September 28, 2017
October 18, 2017
November 17 & 29, 2017
December 6, 2017
B. APPROVAL BY REFERENDUM
June 7, 2017
December 19, 2017

BOARD OF DIRECTORS



Teodoro M. Jumamil
Independent Director

Rolando L. Metin
Director

Maria Lourdes A. Arcenas
Independent Director

Alberto G. Romulo
Chairman of the Board
Independent Director

Strong and Brilliant
Customer Concern

Strong and Brilliant
Corporate Citizenship

DBP Senior Officers

Audited Financial
Statements

DBP Subsidiaries

DBP Products
and Services

DBP Expanded
Network for Growth



Luis C. Bonguyan
Independent Director

Cecilia C. Borromeo
Vice Chairman

Rogelio V. Garcia
Director

Miguel C. Abaya
Independent Director

Emmanuel P. Galicia, Jr.
Director

BOARD OF DIRECTORS PROFILE

The DBP Board of Directors (Board) consists of nine members appointed by the President of the Philippines¹¹ from a shortlist prepared by the Governance Commission for GOCCs¹². The Chairman of the Board is also appointed by the President of the Philippines from among the members of the Board. The President and Chief Executive Officer (President and CEO) of the bank is elected from among the members of the Board, with the advice and consent of the President of the Philippines.

The Chairman of the Board and President and CEO are held by different individuals to ensure appropriate balance of power, increased accountability, greater capacity of the Board for independent decision making, and optimum capacity to exercise supervisory function over Management.

The Chairman provides effective leadership to the Board through maintenance of a relationship of trust among Board members; ensures that the Board makes informed decisions through observance of a sound decision-making process and promotion of critical discussions during Board meetings; calls meetings and approves meeting agenda in consultation with the President/Chief Executive Officer and the Corporate Secretary; and ensures compliance with the regulatory requirements as well as Bank's policies on corporate governance.

Chairman Jose A. Nuñez Jr. served the Board until 15 February 2017 and was immediately succeeded on even date by Chairman Alberto G. Romulo.

The President and CEO Cecilia C. Borromeo, as the Vice-Chairman of the Board, assists the Chairman and acts in his stead in case of his absence. The PCEO is primarily accountable to the Board of Directors in championing the desired conduct and behavior, implementing strategies, and in promoting the long-term interest of the Bank governed by the strategic direction and risk appetite approved by the Board of Directors. Specifically, she exercises general supervision and authority over the regular course of business, affairs, and properties of the Bank, and over its employees and officers. The PCEO is the only executive director of the Bank.

The Board of Directors met twice a month and the members attended 100% of the scheduled board meetings, excluding days on official business/travel, set at the start of the year. The board materials were provided to the members of the Board at least five days prior to scheduled Board meeting. The Board was assisted by SVP Danny E. Bunyi (Corporate Secretary from 1 January to 30 June 2017) and FVP Perla Melanie C. Caraan (Corporate Secretary from 17 July 2017 to present), who are both lawyers by profession.



JOSE A. NUÑEZ JR. | Chairman
Independent/Non-executive
(until 15 February 2017)
Age: 63

Mr. Nuñez has extensive experience in banking, finance, and business management, serving as chairman, member of the Board, chief executive officer and chief operating officer of several financial and private institutions including Philippine Veterans Bank, Citystate Savings Bank, and Federal Savings and Mortgage Bank. He was first appointed to the DBP Board on 13 August 2010.

Mr. Nuñez obtained a Bachelor of Arts degree major in Economics (Honors Program) from Xavier University, and is a candidate for a Masters in Business Administration degree from the Ateneo de Manila University.



ALBERTO G. ROMULO | Chairman
Independent/Non-executive Director
Age: 84

Mr. Romulo was appointed Chairman of DBP on 9 February 2017. With over 30 years in public service, he served the Philippine government in various capacities as the Executive Secretary, Secretary of Finance, Secretary of Budget, and Secretary of Foreign Affairs. He was also appointed as Member of the Monetary Board during the incumbency of President Corazon Aquino and President Gloria Macapagal-Arroyo. His noteworthy feats as a legislator include serving as the Senate Majority Leader from 1991 to 1996, during which he was credited for the passage of major banking, business and economic legislations having authored/sponsored major laws such as The New Central Bank Act, The Social Security Law, The Philippine Veterans Bank Act, and the Joint Legislative – Executive Development Council (LEDAC) Law. As Secretary of Foreign Affairs, he was instrumental in the passage of the Philippine Archipelagic Baseline Law in 2009, and spearheaded the passage of the Veterans Benefit Enhancement Act.

Mr. Romulo is a Certified Public Accountant and a lawyer. He earned a Doctor of Laws degree from the University of Madrid, Spain. He is also the Chairman of DBP Leasing Corporation, while concurrently serving as Director of DBP Data Center, Inc. and DBP Insurance Brokerage, Inc.

¹¹ Section 8 of DBP Revised Charter

¹² Section 15, Republic Act No. 10149 or the GOCC Governance Act of 2011



CECILIA C. BORROMEO | Vice Chairman
and President and Chief Executive Officer
Executive Director
Age: 58

President Borromeo brings a wealth of experience in banking and management from Land Bank of the Philippines (Landbank) to her post in DBP. She started her banking career in Landbank in 1989 and rose through the ranks to serve as Officer In Charge from 1 August 2016 to 10 November 2016.

She previously served as Executive Vice President of the Agricultural and Development Lending Sector and Institutional Banking Sector of Landbank. She also performed oversight functions over LBP Insurance Brokerage, LBP Leasing Corporation, and Masaganang Sakahan, Inc. She also supervised the treasury, investment banking and global banking operations as EVP of Landbank.

Appointed to the DBP Board on 6 December 2016, she also served as Chairman of DBP-Daiwa Capital Markets Philippines, Inc.; Vice Chairman of DBP Leasing Corporation; and Director of LGU Guarantee Corporation, and BancNet, Inc.

Ms. Borromeo obtained her Bachelor of Science degree in Agribusiness from the University of the Philippines, and underwent the Master of Business Administration program of the De La Salle Business School. She is a graduate of the Advanced Bank Management Program of the Asian Institute of Management and the Pacific Rim Bankers Program of the University of Washington Executive Education Foster School of Business. She likewise attended the International Study on Rural Banking and Finance at the Massey University in New Zealand.



MIGUEL C. ABAYA | Director
Independent/Non-executive
Age: 82

Brigadier General Abaya (AFP, Ret.) was appointed to the DBP Board on 7 November 2016. With the bank's substantial involvement in the modernization programs of the Defense, the Armed Forces and the Police, he represents the uniformed services in the Board. He was the Chairperson of the bank's Governance Committee and Vice Chairperson of the Development Advocacy Committee. Concurrently, Brigadier General Abaya is also a Director of Al Amanah Islamic Investment Bank, and of the DBP Service Corporation.

Brigadier General Abaya graduated from the Philippine Military Academy. He obtained his Masters in Public Management from the University of the Philippines Cebu, and his graduate degree in International Defense Management from the Naval Post Graduate School in Monterey, California.

Brigadier General Abaya has been a member of the Pi Gamma Mu International Honor Society in Social Sciences - University of the Philippines Diliman Alpha Chapter since 1982. He served as Regional Commander of the Philippine Constabulary - Integrated National Police (PC-INP).



MARIA LOURDES A. ARCENAS | Director
Independent/Non-executive
Age: 67

Director Arcenas is a clinical psychologist by profession. Her expertise is in resiliency strengthening and competence-building. She was appointed to the DBP Board on 28 November 2016.

She obtained a Bachelor of Arts degree in Psychology from St. Scholastica's College graduating Cum Laude and holds a Master of Arts degree in Clinical-Counseling Psychology from the Ateneo de Manila University.

Director Arcenas was a recipient of the Rotary Ambassadorial Scholarship at Stanford University where she received a Master of Arts degree in International Development Education. She also received her accreditation certificates in Partnerships Brokering for Sustainable Development from Deakins University in Australia and in Conflict Resolution and Peace Building from Chulalongkorn University in Thailand. Her extensive career experience includes psychodiagnostics, human resources management, crisis communication, team building, and resource governance, among others.

Currently, she serves as senior adviser on Corporate Social Responsibility to local and international corporations in the mining, power, forestry and infrastructure sectors. She is a founding trustee of the non-profit Mothers for Peace Social Enterprises Inc. and chairperson emerita of the Women Institute for Social Entrepreneurship Inc. that provides women in peace-building roles with opportunities on capacity building for sustainable livelihoods. In her capacity as a director of DBP, she likewise serves as a director of DBP Service Corporation and Al Amanah Islamic Investment Bank of the Philippines.



LUIS C. BONGUYAN | Director
Independent/Non-executive
Age: 69

Director Luis C. Bonguyan graduated with a Commerce degree from the University of Mindanao in 1970, and earned his Masters Degree in Business Administration from the University of the East-University of Mindanao Joint Consortium in 1981. He was a recipient of a study grant on Local Government Administration sponsored by the US State Department in 1991.

Director Bonguyan began his sterling career as a certified public accountant (CPA) in 1972 at LC Bonguyan & Co. CPAs. Inspired by a need to serve the public, he entered government service as city councilor from 1988 to 1991, and as Vice Mayor from 1991 to 1995 and 1998 to 2007 of the City Government of Davao. Appointed to the DBP Board on 10 October 2016, Director Bonguyan is also Chairman of the Board of DBP Data Center, Inc.

Director Bonguyan was involved in several organizations that enabled him to exhibit his exemplary skills in leadership. He served as the Vice President of the American Chamber of Commerce from 2015 to 2018, as President of the Davao Jaycee Senate from 2008 to 2009, National Director of JCI Senate Philippines from 2008 to 2009, and the National President of the Ambassador Club of the Philippines from 2005 to 2006.

Noted for his successful professional career, Director Bonguyan is a recipient of numerous awards and recognitions, including Most Outstanding Certified Public Accountant in public practice in 1983; Tambuli Award, which is the highest award from the University of Mindanao Alumni Association in 2001; and Most Outstanding JCI Senator of Mindanao, among others.



EMMANUEL P. GALICIA JR. | Director
Non-executive
Age: 47

Atty. Galicia has served as Director of DBP since 10 October 2016. As member of the Board, he sits as Chairman of the Trust Committee, Vice Chairman of the Risk Management Committee and Member of the Development Advocacy Committee.

He was appointed as President and Chief Executive Officer of the DBP Data Center, Inc. since July 2017 to present.

He is a Senior Partner at LG Law in Davao City and a Retained Lawyer of the Department of Social Welfare and Development in Davao City, among others. He is also the President of the Independent Baptist Churches in the Philippines.

Atty. Galicia obtained his Bachelor of Arts in Communication degree and his Bachelor of Laws degree from the Ateneo de Davao University, and was admitted to the Philippine Bar in 1996.



ROGELIO V. GARCIA | Director
Non-executive
Age: 69

Director Garcia was appointed to the DBP Board on 31 January 2017. He is also a Director of Al Amanah Islamic Investment Bank of the Philippines, DBP Leasing Corporation and DBP insurance Brokerage, Inc.

Director Garcia served as a member of Parliament in the Batasang Pambansa and Deputy Minister/ Undersecretary of the Department of Labor and Employment. He was also a member of the Board of Directors of the Manila International Airport Authority. His proven track record also boasts of various positions held at the Integrated Bar of the Philippines (IBP) since 1983. He served as IBP South Cotabato Chapter President, then later on as Governor for IBP Western Mindanao Region, and Deputy Director of IBP Commission on Bar Discipline. Atty. Garcia was the JCI Senate Philippines National President in 2016, and JCI Senate – TOFIL Foundation President from 2016 up to the present. Currently, he serves as a member of the Junior Chamber International Senate ASEAN and Region XII President of PDPLABAN since 2000.

Atty. Garcia obtained his Bachelor of Laws degree from San Beda College in 1971 and passed the Philippine Bar Examinations the following year. His 45 years of law practice is anchored on integrity and public service.



TEODORO M. JUMAMIL | Director
Independent/Non-executive
Age: 64

Atty. Jumamil was appointed to the DBP Board on 28 November 2016. He was also a Director of DBP Data Center, Inc. and DBP Insurance Brokerage, Inc. Prior to joining the DBP, he was actively engaged in the practice of law. He assumed various positions in the government and held top level management posts in private corporations. He served as Deputy Administrator of the National Food Authority and was also elected as Board Member of the Province of Northern Samar. He was a former President and CEO of several corporations. Currently, he is the President of Medocare Health Systems, Inc.

Atty. Jumamil obtained his Bachelor of Arts degree from the University of Eastern Philippines, and his Bachelor of Laws degree from San Beda College. He was admitted to the Philippine Bar in 1979. Atty. Jumamil also earned his Masters Degree in National Security Administration from the National Defense College of the Philippines. He is a Master of Laws candidate from San Beda College of Law and a seasoned Bar Reviewer in Criminal Law and Political Law in leading law schools.



ROLANDO L. METIN | Director
Non-executive
Age: 73

Dr. Metin is a Director of DBP since 10 October 2016 and currently chairs the Bank's Development Advocacy Committee. He is also a Board Member of the Career Executive Service Board. He is, likewise, a member of the Academic Council of the Development Academy of the Philippines (DAP). He is also the Faculty-in-charge for the Philippine Administrative Systems and Governance under the Masters in Development Management Program of DAP. He was a consultant of the World Bank on climate finance, sustainable sanitation, and the environment. He has also served as an Assistant Secretary, Undersecretary and consultant on project management and institutional development for forestry, biodiversity, coastal resources at the Department of Environment and Natural Resources.

A proud Iskolar ng Bayan, Dr. Metin earned his Bachelor of Arts major in Political Science, Masters in Public Administration, and Doctor of Public Administration degrees from the University of the Philippines in Diliman.



RAUL O. SERRANO | Director
(until 3 January 2017)
Age: 76

Before joining DBP, Mr. Serrano was connected with Allied Bank, Solid Bank, and PBCOM, in various capacities. He was also a trustee of the Government Service Insurance System. He was appointed to the DBP Board on 15 August 2014. He earned his Bachelor of Science in Commerce degree from the Ateneo de Naga.

LIST OF TRAINING PROGRAMS ATTENDED BY MEMBERS OF THE DBP BOARD OF DIRECTORS FOR 2017

	Training Course	Date Ended Date Started	Conducted by	Venue
ROMULO, ALBERTO G.				
	DBP Corporate Governance Orientation for Board of Directors	04/10/17 04/10/17	FVP Perla Melanie C. Caraan/ CGO	Executive Staff Room, Makati City
	Updates on Anti-Money Laundering for Senior Officers	28/09/17 28/09/17	Atty. Mel Georgie B. Racela, AMLC Executive Director	Suite 5, Executive Lounge, DBP Building, Makati City
	Corporate Governance Orientation Program for GOCCs	22/03/17 22/03/17	Institute of Corporate Directors	Sofitel Manila
BORROMEO, CECILIA C.				
	DBP Pre-Board Retreat	09/11/17 09/11/17	FVP Perla Melanie C. Caraan/ CGO	Executive Staff Room, Makati City
	DBP Corporate Governance Orientation for Board of Directors	04/10/17 04/10/17	FVP Perla Melanie C. Caraan/ CGO	Executive Staff Room, Makati City
	Updates on Anti-Money Laundering for Senior Officers	28/09/17 28/09/17	Atty. Mel Georgie B. Racela, AMLC Executive Director	Suite 5, Executive Lounge, DBP Building, Makati City
	4 th DBP Good Governance Forum	20/07/17 20/07/17	DBP	Bulwagan ng Diwang Pilipino, DBP Head Office, Makati City
	Corporate Governance Orientation Program for GOCCs	22/03/17 22/03/17	Institute of Corporate Directors	Sofitel Manila
ABAYA, MIGUEL D.				
	Professional Directors Program (Accountability)	07/12/17 07/12/17	Institute of Corporate Directors	Dusit Thani Hotel, Makati City
	Professional Directors Program (Policy)	23/11/17 23/11/17	Institute of Corporate Directors	Makati City
	DBP Pre-Board Retreat	09/11/17 09/11/17	FVP Perla Melanie C. Caraan/ CGO	Executive Staff Room, Makati City
	Corporate Governance and Risk Management for Banks and Quasi-banks	13/10/17 12/10/17	Ateneo de Manila, Center for Continuing Education	Ateneo Professional School, Makati City
	DBP Corporate Governance Orientation for Board of Directors	04/10/17 04/10/17	FVP Perla Melanie C. Caraan/ CGO	Executive Staff Room, DBP Makati City
	Updates on Anti-Money Laundering for Senior Officers	28/09/17 28/09/17	Atty. Mel Georgie B. Racela, AMLC Executive Director	Suite 5, Executive Lounge, DBP Building, Makati City
	Finance for Directors (Module I & II)	24/08/17 24/08/17	Institute of Corporate Directors	Discovery Primea, Makati City
	4 th DBP Good Governance Forum	20/07/17 20/07/17	DBP	Bulwagan Ng Diwang Pilipino, DBP Head Office, Makati City
	Corporate Governance Orientation Program for GOCCs	08/12/16 08/12/16	Institute of Corporate Directors	Dusit Thani Hotel, Makati City
ARCENAS, MARIA LOURDES A.				
	Professional Directors Program (Accountability)	07/12/17 07/12/17	Institute Of Corporate Directors	Dusit Thani Hotel, Makati City
	Professional Directors Program (Policy)	13/11/17 23/11/17	Institute Of Corporate Directors	Dusit Thani Hotel, Makati City
	DBP Pre-Board Retreat	09/11/17 09/11/17	FVP Perla Melanie C. Caraan/ CGO	Executive Staff Room, Makati City
	DBP Corporate Governance Orientation for Board of Directors	04/10/17 04/10/17	FVP Perla Melanie C. Caraan/ CGO	Executive Staff Room, Makati City
	Updates on Anti-Money Laundering for Senior Officers	28/09/17 28/09/17	Atty. Mel Georgie B. Racela, AMLC Executive Director	Suite 5, Executive Lounge, DBP Building, Makati City
	Finance for Directors (Module I & II)	24/08/17 24/08/17	Institute of Corporate Directors	Discovery Primea, Makati City
	Corporate Governance Orientation Program for GOCCs	08/02/17 08/02/17	Institute of Corporate Directors	Makati City

	Training Course	Date Ended Date Started	Conducted by	Venue
BONGUYAN, LUIS C.				
	72 nd PICPA National Convention: SHINE (Service, Honesty, Innovation and Nation-building through Education)	25/11/17 23/11/17	Philippine Institute of Certified Public Accountants	Philippine International Convention Center
	DBP Pre-Board Retreat	09/11/17 09/11/17	FVP Perla Melanie C. Caraan/ CGO	Executive Staff Room, Makati City
	DBP Corporate Governance Orientation for Board of Directors	04/10/17 04/10/17	FVP Perla Melanie C. Caraan/ CGO	Executive Staff Room, Makati City
	Updates on Anti-Money Laundering for Senior Officers	28/09/17 28/09/17	Atty. Mel Georgie B. Racela, AMLC Executive Director	Suite 5, Executive Lounge, DBP Building, Makati City
	4 th DBP Good Governance Forum	20/07/17 20/07/17	DBP	Bulwagan ng Diwang Pilipino, DBP Head Office, Makati City
	Corporate Governance and Green Finance Conference	07/02/17 07/02/17	Securities and Exchange Commission	SMX Davao Convention Center, Davao City
	Corporate Governance Orientation Program for GOCCs	08/12/16 08/12/16	Institute of Corporate Directors	Dusit Thani Hotel, Makati City
GARCIA, ROGELIO V.				
	DBP Pre-Board Retreat	09/11/17 09/11/17	FVP Perla Melanie C. Caraan/ CGO	Executive Staff Room, Makati City
	DBP Corporate Governance Orientation for Board of Directors	04/10/17 04/10/17	FVP Perla Melanie C. Caraan/ CGO	Executive Staff Room, Makati City
	Updates on Anti-Money Laundering for Senior Officers	28/09/17 28/09/17	Atty. Mel Georgie B. Racela, AMLC Executive Director	Suite 5, Executive Lounge, DBP Building, Makati City
	Corporate Governance Orientation Program for GOCCs	26/04/17 26/04/17	Institute of Corporate Directors	Discovery Primea, Makati City
GALICIA, EMMANUEL P. JR.				
	DBP Pre-Board Retreat	09/11/17 09/11/17	FVP Perla Melanie C. Caraan/ CGO	Executive Staff Room, Makati City
	DBP Corporate Governance Orientation for Board of Directors	04/10/17 04/10/17	FVP Perla Melanie C. Caraan/ CGO	Executive Staff Room, Makati City
	Updates on Anti-Money Laundering for Senior Officers	28/09/17 28/09/17	Atty. Mel Georgie B. Racela, AMLC Executive Director	Suite 5, Executive Lounge, DBP Building, Makati City
	4 th DBP Good Governance Forum	20/07/17 20/07/17	DBP	Bulwagan ng Diwang Pilipino, DBP Head Office, Makati City
	Corporate Governance Orientation Program for GOCCs	08/12/16 08/12/16	Institute of Corporate Directors	Dusit Thani Hotel, Makati City
JUMAMIL, TEODORO M.				
	Finance for Directors	08/12/17 08/12/17	Institute Of Corporate Directors	Ascott Hotel, Bonifacio Global City
	DBP Pre-Board Retreat	09/11/17 09/11/17	FVP Perla Melanie C. Caraan/ CGO	Executive Staff Room, Makati City
	DBP Corporate Governance Orientation for Board of Directors	04/10/17 04/10/17	FVP Perla Melanie C. Caraan/ CGO	Executive Staff Room, Makati City
	Updates on Anti-Money Laundering for Senior Officers	28/09/17 28/09/17	Atty. Mel Georgie B. Racela, AMLC Executive Director	Suite 5, Executive Lounge, DBP Building, Makati City
	Corporate Governance Orientation Program for GOCCs	08/02/17 08/02/17	Institute of Corporate Directors	Makati City
METIN, ROLANDO L.				
	DBP Pre-Board Retreat	09/11/17 09/11/17	FVP Perla Melanie C. Caraan/ CGO	Executive Staff Room, Makati City
	DBP Corporate Governance Orientation for Board of Directors	04/10/17 04/10/17	FVP Perla Melanie C. Caraan/ CGO	Executive Staff Room, Makati City
	Updates on Anti-Money Laundering for Senior Officers	28/09/17 28/09/17	Atty. Mel Georgie B. Racela, AMLC Executive Director	Suite 5, Executive Lounge, DBP Building, Makati City
	Corporate Governance Orientation Program for GOCCs	08/12/16 08/12/16	Institute of Corporate Directors	Dusit Thani Hotel, Makati City

MANAGEMENT COMMITTEES

MANAGEMENT COMMITTEE

The Management Committee (ManCom) is a 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.

