



*We meet your  
present needs  
so that together,  
we can rebuild  
your future*

# Responsive Banking

2020 ANNUAL REPORT







## DBP at a Glance

**LUZON**  
48 Branches  
5 BLUs  
359 ATMs  
14 Lending Centers

**METRO MANILA**  
19 Branches  
94 ATMs

**VISAYAS**  
27 Branches  
3 BLUs  
201 ATMs  
7 Lending Centers

**MINDANAO**  
35 Branches  
3 BLUs  
227 ATMs  
11 Lending Centers

**140**  
Branches/  
Branch-lite Units  
(BLUs)

**5,859**  
Customer  
Touch Points

**59%**  
Countryside  
Reach

**32**  
Lending  
Centers

**100%**  
DBP Leasing Corporation  
DBP Data Center, Inc.  
DBP Management Corporation

**99.80%**  
Al-Amanah Islamic Investment  
Bank of the Philippines

**881**  
ATMs

### AFFILIATES

**47.94%**  
LGU Guarantee  
Corporation

**28.04%**  
DBP Service  
Corporation

**40.00%**  
DBP Insurance  
Brokerage, Inc.

**17.06%**  
DBP Daiwa  
Capital Markets  
Philippines, Inc.

**Diecut**

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## PURPOSE AND PHILOSOPHY

Development Bank of the Philippines (DBP) is the country's premier development bank primarily tasked to finance strategic sectors especially in the areas of infrastructure and logistics, environment, social services, and small and medium enterprises.

As a 100% government-owned policy bank, we work hand-in-hand with the National Government in providing and sustaining opportunities for economic growth and prosperity countrywide.

As a universal-commercial bank, we are also at the forefront of providing increased access to deposit products and other financial services for the Filipino especially the underserved and underbanked.

## VISION 2022

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

## 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.



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# Inside the Report

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## OUR COVER

DBP continues to respond to the call to serve despite a challenging pandemic year in 2020.

Working for and with its stakeholders and clients, it proactively sought solutions to enable it to reach out and lend a helping hand to distressed industries and sectors.

The gatefold style cover depicts the Bank's commitment to remain accommodating and open through innovative and smart banking models that supplement its limited physical reach with digital banking access through its partners.

# Message from the President of the Philippines

My warmest greetings to the **Development Bank of the Philippines (DBP)** as it publishes its **2020 Annual Report**.

In the past year, we saw many challenges and adversities come our way because of the onslaught of the COVID-19 pandemic. Despite such difficulties, we were able to overcome the odds with a renewed sense of hope and a more optimistic outlook towards the future.

I am happy to note that DBP has been one of the government's most reliable partners in helping our economy get back on track. Your strong efforts in providing immediate help to the hardest hit sectors are truly vital in propelling our industries forward.

May this annual report highlight your successful initiatives, including the improved utilization of your loan programs and banking services. I trust that you will remain committed in achieving sustainable and inclusive economic growth, especially as we recover under a new normal.

Together, let us take further strides towards building a more prosperous and progressive future for our nation.

I wish you the best in all your endeavors.



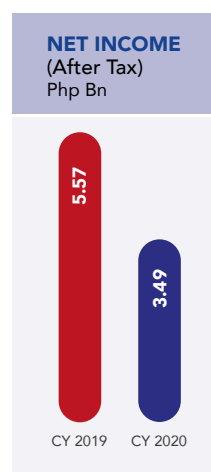
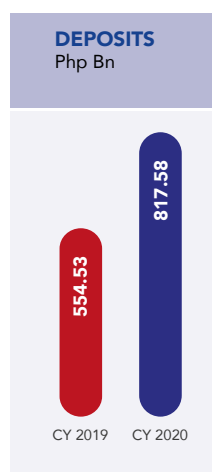
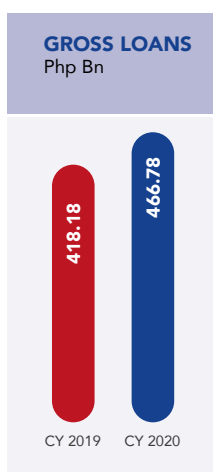
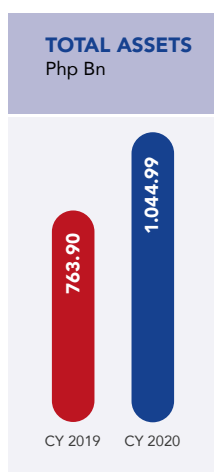
  