Members	No. of Meetings Upon Assumption	No. of Meetings Attended	Duration
Chairperson			
President & CEO Cecilia C. Borromeo	52	50	Jan. - Dec.
Members:			
EVP Anthony T. Robles	53	46	Jan. - Dec.
EVP Susan Z. Prado	53	51	Jan. - Dec.
EVP Benel D. Laguna	53	47	Jan. - Dec.
EVP Mario B. Palou	53	52	Jan. - Dec.
EVP Antonio V. Hugo, Jr.	15	13	Aug. 1 - Nov. 15
EVP Alexander A. Patricio	12	12	Jan. 1 - Mar. 27
FSVP Nilo S. Cruz	45	42	Jan. 1 - Nov. 3
SVP Dennis D. Decena	21	21	Jan. 1 - May 23
SVP Lutgarda C. Baquiran-Peralta	29	24	Jan. 1 - Jul. 11
SVP Antonio Owen S. Maramag	4	4	Jan. 1 - Feb. 2
SVP Donna S. Shotwell	10	9	Jan. 1 - Mar. 14
SVP Lilia G. Baun	53	49	Jan. - Dec.
SVP Marietta M. Fondevilla	53	51	Jan. - Dec.
SVP Carolyn I. Olfindo	31	29	June 6 - Dec.
SVP Jose Gabino D. Dimayuga	13	8	Oct. 10 - Dec.
SVP Auralyn S. Torres	36	32	Apr. 4 - Dec.
VP Ma. Virginia M. Tipace	18	18	Mar. 21 - July 18
VP Nenita R. Dy	9	9	May 30 - July 25
VP Ernesto R. Purugganan	8	7	June 6 - July 25
VP Minerva M. Virtucio	5	3	Nov. 28 - Dec.
VP Jorge R. Almoró	12	11	Oct. 3 - Dec.
VP Soraya F. Adiong	46	42	Jan. - Dec.
VP Luis J. Rodriguez	7	7	Nov. 15 - Dec.
VP Zandro Carlos P. Sison	4	3	Dec.
VP Rene A. Gaerlan	34	31	Jan. 1 - Sept. 26
SAVP Marianne P. Garcia	39	39	Feb. 13 - Nov. 28

Total Number of meetings held during the year: 53

ASSET LIABILITY MANAGEMENT COMMITTEE

The Asset Liability Management Committee (ALCO) was created by the Board of Directors to assist in ensuring that liquidity, market, and interest rate risks are adequately managed both on a long-term and day-to-day bases. Its duties, responsibilities, and authority are set forth in the ALCO Charter. Among other functions, the ALCO is directed to optimize income to ensure viable and profitable operations through maximization of yields and minimization of costs relative to risk and opportunities in the market. The Committee serves as an approving authority and pre-clearing body of the bank's market, liquidity, interest rate and other related risk limits. It approves pricing policies, interest rate setting, and investments in financial instruments. It likewise undertakes notation of reports on regulatory compliance ratios, profitability and financial performance indicators, and sources and uses of funds, fund sourcing, market developments and economic review. In addition, the ALCO monitors the bank's capital position and the capital management activities undertaken to ensure that capital levels are compliant with regulatory requirements and management directives.

The members of ALCO are designated by the President and Chief Executive Officer who acts as the Chairman. The Committee meets at the call of the Chairman at no less than four times a month.

Members	No. of Meetings Upon Assumption	No. of Meetings Attended
Chairperson		
President & CEO Cecilia C. Borromeo	44	40
Members:		
EVP Anthony T. Robles	44	36
EVP Susan Z. Prado	44	40
EVP Benel D. Laguna	44	32
EVP Mario B. Palou	44	38
EVP Antonio V. Hugo, Jr. ^{a/}	12	10
EVP Alexander A. Patricio ^{b/}	12	12
SVP Marietta M. Fondevilla	44	42
SVP Lilia G. Baun ^{c/}	44	40
SVP Dennis D. Decena ^{d/}	20	20
SVP Lutgarda B. Peralta ^{e/}	16	15
SVP Auralyn S. Torres ^{f/}	32	28
SVP Jane K. Gocuan ^{g/}	10	7
FVP Roda T. Celis	44	35
VP Nenita R. Dy ^{h/}	8	8
VP Minerva M. Virtucio ^{i/}	4	4

^{a/} Member from August 7 to November 21, 2017

^{b/} Retired on March 31, 2017

^{c/} Member from January 9, 2017 to December 31, 2017

^{d/} Retired on May 25, 2017

^{e/} Member from January 9 to April 24, 2017

^{f/} Designated as Resource Person effective May 2, 2017

^{g/} Member from February 20 to April 24, 2017

^{h/} Designated as Acting Head of the Operations Sector from May 26 to July 31, 2017

^{i/} Designated as Acting Head of the Strategic Planning Group on November 23, 2017 to December 31, 2017

CREDIT COMMITTEE

Established by the Board of Directors, the Credit Committee (CreCom) is responsible for the implementation of the bank's comprehensive and effective credit risk management system. Directed by the Senior Management, the CreCom ensures that the bank's credit risk-taking activities are aligned with the credit risk strategy and appetite approved by the Board. The Committee is the primary credit risk evaluation, endorsement and/or approving body of the bank through which all credit and credit-related matters requiring higher approval by the Board of Directors or the Executive Committee are coursed through.

As the bank's central approving authority for all credit matters, the CreCom deliberates and acts on all credit proposals within its authority provided under the Delegated Authorized Credit Limits approved by the Board. It also evaluates and approves investment proposals for new and/or existing issuers and/or issues as may be submitted by the bank's Treasury and Corporate Finance Sector.

The CreCom is responsible for the development, implementation and review of credit policies, procedures and guidelines, as well as appropriate lending programs in support of the bank's development thrusts. It issues instructions arising from the credit approval to the concerned Lending Units and ensures their compliance during the loan implementation process. The policy and investment proposals approved by the CreCom are endorsed to the Board for final approval.

Members	No. of Meetings Upon Assumption	No. of Meetings Attended
Chairperson		
President and CEO Cecilia C. Borromeo	50	44
Members		
EVP Anthony T. Robles	50	43
EVP Fe Susan Z. Prado	43	41
EVP Benel D. Laguna	50	44
EVP Marietta M. Fondevilla ^{a/}	43	42
EVP Alexander A. Patricio ^{b/}	12	12
EVP Mario B. Palou	50	47
EVP Antonio V. Hugo, Jr. ^{c/}	13	11
SVP Lilia G. Baun	50	46
SVP Dennis D. Decena ^{d/}	14	14

^{a/} Designated as Regular Member on February 28, 2017

^{b/} Retired on March 31, 2017

^{c/} Member from August 8, 2017 to November 21, 2017

^{d/} Retired on May 25, 2017

MANAGEMENT COMMITTEE



Cecilia C. Borromeo
President and Chief Executive Officer

Experience:

- Started her banking career at Landbank in 1989 and rose through the ranks to serve as Officer-In-Charge from 1 August 2016 to 10 November 2016
- Executive Vice President, LBP – Agricultural and Development Lending Sector
- Executive Vice President, LBP – Institutional Banking and Subsidiaries Sector

Education:

- Bachelor of Science in Agribusiness, University of the Philippines
- Underwent Master of Business Administration Program, De La Salle Business School
- Graduate, Advanced Bank Management Program, Asian Institute of Management
- Graduate, Pacific Rim Bankers Program, University of Washington Executive Education Foster School of Business
- Attended the International Study on Rural Banking and Finance, Massey University – New Zealand

Age: 58 | Nationality: Filipino



Anthony T. Robles
Executive Vice President
Branch Banking Sector

Experience:

- Executive Vice President, Retail Banking Group, Chinatrust (Phils.) Commercial Bank
- Executive Vice President, Account Management Group, Planters Development Bank
- Country Head for Wealth Management and Banking Services, Standard Chartered Bank (Philippines)
- Sector Head of Branch Banking, Union Bank of the Philippines
- Director, BancNet, Inc.

Education:

- BSBA Major in Accountancy, University of Sto. Tomas
- Masters in Business Administration, Ateneo Graduate School of Business
- Pacific Rim Banker's Program, University of Washington, USA

Age: 63 | Nationality: Filipino



Benel D. Lagua
Executive Vice President
Development Sector

Experience:

- CEO and Governing Board Member, Industrial Guarantee and Loan Fund (Present)
- President and CEO, Small Business Corporation
- Managing Director and CEO, Guarantee Fund for Small and Medium Enterprises

Education:

- Bachelor of Science in Management Engineering, Ateneo de Manila University
- Master in Public Administration, Harvard University John F. Kennedy School of Government
- Master in Business Management, Asian Institute of Management

Age: 61 | Nationality: Filipino



Mario B. Palou
Executive Vice President
Middle Market Group

Experience:

- 34 years of corporate banking credit experience, rising from the ranks at Far East Bank and Trust Company until his appointment as First Vice President for corporate lending
- Head, Corporate Banking Credit Portfolio for VIsMin, BPI
- Head, Commercial Loans Department, BPI Family Savings Bank
- Head of Corporate Banking Division, Bank of the Philippine Islands (BPI)

Education:

- AB Economics, San Beda College
- Management Development Program, Asian Institute of Management

Age: 64 | Nationality: Filipino



Fe Susan Z. Prado
Executive Vice President
Financial Resource Sector

Experience:

- Head, DBP - Corporate Finance Sector until 2012
- 30 years experience in corporate and investment banking, capital markets and fund management in a leading life insurance company and global banking institutions

Education:

- Bachelor of Science in Business Management, Ateneo de Manila University

Age: 60 | Nationality: Filipino



Marietta M. Fondevilla
Senior Vice President
Operations Sector

Experience:

- Worked in various units in DBP: Agricultural Plans and Programs, Corporate Planning, Institutional Banking, Capital Markets, Marketing Services Office
- More than 10 years experience in the private sector handling corporate finance, project finance and consulting for corporate accounts

Education:

- Bachelor of Science in Statistics, University of the Philippines
- Candidate, Masters Degree in Business Administration

Age: 61 | Nationality: Filipino



Lilia G. Baun
Senior Vice President
Corporate Banking Sector

Experience:

- Member, Board of Directors, Al-Amanah Islamic Investment Bank of the Philippines
- Executive Vice President, PNB Capital and Investment Corporation
- Vice President, Philippine Export-Import Credit Agency
- Senior Officer, Philippine National Bank

Education:

- Cum Laude, Bachelor of Science in Commerce Major in Accountancy, St. Louis University

Age: 58 | Nationality: Filipino



Carolyn I. Olfindo
Senior Vice President
Human Resource Management Group

Experience:

- Has 25 years of experience in government service, mainly with the Land Bank of the Philippines (Landbank), where she effectively demonstrated expertise in account management, remittance management, and procurement servicing.
- Head, Lending Support Department, Landbank
- Spearheaded and was actively involved in Landbank's various HR Committees and Technical Working Groups including Employee Management, Programs on

Awards and Service Excellence, Business Excellence and Performance Management, job levelling, and competency analysis.

Education:

- BS Agribusiness, University of the Philippines- Los Banos
- Master in Business Administration, College of the Holy Spirit

Age: 52 | Nationality: Filipino



Jose Gabino D. Dimayuga
Senior Vice President
Corporate Finance Group

RESOURCE PERSONS



Auralyn S. Torres
Senior Vice President
Enterprise Risk Management Sector



Soraya F. Adiong
Vice President
Chief Compliance Officer



Jorge R. Almoro
Vice President
Legal Services Group



Luis J. Rodriguez
Vice President
Information and Communication
Technology Group



Zandro Carlos P. Sison
Vice President
Corporate Affairs Department



Minerva M. Virtucio
Vice President
Strategic Planning Group

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 2017, DBP sustained its profitable operations and posted a Capital Adequacy Ratio (CAR) of 15.27% on a consolidated basis. This is 5% more than the BSP's regulatory minimum CAR of 10%. Further, it posted CET 1 and Tier 1 Ratios of 11.33% on a consolidated basis, above regulatory thresholds.

The bank places emphasis in maintaining a better-than-industry-average capital ratio to ensure availability of sufficient resources in pursuing its mandate. This in mind, 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 Circular No. 639 s.2009 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 RISKS

The responsibility of risk management resides in all levels of the organization with the Board of Directors being ultimately responsible for the overall risk management of the bank. The Board sets the tone and risk tolerance by articulating the bank's 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 leadership of the Board ensures that the bank has a robust framework of internal controls and risk management systems addressing the needs of the organization and in compliance with regulatory requirements.

The Enterprise Risk Management Sector (ERMS), as a management unit, is primarily responsible for ensuring that the risk profile of the bank is aligned with business strategies as approved by the Board of Directors. ERMS develops and implements an effective risk management framework from which emanates recommended policies, procedures, controls 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, implemented and monitored by the Board-level committees, such as the Risk Oversight Committee (ROC), the lead risk management unit of the bank, Governance Committee, Development Advocacy Committee, Audit and Compliance Committee, Trust Committee, Human Resource

Committee, and the IT Governance Committee, together with the management committees, the Credit Committee, Asset & Liability Management Committee (ALCO) and Management Committee which also acts as the IT Steering Committee.

The bank follows an 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 consider 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.

Compliance with BSP Circular No. 855 s.2014

The bank is developing its own Loan Loss Methodology (LLM) based on the Expected Credit Loss Model, incorporating Probability of Default, Loss Given Default and Exposure at Default measures to comply with the requirements of BSP Circular No. 855 s.2014.

The Probability of Default (PD) models developed by an external resource in the last quarter of 2016 for the bank's distinct portfolio segments, namely: local government units (LGU), water districts (WD), and electric cooperatives (EC), large, medium, small and micro enterprises, were subjected to a validation exercise conducted by an external consultant in the third quarter of 2017 as part of the bank's classification and measurement process in readiness for IFRS/PFRS9 adoption.

Compliance with Philippine Financial Reporting Standards (PFRS) 9

In preparation for PFRS9 promulgation effective 1 January 2018, DBP undertook activities under an advisory and knowledge transfer engagement with an external consulting party consisting of Classification and Measurement (C&M) of financial instruments, and assessment of business and systems requirements for Expected Credit Loss (ECL) model development.

Phase 1 focused on introductory training on PFRS 9 requirements, the C & M exercise itself, diagnostic and gap analysis and development of business models. Phase 2 covered the assessment of requirements for ECL model development. These two phases will support alignment of the bank's business processes, related systems and reporting with the requirements of PFRS9.

Towards the end of 2017, the approval of Senior Management and the Board of Directors were obtained for the classification of financial instruments and the formulation of business models governing such classification.

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 ratios 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 typically characterized by medium to long-term exposures to the priority sectors of infrastructure and logistics, environment, micro, small and medium enterprises (mSMEs), social services and community development, and agriculture, fishing and forestry.

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 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 quality and risk level, individual credit profile, remedial accounts, 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 31 December 2017 amounted to Php256.08 billion, broken down as follows:

CREDIT RISK-WEIGHTED ASSETS <i>As of December 31, 2017</i> <i>(In million pesos)</i>	Group	Parent
Total Risk-Weighted On-Balance Sheet Assets	243,732	240,004
Total Risk-Weighted Off-Balance Sheet Assets	11,750	11,750
Total Counterparty Risk-Weighted Assets in Banking Book (Derivatives and Repo-style Transactions)	732	732
Total Counterparty Risk-Weighted Assets in Trading Book (Derivatives and Repo-style Transactions)	155	155
Total Risk-Weighted Amount of Credit Linked Notes in the Banking Book	-	-
Total Risk-Weighted Securitization Exposures	-	-
Total Gross Risk-Weighted Assets	256,370	252,643
Deductions	292	-
TOTAL CREDIT RISK-WEIGHTED ASSETS	256,078	252,643

ON-BALANCE SHEET ASSETS - Group <i>As of December 31, 2017</i> <i>(In million pesos)</i>	Total Credit Risk Exposure after Risk Mitigation	20%	50%	75%	100%	150%	Total Credit Risk-Weighted Assets
Cash on Hand	5,225	-	-	-	-	-	-
Checks and Other Cash Items	10	10	-	-	-	-	26
Due from Bangko Sentral ng Pilipinas (BSP)	75,288	-	-	-	-	-	-
Due from Other Banks	19,954	7,382	4,965	-	879	-	3,914
Financial Assets Designated at Fair Value through Profit or Loss	-	-	-	-	-	-	-
Available-for-Sale (AFS) Financial Assets	-	-	-	-	-	-	-
Held-to-Maturity (HTM) Financial Assets	87,860	-	9,882	-	13,572	-	18,513
Unquoted Debt Securities Classified as Loans	29,607	-	1,753	-	31,584	-	32,461
Loans and Receivables	232,943	8,569	1,830	5,642	140,065	1,313	148,020
Loans and Receivables Arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse, and Securities Lending and Borrowing Transactions	60,917	-	215	-	-	-	113
Sales Contract Receivable	2	-	-	-	1	8	13
Real and Other Properties Acquired	1,301	-	-	-	-	1,483	2,224
Total Exposures, Excluding Other Assets	513,107	15,962	28,852	9,475	200,860	3,239	230,443
Other Assets	15,598	-	-	-	13,289	-	13,289
Total Exposures, Including Other Assets	528,705	15,962	28,852	9,475	214,149	3,239	243,732
Total Risk-weighted On-Balance Sheet Assets not covered by CRM							528,705
Total Risk-weighted On-Balance Sheet Assets covered by CRM							70,425
TOTAL RISK-WEIGHTED ON-BALANCE SHEET ASSETS							599,131

ON-BALANCE SHEET ASSETS - Parent As of December 31, 2017 (In million pesos)	Total Credit Risk Exposure after Risk Mitigation	20%	50%	75%	100%	150%	Total Credit Risk-Weighted Assets
Cash on Hand	5,214	-	-	-	-	-	-
Checks and Other Cash Items	10	10	-	-	-	-	2
Due from Bangko Sentral ng Pilipinas (BSP)	75,078	-	-	-	-	-	-
Due from Other Banks	19,948	7,382	11,640	-	925	-	8,222
Financial Assets Designated at Fair Value through Profit or Loss	-	-	-	-	-	-	-
Available-for-Sale (AFS) Financial Assets	-	-	-	-	-	-	-
Held-to-Maturity (HTM) Financial Assets	87,841	-	10,628	-	9,340	-	14,654
Unquoted Debt Securities Classified as Loans	29,607	-	1,761	-	27,806	-	28,686
Loans and Receivables	229,646	8,569	4,799	9,475	159,489	1,933	173,608
Loans and Receivables Arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse, and Securities Lending and Borrowing Transactions	25,004	-	24	-	-	-	12
Sales Contract Receivable	2	-	-	-	-	2	3
Real and Other Properties Acquired	1,301	-	-	-	-	1,301	1,951
Total Exposures, Excluding Other Assets	473,652	15,962	28,852	9,475	197,560	3,236	227,138
Other Assets	15,175	-	-	-	12,866	-	12,866
Total Exposures, Including Other Assets	488,828	15,962	28,852	9,475	210,426	3,236	240,004
Total Risk-weighted On-Balance Sheet Assets not covered by CRM							488,828
Total Risk-weighted On-Balance Sheet Assets covered by CRM							70,425
TOTAL RISK-WEIGHTED ON-BALANCE SHEET ASSETS							559,253

MARKET RISK

A major source of market risk for the bank is in the form of price and foreign currency risks 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 2017:

VALUE-AT-RISK PROFILE (In million pesos)	2017 Year end	December 2016 - December 2017			2016 Year end
		Average	Min	Max	
Fixed Income Trading	221	312	91	608	112
Foreign Exchange Trading	9	18	1	49	14

As of end 2017, total market risk weighted assets stood at Php36.72 billion, of which, 98% is accounted for by interest rate exposures.

MARKET RISK-WEIGHTED ASSETS (In million pesos)	2017	2016
A. Using Standardized Approach		
1. Interest Rate Exposures	36,084	40,686
2. Equity Exposures	-	-
3. Foreign Exposures	636	567
3. Options	-	-
TOTAL MARKET RISK-WEIGHTED ASSETS	36,720	41,253

Market Risk Management Department – Market and Liquidity Risk Unit (MRMD-MLRU) handles risk management for the bank's treasury operations. MRMD-MLRU provides Board of Directors, Senior Management and Treasury Group 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 a per trader basis. It also includes set of rules that restricts 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 & INTEREST RATE RISKS

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. The bank also uses the Liquidity Coverage Ratio to monitor and assess its ability to withstand significant liquidity shocks that can last thirty (30) calendar days.

	DBP Ratios	Industry Ratio ^{1/}
Stable Funding vs. Non-Liquid Assets	34%	10%
Liquid Assets vs. Volatile Funding	44%	31%
Liquid & Less Liquid Assets vs. Volatile Funding	57%	33%
Key Liquidity Provider Sourced Funding vs. Total Liabilities	18%	2%
Liquid Assets Ratio	31%	26%

1/ Top 10 universal banks in terms of assets excluding DBP as of 31 December 2017

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 on a monthly basis 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; and
- Demand and savings deposits reprice at the earliest time bucket.

The bank also uses the EaR methodology to measure potential earning impact on the bank's accrual portfolio. Similar to the VaR concept, it measures the potential loss 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 2016 and December 2017:

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
2016						
PHP	2,006	1,003	501	(501)	(1,003)	(2,006)
USD	862	431	216	(216)	(431)	(862)
JPY	17	8	4	(4)	(8)	(17)
2017						
PHP	2,227	1,114	557	(557)	(1,114)	(2,227)
USD	472	236	118	(118)	(236)	(472)
JPY	17	9	4	(4)	(9)	(17)

MRMD-MLRU handles risk management for the bank's liquidity and interest rate risks exposures. Said business unit 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 Group, Senior Management and Board of Directors 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, which is 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 Php2.64 billion.

OPERATIONAL RISK-WEIGHTED ASSETS (In million pesos)	Group	Parent
Using Basic Indicator Approach (BIA)		
Year 3	1,993	1,979
Year 2	2,109	2,092
Year 1	2,243	2,219
Average	2,115	2,097
Adjusted Capital Charge	2,644	2,621
TOTAL OPERATIONAL RISK-WEIGHTED ASSETS	26,439	26,209

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 of Directors 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.

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 Management Program 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.

To establish the IT risk management process in the bank in compliance with BSP Circular No. 808 s.2013, the IT Risk Management Framework (ITRMF) was developed and subsequently approved by the IT Governance Committee and the Board of Directors in 2015. The ITRMF was created with the primary goal of strengthening the management of IT risks in DBP due to the evolving complexity of risks involved in using information technology in banking service delivery. Further, the bank established the IT Risk Register which contains the IT risk universe from the best and good practices contained in the ISACA's Control Objectives for Information and Related Technology (COBIT).

For Risk Management training, the modules include the risk awareness and management tools of Operational Risk Management, Business Continuity Management and IT Risk Management.

To ensure continuity in the implementation of the various regulatory requirements in incident reporting, operational loss monitoring, business continuity management, and operational and information technology risks, the bank identified and designated an Operational Risk Coordinator from each business unit. The roles and responsibilities of the coordinator covers the Business Continuity Management, Operational Risk Monitoring and IT Risk Management. The bank issued the Office Order no. 313 dated 11 December 2015 for immediate implementation of the said designation.

INFORMATION SECURITY / INFORMATION TECHNOLOGY (IS/IT) RISK

Under BSP MORB X177: Information Technology Risk Management (ITRM) and expanded under BSP Circular No. 982 s.2017: Enhanced Guidelines on Information Security Management, BSP-Supervised Financial Institutions (BSFIs) should establish robust and effective technology risk management processes, governance structures, and cybersecurity controls in line with the growing technology usage and dependence at the back of a dynamic operating and cyber-threat environment. This is to ensure that the benefits derived from technological innovations can be fully optimized without compromising financial stability, operational resilience, and consumer protection. Moreover, information security risk including cyber-risk should be managed and integrated into the BSFI's information security program and enterprise-wide risk management system.

In DBP, information security (IS) is one of the components of enterprise risk management, and as such information security risk may need to be viewed in the larger context of organizational risk, employing similar techniques, methods and metrics in defining IS risk. By understanding and managing this risk that the bank is facing, the goal of information security is to manage the risks and maintain them at tolerable levels.

The bank's IS/IT risk capital charge is determined using the likelihood-impact analysis approach. An analysis of the bank's historical loss experience based on data reported and captured via eOLMM, supplements the result of the assessment.

The bank, through Information Security and Risk Management Department's (ISRMD) Information Asset Profile-IS Risk Assessment (IAP-ISRA) defines an appropriate risk strategy and mitigation plan based on identified significant risks. The assessment recommends a set of strategies/recommendations to mitigate threats and associated vulnerabilities and place safeguards where necessary.

COMPLIANCE & LEGAL RISK

Through the Office of the Chief Compliance Officer (OCCO), DBP implements a Compliance Program which includes 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) 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 is part of the annual Internal Capital Adequacy Assessment Process (ICAAP).

REPUTATION RISK

Reputation risk affects the bank's ability to establish new relationships or services or continue servicing existing relationships. Risk identification is crucial in successfully managing reputation risk, which is not easily measurable. It is thus important to be aware of the venues where possible threat or danger to the good name of the bank may be present. Regular media scanning of publications as well as news coverage involving and relevant to the bank is undertaken to immediately identify any negative publicity which could create misimpressions about DBP and its operations.

Effective communication is a foundation of an excellent reputation, thus, the bank actively implements an external communications campaign to maintain its image as a proactive development financial institution with a line-up of responsive products and services as part of its developmental mandate.

The campaign includes advertising, marketing and promotions activities, and public relations events. Sustaining DBP's positive image is expected to result in deepened existing customer relationships and an expanded customer base.

The bank is also vigilant about keeping its good name and reputation, and as such, continually strives towards managing and improving its services and operations. Should negative publicity involving the bank arise, appropriate actions are immediately undertaken by the Corporate Affairs Department, to protect the bank's good name and interest. Also, to provide the necessary support to implement the BSP's Financial Consumer Protection regulations, the bank created the Customer Experience Management Department (CEMD), a department responsible for receiving and monitoring of the resolution of inquiries, requests, feedback and complaints.

Finally, Reputation risk is managed through good corporate governance. The Board of Directors and Senior Management set the tone of good governance and cascade this to the officers and employees of the bank. DBP stands proud to serve as a beacon of good governance and, at the same time, sustain its growth momentum for its role as the catalyst for a progressive and more prosperous Philippines.

STRATEGIC RISK

The bank, a government financial institution (GFI), 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 developmental efforts.

Strategic risk, the potential risk to earnings and capital of inappropriate business decisions and implementation and/or inability to adequately respond to changing business environment, 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 of Directors 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 of Directors. 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 1 January 2014, the Group complied with BSP Circular No. 781 s.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 (CET 1) 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 CET 1 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 31 December 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 s. 2011 and 716 s.2011 (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 s.2013, are recognized as qualifying capital until 31 December 2015.

The Group and the Parent Bank have complied with all externally imposed capital requirements throughout the year. Prior to 1 January 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 Php48.74 billion as of 31 December 2017. Tier 1 Capital, wholly consisting of Common Equity Tier 1, accounted for 74% at Php36.18 billion and Tier 2 Capital at 26% or Php12.56 billion.

CAPITAL ADEQUACY <i>(In million pesos)</i>	Group	Parent
Qualifying Capital		
Common Equity Tier 1 (CET 1) Capital	36,181	34,958
Tier 1 Capital	36,181	34,958
Tier 2 Capital	12,559	12,342
TOTAL QUALIFYING CAPITAL	48,741	47,300
CAPITAL CONSERVATION BUFFER	17,027	16,024
Risk-Weighted Assets (RWA)		
Credit RWA	256,078	252,643
Market RWA	36,720	36,720
Operational RWA	26,439	26,209
TOTAL RWA	319,237	315,572
Qualifying Capital Requirements (10.0% of RWA)		
Credit Risk	25,608	25,264
Market Risk	3,672	3,672
Operational Risk	2,644	2,621
TOTAL QUALIFYING CAPITAL REQUIREMENT	31,924	31,557
CET 1 Ratio (CET 1 Capital ÷ Total RWA)	11.33%	11.08%
Tier 1 Ratio (Tier 1 Capital ÷ Total RWA)	11.33%	11.08%
Capital Adequacy Ratio (CAR) (Qualifying Capital ÷ Total RWA)	15.27%	14.99%

Capital requirement (equivalent to 10% of risk-weighted assets) for credit risk is at Php25.61 billion, Php3.67 billion for market risk and Php2.64 billion for operational risk. The bank's risk-based CAR of 15.27% is well above the 11.0% internal and 10.0% regulatory minimum, while CET 1 and Tier 1 ratios are calculated at 11.33%. The bank maintained the minimum Capital Conversation Buffer (CCB) as required.

The bank posted solo CAR, Tier 1 and CET 1 ratios of 14.99%, 11.08% and 11.08% respectively as of end-2017.

Common Equity Tier 1 Capital, Tier 1 Capital and Qualifying Capital are computed in accordance with the provisions of Part II of BSP Cir. 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 31 December 2017, 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 is computed using the Basic Indicator Approach.

As of 31 December 2017, the Php120 million difference between the bank's Qualifying Capital of Php47.30 billion and the total capital of Php47.18 billion reported in the Audited Financial Statements (AFS) was mainly due to the following:

<i>(In million pesos)</i>	
Unsecured Subordinated Debt Classified as Tier 2 Capital	9,996
General Loan Loss Provision	2,347
Regulatory Adjustments to CET 1 Capital	(11,990)
Others	(233)
	120

A LEGACY OF STRENGTH AND BRILLIANCE



PRIMITIVO LOVINA

Primitivo Lovina, formerly PNB vice president, headed RFC in the first eight months of its life. Having risen from poverty himself, Lovina was highly sensitive to the needs of the poor. He established key policies, including placing top priority on lending to the needy, particularly small farmers and laborers. Lovina resigned to run in the 1947 senatorial elections.

DELFIN BUENCAMINO

Delfin Buencamino, was a veteran of the PNB who rose through the ranks. In his three-year tenure at RFC, Buencamino began special financing schemes for priority crops like citrus fruits and presided over the efficient management of RFC funds in the slow but steady rehabilitation of the Philippine economy.



PLACIDO L. MAPA, SR.

Placido L. Mapa, Sr. joined RFC in 1950 with an extensive background in managing agricultural and mining concerns. He was once secretary of the Department of Agriculture and Natural Resources. Mapa's strengths were put to good use as RFC began to shift from rehabilitation efforts to development. He was a key figure in RFC's moves to devote the majority of its resources into agricultural production and industrialization.

EDUARDO Z. ROMUALDEZ

Eduardo Z. Romualdez was named RFC Chairman by President Ramon Magsaysay in recognition of his standing as one of the top Filipino bankers and the head of the Bankers Association of the Philippines for three years. During his term, Romualdez guided RFC to substantially complete its mission of reconstructing the Philippine economy from the ravages of World War II. This set the stage for the next step of the bank's evolution.



1958 to 1961
1966 to 1970



GREGORIO S. LICAROS

Chosen to head DBP during its transformation from RFC to DBP was Gregorio S. Licaros, a man who began his career as a public school teacher and rose through the ranks of government. Licaros focused on smaller loans for a greater number of borrowers. He also initiated rural housing programs for farmers and other programs that embody DBP’s preferential option for the poor. Licaros’ tenure was deemed so successful that he was named to a second term as DBP chairman in the late sixties, where he presided over another era of record growth for the Bank.

PABLO LORENZO

Pablo Lorenzo was a founding governor of RFC from 1949-51. With a distinguished career in government as a former congressman, city mayor, and 1934 Constitutional Convention member, Lorenzo took integrity as the watchword of his term at DBP. He considered development banking as nothing less than an apostolate. With him at the helm, DBP launched its supervised credit policy: “After we lend, we help.” He was named DBP Chairman in 1961.



1962 to 1965

1970 to 1976



LEONIDES S. VIRATA

Leonides S. Virata took the helm of DBP at a time of crisis. The peso devaluation of February 1970 battered the economy, sent inflation soaring and made credit extremely tight. DBP was also burdened by extensive foreign debt. Virata proved more than equal to the challenge. In a few years, he returned DBP to fiscal health, while reaching new records in bank resources, loan portfolio and earnings. Virata also launched the intensive countryside development program of DBP, which brought tremendous bank resources and benefits to Filipinos at the grassroots level.

PLACIDO L. MAPA, JR.

The younger Placido L. Mapa was named to take over his father’s former position in October 1976. As chairman, he put emphasis on the “people dimension” of development, and development based on what is economically sound. “Development policy,” he said, “should be based on what would promote best the dignity of the person.” He emphasized people-oriented projects like rural industry, low-cost housing, and educational loans. Under his leadership, DBP continued its phenomenal growth in resources and lending.



1976 to 1979

1979
to
1981



RAFAEL A. SISON

Rafael A. Sison was chosen to head DBP by virtue of his extensive experience in international development. He was once the Senior Economist and Deputy Chief of the World Bank. His expertise was put to the test quickly — the Second Oil Shock in 1979 sent the world economy into recession for four years and left the Philippine economy weak and vulnerable. Sison remained confident about the bank’s ability to prevail. Despite the economic problems, DBP still managed to reach a record Php27-billion in resources in 1979.

CESAR C. ZALAMEA

Chairman Cesar C. Zalamea came to DBP with extensive management experience from Philamlife, Meralco, and other lending corporations. He arrived just as DBP was experiencing a severe cash crunch. He announced new measures to restore DBP to financial health, such as cost cutting methods and improved collections. He declared that DBP must also seek to enhance its image through “delivery of services with efficiency and integrity.”



1981
to
1986

1986
to
1989



JESUS P. ESTANISLAO

After the EDSA Revolution, Dr. Jesus P. Estanislao took command of DBP in the midst of its worst crisis which left the bank with billions in losses. Estanislao crafted a comprehensive Rehabilitation Plan. He wrote: “Now that democracy has been re-established, it must be made to work for development... What we need to nurture and multiply are the development agents who make things happen, who create jobs, who tap potentials and who generate income.” The rehabilitation was completed ahead of schedule and earned acclaim from the international banking community. In recognition of his work, Dr. Estanislao was named Socio-Economic Planning Secretary and, later on, Finance Secretary in 1989.

ROBERTO F. DE OCAMPO

Roberto F. de Ocampo declared that the bank’s mission is to spur development and empower the poor when he became Chairman of DBP in 1989. Under his leadership, DBP made major strides in lending, in spurring development and nurturing the local capital markets. DBP was named one of the world’s Top Ten Banks and achieved international recognition. In 1993, Chairman de Ocampo was named Finance Secretary and was recognized by Euromoney publications as Finance Minister of the Year.



1989
to
1994



ALFREDO C. ANTONIO

Alfredo C. Antonio assumed the chairmanship as the bank stood on the brink of a new millennium. He announced that DBP would support the national drive for global competitiveness by emphasizing the four areas of development — Ethics, Exports, Environment and Entrepreneurship. Antonio also declared that DBP would pursue growth by developing capital markets more aggressively, expanding merchant banking operation and reinforcing its mechanism to attract foreign investments. Under his leadership, DBP continued to make substantial, steady and strategic contributions to national development.

FRANCISCO F. DEL ROSARIO, JR.

As Chairman and Chief Operating Officer during his first term in DBP, and as President and Chief Executive Officer on his re-appointment, Francisco F. Del Rosario, Jr. steered the bank towards harnessing public-private partnerships to help fast-track infrastructure and countryside development. During his first tenure with DBP, he was involved in the overall operations of the bank, its branches and subsidiaries.



RAMON Z. ABAD

A highly-recognized figure in the area of infrastructure and management, Ramon Z. Abad, having been president and director of the Philippine National Construction Corporation (PNCC), president of Air Philippines. During his chairmanship of DBP, Abad earned the admiration of bank officers and employees for his down-to-earth leadership approach. He was particularly known as a staunch advocate of initiatives for improving employee motivation and productivity.

REMEDIOS L. MACALINCAG

DBP's first lady president, Remedios L. Macalincag, had a short stint in DBP in 1973 as assistant to then chairman Leonides Virata, prior to joining the Landbank of the Philippines where she rose from Assistant Vice President up to Executive Vice President from 1974 to 1988. Under her stewardship, DBP introduced the "Financing Plus" approach to SME support, which provides credit plus business diagnostics and advice, business brokering training and other services to sub-sectors through organized industry groups.



2001



ERNEST LEUNG

Taking the helm as Chairman of the Board of Directors in 2001, Ernest C. Leung had always underscored integrity as his watchword and moral compass. Emphasizing that integrity must be deeply ingrained in DBP employees' work ethic, he called for a conscious effort to balance operational profitability and accountability where public interests and public resources were involved. Directing the institution towards this singular philosophy, he maintained openness to discussion and dialogue stating, "I have no committed positions, only principles."

SIMON R. PATERNO

In his two years as President and Chief Executive Officer, Simon R. Paterno gained admiration for his sensitivity in addressing employee concerns, for rationalizing the organizational structure, for introducing a new performance management system based on merit. The overall emphasis on human resource management merited the bank a prestigious award as one of the top ten best employers in the country. SMEs also received a big boost with various IT projects to help make their operations more globally competitive. Amidst all these initiatives, the bank successfully balanced its development mission with financial stability, and was recognized by the Asian Banker as the strongest bank in the country.



2002
to
2004

2001
to
2006



VITALIANO N. NANAGAS II

Chairman Vitaliano N. Nanagas II lent to DBP his expertise built on years of strategic involvement in various financial and other corporate organizations. Under his chairmanship, DBP actively supported the National Government's flagship Strong Republic Nautical Highway project. DBP implemented a focused lending to develop the country's road roll-on, roll-off terminal system through modern storage, handling and transport facilities.

ANTONINO L. ALINDOGAN, JR.

Antonino L. Alindogan, Jr. was an advocate for microfinance, and pushed for the establishment of an integrated approach to more effective and sustainable microfinance operations. He was likewise involved in a wide range of concerns such as the pursuit of good governance, strengthening inflation targeting as an effective tool in price stability, and crafting innovative solutions to problem banks. His other advocacies included the use of information technology for increased work efficiency, creation of credit information bureau, and establishment of a data warehouse for the banking system including an e-library.



2006



REYNALDO G. DAVID

Under the stewardship of Reynaldo G. David as President and Chief Executive Officer, the bank posted an impressive net income of Php6-billion in 2009, nearly double the Php3.6-billion profit when he joined the bank in 2004. He led the bank towards more aggressive lending to stimulate growth in priority sectors, particularly towards an improved and seamless infrastructure and logistics system. Towards this end, DBP placed a premium on modernizing the country's Road Roll-On Roll-Off Terminal System, financing seaworthy vessels and improving shipping facilities, and further interconnecting the islands through 20 missionary routes that complement the established eastern, western and central seaboard.

PATRICIA A. STO. TOMAS

Patricia A. Sto. Tomas brought her leadership skills to DBP in the areas of public administration, human resource development and management, organizational development and development communications, built on more than two decades of solid work in the bureaucracy and the academe to her chairmanship of DBP.



JOSE A. NUÑEZ, JR.

As Chairman, Jose A. Nuñez, Jr. was backed by an extensive career in banking and management. Under his leadership, DBP's policies were aligned with the administration's vision to promote good governance, alleviate poverty, and generate employment. He also reinforced existing practices in DBP that were consistent with professional banking practices and sensitive to people's needs and aspirations.

GIL A. BUENAVENTURA

Gil A. Buenaventura believed that despite private banks entering areas that traditionally have been the domain of DBP, the more competitive environment will continue to provide opportunities unique to DBP as a universal bank, as a development institution, and as an instrumentality of the National Government. As President and Chief Executive Officer, he adopted a back-to-basics approach which entailed reinforcing the bank's financial muscle characterized by a strong capital adequacy ratio, and a consistently healthy balance sheet and earnings predictability — to ensure DBP's long-term ability to serve the nation.



Strong and Brilliant PEOPLE

Recognizing that a well-motivated and engaged workforce is entrenched in its history and sustained success in advancing its development mission, DBP has always regarded its employees as partners more than as assets, and rightfully so. DBP has stayed the course to bring forth progress countrywide, with equally resilient officers and employees fueling the bank's drive every step of the way.

For seven decades, DBP employees have generously dedicated their talent, passion and heart to serve and protect the bank and the country. They have carried on their shoulders the task of rebuilding the country from the rubbles of World War 2 and to successfully maneuver the institution through a series of more challenges in the decades that followed.

Despite the World Bank's recommendation to close the Bank, the Harvard educated Dr. Jesus P. Estanislao relentlessly pushed for its rehabilitation. He cited two factors that gave him a glimmer of hope in resuscitating DBP: "First, we were starting as a revolutionary government so closing the Bank was not an option as this will not help restore confidence in the financial system." The second reason, he said, was the people of DBP. "They had a fierce loyalty to the institution. That's one thing that struck me."

— Excerpt from "Parangal," DBP's 65th Anniversary Employee Coffeetable Book

PERFORMANCE AND REWARDS MANAGEMENT

In compliance with Executive Order No. 36 on the Compensation and Position Classification System, DBP submitted in 2017 its Board-approved interim Compensation Framework to the Governance Commission for GOCCs (GCG). Alongside this initiative, the bank sustained the timely release of institutional employee benefits.

Through its Human Resource Management Group (HRMG), the bank revisited its policies on compensation and rewards to ensure its continuing responsiveness and compliance with regulatory requirements. DBP's guidelines on the monetization of leave credits and reimbursable expenses were calibrated in accordance with the regulations of the Civil Service Commission and the Commission on Audit.

The performance of all DBP employees including senior management is evaluated using the CSC-approved Strategic Performance Management System (SPMS).

Under the guidelines, performance of the executives are rated vis-a-vis the agreed deliverables for the year which are cascaded from the organizational targets.

STRATEGIC TALENT MANAGEMENT AND ACQUISITION

With the GCG approval of DBP's interim Reorganization Plan, the bank undertook preparations for the implementation of a revitalized organization in 2018. The reorganized structure is hinged on the following objectives: (a) strengthening DBP as an Infrastructure Bank, (b) process streamlining, (c) consolidation of related functions, and (d) implementation of a unified Lending Sector.

The enhanced DBP structure will institutionalize five sectors and 34 groups, loan administration units and accounting clusters, 22 provincial lending centers, credit and appraisal field teams in 22 lending centers, and 10 CSS teams. The staffing parameters of different business units in the bank were completed in the last quarter of 2017. Corresponding office orders were issued for internal job placement of concerned officers and employees effective January 2018.

In accordance with the bank's commitments under the GCG Performance Scorecard for 2017, the following activities for the competency profiling and gap assessment of at least 100 lending and account officers were conducted:

- Development of functional competency requirements
- Conduct of four cascading sessions for account officers from the bank's Branch Banking Sector, Corporate Banking Sector, Development Sector, and Middle Market Group
- Conduct of actual competency assessment of 353 account officers, out of which 157 participants were also assessed by their immediate supervisors for validation



As part of activities to attract and develop talents, successors and leaders, the bank regularly conducted pre-employment exams for pre-screened applicants in the regions and head office applicants. DBP identified 373 best-fit talents to assume various roles in the bank. DBP's talent pool was beefed up with 39 percent of 776 examinees nationwide passing the pre-employment exams. During the year, promotions were conferred on 145 eligible talents, while 16 officers were conferred higher corporate ranks, which included the filling up of seven key critical roles: the heads of HRMG, Operations Sector, Market Risk Department, Security Office, Corporate Affairs Department, and Internal Audit Group; as well as the Senior Technical/Professional Support Manager.

For senior management, a selection process is undertaken in accordance with the Omnibus Rules on Appointments and Other Human Resource Actions of the Civil Service Commission. The bank abides by the constitutional mandate that appointments in the Civil Service shall be made only according to merit and fitness.

CONTINUING PROFESSIONAL EDUCATION AND DEVELOPMENT

DBP provided continuous Learning and Development support to employees in various program areas that included competency-based training; technical, business, supervisory and leadership; values learning; professional certification, licensure or diploma programs; eLearning; webinars; and other mandatory courses.

Individual development plans were agreed upon at the start of the year between the staff and their supervisors in accordance with identified skills and competency improvement needs. The DBP Training Calendar was disseminated to all employees through email, the intranet and posted in the HR portal for reference of all employees.

During the year, members of the bank's Board of Directors and senior management attended at least two of the following programs: Corporate Governance Orientation/ Forum; Public/Good Governance Forum; Updates on Anti-Money Laundering for Senior Officers; Executive Briefing on IT Risk, Credit Risk Management, Business Continuity management; and Information Security Awareness.

RETIREMENT AND SUCCESSION POLICY

The mandatory retirement age for DBP officers and employees is 65 years old. To ensure leadership continuity in key critical and senior management positions, DBP has put in place a Succession Management System which is carried out through the identification of key/critical positions, and determining critical core competencies necessary for the role; identification of potential successors; development of identified talents and monitoring progress; and conduct of talent reviews every two years.

Based on the bank's Manual of Corporate Governance, the term of office of each director shall be for one year, provided, that each appointive director shall continue to hold office until the successor is appointed.

PROVIDENT FUND

DBP provides for a defined benefit plan for its employees under its Provident Fund (PF). In 2017, total PF loan portfolio amounted to Php3.4-billion, channeled through general purpose, individual housing, car, real estate, calamity, educational, and emergency loans.

The bank continued to look after the welfare of its employees with the following enhancements on PF benefits: reduction of interest rates, collection fees and additional charges, inclusion of mortgage redemption



insurance (MRI) coverage for emergency education and calamity loans, Christmas tokens to members, and increased in loanable amount.

In addition to existing special loans, new loan facilities were also offered under the Fund, namely: miscellaneous loan and housing maintenance loan to tide PF members over in times of funding needs.

HEALTH AND WELLNESS

As approved under DBP Board Resolution No. 0401 dated 1 July 1988, DBP's Health Care Plan Policy states: "Cognizant of the importance of a healthy human resource in the attainment of its corporate objectives, the bank shall create, maintain and promote a socialized Health Care Plan whereby its officials/employees and their dependents in time of health contingencies, may promptly avail of an adequate health care such as hospital, medical and related services."

Also cited under Excom Resolution No. 0012 dated 18 May 2005, which approved the revised DBP Health Care Plan: "The DBP has taken into consideration the provision in the Labor Code of the Philippines under Article 157, c. Book IV which states that: It shall be the duty of every employer to furnish his employees in any locality with free medical and dental attendance and facilities consisting of a full-time physician, dentist and full-time registered nurse as well as a dental clinic and infirmary or emergency hospital..."

Pandemic guidelines were also approved by the Board in 2017.

The Health and Wellness Unit (HWU) of the DBP HRMG-Employee Relations Department is charged with ensuring the efficient management and operations of the bank's medical and dental clinic. HWU disseminates data relating

to health and wellness through e-mail to employees, or via the HR portal and during seminars on Lifestyle Diseases. Sports activities are also lined up yearly as a complementary activity to keep employees fit and healthy.

REMUNERATION

As a result of its exemption from the Salary Standardization Law (SSL) in 1999, DBP developed its own Compensation Plan with the salary structure aligned with the market.

Basic salaries of employees including senior management (executives) are within the salary range of their responsive Salary Levels. Salaries of the President/CEO and the senior management are determined by taking into consideration the market industry data, internal reference (peers) and the current compensation, competencies and accomplishments of the incoming executive. Annual salary increase is granted through the Merit Increase Program (MIP) based on the individual performance as measured by the bank's Strategic Performance Management System (SPMS).

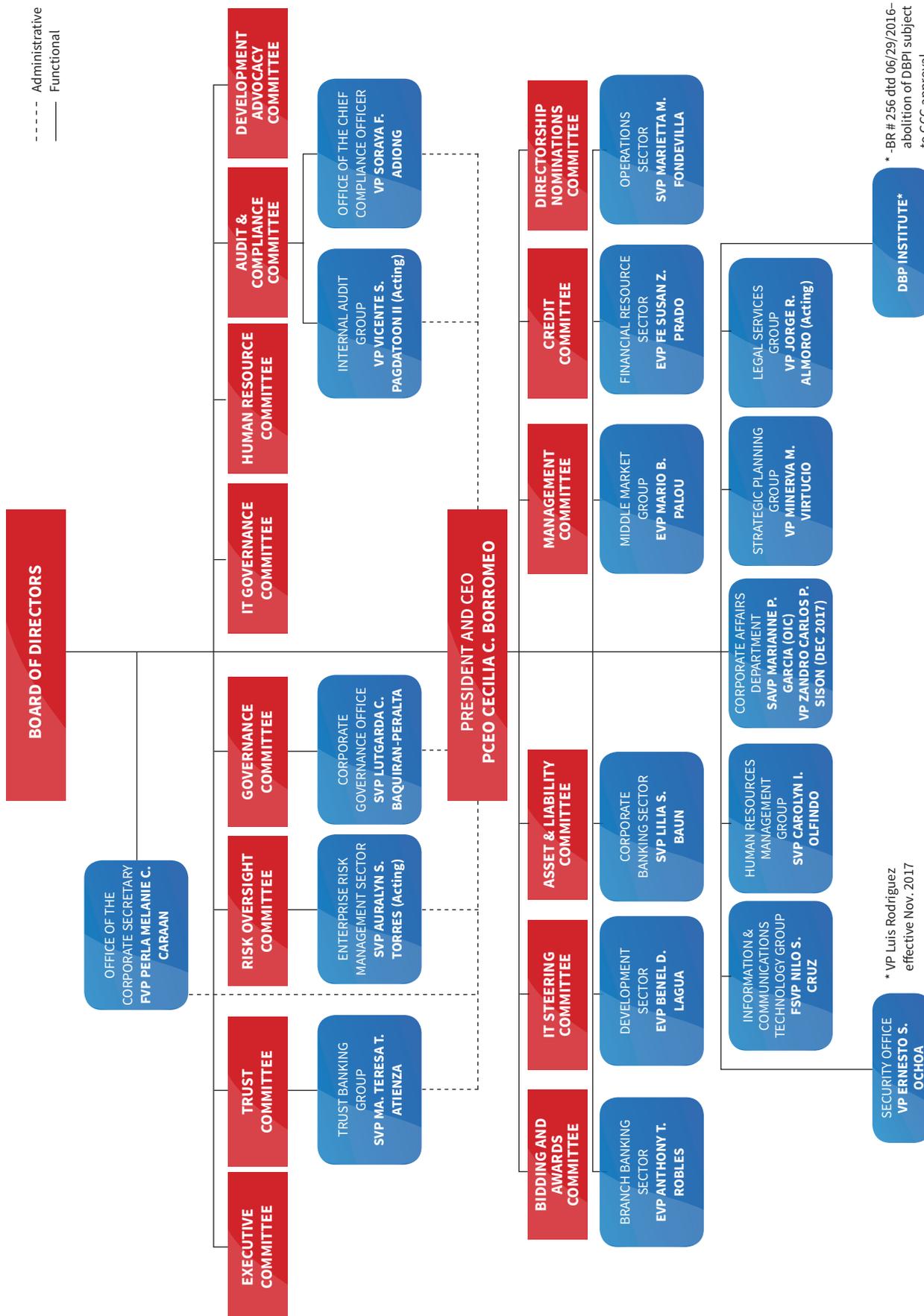
In addition to the Monthly Basic Salaries, standard SSL benefits and allowances are given following GCG or DBM guidelines. Other Board-approved emoluments, benefits and allowances over and above SSL benefits are also given.

The DBP Compensation Plan has been submitted and noted by GCG in compliance with E.O No. 36, s. 2017.

The remuneration of the President and CEO is subject to the approval of the Board of Directors. As to the remuneration of the members of the DBP Board, the bank complies with the provisions of E.O. No. 24, s. 2011, GCG MC 2016-01 and other relevant rules and regulations.



ORGANIZATIONAL STRUCTURE



* -BR # 256 dtd 06/29/2016 - abolition of DBPI subject to CGC approval

* VP Luis Rodriguez effective Nov. 2017

Strong and Brilliant CUSTOMER CONCERN

At the core of DBP’s business strategy is a focused concern for customer welfare and protection. Guided by its Financial Consumer Protection Framework, DBP consistently strives to improve customer experience of its products and services.

FINANCIAL CONSUMER PROTECTION

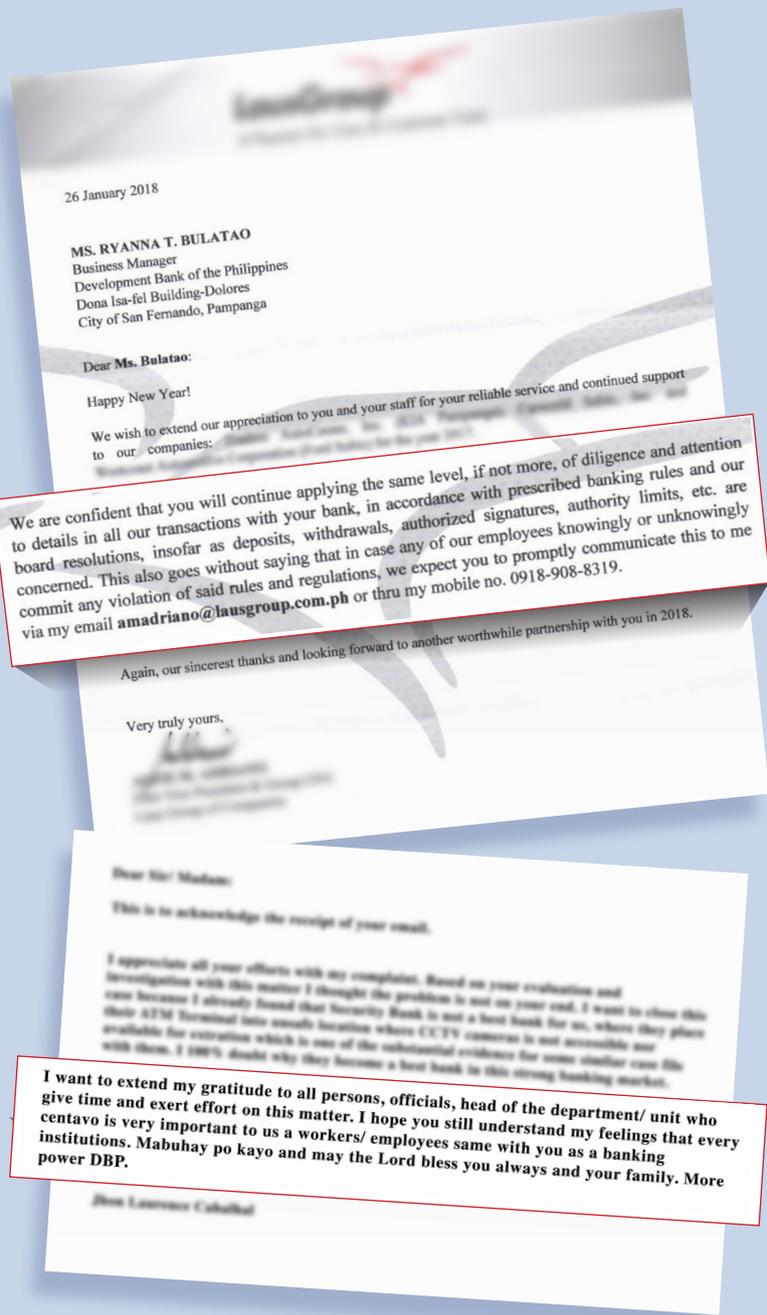
In implementing the Framework, DBP enhanced the operationalization of its dedicated Customer Experience Management Unit (CEMU) in October 2017 to handle customer care and customer service data analytics.

Adopted in 2016, the DBP Financial Consumer Protection Framework complies with Bangko Sentral ng Pilipinas (BSP) Circular No. 857 – Regulations on Financial Consumer Protection. The Framework provides for the implementation of consumer protection policies and procedures, customer information and handling, product promotions, customer-employee work relationship, and other customer-centric regulations and practices. As a guiding policy, the Framework directs the protection of consumer rights when providing financial and banking services. In ensuring that these consumer rights are safeguarded, bank officers and employees are strictly guided by the key standards of conduct prescribed by the BSP, namely: disclosure and transparency, protection of client information, fair treatment, effective recourse, and financial education.

The Framework stipulates the responsibilities of the Board together with senior management, who have effective oversight over its implementation. The Board directs efforts in maintaining a sound Consumer Protection Risk Management System (CPRMS), while senior management oversees the implementation of the bank’s consumer protection strategy.

Inherent operational risks and their impact on both consumers and the bank are identified under the CPRMS that adopts a system of identifying, measuring, monitoring and controlling identified operational risks. Full development of the CPRMS is firmly adherent to Section VI of the DBP Risk Management Manual which states:

Section VI.4. Clients, Products and Business Practices Risk: Unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements), or from the nature or design of a product. This also considers the regulatory requirements on consumer protection in the areas of disclosure and transparency, protection of client information, fair treatment, effective recourse, and financial education.



We are confident that you will continue applying the same level, if not more, of diligence and attention to details in all our transactions with your bank, in accordance with prescribed banking rules and our board resolutions, insofar as deposits, withdrawals, authorized signatures, authority limits, etc. are concerned. This also goes without saying that in case any of our employees knowingly or unknowingly commit any violation of said rules and regulations, we expect you to promptly communicate this to me via my email amadriano@lausgroup.com.ph or thru my mobile no. 0918-908-8319.

I want to extend my gratitude to all persons, officials, head of the department/ unit who give time and exert effort on this matter. I hope you still understand my feelings that every centavo is very important to us a workers/ employees same with you as a banking institutions. Mabuhay po kayo and may the Lord bless you always and your family. More power DBP.

CONSUMER ASSISTANCE MANAGEMENT SYSTEM

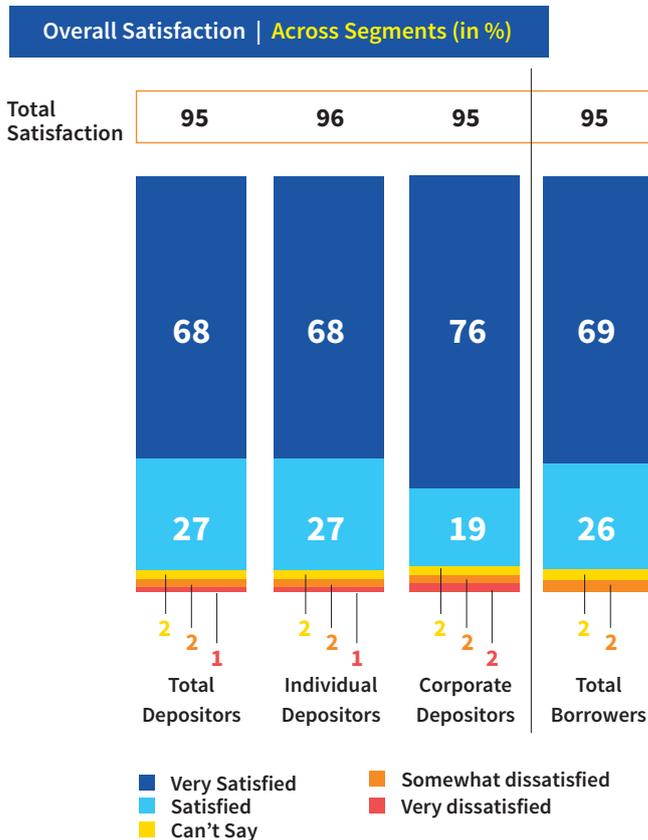
Integral to the bank's Financial Consumer Protection Framework is the DBP Consumer Assistance Management System (DBP-CAMS) that consolidates the existing customer feedback and complaints handling programs. As a means to safeguard customer interests, the DBP-CAMS works to ensure the continued responsiveness of bank products and programs, while aiming to provide seamless customer service delivery experience to DBP customers.

The DBP Customer Feedback Program provides for a system of soliciting and handling customer feedback, suggestions, commendations, inquiries, and requests. Different feedback channels are made available to bank customers, which include survey questionnaires, e-mail, phone and walk-in visits. Using an in-house customer survey, DBP has generally earned positive customer satisfaction feedback from its customers.

In 2017, DBP tapped the expertise of research service company, Philippine Survey and Research Center (PSRC), Inc. in the conduct of its first customer satisfaction (CSat) research project by a third party, in compliance with its commitment under the Governance Commission for GOCCs (GCG) performance scorecard. The survey randomly sampled respondents from DBP's depositors and borrowers – individual, corporate, and MSMEs. Feedback from said respondents were obtained through intercept face-to-face interviews at 15 DBP branches where the bank's regional marketing centers were located, online survey and face-to-face interviews via appointment.

Research results highlighted an affirmation from customers of DBP's continued responsiveness, as it earned a customer satisfaction rating of 95 percent from both depositors and borrowers, with an equivalent adjectival rating of Excellent. This exceeded the GCG requirement of a 90 percent satisfaction rating.

Satisfaction scores across all customer segments surpass the 90% commitment to GCG



BASE – Total DBP Interviews (787/661/126/46) Q19/Q16/Q10. Sa kabuuan, kung iisipin ang ginawa niyong transaksyon ngayon lang, pakisabi po sa akin kung gaano po kayo nasiyahan o hindi nasiyahan sa naganap na pagtransact ninyo sa DBP?



DBP has operationalized a dedicated Customer Experience Management Department.

As a parallel customer feedback mechanism, the bank continued to implement its internal CSat survey. The consolidated internal CSat results for 2017, which were submitted to the BSP, validated the 95% CSat score achieved by DBP in the PSRC research.

With the planned initiative to revitalize the DBP organization in 2018, CEMU will be strengthened and transformed into a department to give greater attention to customer concern and protection.

DBP's Complaints Handling Program, on the other hand, prescribes the procedures for receiving, documenting and resolving complaints, including complaints classification and escalation. It also details the responsibilities of concerned officers and staff in addressing customer issues in a responsive and timely manner.

2017 Complaints Handling Data

Status	Count
Solved but beyond the expected date of resolution	1,570
Pending, beyond the expected date of resolution	278
Solved within the expected date of resolution	12,632
Total complaints	14,480

The procedures for filing a customer complaint are also posted on the Bank's website at www.devbnkphl.com.ph.



Customer Service, First and Foremost

Hearing from our customers helps us know how well we have met their expectations and how else we can improve our products and services. For customer concerns, please follow these steps:

1. Fill in the required customer information in the DBP Customer Complaint Record Form.
2. Proceed to the Public Assistance and Complaints Desk of the branch or to the Customer Experience Management Department at the 7th floor of the DBP Head Office. A DBP customer relationship officer will attend to your concern.
3. The attending DBP customer relationship/service officer will assign a reference number and record other pertinent information on your duly accomplished DBP Customer Complaint Record Form (under the portion labeled 'For Bank Use Only').
4. For customer concerns requiring further evaluation/ action, the DBP customer relationship officer will provide the duly accomplished Customer's Copy of the DBP Customer Complaint Record Form.
5. You will be advised of the resolution process for your complaint. The DBP customer relationship officer shall also keep you informed of the status of your concern should this remain unresolved beyond the initial resolution timeframe.

Customer concerns and issues may also be reported directly to the DBP Customer Experience Management Department at the following contact details:

Customer Experience Management Department
 Address: 7th Floor, DBP Head Office Building
 Sen. Gil Puyat Avenue corner Makati Avenue
 Makati City 1200
 Telephone Numbers: 683-8324, 818-9511 local 2750
 Email: customerservice@dbp.ph

Strong and Brilliant CORPORATE CITIZENSHIP

DBP continues to be at the forefront of carrying out relevant and meaningful social responsibility programs through its flagship initiatives: the DBP Forest Program (DFP), DBP Endowment for Education Program (DEEP) and the soon to be launched DBP Resources for Inclusive and Sustainable Education (RISE) initiative.

REGREENING INITIATIVE

Launched in 2005, the DFP is a non-credit program that aims to curb incidence of denudation and restore the country's forest cover. As of end-2017, the program has contributed to the restoration of the country's green cover through 44 projects spanning more than 7,000 hectares of forest area. Out of this total area, more than 5,700 hectares are already planted.

Under the program, DBP partners with local government units, state universities and colleges, people's organizations, and other government agencies qualified as forest partners to ensure coordinated efforts for this reforestation initiative.

Aside from helping to address pressing environmental problems, the DFP also provides livelihood opportunities for forest partners and their families through the harvest, sale or processing of fruits and other tree products. Nearly 7,000 individuals — including Palaw'enos, T'bolis, Igorots, Manobos, Mangyans, and Aetas — have already benefited from this program.

Total contribution to DFP has reached Php182.65-million from which a total of Php139.9-million has been allotted by DBP for its share in the 44 projects. Of that amount, DBP has released Php99.55 million.

DBP is also set to launch a reforestation project at the Bessang Pass Natural Monument in Ilocos Sur. The bank will assist in the financing, via a grant, of up to 100% of the cost of planting stocks (PS) as well as in the plantation establishment, protection and maintenance.

SUPPORTING EDUCATION

In education, DBP has supported over 3,500 DEEP scholars from indigent families coming from different parts of the country since the launching of the DEEP in 2008. This scholarship program is funded by a Php1-billion seed money which was intended to support government initiatives to scale up investment in the country's human capital. Through the years, DEEP has already produced a pool of qualified and highly-skilled professionals who are already serving the needs of the local and global job markets.

To further bolster efforts to improve access to education, the bank is set to launch DBP RISE in 2018. An offshoot of DEEP, this new program will provide financial assistance to the best and brightest high school graduates of indigent Filipino families. With an allocation of Php500-million, the DBP RISE scholarship program is aimed at complementing the National Government's thrust towards infrastructure build-up by supporting the education of qualified scholars enrolled in engineering and science courses as well as in programs which are in demand in the job market.





DEEP scholars are among the graduates of the Magsaysay Institute of Shipping, a DEEP Partner-Institution with eight affiliates DEEP Partner-Schools.

REACHING OUT

DBP also stands ever ready to lend a helping hand to distressed and other sectors needing assistance. In 2017, DBP reached out to families affected by the conflict in Marawi through a donation drive in partnership with the Mothers for Peace Movement (M4P), an initiative of the Mindanao Commission on Women.

Under its donations and contributions program, DBP extended help for calamity-stricken areas. Financial assistance was channeled for rehabilitation efforts of local government units in Central Luzon, Northwestern Luzon and Northeastern Luzon affected by Typhoon Lawin in 2016. Relief assistance was also given for earthquake victims in Ormoc City.

DBP actively supports various socio-civic organizations. Recognizing the importance of biodiversity conservation, DBP channeled financial contribution to the Philippine Eagle Foundation for its various programs that aim to protect the Philippine Eagle, the tuberculosis awareness program of the Philippine Tuberculosis Society, and the Filipino War Veterans fund campaign.

Under its institutional Share-A-Gift outreach project, DBP brought Christmas cheer to beneficiary street children at the Haven for Children. Haven for Children is a child caring facility managed by the Department of Social Welfare and Development – National Capital Region.



DBP reaches out to those in need of assistance in times of calamities.

DBP SENIOR OFFICERS

BORROMEO, CECILIA C.
President &
Chief Executive Officer

LAGUA, BENEL D.
Executive Vice President
Development Sector

PRADO, FE SUSAN Z.
Executive Vice President
Financial Resources Sector

ROBLES, ANTHONY T.
Executive Vice President
Branch Banking Sector

ATIENZA, MA. TERESA T.
Senior Vice President
Trust Banking Group

**BAQUIRAN-PERALTA,
LUTGARDA C.**
Senior Vice President
Office of the President & CEO

BAUN, LILIA G.
Senior Vice President
Corporate Banking Group

DIMAYUGA, JOSE GABINO D.
Senior Vice President
Corporate Finance Group

FONDEVILLA, MARIETTA M.
Senior Vice President
Operations Sector

GABINETE, RYAN R.
Senior Vice President
Internal Audit Group

GOCUAN, JANE K.
Senior Vice President
Sales & Distribution Group

**MARAMAG,
ANTONIO OWEN S.**
Senior Vice President
BBS Marketing Group

OLFINDO, CAROLYN I.
Senior Vice President
Human Resource
Management Group

TORRES, AURALYN S.
Senior Vice President
Enterprise Risk
Management Group

BAUTISTA, MA VERONICA B.
First Vice President
Office of the Chairman

CARAAN, PERLA MELANIE C.
First Vice President
Office of the Corporate Secretary

CELIS, RODA T.
First Vice President
Treasury Group

GONZALES, DANIEL M.
First Vice President
MSME+ Development Group

GUMBA, MA LOURDES B.
First Vice President
Corporate Banking Group I

INOCENCIO, GEORGE S.
First Vice President
Remittance Department

LAZARO, PAUL D.
First Vice President
Financing Infrastructure
Environment & Logistic

QUILANTANG, ROSE MARIE Q.
First Vice President
Credit Policy Supervision

REYES, DANILO T.
First Vice President
Office of the President & CEO

TAN, MARK DENNIS S.
First Vice President
Consumer Finance

TERESA, RAINIER C.
First Vice President
Branch Operations Group

ADIONG, SORAYA F.
Vice President
Office of the
Chief Compliance Officer

AGUILAR, ROMEO A.
Vice President
Remedial Management

ALDANA, MADELEINE F.
Vice President
RMC Metro Manila

ALMORO, JORGE R.
Vice President
Documentation and
Opinion & Research

AQUINO, SUZANNE S.
Vice President
Correspondent Banking

AVILA, CATALINA R.
Vice President
ICTG - ICBS Project

BANDAL, RICARDO JOSEF II S.
Vice President
Transaction Banking
Department

CASAS, MADELEINE M.
Vice President
Customer Experience
Department

CHAVES, NEOGEN M.
Vice President
RMC Northern Mindanao

CHUA, FRANCIS NICOLAS M.
Vice President
Investment Banking

**CRISOLOGO, GERONIMO
ALFREDO GERALD S.**
Vice President
Cards/ATM Department

DY, NENITA R.
Vice President
Accounting

GAERLAN, RENE A.
Vice President
Legal Services Group

GOMEZ, ARDY D.
Vice President
IA - Operations Review
Department

LAGAHIT, FERNANDO G.
Vice President
RMC Central Visayas

LOPEZ, ISABELITA S.
Vice President
Property & Services Management

MAGANA, CATHERINE T.
Vice President
Market Risk Management

MONARQUIA, ABELARDO L.
Vice President
RMC - Southern Luzon & Bicol

MORALES, ROXANN D.
Vice President
MMG - Luzon

NARISMA, SISINIO S.
Vice President
RMC - Northeastern Mindanao

OCHOA, ERNESTO S.
Vice President
Security Office

PAGARAGAN, MARIO JR. P.
Vice President
Strategic Planning Group

PAGDATOON, VICENTE II S.
Vice President
Internal Audit Group

PURUGGANAN, ERNESTO R.
Vice President
Acquired Asset

REALINA, CRISTOPHER C.
Vice President
AI - Information System
Audit Department

RODEROS, RUBY R.
Vice President
Disbursement &
Securities Management

RODRIGUEZ, LUIS JR. J.
Vice President
Information and
Communications
Technology Group

SAMPAYAN, STELLA A.
Vice President
TBG - Safekeeping &
Assets Management Unit

SERONAY, EDGAR N.
Vice President
RMC - Western Mindanao

SISON, ZANDRO CARLOS P.
Vice President
Corporate Affairs Department

TEPORA, RONALDO U.
Vice President
Process Management

TIPACE, MARIA VIRGINIA M.
Vice President
HRMG - Learning and
Organizational Development

VELOSO, ANA MARIE E.
Vice President
RMC - Southeastern Mindanao

VERAN, MARIE CIELO T.
Vice President
Credit and Appraisal
Management

VIRTUCIO, MINERVA M.
Vice President
Strategic Planning Group



**REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Corporate Government Sector
Cluster 1 – Banking and Credit**

INDEPENDENT AUDITOR'S REPORT

**The Board of Directors
Development Bank of the Philippines
Makati City**

Qualified Opinion

We have audited the consolidated financial statements of the Development Bank of the Philippines (DBP) and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Qualified Opinion

The Bank's government securities holdings classified as Available for Sale (AFS) with face amount of P29.081 billion were sold to one and the same counterparty at a loss totaling P876.712 million in 2014. The same government securities were bought back by the Bank at the same price and were booked under Held to Maturity. Such derecognition and reclassification are contrary to Philippine Accounting Standard (PAS) 39 because the comparison of the present value of net cash flows before and after the sale showed no significant change. Management did not implement previous years' audit recommendation to reclassify the securities back to AFS. Had the government securities been classified as AFS, the Bank's assets, liabilities and equity accounts would have decreased by P2.102 billion, P0.232 billion and P1.870 billion, respectively, as at December 31, 2017, and P0.406 billion, P0.080 billion and P0.327 billion, respectively, as at December 31, 2016.

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAI). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Philippine Public Sector, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAI will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISSAI, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit observations, including any significant deficiencies in internal control that we identify during our audit.

COMMISSION ON AUDIT



MARILYN C. BRIONES
Supervising Auditor

June 8, 2018

STATEMENT OF FINANCIAL POSITION

As at December 31, 2017 and 2016
(In thousand pesos)

	Note	Group		Parent	
		2017	As restated 2016	2017	As restated 2016
Assets					
Cash and other cash items	7	5,235,397	3,662,019	5,224,876	3,648,329
Due from Bangko Sentral ng Pilipinas	7, 8	75,288,023	79,748,450	75,078,137	79,572,375
Due from other banks	7	19,850,387	8,593,084	19,847,162	8,573,178
Interbank loans receivable	7,9	13,237,444	5,435,951	13,237,444	5,435,951
Securities purchased under agreement to resell	7,10	60,917,405	39,889,738	60,677,784	39,692,457
Financial assets at fair value through profit or loss	11	3,710,544	10,824,688	3,710,544	10,824,688
Financial assets available for sale - net	12,19	67,142,940	70,927,299	67,140,132	70,924,461
Financial assets held to maturity	13	87,794,170	79,207,936	87,775,676	79,191,080
Loans and receivables - net	14,19,32	245,812,412	226,381,299	243,771,223	224,199,850
Bank premises, furniture, fixtures and equipment - net	15	2,850,597	2,909,476	2,834,015	2,894,058
Investment property - net	16,19	1,153,098	1,367,868	1,153,098	1,367,868
Equity investment in subsidiaries - net	17,19	-	-	1,664,898	1,667,991
Equity investment in associates and joint ventures - net	18	378,992	431,488	106,189	152,804
Non-current assets held for sale - net	19	197,274	137,946	197,274	137,946
Deferred tax assets	20	2,399,931	2,787,238	2,399,707	2,787,014
Intangible assets - net	21	465,784	424,347	463,321	422,443
Other assets - net	19,22	7,802,796	5,258,917	7,073,624	4,790,476
Total Assets		594,237,194	537,987,744	592,355,104	536,282,969
Liabilities and Equity					
Liabilities					
Deposits liabilities	23	412,676,037	356,419,509	412,363,755	356,242,441
Bills payable	24				
Official Development Assistance (ODA)		54,260,535	54,176,054	54,260,535	54,176,054
Non-ODA		44,091,239	47,909,947	42,821,195	46,853,275
		98,351,774	102,086,001	97,081,730	101,029,329
Bonds Payable	25	14,948,201	14,876,888	14,948,201	14,876,888
Due to Bangko Sentral ng Pilipinas/other banks	26	628	1,634	628	1,634
Manager's checks and demand drafts outstanding	27	499,947	221,566	499,241	220,889
Accrued taxes, interests and expenses	28	4,636,771	4,490,948	4,555,970	4,380,839
Unsecured subordinated debt	29	9,995,686	9,990,837	9,995,686	9,990,837
Deferred credits and other liabilities	30	5,112,392	5,075,274	4,825,050	4,650,232
Total Liabilities		546,221,436	493,162,657	544,270,261	491,393,089
Equity					
Capital Stock	31	17,500,000	17,500,000	17,500,000	17,500,000
Retained earnings		31,690,215	28,961,559	31,773,211	29,040,365
Retained earnings reserves	32	251,849	250,570	231,849	230,570
Accumulated other comprehensive income/(loss)	33	(1,425,626)	(1,886,433)	(1,420,217)	(1,881,055)
		48,016,438	44,825,696	48,084,843	44,889,880
Non-controlling interest		(680)	(609)	-	-
Total Equity		48,015,758	44,825,087	48,084,843	44,889,880
Total Liabilities and Equity		594,237,194	537,987,744	592,355,104	536,282,969

See accompanying Notes to Financial Statements

STATEMENT OF PROFIT OR LOSS

For the Years Ended December 31, 2017 and 2016

(In thousand pesos, except per share amounts)

	Note	Group		Parent	
		2017	Restated 2016	2017	Restated 2016
Interest income					
Loans and receivables	P	13,018,717	P 11,844,548	P 13,006,373	P 11,830,839
Financial assets - debt securities		6,283,902	6,256,080	6,283,146	6,255,675
Deposits with banks		426,687	674,322	424,032	595,641
Interbank loans receivable/Securities purchased under agreement to resell		650,222	471,253	641,973	469,122
		<u>20,379,528</u>	<u>19,246,203</u>	<u>20,355,524</u>	<u>19,151,277</u>
Interest expense					
Bills payable and other borrowings					
ODA Borrowings		2,225,590	2,258,560	2,225,590	2,258,560
Other Borrowings		2,307,858	2,115,838	2,260,222	2,080,336
Deposits		2,848,873	3,323,358	2,948,186	3,324,180
		<u>7,382,321</u>	<u>7,697,756</u>	<u>7,433,998</u>	<u>7,663,076</u>
Net interest income		12,997,207	11,548,447	12,921,526	11,488,201
Provision for impairment	19	<u>505,315</u>	<u>778,026</u>	<u>497,059</u>	<u>757,511</u>
Net interest income after provision for impairment		<u>12,491,892</u>	<u>10,770,421</u>	<u>12,424,467</u>	<u>10,730,690</u>
Other income					
Profit/(loss) from investment and securities trading		174,430	506,448	174,430	506,448
Foreign exchange profit/(loss)		115,742	285,305	115,742	285,305
Service charges, fees and commissions		808,167	516,833	805,786	514,829
Dividends - equity investments		829,703	782,108	838,502	788,426
Miscellaneous	34	644,467	618,753	503,054	422,139
		<u>2,572,509</u>	<u>2,709,447</u>	<u>2,437,514</u>	<u>2,517,147</u>
Other expenses					
Compensation and fringe benefits		3,371,143	3,283,808	3,164,686	3,019,178
Taxes and licenses	36, 44	1,772,493	1,561,675	1,755,897	1,547,435
Occupancy expenses		146,305	134,141	133,739	124,396
Other operating expenses	35	2,854,509	2,720,203	2,915,325	2,828,007
		<u>8,144,450</u>	<u>7,699,827</u>	<u>7,969,647</u>	<u>7,519,016</u>
Profit before tax		6,919,951	5,780,041	6,892,334	5,728,821
Provision for income tax	36	<u>1,426,911</u>	<u>1,299,975</u>	<u>1,403,030</u>	<u>1,292,350</u>
Profit for the year		<u>P 5,493,040</u>	<u>P 4,480,066</u>	<u>P 5,489,304</u>	<u>P 4,436,471</u>
Attributable to:					
Equity holder of DBP	P	5,493,111	P 4,480,128		
Non-controlling interest		(71)	(62)		
		<u>P 5,493,040</u>	<u>P 4,480,066</u>		
Earnings per share for net income attributable to the equity holder of DBP during the year		<u>P 31.39</u>	<u>P 25.60</u>	<u>P 31.37</u>	<u>P 25.35</u>

See accompanying Notes to financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Years Ended December 31, 2017 and 2016
(In thousand pesos)

	Note	Group		Parent	
		2017	Restated 2016	2017	Restated 2016
Profit for the Year	P	5,493,040	P 4,480,066	P 5,489,304	P 4,436,471
Other comprehensive income/(loss)					
Items that may be reclassified subsequently to profit or loss:					
Net unrealized gains on securities	33	<u>460,807</u>	<u>(381,455)</u>	<u>460,838</u>	<u>(381,454)</u>
		<u>460,807</u>	<u>(381,455)</u>	<u>460,838</u>	<u>(381,454)</u>
Total Comprehensive Income for the Year		<u>P 5,953,847</u>	<u>P 4,098,611</u>	<u>P 5,950,142</u>	<u>P 4,055,017</u>
Attributable to:					
Equity holder of DBP		5,953,918	4,098,673		
Non-controlling interest		<u>(71)</u>	<u>(62)</u>		
		<u>P 5,953,847</u>	<u>P 4,098,611</u>		

See accompanying Notes to financial statements.

STATEMENT OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

(In thousand pesos)

Note	Group		Parent	
	2017	As restated 2016	2017	As restated 2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest income received	18,697,207	16,049,840	18,443,422	16,206,735
Interest expense paid	(7,497,363)	(7,549,101)	(7,549,007)	(7,514,393)
Bank commission, service charges and fees received	808,168	516,833	805,786	514,828
Profits from investment and securities trading	188,891	525,044	188,891	525,044
Dividend and other income/(loss) received/(paid)	1,124,889	1,681,044	992,275	1,490,749
General and administrative expenses paid	(7,427,322)	(6,739,273)	(7,004,168)	(6,612,484)
Changes in operating assets and liabilities:				
(Increase) Decrease in operating assets:				
Financial assets at fair value thru profit or loss	7,244,859	(10,514,842)	7,244,859	(10,514,842)
Loans and receivables	(17,766,697)	(24,779,954)	(17,908,379)	(24,109,212)
Non-current assets held for sale	(81,040)	(20,668)	(81,040)	(24,412)
Other assets	3,817,105	(4,734,739)	3,944,853	(4,844,374)
Increase (Decrease) in operating liabilities:				
Deposit liabilities	52,452,462	30,368,500	52,317,248	30,478,133
Due to Bangko Sentral ng Pilipinas/other banks	(954)	1,305	(1,006)	1,358
Manager's checks and demand drafts outstanding	(446,403)	84,172	(446,432)	84,171
Accrued taxes, interest and expenses	150,628	756,018	179,935	708,713
Deferred credits and other liabilities	59,421	(3,395,578)	318,802	(3,862,560)
Cash provided/(used) in operating activities	51,323,851	(7,751,399)	51,446,039	(7,472,546)
Income taxes paid	(1,333,629)	(1,065,723)	(1,309,749)	(1,058,099)
Payment for PERA/ADCOM allowance	(231,505)	-	(231,505)	-
Net cash provided/(used) in operating activities	49,758,717	(8,817,122)	49,904,785	(8,530,645)
CASH FLOWS FROM INVESTING ACTIVITIES				
(Increase) Decrease in:				
Financial assets available for sale	(4,281,322)	14,587,747	(4,281,322)	14,589,347
Financial assets held to maturity	601,282	(5,459,743)	602,664	(5,459,958)
Equity investment in associates and joint ventures	2,787	(12,115)	-	-
Bank premises, furnitures, fixtures and equipment	(251,062)	(692,804)	(247,415)	(684,591)
Investment properties	195,948	433,733	195,948	433,732
Intangible assets	(116,159)	(166,544)	(115,502)	(165,662)
Net cash provided/(used) in investing activities	(3,848,526)	8,690,274	(3,845,627)	8,712,868
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (Decrease) in:				
Borrowings	(4,088,098)	(1,279,262)	(4,301,470)	(1,472,365)
Cash dividends paid	(2,524,273)	(2,365,215)	(2,516,158)	(2,341,125)
Redemption of Tier 2 Capital	-	(5,650,000)	-	(5,650,000)
National Government Capital Infusion	-	5,000,000	-	5,000,000
Net cash provided/(used) in financing activities	(6,612,371)	(4,294,477)	(6,817,628)	(4,463,490)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
	(2,120,064)	361,687	(2,120,064)	361,687
NET INCREASE IN CASH AND CASH EQUIVALENTS	37,177,756	(4,059,638)	37,121,466	(3,919,580)
Cash and cash equivalents				
Beginning of year	137,317,740	141,377,378	136,910,861	140,830,441
End of year	174,495,496	137,317,740	174,032,327	136,910,861

See accompanying Notes to financial statements.

STATEMENT OF CHANGES IN CAPITAL FUNDS

For the Years Ended December 31, 2017 and 2016

(In thousand pesos, except per share amounts)

	GROUP										
	Attributable to Equity holder of DBP			PARENT							
	Capital Stock	Retained Earnings	Retained Earnings Reserves (Note 32)	Accumulated Other Comprehensive Income/(Loss) (Note 33)	Non-Controlling	Total	Capital Stock	Retained Earnings	Retained Earnings Reserves (Note 32)	Accumulated Other Comprehensive Income/(Loss) (Note 33)	Total
BALANCE AT DECEMBER 31, 2015	12,500,000	31,047,607 (750)	247,946	(5,978,389)	(545) (2)	37,816,619 (752)	12,500,000	31,145,981	227,946	(5,973,012)	37,900,915
Adjustments											
Restated balance at December 31, 2015	<u>12,500,000</u>	<u>31,046,857</u>	<u>247,946</u>	<u>(5,978,389)</u>	<u>(547)</u>	<u>37,815,867</u>	<u>12,500,000</u>	<u>31,145,981</u>	<u>227,946</u>	<u>(5,973,012)</u>	<u>37,900,915</u>
Comprehensive income											
Net income		4,480,128			(62)	4,480,066		4,436,471			4,436,471
Other comprehensive income for the year		(4,473,411)		4,091,956		(381,455)		(4,473,411)		4,091,957	(381,454)
Total comprehensive income for the year		<u>6,717</u>		<u>4,091,956</u>	<u>(62)</u>	<u>4,098,611</u>		<u>(36,940.00)</u>		<u>4,091,957</u>	<u>4,055,017</u>
Transaction with owner											
Cash dividends - 2015 (P13.51 per share - Group) (P13.38 per share - Parent)		(2,364,265)				(2,364,265)		(2,341,125)			(2,341,125)
Issuance of shares during the year	5,000,000					5,000,000	5,000,000				5,000,000
	<u>5,000,000</u>	<u>(2,364,265)</u>				<u>2,635,735</u>	<u>5,000,000</u>	<u>(2,341,125)</u>			<u>2,658,875</u>
Transfer to (from) Surplus Free											
Trust reserve		(2,624)	2,624					(2,624)	2,624		0
Adjustments											
Reversal of over-accrued trust income as approved by COA		(7,788)				(7,788)		(7,788)			(7,788)
Set up of Deferred Tax Assets (DTA) for 2014 and 2015		84,619				84,619		84,619			84,619
Equity Rental Payments (ERP) on MRTC shares		198,242				198,242		198,242			198,242
Other Adjustments		(199)				(199)					
		<u>274,874</u>				<u>274,874</u>		<u>275,073</u>			<u>275,073</u>
BALANCE AT DECEMBER 31, 2016	<u>17,500,000</u>	<u>28,961,559</u>	<u>250,570</u>	<u>(1,886,433)</u>	<u>(609)</u>	<u>44,825,087</u>	<u>17,500,000</u>	<u>29,040,365</u>	<u>230,570</u>	<u>(1,881,055)</u>	<u>44,889,880</u>
Comprehensive income											
Net income		5,493,111			(71)	5,493,040		5,489,304			5,489,304
Other comprehensive income for the year		460,807		460,807		460,807		0		460,838	460,838
Total comprehensive income for the year		<u>5,493,111</u>		<u>460,807</u>	<u>(71)</u>	<u>5,953,847</u>		<u>5,489,304</u>		<u>460,838</u>	<u>5,950,142</u>
Transaction with owner											
Cash dividends - 2016 (P14.42 per share - Group) (P14.38 per share - Parent)		(2,524,272)				(2,524,272)		(2,516,158)			(2,516,158)
Transfer to (from) Surplus Free											
Trust reserve		(1,279)	1,279					(1,279)	1,279		0
Adjustments											
Payment of PERA & Additional Compensation covering C/5 2006 to 2016		(231,505)				(231,505)		(231,505)			(231,505)
Reclassification of Semi-Expendable Items per COA Circular 2016-006		(7,516)				(7,516)		(7,516)			(7,516)
Other Adjustments		117				117					
		<u>(238,904)</u>				<u>(238,904)</u>		<u>(239,021)</u>			<u>(239,021)</u>
BALANCE AT DECEMBER 31, 2017	<u>17,500,000</u>	<u>31,690,215</u>	<u>251,849</u>	<u>(1,425,626)</u>	<u>(680)</u>	<u>48,015,758</u>	<u>17,500,000</u>	<u>31,773,211</u>	<u>231,849</u>	<u>(1,420,217)</u>	<u>48,084,843</u>

DBP SUBSIDIARIES

DCI

DBP Data Center Inc.

DBP Data Center, Inc. (DCI) has supported DBP's Information Technology infrastructure for the past 35 years. In 2017, DCI continued to focus primarily on assisting the bank's initiatives on various bank products by providing the workforce for the development and maintenance of DBP's systems and applications. As of 31 December 2017, DCI has a total of 99 employees composed of 61 regular personnel and 38 contractual staff.

DCI seeks opportunities to increase revenues by expanding its customer base that include government agencies and instrumentalities. Aligned with its strategic plan for 2017-2020, DCI pursued an aggressive business plan to deliver high-quality services, build an excellent team, and capture competitive market share in the industry.

In 2017, DCI focused on projects for government agencies and instrumentalities such as:

- Zamboanga Del Norte Medical Center – On-going five-year project involving the design of a Hospital Information System (HIS)
- Bureau of Customs – Completed as project on Cyber Security package solution
- Jose B. Lingad Memorial Regional Hospital – A five-year HIS BPO project
- Cooperative Development Authority – Software development of the Cooperative Member Registry System that will allow cooperatives to upload and update information for and about members
- Philippine Economic Zone Authority (PEZA) – A system development project enhancing PEZA's existing Billing and Collection System, Electronic Application for Registration System and Engineering Permit Application Monitoring System.

- PNP Online Police Clearance (Cebu City) – Ongoing Online Application as part of the PNP's National Police Clearance Project implemented in Q1 of 2017.
- Professional Regulations Commission – Online Payment and Collection System related to Professional Licenses.
- Bangko Sentral ng Pilipinas – A project entailing supply, delivery, installation, configuration, testing and implementation of a Human Resource Information System.
- Bureau of Treasury (BTr) – Consulting Services to enhance IT infrastructure and strengthen ICT capacity to address the BTr's IT requirements and gaps.

GROSS REVENUES

DCI gross revenues of Php147.67-million as of 31 December 2017 was 35 percent lower than last year's Php227.27-million and 42 percent under the budget of Php252.85-million.

EXPENSES

DCI's expenses of Php145.97-million as of 31 December 2017 is Php63.70-million lower than the 2016 expenses of Php209.67-million and Php76.22-million lower than the budget of Php222.19-million.

EARNINGS

As of end 2017, DCI recorded Php1.73-million earnings before tax (EBT). This is 90 percent less than the 31 December 2016 EBT of Php17.64-million and 94 percent off the budget of Php30.72-million due to postponed success on Non-DBP projects and reduced income from DBP.

Profit and Loss Summary (in million pesos)

	Year-End		2017 Year-End Budget	2017 Year-End VS 2016 Year-End	%	2017 Year-End VS 2017 Budget	%
	December 2017	December 2016					
Revenue	147.67	227.27	252.85	(79.60)	(35)	(105.18)	(42)
OPEX:							
Total Expense	145.97	209.67	222.19	63.70	30	76.22	34
Interest (Inc/Exp)	0.03	0.04	0.06	(0.01)	(25)	(0.03)	(50)
EBT	1.73	17.64	30.72	(15.91)	(90)	(28.99)	(94)
Prov for Tax	0.51	5.28	9.20	4.77	90	8.69	94
Net Earnings (loss)	1.22	12.36	21.52	(11.14)	(90)	(20.30)	(94)



DBP Leasing Corporation (DBPLC) sustained its strong performance as its leasing and loan portfolio grew by 15.83 percent — from Php2.26-billion in 2016 to Php2.61-billion in 2017. This pushed its ranking in the leasing and financing industry from its ranking of 17th in 2014.

Gross income increased by 9.61 percent to Php185.72-million and EBITDA rate was posted at 13.52 percent, improving from the previous year's 12.67 percent. Net income after tax amounted to Php64.73-million, slightly lower than the Php67.98-million achieved in 2016. The decrease was due to the substantial income tax payment of Php22.39-million in 2017 vs only Php1.43-million in 2016. The minimal income tax liability in 2016 resulted from the Php25.25 million in tax savings accruing to the company from the impairment losses booked during the previous years. DBPLC's positive bottom line in 2017 marked the third consecutive year that the company registered profitable results, an outstanding turn-around from three years of successive losses suffered from 2012-14.

Owing to its profitable operations from 2015 to 2017, the total mandatory dividends that DBPLC has remitted to the National Treasury amounted to Php48.27-million.

DBPLC's market reach also expanded with its customer count reaching 45 institutional clients from 21 accounts in 2013, while serving 24 industry sub-sectors compared to only two in 2013. Private industries benefitting from the company's financing products include sea and land freight and passenger transport, construction, logistics, public transport, and manufacturing. It has financed more than 500 units of different types of equipment, deployed in various parts of the country.

DBPLC aims to increase its market coverage towards improved participation in financing SMEs that belong to the priority industries and programs of parent DBP. It will target more clients from regional growth centers directly and in collaboration with DBP provincial branches and lending offices.

DBPLC ensures continuous sources of funding, with aggregate credit lines available to the company amounting to Php3-billion granted by 10 of the country's leading banks.

Key Financial Indicators (in million pesos)	2017	2016	2015	2014
Leasing and Financing Portfolio, net	2,613.52	2,253.33	1,848.59	735.48
Total Assets	2,669.99	2,330.25	2,042.32	1,206.05
Gross Income	185.72	169.43	106.51	56.22
EBITDA	145.05	128.90	70.20	23.69
EBITDA Rate	13.52%	12.67%	7.62%	3.22%
Net Income (Loss)	64.73	67.98	25.78	(54.19)
ROE-NIAT	6.03%	6.68%	2.80%	-7.37%
Stockholder's Equity	1,104.40	1,041.60	993.76	847.97
% of ROPA to Total Assets	0.61%	0.75%	6.32%	13.41%



DBP MANAGEMENT CORPORATION

The DBP Management Corporation (DBP-MC) was created in 1981 primarily to assist DBP in the management of its distressed accounts and disposal of acquired assets. DBP-MC's mandate was 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.

DBP-MC established a remittance office in Hong Kong in September 2005 in pursuit of DBP's remittance business and other related activities. This was aligned with the Bank's strategy of promoting its OFW remittance program in support of the National Government's directions at the time. The venture required the increase in DBP-MC's capitalization from Php10-million to Php500-million, of which DBP

subscribed and paid for an additional Php35-million capital stock.

The Hong Kong office was closed in December 2014 following a shift in the Bank's strategy and business model for its remittance business. Final deregistration and subsequent dissolution of the DBP Remittance Center Hong Kong Ltd. was made on 24 February 2017 based on a notice issued by the Hong Kong Companies Registry.

As of 31 December 2017, DBP-MC's assets amounted to Php71.39-million with net income for the year of Php1.046-million derived mainly from dividend on investment and interest on time deposit.

Having been classified by the Governance Commission for GOCCs (GCG) as "Inactive" since April 2016, DBP-MC mainly functions as a support unit of DBP as winding down activities continue.



Al-Amanah Islamic Investment Bank of the Philippines (AAIIBP) is a universal bank authorized to perform and provide Islamic banking, financing and investment services. It is the first and only Islamic bank in the Philippines.

FINANCIAL PERFORMANCE

The bank maintained a positive gross margin of Php26.42-million in 2017. The total operating expense for the calendar year was Php85.51 million, resulting in a cumulative net loss of Php59.09-million.

Total gross earnings mainly came from Loans and Financing and Investments/ODFs which made up 46 percent and 43 percent of the total earnings, respectively. Of the total income from Loans & Financing, Php1.74-million was from Islamic Financing and Php10.6-million was from conventional loans.

Fifty-three percent of expenses were related to personnel services while 46 percent was incurred for maintenance and other operating expenses. The remaining 1 percent represented cost of funds.

Financial Performance (in million pesos)	Actual Amount as of Dec. 31, 2017	Full Year Target CY 2017	Variance	Realization Rate
Income from Loans and Financing	12.34	20.71	(8.37)	59%
Income from Investments/ODFs	11.70	2.89	8.81	405%
Other Income	3.07	1.50	1.57	207%
Gross Earnings	27.11	25.10	2.01	108%
Cost of Funds	0.69	3.59	(2.9)	19%
Gross Margin	26.42	21.51	4.91	123%
Operating Expenses				
Personal Services	45.97	60.74	(14.17)	76%
Maintenance and other Operating	39.54	63.55	(24.01)	62%
Total Operating Expenses	85.51	126.33	(40.82)	68%
Net Loss	(59.09)	(104.82)	(45.73)	56%

2017 ACTUAL VS. TARGETS

Income

The Bank projected total earnings of Php25.10-million for CY 2017. This target was composed of Php20.71-million income from loans and financing, Php2.89-million interest income from investments and Php1.50-million from other sources.

The bank realized only 59%, or Php12.34-million, of its targeted income from Loans and Financing that amounted to Php20.71-million. Income from Investments/ODFs and Other Non-Operating Income exceeded the budget by Php8.81-million and Php1.57-million, respectively. Actual gross earnings, amounting to Php27.11-million exceeded the budget of Php25.10-million by Php2.01-million, resulting to a realization rate of 108%.

Expenses

Total operating expenses of Php85.51-million was below the annual budget of Php126.33-million due to cost-savings from the expected transfer of the bank's Makati Branch and trainings.

Net Loss

The actual net loss of Php59.09-million is less than the projected net loss of Php104.82-million, effecting a realization rate of 56%.

Financial Condition (in million pesos)	Actual Amount as of Dec. 31, 2017	Full Year Projection CY 2017	Variance	Realization Rate
Total Resources	734.20	627.10	107.10	117%
Total Liabilities	495.56	431.15	(64.41)	115%
Total Equity	238.64	195.95	42.69	122%
Loans and Financing, gross	211.29			
Deposit Liabilities	463.49			

Resources

Total resources stood at Php734.2-million, attaining a realization rate of 117 percent of the projected amount. In comparison to Php626.6 million as audited for 2016, there is an increase of Php107.1-million in total resources. This is the positive effect of the DOF Department Circular No. 01-2017 dated 11 May 2017 or the Amended Guidelines on Authorized Government Depository Banks.

Loans and Financing

The Bank expected to close the year 2017 with a minimum outstanding loans and financing balance of Php326.05-million. The bank realized 65% of the expected outstanding loans and financing balance of Php211.64-million. The gross outstanding loan balance of Php211.64-million was 98 percent current accounts, while the remainder represented past due loans and financing restructured in May 2016.

Composition of Loans and Financing as to different classifications is shown below:

Credit Portfolio As of Dec. 31, 2017 (in million pesos)	Amount	%
By Type		
Total	211.29	100.0%
Conventional Loans	131.30	62.02%
Islamic Financing	80.26	37.98%
By Type of Borrower		
Total	211.29	100.0%
LGU/GOCCs	85.11	40.3%
MSMEs	96.63	45.7%
Private Corporation	13.00	6.1%
Agrarian Reform/Agricultural	1.57	0.7%
Individuals	14.98	7.1%
By Type of Industry		
Total	211.29	100.0%
Water Supply	58.90	27.9%
Public Administration and Defense	26.21	12.4%
Real Estate Activities	13.40	6.3%
Construction	32.69	15.5%
Mining and Quarrying	8.67	4.1%
Manufacturing	7.60	3.6%
Wholesale and Retail Trade	36.76	17.4%
Agriculture	5.74	2.7%
Human Health and Social Work Activities	3.23	1.5%
Administrative, support & service	14.78	6.9%
	3.31	1.6%
By Status		
Total	211.29	100.0%
Current	206.56	97.8%
Past Due/Under litigation	4.73	2.2%

Deposits

Al Amanah's deposit level to date is Php463.48-million, or an increase of Php158.86-million (mostly conventional deposits) from previous year's Php304.62-million balance. A total of Php396.38-million or 85.5 percent are conventional deposits and the remaining Php67.1-million or 14.5 percent are Islamic deposits. Of the total amount, Php174.46-million or 37.6 percent are government deposits while private deposits amount to Php289.02-million, equivalent to 62.4 percent.

MODIFIED SALARY SCHEDULE

In 2017, Al Amanah adopted the Modified Salary Schedule (MSS) under Executive Order No. 201, series 2016, pursuant to EO No. 36, series 2017, and its Implementing Rules and Regulations. Before the release of its 2017 financial statements on 13 March 2018, the Bank received a letter dated 31 January 2018 from the Governance Commission for GOCCs authorizing the adoption of MSS. Personal services as of 31 December 2017 was adjusted to include the differential pay.

DBP PRODUCTS AND SERVICES

CORPORATE BANKING

1. Term Loans – Credit Transactions with a specific stipulated limit and maturity 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.
2. 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:
 - a. Revolving Promissory Note Line (RPNL) – a standby facility for working capital requirements. Drawdown against the line with a term up to one year and payable upon maturity of Promissory Notes. The specific purpose may include, among others, the following:
 - Receivable discounting
 - Increase in account receivables
 - Inventory build up
3. Letter of Credit / Trust Receipt – a facility for working capital against trade documents. Drawn in compliance with the letter of credit terms.
4. Standby Letter – 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.
5. 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 productions, the term of the loan shall not exceed the expiry of the date of the LC.
6. Export Advance – payments/ remittances 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.
7. 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.
8. Back to Back Deals – Loans secured by placements or deposits (1:1 loans).
9. Bill 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.

DEVELOPMENT BANKING

1. Infrastructure and Logistics
 - a. Connecting Rural Urban Intermodal Systems Efficiently (CRUISE Program)
Eligible Projects: Road transport infrastructure and services; water transport infrastructure and services; air transport infrastructure and services; rail transport infrastructure and services; urban mass transport systems and non-motorized facilities; logistics infrastructure and services; tourism infrastructure and services; project-related information and communication technologies (ICT) requirements; project-related climate change adaptation/risk mitigation projects
 - b. Financing Utilities for Sustainable Energy Development Program (FUSED Program)
Eligible Projects: Development of renewable energy and conventional energy to address power supply system constraint; power distribution and transmission projects that will expand service connection and improve power supply system safety, reliability, efficiency; purchase of necessary equipment (hardware and software), service vehicles, tools, and other non-network projects; other projects deemed necessary to support the electricity service provider's operation

- c. Water for Every Resident (WATER) Program
Eligible Projects: Source development for distribution or for bulk water supply; water transmission and/or distribution system rehabilitation, expansion and upgrading; development/installation of water treatment facilities/equipment; Investment for Non-Revenue Water reduction or other efficiency-enhancing measures; purchase of necessary tools and equipment; investment for climate change adaptation technologies (e.g. rain water collection system)
 - d. Infrastructure Contractor Support (ICONS) Program
Eligible Projects: Social infrastructure (e.g. residential buildings from single-family dwellings to high-rise buildings, non-residential buildings); transport infrastructure; water supply, wastewater, sanitation and other utility infrastructure; communications infrastructure; waste infrastructure; power and energy infrastructure
 - e. Program Assistance to Support Alternative Driving Approaches (PASADA)
Eligible Projects: Purchase of brand new PUVs that are compliant with the vehicle standards defined in the OFG and in subsequent department orders and memorandum circulars of DOTr and LTRFB; acquisition and/or construction of support facilities (e.g. off-street garage/terminal) and acquisition of equipment necessary for the proper operations and maintenance of the PUVs
2. Environment
 - a. Green Financing Program (GFP)
Eligible Projects: Air pollution prevention and control; water pollution prevention and control; solid and hazardous waste management; resource conservation, resource efficiency and cleaner production; climate change adaptation and mitigation and disaster risk reduction; other environmental/green projects/initiatives
 3. Social Services
 - a. Residential Real Estate Financing Program (RREFP)
Eligible Projects: Land acquisition; site development and shelter construction; housing microfinance; project preparation
 - b. Strategic Healthcare Investments for Enhanced Lending and Development (SHIELD)
Eligible Projects: Development and construction of hospitals and other health care facilities; renovation/expansion works for health care facilities; acquisition/leasing of health care equipment; working capital requirements of health care institutions; refinancing of existing eligible loans for the health sector; purchase of hospital/clinic/health facility inventory
 - c. DBP Educational Fund Program
Eligible Projects: For LGUs & Public/Private Educational Institutions (EI) -- lot acquisition and infrastructure; purchase of lot and construction, repair or renovation of classrooms, libraries, laboratories, restrooms, recreational areas, study areas, audio-visual rooms, and other school facilities/buildings; furniture and equipment; purchase of furniture and equipment; supplies and materials. purchase of school supplies and materials (this component shall not be eligible as a stand-alone project); working capital; funding requirements for operations or to implement school programs and activities; other projects such as funding to award scholarships for teachers, local and international education-related travels and other development programs. For Onlending to Students– Cost of tuition, board and lodging, books, uniform, school materials, review and licensure fees, travel documentation, travel fees, airfare, and other training fees
4. Micro, Small and Medium Enterprises
 - a. Retail Lending for Micro and Small Enterprises
Eligible Projects: All types of projects of a qualified MSE borrower shall be eligible for MSE financing, except those undertaken for unlawful purposes, or those which may pose a risk to health, national security and the environment

- b. DBP Credit Surety Fund Credit Facility
Eligible Projects: All types of projects except those undertaken for unlawful purposes, or those which may pose a risk to health, national security and the environment.
- c. Sustainable Agribusiness Financing Program (SAFP)
Eligible Projects: All agri-business projects; poultry, livestock, fishery including cattle/goat dairy production, cattle breeding cum fattening, swine production, goat raising, fish production and harvest, processing to marketing of meat and other products/by-products, and other food production; investment in bio-fuel feedstock projects such as production of coconut, sugar, cassava, sweet sorghum, palm oil, etc., including post-harvest facilities, processing to marketing; production of organic products or the whole value chain; and manufacturing and distribution of farm machinery, equipment and supplies
- d. Tree Plantation Financing Program (TPFP)
Eligible Projects: Furniture making and other wood-based products from rattan, bamboo, timber trees and other forest species; bio-fuels from energy producing plant and tree species; latex and rubber production; extraction and processing of essence from ilang-ilang and similar trees; processing of leaves/other parts for herbals, pesticides, pharmaceuticals and other medicinal products; food/fruit processing; production of planting stocks/nursery operations; development of project sites as eco-tourism destination; other related enterprises
- e. Overseas Filipino Workers Reintegration Program (OFW-RP)
Eligible Projects: All type of projects of a qualified OFW-RP borrower shall be eligible for financing, except those undertaken for unlawful purposes, or those which may pose risks to health, national security and the environment.
- f. Inclusive Lending for Aspiring Women (ILAW) Entrepreneurs Program
Eligible Projects: All types of projects except those undertaken for unlawful purposes, or those which may pose a risk to health, national security and the environment
- g. DBP Bankability Enhancement for SETUP Technopreneurs (DBP BEST)
Eligible Projects: All type of projects of micro, small and medium enterprises, with priority to those owned and/or managed by SETUP Technopreneurs
- h. Broiler Contract Growing Program (BCGP)
Eligible Projects: Farm development; farm acquisition; farm expansion/rehabilitation
- i. SAFP-Dairy
Eligible Projects: Breeding; stock acquisition; growing/rearing; building and improvements; milking/ processing machinery, equipment, and tools for fabrication and maintenance; milk production and processing; milk distribution and dealerships; feed production/milling/mixing; farm facilities; purchase order; working capital; forage production; loan refinancing; other dairy-related enterprises
- j. Medium Enterprises and Other Business Enterprise (ME + OBE) Lending Program
Eligible Projects: All types of projects of a qualified SME borrower shall be eligible for ME and OBE financing, except those undertaken for unlawful purposes, or those which may pose a risk to health, national security, and the environment
- d. Safekeeping Services
- e. Legislated and Quasi-judicial Trust
• Credit Surety Funds
- f. Personal Management Trust
- g. Directors' and Officers' Liability Fund (DOLF)
- h. Corporate Fiduciary Services
• Mortgage/Collateral Trust Indenture
• Facility/Loan Agency
• Public Trusteeship
• Debt Service Reserve Account
• Special Purpose Vehicle Trust
• Transfer and Paying Agent
• Depository and Reorganization*
- i. Pre-need Accounts*
- j. Life Insurance Trust*
- k. Personal Pension Fund*
- l. Personal Retirement Fund*
- m. Court Trust*
• Administratorship
• Executorship
• Guardianship
- n. Property Administratorship

*Available but not regularly offered

CORPORATE FINANCE

- Capital Markets
 - Issue Management
Tailored solutions to corporate and public sector clients who are looking at tapping the investing public and institutional investors to raise funds. DBP offers innovative financing structures that cater to the unique requirement of issuers and investors alike, as well as government regulators, to ensure a successful issuance on a timely and cost-effective manner.
 - Fixed-Income Underwriting
DBP capitalizes on its experience with various fund-raising activities in the credit evaluation of investment securities and loan arrangements to determine the appropriate distribution channel to ensure the success of the arrangement.
 - Loan Syndication/Arrangement
DBP lends its expertise in coming up with appropriate financing structures via syndicated loans, wherein DBP manages the fund raising on behalf of the client and acts as the central point of contact to facilitate information sharing among lenders and other parties for more cost-and time-efficient fund-raising process.
- Investment Banking
 - Structuring/Project Finance and Loan Syndication/Arrangement
DBP assists in developing an appropriate financing structure, particularly with a view of the financing being a limited or non-recourse facility to the sponsors. As arranger, DBP manages the process on behalf of the client and acts as the central point of contact to facilitate information sharing among targeted lenders and other parties, such as counsel and technical advisors, for more cost-and time-efficient fund-raising process.
 - Transaction and Financial Advisory Services
DBP helps clients realize their strategic objectives by providing advisory services for public-private partnerships or joint ventures (either solicited or unsolicited), privatizations, and for mergers and acquisitions, among others. DBP can also provide tailor-fit solutions required by clients.

TRUST BANKING

- Unit Investment Trust Funds
 - Unlad Kawani Money Market Fund
 - Unlad Panimula Multi-Class Fund
- Trust and Other Fiduciary Services
 - Investment Management Account
 - Individual
 - Institutional
 - Employee Benefit
 - Escrow
 - BIR
 - POEA – Manpower Agencies
 - DENR
 - Other Purposes

TRADE PRODUCTS

- Import
 - Import Letter of Credit (L/C)
 - Foreign Standby LC
 - Document Against Payment (D/P)
 - Document Against Acceptance (D/A)
 - Open Account (OA)/Telegraphic Transfer (T/T)
 - Direct Remittance (DR)
 - Advance Payment

2. Export
 - a. Export LC Advising and Confirmation
 - b. Export LC Negotiation
 - c. Export Bills Purchase (EBP)
 - d. Outward Bills for Collection (OBC)
 - e. Document Against Payment (D/P)
 - f. Documents Against Acceptance (D/A)
 - g. Open Accounts (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. Advanced Release / Airway Bill Endorsement
 - c. Collection of Custom Duties (Import and Export)
5. Trade Credit Facilities
 - a. Trust Receipt Financing
 - b. Export Advance /Packing Credit Loan vs. LC

TREASURY

1. Government Securities and Corporate Securities and Dealership
 - a. Treasury Bills (Secondary Market)
 - b. Fixed Rate Treasury Notes (Secondary Market)
 - c. Retail Treasury Bonds (Secondary Market)
 - d. Dollar Denominated Bonds (Peso and US Dollar)
 - e. Corporate Bonds (Peso and Dollar)
 - f. Capital Notes (Peso and Dollar)
2. Outright FX Forward
3. Foreign Currency Exchange Dealership (minimum US\$10,000.00)

BRANCH BANKING

1. Deposit
 - a. Savings Account
 - b. Current Account
 - c. Pensioners' Account
 - d. Young Earners' Savings Account
 - e. Wisdom Account (Peso and US Dollar)
 - f. Premier Payroll Account
 - g. Zero Balance Account (for eGov, eFPS/EPSPayments and Trust Banking Group Clients)
 - h. CICS-Check Warehousing
 - i. EC Card Savings Account (for OFWs)
2. Term Deposit
 - a. Option Savings
 - b. Special Savings
 - c. Regular Time Deposit (Peso and US Dollar)
 - d. Wisdom Time Deposit (Peso and US Dollar)
 - e. High Earner Time Deposit (Peso and US Dollar)
 - f. Special Investor's Resident Visa
3. Salary Loans
4. Electronic Banking
 - a. DBP ATM Visa Chip Card
 - b. DBP ATM ID Card (Multifunction)
 - c. DBP Gift Card
 - d. DBP Prepaid Card (Reloadable)
 - e. Point-of-Sale for Merchants
 - f. Internet Payment Gateway for Merchants
 - g. Bills Payment Facility for Merchants
 - h. eGov (PhilHealth, SSS, Pag-IBIG)
 - i. Electronic Payment System/eFPS-BIR
 - j. Bills Payment via DBP ATM and DBP ATM Visa Chip Card
 - k. DBP Digital Banking Portal (DBP²)
 - Standard Services
 - Account Portfolio
 - Transaction History
 - Fund Transfer
 - Statement of Account
 - Special Services
 - Outward Remittance
 - Checkbook Reorder
 - Stop Payment Order

- Collection Services
 - PDC Warehousing
 - Auto-Debit Arrangement
 - AR Reconciliation
- Accounts & Liquidity Management
 - Account Sweeping
 - Reverse Account Sweeping
- Disbursement Services
 - Bills Payment
 - Payroll
 - Auto Credit Arrangement
 - Manager's Check
 - Corporate Check Writing
- Electronic Invoice Presentation & Payment (EIPP)
- Value-Added Services
 - Loans Calculator
 - Cash Flow Forecaster

5. Fund Transfer
 - a. Manager's Check
 - b. Foreign Currency Denominated Bank Draft
 - c. Philippine Domestic Dollar Transfer System (PDDTS)
 - d. Society for Worldwide Interbank Financial Telecommunication (SWIFT)
 - e. Real Time Gross Settlement Domestic (RTGS)
 - f. PESONet
 - g. InstaPay
6. Remittance
 - a. Credit to DBP Account
 - b. Bank to Bank Credit (Any bank in the Philippines)
 - c. Cash Pick-Up at authorized outlets
 - d. Overseas Collection Arrangement for Government Agencies
 - e. Aussie Padala Online Remittance Service from Australia
 - f. DBP Quick Cash Remittance
7. Special/Other Services
 - a. Bills Payment Acceptance for
 - BIR
 - SSS
 - PhilHealth
 - PLDT
 - SMART
 - b. Deposit Pick-up and Cash Delivery Service
 - c. Payroll Servicing
 - d. Servicing of Government's Modified Disbursement Scheme (MDS)
 - e. NCO collection for the Bureau of the Treasury
 - f. Central Posting of Internal Revenue Allotment (CePIRA)
 - g. Debit to One Credit to all Deposit Facility (DOCA)
 - h. Credit to One Debit to All Deposit Facility (CODA)
 - i. Remote Deposit Service on Checks (RDSC)
 - j. Foreign Currency Exchange Dealership (Non-Trade)

WHOLESALE BANKING (for Banks/non-banks including NGOs and Credit/Multi-Purpose Cooperatives)

1. Revolving Credit Line for Relending to eligible sub-borrowers classified as:
 - a. Micro, small, and medium enterprises (MSMEs)
 - b. Public School Teachers (for livelihood projects)
 - c. Large domestic corporations
 - d. MFIs involved in wholesale lending and in accreditation of other qualified financial institutions
 - e. Cooperative members (for livelihood projects)
2. Revolving Promissory Note Line (RPNL)
3. Back-to-Bank Loans
4. Domestic Bills Purchased Line
5. Omnibus Line
6. Participation / Purchase in Notes /Bonds

DBP EXPANDED NETWORK FOR GROWTH

BRANCH NETWORK

METRO MANILA GROUP

DBP Bldg., Commonwealth Ave.
Diliman, Quezon City

Tel.: (02) 920-4781
(02) 920-4715
(02) 920-4909
(02) 920-4902
(02) 920-4889
(02) 920-4918
(02) 920-4717
Fax: (02) 920-4776
(02) 920-4903
E-mail: rmc-mm1@dbp.ph

Alabang Branch

Unit 101 G/F, Admiralty Realty Corp.
1101 Madrigal Business Park
Alabang-Zapote Road
Alabang, Muntinlupa City
Tel.: (02) 552-9218 Loc. 107
(02) 552-9219 Loc. 101
Fax: (02) 552-9215
E-mail: alabang@dbp.ph

Antipolo Branch

JMK Bldg., Circumferential Road
cor. P. Oliveros St., Antipolo City
Tel.: (02) 661-8112
(02) 661-8115
Fax: (02) 661-8113
E-mail: antipolo@dbp.ph

Caloocan Branch

Caloocan Commercial Complex
A. Mabini St., Caloocan City
Tel.: (02) 294-0075
(02) 294-9329
(02) 294-8894
E-mail: caloocan@dbp.ph

Camp Aguinaldo Branch

G/F, Hen. Antonio Luna Hall
Veterans Compound
Camp Emilio Aguinaldo
Quezon City
Tel.: (02) 995-0383
(02) 913-6017
(02) 913-6059
Fax: (02) 913-6005
(02) 913-6008
E-mail: caguinaldo@dbp.ph

Commonwealth Branch

DBP Bldg., Commonwealth Ave.
Diliman, Quezon City
Tel.: (02) 926-1686
(02) 920-4791
(02) 920-4893
(02) 920-4708
(02) 920-4703
(02) 920-4892
(02) 920-4907
Fax: (02) 920-4898
E-mail: cmwealth@dbp.ph

Makati-F. Zobel Branch

G/F, Lasala Building II
Lot 12 Block 1, F. Zobel St.
Brgy. Poblacion, Makati City
Tel.: (02) 556-1110
Fax: (02) 556-1100
E-mail: makati@dbp.ph

Mandaluyong Branch

Jo-Cel Building, 29 San Roque St.
cor. Boni Avenue
Mandaluyong City
Tel.: (02) 576-6427
(02) 576-6441
Fax: (02) 576-6430
(02) 576-6456
E-mail: mandaluyong@dbp.ph

Manila Branch

G/F, W. Godino Bldg.
No. 350 A. Villegas St.
Ermita, Manila 1000
Tel.: (02) 525-8669
(02) 525-8662
(02) 525-8703
Fax: (02) 525-8672
E-mail: manila@dbp.ph

Manila-Nakpil Branch

1804 Leticia Bldg.
Julio Nakpil St. cor. Taft Avenue
Malate, Manila
Tel.: (02) 523-3412
(02) 523-2854
Fax: (02) 523-2854
E-mail: nakpil@dbp.ph

Marikina Branch

No. 37 cor. Dragon
and Gil Fernando Ave.
Midtown Subdivision
San Roque, Marikina City
Tel.: (02) 477-6923
(02) 477-6924
Fax: (02) 477-6925
E-mail: marikina@dbp.ph

Muntinlupa Branch

34 National Rd., Putatan
Muntinlupa City 1702
Tel.: (02) 861-5935
(02) 861-5397
(02) 861-5934
Fax: (02) 861-5398
E-mail: muntinlupa@dbp.ph

Paranaque Branch

Unit 14 & 15 G/F, Aseana
Power Station, Macapagal Blvd.
cor. Bradco Ave., Paranaque City
Tel.: (02) 519-0645
(02) 478-6179
(02) 519-5826
Fax: (02) 478-6783
E-mail: paranaque@dbp.ph

Pasay Branch

Centro Buendia Building
Sen. Gil J. Puyat Avenue
cor. Tramo St., Pasay City
Tel.: (02) 219-5066
(02) 219-5013
E-mail: pasay@dbp.ph

Pasig Branch

Unit 102, Pacific Center Bldg.
33 San Miguel Avenue
Ortigas Center, Pasig City
Tel.: (02) 576-6274
(02) 576-4098
(02) 576-6272
(02) 576-6292
Fax: (02) 576-6272
E-mail: pasig@dbp.ph

Quezon Avenue Branch

G/F, RR7 BIR Bldg.
cor. Sgt. Santiago St.
and Quezon Ave., Quezon City
Tel.: (02) 371-2308
(02) 371-2397
(02) 371-2396
(02) 371-2398
Fax: (02) 371-2395
E-mail: quezonave@dbp.ph

Quezon City Branch

G/F, Medical Arts Bldg., Phil. Heart
Center of Asia
East Avenue, Quezon City
Tel.: (02) 426-2246
(02) 928-9156
(02) 927-9383
Fax: (02) 928-0120
E-mail: quezoncity@dbp.ph

San Juan Branch

Unit GF-1, Harmonia Center
Ortigas Avenue
Greenhills West
San Juan City
Tel.: (02) 621-9803
(02) 621-9480
Fax: (02) 621-9813
E-mail: sanjuan@dbp.ph

Taguig Branch

G/F, Trade and Financial Tower
32nd St. Bonifacio Global City
Taguig City
Tel.: (02) 478-6904
(02) 478-6905
(02) 478-6483
Fax: (02) 478-6906
E-mail: taguig@dbp.ph

Taguig-Tuktukan Branch

BSJE Building, No. 9 Gen. Luna St.
Brgy. Tuktukan, Taguig City
Tel.: (02) 532-7661
(02) 532-7670
E-mail: taguig-tuktukan@dbp.ph

NORTHEASTERN LUZON GROUP

Second Floor, DBP Building,
Maharlika Highway cor.
Arranz St., Osmena
City of Ilagan, Isabela 3300
Tel.: (078) 624-1380
Fax: (078) 624-0877
Email: rmc-nel@dbp.ph

Aparri Branch

Maharlika Highway
Macanaya District, Aparri
Tel.: (078) 888-2066
(078) 822-8291
Fax: (078) 888-2066
E-mail: aparri@dbp.ph

Cabarroguis Branch

Provincial Capitol Commercial
Bldg., Capitol Hills, San Marcos
Cabarroguis
Tel.: (0917) 700-5045
E-mail: cabarroguis@dbp.ph

Ilagan Branch

Arranz St., Osmeña
City of Ilagan, Isabela 3300
Tel.: (078) 624-2145
(02) 818-9511 loc. 1556
Fax: (078) 624-2145
E-mail: ilagan@dbp.ph

Lal-lo Branch

Brgy. Magapit, Lal-lo, Cagayan
Tel.: (078) 377-0947
Fax: (078) 377-0947
E-mail: lal-lo@dbp.ph

Santiago Branch

Purok 7, National Highway
Villasis, Santiago City
Tel.: (078) 305-0916
(078) 305-0405
Fax: (078) 305-0905
E-mail: santiago@dbp.ph

Solano Branch

Burgos St., Brgy. Quezon
Solano, Nueva Vizcaya
Tel.: (078) 326-6087
(078) 326-6096
Fax: (078) 326-6087
E-mail: solano@dbp.ph

Tabuk Branch

No. 9 Provincial Road
Dagupan Centro, Tabuk City
Tel.: (02) 818-9511 local 1606
Fax: (02) 818-9511 local 1606
E-mail: tabuk@dbp.ph

Tuguegarao Branch

Cor. Burgos & Arellano Sts.
Centro, Tuguegarao City
Tel.: (078) 844-1828
(078) 844-2386
(078) 844-1957
Fax: (078) 844-1957
(078) 846-2381
E-mail: tuguegarao@dbp.ph

Tuguegarao-RGC Branch

Enrile Blvd., Carig Sur
Tuguegarao City
Tel.: (078) 377-1152
E-mail: tuguegaraorgc@dbp.ph

WESTERN LUZON GROUP

M. H. del Pilar, Dagupan City
Pangasinan 2400
Tel.: (075) 523-7836
(075) 529-5490
Fax: (075) 523-7835
Email Address: rmc-nwl@dbp.ph

Baguio Branch

Session Road cor. Perfecto St.
Baguio City
Tel.: (074) 442-5305
(074) 442-2550
(074) 442-5308
(074) 442-4987
(074) 442-7109
Fax: (074) 442-5307
E-mail: baguio@dbp.ph

Bangui Branch

Legislative Bldg.,
Brgy. San Lorenzo, Bangui
Tel.: (02) 401-6571, 401-6568
E-mail: bangui@dbp.ph

Cabugao Extension Office

Cabugao Commercial Center
National Highway
Rizal Cabugao, Ilocos Sur
Tel.: (077) 604-1151
(077) 604-1152
E-mail: cabugao@dbp.ph

Report to Stakeholders	The Start of Brilliance	Strong and Brilliant DBP	DBP @ 70. Our Story to Tell	Strong and Brilliant Governance	A Legacy of Strength and Brilliance	Strong and Brilliant People
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Dagupan Branch
M. H. del Pilar St., Dagupan City
Tel.: (075) 522-0986
(075) 522-0597
(075) 515-4403
(075) 515-8536
Fax: (075) 522-2696
E-mail: dagupan@dbp.ph

Laoag Branch
A.G. Tupaz Ave., Laoag City
Tel.: (077) 772-0234
(077) 772-1161
(077) 771-4092
Fax: (077) 772-1503
E-mail: laoag@dbp.ph

Naguilian Extension Office
LGU Compound, Brgy. Ortiz
Naguilian, La Union
Tel.: (072) 888-0620
E-mail: naguilian@dbp.ph

San Fernando (La Union) Branch
Lueco Bldg, National Hi-way
Brgy. Sevilla, San Fernando City
La Union
Tel.: (072) 700-0101
(072) 242-1664
Fax: (072) 242-1049
E-mail: sfd@dbp.ph

Vigan Branch
L. Florentino St., Vigan City
Tel.: (074) 674-2502
Fax: (074) 674-2501
E-mail: vigan@dbp.ph

CENTRAL LUZON GROUP
2/F Dona Isa Fel Bldg.
Dolores McArthur Highway
City of San Fernando
Pampanga 2000
Tel.: (045) 961-0003
(045) 961-4782
(045) 961-5674
Fax: (045) 963-1231
E-mail: rmc-cl@dbp.ph

Balanga Branch
Don Manuel Banzon Ave.
Balanga, Bataan
Tel.: (047) 237-2073
(047) 237-6654
(047) 237-3589
Fax: (047) 237-2073
E-mail: balanga@dbp.ph

Baler Branch
National Highway
Brgy. Suklayin Baler, Aurora
Tel.: (042) 724-0007
(042) 724-0065
E-mail: baler@dbp.ph

Cabanatuan Branch
Burgos Ave., cor. Gabaldon St.
Cabanatuan City, Nueva Ecija 3100
Tel.: (044) 463-1252
(044) 463-1160
(044) 600-2004
(044) 600-0703
Fax: (044) 464-3536
E-mail: cabanatuan@dbp.ph

Clark Branch
Pavillion I, Berthaphil III Clark Center
Jose Abad Santos Avenue
Clark Freeport Zone
Tel.: (045) 499-1649 to 51
Fax: (045) 499-1652
E-mail: clark@dbp.ph

Guagua Branch
Mary The Queen College Building
Jose Abad Santos Ave.
Brgy. San Matias, Guagua
Pampanga
Tel.: (045) 432-0098
(045) 432-0099
E-mail: guagua@dbp.ph

Malolos Branch
Paseo del Congreso
Brgy. Catmon
City of Malolos, Bulacan
Tel.: (044) 760-1156
(044) 662-1589
(044) 662-1589
Fax: (044) 796-0324
(044) 796-0325
E-mail: malolos@dbp.ph

Palayan Branch
Brgy. Singalat
Provincial Capitol Compound
Palayan City, Nueva Ecija
Tel.: 0936-953-8650
0915-768-9456
E-mail: palayan@dbp.ph

San Fernando Pampanga Branch
Dona Isa Fel Bldg.
Dolores McArthur Highway
City of San Fernando, Pampanga
Tel.: (045) 961-5845
(045) 961-5674
Fax: (045) 961-5817
E-mail: sanfernando-pampanga@dbp.ph

Subic Branch
G/F, Hee-Mang Bldg.
Lot 3 Greenwoods Park
CBD Area Subic Bay Freeport Zone
Tel.: (047) 252-3091
(047) 252-3093
Fax: (047) 252-3090
E-mail: subic@dbp.ph

Tarlac Branch
Macabulos Drive
Tarlac City, Tarlac 2300
Tel.: (045) 982-6024
(045) 982-0406
(045) 982-6038
Fax: (045) 982-0885
E-mail: tarlac@dbp.ph

Valenzuela Branch
253-A, McArthur Highway
Karuhatan, Valenzuela City
Tel.: (02) 294-9823
Tel.: (02) 294-9906
E-mail: valenzuela@dbp.ph

SOUTHERN TAGALOG GROUP
2nd Flr., DBP Bldg. Merchan St.
Lucena City, Quezon
Tel.: (042) 373-4404
(042) 373-4274
Fax: (042) 373-4404
(042) 373-4274
E-mail: rmc-st@dbp.ph

Bacoar Branch
Unit 2, Sidcor Bldg.
Molino Blvd., Bayanan
Bacoar City, Cavite
Tel.: (046) 435-0443
Fax: (046) 435-0445
E-mail: bacoar@dbp.ph

Batangas City Branch
Sambat Ibaba, Kumintang
Batangas City
Tel.: (043) 702-3400
Fax: (043) 702-3378
E-mail: batangas@dbp.ph

Calapan Branch
Roxas Dr., Sto. Nino
Calapan City
Tel.: (043) 288-4399
Fax: (043) 441-0217
E-mail: calapan@dbp.ph

Dasmariñas Branch
Aguinaldo Highway
Dasmariñas, Cavite
Tel.: (046) 416-1389
(046) 850-3637
Fax: (046) 416-1390
E-mail: dasmarinas@dbp.ph

Lipa Branch
No. 2 C.M. Recto Ave., Lipa City
Tel.: (043) 756-4216
Fax: (043) 756-4217
E-mail: lipa@dbp.ph

Lucena Branch
Merchan St., Lucena City, Quezon
Tel.: (042) 373-0190
(042) 373-0986
Fax: (042) 373-0134
E-mail: lucena@dbp.ph

Puerto Princesa Branch
G/F, Empire Suites Hotel Rizal
Avenue, Puerto Princesa City
Tel.: (048) 433-2358
Fax: (048) 433-2358
E-mail: ptoprincesa@dbp.ph

Romblon Branch
Zaragoza St., Capaclan
Romblon, Romblon
Tel.: (02) 968-0538
(078) 429-4232
(078) 429-5174
E-mail: romblon@dbp.ph

San Jose Branch
Rizal St. cor. Quirino St.
San Jose, Occ. Mindoro
Tel.: (043) 491-2073
(043) 491-2024
Fax: (043) 491-1932
E-mail: sanjose@dbp.ph

Santa Cruz Branch
A. Bonifacio cor.
F. Sario Sts.
Santa Cruz, Laguna
Tel.: (049) 501-5142
Fax: (049) 501-5132
E-mail: stacruz@dbp.ph

Santa Rosa Branch
Maerix Terrace Bldg.
Rizal Blvd., Brgy. Tagapo
City of Santa Rosa, Laguna
Tel.: (049) 534-2821
Fax: (049) 534-2820
E-mail: starosa@dbp.ph

Taytay-Palawan Branch
G/F, RIKC Building
cor. Sto. Domingo St.
& National Highway
Poblacion, Taytay, Palawan
Tel.: (02) 968-0546
(048) 244-2087
(048) 244-2096
E-mail: taytay-palawan@dbp.ph

BICOL GROUP
2/F, DBP Naga Branch Bldg.
Panganiban Drive
Naga City, Camarines Sur
Tel.: (054) 472-4728
(054) 472-4729
Fax: (054) 472-4727
E-mail: rmc-bicol@dbp.ph

Daet Branch
Magallanes Iraya St.
Daet, Camarines Norte
Tel.: (054) 440-0762
(054) 440-0757
Fax: (054) 440-0765
E-mail: daet@dbp.ph

Guinobatan Branch
SB Building, Rizal St.
Guinobatan, Albay
Tel.: (632) 818-9511 loc. 1597
E-mail: guinobatan@dbp.ph

Iriga Branch
G/F, LRDC Building
Msgr. Lanuza St.
San Francisco, Iriga City
Tel.: (054) 299-7570
(054) 299-7569
459-1208
Fax: (054) 881-7364
E-mail: iriga@dbp.ph

Legazpi Branch
Quezon Ave.
Legazpi City, Albay
Tel.: (052) 820-2512
(052) 820-1961
(052) 820-1348
(052) 480-7843
Fax: (052) 480-7081
E-mail: legazpi@dbp.ph

Masbate Branch
Cor. Danao & Mabibi Sts.
Masbate City
Tel.: (056) 333-4073
(056) 333-2947
Fax: (056) 333-2236
E-mail: masbate@dbp.ph

Naga Branch
Panganiban Drive, Naga City
Tel.: (544) 472-641
(544) 473-8501
(544) 472-2332
(544) 472-0640
Fax: (054) 472-4766
E-mail: naga@dbp.ph

Sorsogon Branch
ACM Bldg. cor. Burgos
& Rizal Sts., Sorsogon City
Tel.: (056) 421-6876
211-2079
Fax: (056) 421-6876
E-mail: sorsogon@dbp.ph

Virac Branch
DBP Virac Branch Old Capitol
Building Cor. Eustaquio St.
& Rizal Avenue, Sta. Elena
Virac, Catanduanes
Tel.: (052) 811-4116
Fax: (052) 811-2870
E-mail: virac@dbp.ph

EASTERN VISAYAS GROUP
2nd Flr. DBP Bldg.
Cor. Zamora & Paterno Sts.
Tacloban City, Leyte 6500
Tel.: (053) 325-2958
(053) 325-2960
Fax: (053) 325-2961
E-mail: rmc-ev@dbp.ph

Borongan Branch
E. Cinco St., Brgy. C
Borongan City, Eastern Samar
Tel.: (055) 560-9080
(055) 261-2021
Fax: (055) 261-2168
(055) 560-9080
E-mail: borongan@dbp.ph

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and Services

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Catarman Branch

390 J.P. Rizal St.
Brgy. Lapu-Lapu
Catarman, Northern Samar
Tel.: (055) 251-8615
(055) 500-9065
Fax: (055) 500-9065
(055) 251-8615
E-mail: catarman@dbp.ph

Catbalogan Branch

G/F, Tia Anita's Commercial
Mabini St., Catbalogan City, Samar
Tel.: (055) 251-2046
Fax: (055) 251-2687
E-mail: catbalogan@dbp.ph

Maasin Branch

RK Kangleon St., Tunga-Tunga
Maasin City, Southern Leyte
Tel.: (053) 381-2083
(053) 570-9954
Fax: (053) 570-9954
(053) 381-2083
E-mail: maasin@dbp.ph

Ormoc Branch

G/F, WLC Bldg., Lopez Jaena St.
Ormoc City, Leyte
Tel.: (053) 255-4485
(053) 561-4434
(053) 255-4371
Fax: (053) 561-6017
E-mail: ormoc@dbp.ph

Tacloban Branch

Cor. Zamora & Paterno Sts.
Tacloban City, Leyte
Tel.: (053) 523-0094
(053) 321-2007
Fax: (053) 325-5996
E-mail: tacloban@dbp.ph

CENTRAL VISAYAS GROUP

Mezzanine Floor, DBP Bldg.,
Osmeña Blvd., Cebu City
Tel.: (032) 412-3505
(053) 412-3588
(053) 412-3505
(053) 412-3588
(032) 255-6324
Fax: (032) 255-6325
E-mail: rmc-cv@dbp.ph

Bogo Branch

Martinez Bldg. cor.
Sor D. Rubio & San Vicente Sts.
Bogo City, Cebu
Tel.: (032) 251-2241
(032) 251-2070
(032) 434-8795
Fax: (032) 251-2241
E-mail: bogo@dbp.ph

Carcar Branch

Awayan, Poblacion III
Carcar City, Cebu
Tel.: (032) 487-7038
Fax: (032) 487-7138
266-9480
E-mail: carcar@dbp.ph

Cebu Branch

Osmeña Boulevard
Cebu City 6000
Tel.: (032) 412-3423
(032) 255-6315
(032) 412-3402
(032) 255-6310
Fax: (032) 253-7988
E-mail: cebu@dbp.ph

Mandaue Branch

Bridges Town Square
Plaridel St.
Brgy. Alang-Alang
Mandaue City
Tel.: (032) 344-4992
(032) 345-8623
(032) 345-8624
(032) 345-8625
(032) 344-4993
Fax: (032) 344-4993
E-mail: mandaue@dbp.ph

Tagbilaran Branch

DBP Bldg. 243 Carlos P. Garcia Ave.
North Tagbilaran City
Tel.: (038) 411-3103
(032) 412-3122
(032) 412-3107
Fax: (038) 411-4033
E-mail: tagbilaran@dbp.ph

Talisay Branch

South Coast Center
Brgy. Linao, Talisay City, Cebu
Tel.: (032) 516-0462
(032) 516-0459
E-mail: talisay@dbp.ph

Toledo Branch

Poloyapo St., Poblacion
Toledo City, Cebu
Tel.: (032) 367-7313 to 15
Fax: (032) 367-7314
E-mail: toledo@dbp.ph

Tubigon Branch

Holy Cross Academy Bldg.
Poblacion, Tubigon, Bohol
Tel.: (038) 508-8683 to 87
Fax: (038) 508-8684
E-mail: tubigon@dbp.ph

Ubay Branch

CRU Bldg., Poblacion
Ubay, Bohol
Tel.: (038) 518-8861
(038) 518-8869
Fax: (038) 518-8862
E-mail: ubay@dbp.ph

PANAY GROUP

Mezzanine Floor,
DBP Bldg. I, Dela Rama St.,
Iloilo City 5000
Tel.: (033) 337-6432
(033) 337-6330
509-9505
Fax: (033) 336-7567
E-mail: rmc-panay@dbp.ph

Antique Branch

AVP Bldg., T. A. Fournier St.
San Jose, Antique
Tel.: (036) 540-9993
Fax: (036) 540-7848
E-mail: antique@dbp.ph

Iloilo Branch

I. de la Rama St., Iloilo City
Tel.: (036) 336-2092
(036) 336-2091
509-9490
Fax: (033) 337-2224
E-mail: iloilo@dbp.ph

Jaro Branch

E. Lopez St., Iloilo City
Tel.: (033) 508-8900
(033) 329-2422
(033) 329-5230
Fax: (033) 329-5233
E-mail: jaro@dbp.ph

Kalibo Branch

DBP Bldg., Capitol Site
Kalibo, Aklan
Tel.: (036) 268-5126
500-8891
Fax: (036) 268-5792
E-mail: kalibo@dbp.ph

Pototan Branch

Milagros Bldg., RY Ladrado St.
San Jose Ward, Pototan, Iloilo
Tel.: (033) 529-7461
Fax: (033) 332-1485
E-mail: pototan@dbp.ph

Roxas Branch

G/F, Capiz Government
Business Center, Provincial Park
Roxas Avenue, Roxas City
Tel.: (036) 621-5096
(036) 621-4002
(036) 621-5413
522-1380
Fax: (036) 621-2438
E-mail: roxas@dbp.ph

NEGROS GROUP

Mezzanine Floor, DBP Bldg.
DBP Bldg. cor. South Capitol Road
and Lacson Sts.,
Bacolod City
Tel.: (034) 434-9378
(034) 433-4284
709-6094
Fax: (034) 434-9377
E-mail: rmc-negros@dbp.ph

Bacolod Branch

Cor. South Capitol Road
and Lacson Sts., Bacolod City
Tel.: (034) 433-4283
(034) 433-4282
(034) 433-4281
(034) 433-3573
(034) 433-3574
Fax: (034) 433-2303
E-mail: bacolod@dbp.ph

Dumaguete Branch

Rizal Blvd., Dumaguete City
Tel.: (035) 225-4723
(035) 225-4338
(035) 225-4339
422-9057
Fax: (035) 225-5919
E-mail: dumaguete@dbp.ph

Kabankalan Branch

Cor. Lirazan & Bonifacio Sts.
Kabankalan City
Tel.: (034) 471-3170
(034) 471-2285
Fax: (034) 471-2402
E-mail: kabankalan@dbp.ph

San Carlos Branch

F.C. Ledesma Avenue
San Carlos City
Tel.: (034) 312-5591
(034) 312-5592
729-3351
Fax: (034) 312-5158
E-mail: sancarlos@dbp.ph

Siquijor Branch

Siquijor Multi-purpose Center
Mabini St., Poblacion
Siquijor, Siquijor
Tel.: (035) 480-9761
(035) 480-9762
Fax: (035) 480-9761
E-mail: siquijor@dbp.ph

NORTHERN MINDANAO GROUP

3/F, DBP Bldg.
Corrales Ave. cor. Tirso Neri St.
Cagayan de Oro City
Tel.: (088) 722-648
(088) 722-646
(088) 723-783
231-4266
309-4049
Fax: (088) 723-316
E-mail: rmc-nm@dbp.ph

Cagayan de Oro Branch

DBP Bldg., Corrales Ave.
cor. Tirso Neri St.
Cagayan de Oro City
Tel.: (088) 722-649
(088) 857-2148
Fax: (088) 856-4517
E-mail: cagayandeoro@dbp.ph

Capistrano-CDO Branch

Capistrano cor. J. R. Borja Sts.
Cagayan de Oro City
Tel.: (088) 856-7776
(088) 856-6154
(088) 722-819
Fax: (088) 856-7776
E-mail: capistrano-cdo@dbp.ph

Iligan Branch

Picardal Road
Mahayahay, Iligan City
Tel.: (063) 221-2858
(063) 221-8208
(063) 221-2857
Fax: (063) 221-3124
E-mail: iligan@dbp.ph

Malaybalay Branch

Bonifacio Drive Caul
Malaybalay City
Tel.: (088) 221-2134
Fax: (088) 813-3682
E-mail: malaybalay@dbp.ph

Ozamiz Branch

Burgos cor. Zamora Sts.
Ozamiz City
Tel.: (088) 521-0027
(088) 521-0028
Fax: (088) 521-0032
E-mail: ozamis@dbp.ph

Valencia Branch

Tamay Lang Park Lane
G. Laviña Avenue
Poblacion, Valencia City
Tel.: (088) 828-3316
(088) 828-3190
(088) 828-3086
E-mail: valencia@dbp.ph

Villanueva Branch

National Highway
Brgy. Katipunan
Villanueva, Misamis Oriental
Tel.: (088) 890-4761
E-mail: villanueva@dbp.ph

NORTH EASTERN MINDANAO GROUP

J. C. Aquino Avenue cor.
J. Rosales Ave., Butuan City 8600
Tel.: (085) 815-6036
(085) 815-2196
341-5136
Fax: (085) 815-1627
E-mail: rmc-nem@dbp.ph

Bayugan Extension Office
Kim Lope A. Asis Gymnasium
Poblacion, Bayugan City
Agusan Del Sur
Tel.: (085) 830-5893
(085) 830-5897

Butuan Branch
J. C. Aquino Avenue cor.
J. Rosales Ave., Butuan City
Tel.: (085) 815-3827
(085) 815-2209
342-6358
Fax: (085) 815-3826
E-mail: butuan@dbp.ph

Claver Branch
Clarín St., Brgy. Tayaga
Claver, Surigao del Norte
Tel.: (02) 359-9531
(02) 359-9746
E-mail: claver@dbp.ph

Dinagat Islands Branch
G/F, Benglen Ecleo Building
P-7 Poblacion, San Jose
Dinagat Islands
Tel.: 0917-5714229
(02) 359-9541
E-mail: sanjosedinagatisland@dbp.ph

Mangagoy Branch
Saren Bldg., Espiritu St.
Mangagoy, Bislig City
Tel.: (086) 853-5044
Fax: (086) 853-2245
E-mail: mangagoy@dbp.ph

San Francisco Branch
Orange St. cor. Rotunda
San Francisco, Agusan del Sur
Tel.: (085) 839-0439
343-8274
Fax: (085) 839-0439 loc. 111
E-mail: sanfrancisco@dbp.ph

Siargao Branch
Sto. Niño cor. Mabini Sts.
Brgy. Nueve, Dapa
Siargao Island, Surigao del Norte
Tel.: (02) 359-9612
(02) 359-9548
E-mail: siargao@dbp.ph

Surigao Branch
Narciso St., Surigao City
Tel.: (086) 826-0289
(086) 826-1309
231-7351
Fax: (086) 826-1118
E-mail: surigao@dbp.ph

Tandag Branch
Purok Napo
Brgy. Bagong Lungsod
Tandag City
Tel.: (086) 211-5801
(086) 211-5802
(086) 211-5804
Fax: (086) 211-5803
E-mail: tandag@dbp.ph

Trento Branch
National Highway
Purok 4, Poblacion
Trento, Agusan del Sur
Tel.: (085) 255-2057
E-mail: trento@dbp.ph

**SOUTH EASTERN
MINDANAO GROUP**
2/F, DBP Bldg.
C. M. Recto Avenue
Davao City 8000
Tel.: (082) 221-2117
(082) 222-3477
(082) 227-2891
(082) 222-3478
(082) 226-4094
Fax: (082) 227-2891
E-mail: rmc-sem@dbp.ph

Davao Branch
DBP Bldg., C. M. Recto Ave.
Davao City
Tel.: (082) 222-8326
(082) 227-6277
(082) 222-3480
(082) 227-9681
(082) 227-7285
Fax: (082) 221-2572
E-mail: davao@dbp.ph

Digos Branch
Quezon Ave., Digos City
Tel.: (082) 553-2933
Fax: (082) 553-3943
E-mail: digos@dbp.ph

Kidapawan Branch
Quezon Blvd.
Kidapawan City, Cotabato
Tel.: (064) 288-1450
(064) 288-1372
Fax: (064) 288-1581
E-mail: kidapawan@dbp.ph

Mati Branch
Limatoc cor. Santiago Sts.
Mati City, Davao Oriental
Tel.: (087) 811-3145
(087) 388-3489
(087) 811-0413
Fax: (087) 388-3911
E-mail: mati@dbp.ph

Sta. Cruz, Davao Del Sur Branch
Sta. Cruz Public Market
National Highway
Sta. Cruz, Davao Del Sur
Tel.: (082) 286-1925
(082) 286-1916
E-mail: stacruzdavao@dbp.ph

Tagum Branch
Apokon Road, Tagum City
Davao del Norte
Tel.: (084) 216-7096
(082) 216-7097
Fax: (084) 655-9287
E-mail: tagum@dbp.ph

SOUTHERN MINDANAO GROUP
Roxas Ave., General Santos City
South Cotabato
Tel.: (083) 552-2328
(083) 552-4514
(083) 301-1688
Fax: (083) 301-1688
(083) 301-6110
E-mail: rmc-sm@dbp.ph

Cotabato Branch
Don Rufino Alonzo St.
Cotabato City
Tel.: (064) 421-2367
(064) 421-2368
Fax: (064) 421-8216
E-mail: cotabato@dbp.ph

General Santos Branch
Roxas Avenue
General Santos City
Tel.: (083) 554-7821
(083) 552-2084
(083) 301-2962
(083) 552-2961
Fax: (083) 552-4514
E-mail: gensan@dbp.ph

Marbel Branch
Alunan Ave., Koronadal City
South Cotabato
Tel.: (083) 228-2429
(083) 228-3118
(083) 228-3119
(083) 228-5872
(083) 228-8629
Fax: (083) 228-3667
E-mail: marbel@dbp.ph

Polomolok Branch
National Highway cor.
Juan Bayan, Brgy. Magsaysay
Polomolok, South Cotabato
Tel.: (083) 225-3131
(083) 225-3132
(083) 553-1566
Fax: (083) 553-1567
E-mail: polomolok@dbp.ph

Tacurong Branch
National Highway
cor. Del Corro Sts.
Tacurong City
Tel.: (064) 200-3485
Fax: (064) 200-3060
E-mail: tacurong@dbp.ph

WESTERN MINDANAO GROUP
Don P. Lorenzo St.
(Port Area), Zamboanga City
Tel.: (062) 992-7365
(062) 991-1316
(062) 992-5819
Fax: (062) 991-0359
E-mail: rmc-wm@dbp.ph

Basilan Branch
J.S Alano St.
Isabela City
Basilan
Tel.: (062) 200-3584
Fax: (062) 200-3585
E-mail: basilan@dbp.ph

Dipolog Branch
National Highway
Turno, Dipolog City
Tel.: (065) 212-3404
(065) 212-3414
908-0207
Fax: (065) 212-4290
E-mail: dipolog@dbp.ph

Ipil Branch
Cor. Suggang Avenue
& Gethsemane St.
Ipil, Zamboanga Sibugay
Tel.: (062) 333-2227
(062) 333-2420
Fax: (062) 333-2279
E-mail: ipil@dbp.ph

Jolo Branch
Gen. Arrola St.
cor. Buyon St.
Jolo, Sulu
Tel.: (085) 341-8911
Fax: (02) 818-9511 loc 1982
E-mail: jolo@dbp.ph

Pagadian Branch
Rizal Avenue
Balangasan District
Pagadian City
Tel.: (062) 214-1448
Fax: (062) 214-1450
E-mail: pagadian@dbp.ph

Zamboanga Branch
DBP Bldg. Don Pablo Lorenzo St.
(Port Area), Zamboanga City
Tel.: (062) 991-1331
Fax: (062) 991-1331
(062) 991-2617
E-mail: zamboanga@dbp.ph

Zamboecozone Branch
Zamboanga City
Special Economic Zone
Sitio San Ramon
Talisayan, Zamboanga City
Tel.: (062) 983-0413
(062) 983-0414
E-mail: zamboecozone@dbp.ph

DEVELOPMENT LENDING NETWORK

**NORTH & CENTRAL
LENDING GROUP (MALOLOS)**
Paseo del Congreso, Brgy. Catmon
City of Malolos, Bulacan
ncllg@dbp.ph
(044) 796-0325

**Bulacan Lending Center
(Malolos)**
[Balanga, Subic, Clark, Tarlac,
Malolos, San-Fernando Pampanga,
Valenzuela, Guagua]
Paseo del Congreso, Brgy. Catmon,
City of Malolos, Bulacan
bulacallengingcenter@dbp.ph
(044) 796-0325

**Benguet Lending Center
(Baguio)**
[Baguio, Dagupan,
San Fernando La Union,
Naguillan Ext. Office]
Session Road cor.
Perfecto St.
Baguio City 2600
benguetlendingcenter@dbp.ph

**Ilocos Norte Lending Center
(Laoag)**
[Laoag, Vigan, Bangui,
Cabugao Ext. Office]
A.G. Tupaz Avenue Laoag City,
Ilocos Norte 2900
ilocoslendingcenter@dbp.ph

**Cagayan Lending Center
(Tuguegarao)**
[Tuguegarao, Aparri, Lal-lo,
Tabuk, Ilagan, Santiago,
Cabarriguais, Solano]
DBP Building, Burgos St. cor.
Arellano St. Centro,
Tuguegarao City, Cagayan 3500
cagayallengingcenter@dbp.ph
(078) 323-1482

**Nueva Ecija Lending Center
(Cabanatuan)**
[Cabanatuan, Baler, Palayan]
Burgos Avenue cor.
Gabaldon St., Cabanatuan City,
Nueva Ecija 3100
SM Kristine Joy M. Yambao
0917-523-5806
kjmyambao@dbp.ph
nuevaecijalendingcenter@dbp.ph*
None (temporarily via
Cabanatuan Branch 1643)

Strong and Brilliant
Customer Concern

Strong and Brilliant
Corporate Citizenship

DBP Senior Officers

Audited Financial
Statements

DBP Subsidiaries

DBP Products
and Services

**DBP Expanded
Network for Growth**

**SOUTH LUZON
LENDING GROUP (LUCENA)**

**SOUTH LUZON
LENDING GROUP (LUCENA)**

G/F, DBP Building,
Merchan St.,
Lucena City 4301
sllg@dbp.ph
(042) 373-4404

Quezon Lending Center (Lucena)

[Lucena, Sta. Rosa, Sta. Cruz, Lipa,
Batangas, Romblon]
G/F, DBP Building, Merchan St.,
Lucena City 4301
quezonlendingcenter@dbp.ph
(042) 373-4404

**Cavite Lending Center
(Dasmariñas)**

[Dasmariñas, Puerto Princesa,
Bacoor, Taytay]
KM 3 E. Aguinaldo Highway,
Dasmariñas, Cavite 4114
cavitelendingcenter@dbp.ph
(046) 416-1389

**Oriental Mindoro Lending Center
(Calapan)**

[San Jose, Calapan]
Roxas Dr. Sto. Niño, Calapan City,
Oriental Mindoro 5200
mindorolendingcenter@dbp.ph
(043) 288-4399

**Camarines Sur Lending Center
(Naga)**

[Naga, Daet, Iriga]
Panganiban Drive,
Naga City 4400
camsurlendingcenter@dbp.ph
(054) 472-4728

**Albay Lending Center
(Legazpi)**

[Legazpi, Virac, Sorsogon,
Masbate, Guinobatan]
Quezon Avenue, Legaspi City 4500
albaylendingcenter@dbp.ph
(052) 480-7843

VISAYAS LENDING GROUP (CEBU)

G/F, DBP Building, Osmeña Blvd.,
Cebu City 600
visayaslendinggroup@dbp.ph
(032) 255-6311

**Cebu Lending Center
(Cebu)**

[Cebu, Carcar, Talisay,
Toledo, Bogo, Mandaue]
G/F, DBP Building,
Osmeña Blvd., Cebu City 600
cebulendingcenter@dbp.ph
(032) 255-6311

**Bohol Lending Center
(Tagbilaran)**

[Tagbilaran, Ubay, Tubigon]
DBP Building,
243 Carlos P. Garcia Avenue,
North Tagbilaran City 6300
dbp-blc@dbp.ph
(038) 411-2715

**Leyte Lending Center
(Tacloban)**

[Tacloban, Catarman, Borongan,
Maasin, Ormoc, Catbalogan]
G/F, DBP Building, cor. Zamora &
Paterno Sts.,
Tacloban City, Leyte 6500
leytelendingcenter@dbp.ph
(053) 325-2959

**Negros Occidental
Lending Center (Bacolod)**

[Bacolod, San Carlos, Kabankalan,
Dumaguete, Siquijor]
cor. South Capitol Road
and Lacson Sts.,
Bacolod City 6100
negrosocclendingcenter@dbp.ph
(034) 433-4284

Panay Lending Center (Iloilo)

[Iloilo, Jaro, Kalibo, Antique,
Roxas, Pototan]
G/F, DBP Building,
I. Dela Rama St.,
Iloilo City 5000
panaylendingcenter@dbp.ph
(033) 337-6432

**NORTHERN MINDANAO LENDING
GROUP (CAGAYAN DE ORO)**

G/F, DBP Building, Corrales Avenue
cor. Tirso Neri St.,
Cagayan de Oro City 9000
nmlg@dbp.ph
(085) 314-5136
(085) 815-2196
(via Butuan Branch)

**Misamis Oriental
Lending Center (CDO)**

[Cagayan de Oro, Capistrano,
Villanueva, Valencia, Malaybalay]
G/F, DBP Building, Corrales Avenue
cor. Tirso Neri St.,
Cagayan de Oro City 9000
misamisorientallendingcenter@
dbp.ph
(088) 881-6273

**Agusan del Norte
Lending Center (Butuan)**

[Butuan, Surigao, Tandag, Dinagat
Island, Siargao, San Francisco,
Trento, Bayugan Ext. Office,
Mangagoy, Claver]
J.C. Aquino Avenue cor.
J. Rosales Avenue,
Butuan City 8600
adnlendingcenter@dbp.ph
(085) 314-5136
(085) 815-2196
(via Butuan Branch)

**Lanao del Norte
Lending Center (Iligan)**

[Iligan, Ozamis]
Picardal Road, Mahayahay,
Iligan City 9200
ldnlendingcenter@dbp.ph
(063) 223-3332

**SOUTHERN & WESTERN
MINDANAO LENDING GROUP
(Davao)**

G/F, DBP Building, C.M. Recto
Avenue, Davao City 8000
swmlg@dbp.ph
(082) 221-2117
(082) 221-2517
(082) 221-2117
(082) 222-3477

**Davao del Sur
Lending Center (Davao)**

[Davao, Digos, Sta. Cruz,
Kidapawan]
G/F, DBP Building, C.M. Recto
Avenue, Davao City 8000
ddsendingcenter@dbp.ph
(082) 221-2117
(082) 221-2517
(082) 221-2117
(082) 222-3477

**Davao del Norte
Lending Center (Tagum)**

[Tagum, Mati]
DBP Building, Apokon Road,
Tagum City 8100
ddnlendingcenter@dbp.ph
(084) 216-7096
(084) 216-7097

**South Cotabato
Lending Center (General Santos)**

[General Santos, Polomolok,
Tacurong, Marbel, Cotabato]
G/F, DBP Building, Roxas Avenue
General Santos City 9500
scotabatlendingcenter@dbp.ph
(083) 552-2328

**Zamboanga del
Sur Lending Center
(Zamboanga)**

[Zamboanga, Zamboanga
Ecozone, Dipolog, Pagadian,
Ipil, Basilan, Jolo]
G/F, DBP Building, Don Pablo
Lorenzo St. (Port Area),
Zamboanga City 7000
dbpzlc@dbp.ph
(062) 991-1316



Head Office
Sen. Gil Puyat Avenue corner Makati Avenue
Makati City, Philippines

Mailing Address
P.O. Box 1996, Makati Central Post Office 1200

Trunkline: (632) 818-9511
Email: info@dbp.ph

Website: www.devbnkphl.com