**RODRIGO ROA DUTERTE**  
President  
Republic of the Philippines

Manila  
October 2020

# Financial Highlights

in Thousand Pesos

	GROUP		PARENT	
	Audited 2020	Restated 2019	Audited 2020	Audited 2019
<b>Profitability</b>				
Total Net Interest Income	17,898,121	16,715,719	17,876,709	16,662,179
Total Non-Interest Income	3,312,204	3,648,045	3,037,001	3,242,778
Total Non-Interest Expenses	12,609,612	11,300,425	12,284,734	10,847,513
Pre-provision Profit	8,600,713	9,063,339	8,628,976	9,057,444
Provision For Impairment	4,047,762	1,960,834	4,037,145	1,952,636
Net Income (after tax)	3,494,247	5,574,207	3,542,611	5,604,103
<b>Selected Balance Sheet Data</b>				
Liquid Assets	402,370,943	232,537,410	401,909,064	232,198,921
Gross Loans	466,780,862	418,178,511	463,053,209	414,049,785
Total Assets	1,044,989,943	763,896,899	1,042,404,956	761,243,423
Deposits	817,576,607	554,527,603	817,562,416	554,183,010
Total Equity	64,117,554	59,468,572	64,454,370	59,827,597
<b>Selected Ratios</b>				
Return on Average Equity	5.63%	10.06%	5.70%	10.05%
Return on Average Assets	0.39%	0.78%	0.39%	0.78%
Net Interest Margin	2.24%	2.71%	2.25%	2.72%
CET 1 Capital Ratio	11.71%	12.01%	11.62%	11.92%
Tier 1 Capital Ratio	11.71%	12.01%	11.62%	11.92%
Capital Adequacy Ratio	13.29%	14.09%	13.12%	13.90%
<b>Per Common Share Data</b>				
Net Income per Share:				
Basic	17.92	28.59	18.17	28.74
<b>Others</b>				
Cash Dividends Paid	19,405	26,678	-	-



# Report to our Stakeholders



*Alberto G. Romulo*

**ALBERTO G. ROMULO**  
Chairman

*Emmanuel G. Herbosa*

**EMMANUEL G. HERBOSA**  
President and CEO



**Php1Tn**

assets reached, a 37% increase from its 2019 level, making it the 6th largest bank in the country.

**47.6%**

increase in deposits



Sustaining the Bank's relevance amid the unprecedented impact of the ongoing public health crisis, we proudly present the Annual Report of the Development Bank of the Philippines (DBP) for the year 2020 – with the theme **“Responsive Banking.”** Given the widescale disruption of the COVID-19 pandemic that started in 2020 and continues to be felt globally, it was imperative for the Bank to adapt and respond in a swift and dexterous manner to the rapidly mounting needs of the country and its clients.

As the National Government's partner in strategic development work, DBP immediately mobilized funds through the DBP Response Support Program on Severe Events (DBP RESPONSE) for rehabilitation financing support to public and private institutions. It ensured the availability and accessibility of needed financial services – particularly for adversely hit industries like construction, manufacturing, health care, education, transport, and logistics, among others. At year-end, Php4.15Bn in loans were approved under the DBP RESPONSE Program and a total of Php130Bn in loan accounts for 627 borrowers were granted payment moratorium for 60 days. Further, the Bank was also identified as a conduit of a Php1Bn interest subsidy grant fund for Local Government Units (LGUs) where as of end-2020, at least four LGUs were successfully granted allocations.

As we grappled with an invisible threat, 2020 was also a challenging year for DBP whose mandate was originally focused towards the nation's post-war rehabilitation and recovery. Despite the struggles, and through its resilient practices and proactive collaboration with its partners, the Bank successfully reached a milestone wherein it joined the elite ranks of trillion-peso banks in the country as its assets reached Php1.04Tn – a 37% increase from its 2019 level, making it the 6th largest bank in the country. It is worth noting that this feat is buoyed by deposits which increased by 47.4% to Php817.6Bn, its loan portfolio which increased by 12%

***While there remains a difficult road to economic and social recovery that we have to traverse post COVID-19, DBP is steadfast in its commitment to remain grounded, conscientious, dependable, and responsive to the evolving needs of the Filipino people in the ever-changing socioeconomic milieu.***

to Php466.8Bn, and a widely successful Php21Bn bond issuance. Ultimately, this serves as a testament of the public's continued trust and confidence in DBP as a strong, stable and reliable development financial institution.

Moreover, while the Bank retained its 140 branch units, it continued to employ other means of expanding its reach through digital partnerships and alliances that resulted in an increase of customer touchpoints (ATMs, branches, POS, Internet payment gateways, Cash@POS, DBP squared) to 2,538. Geographically, this translates to a 59% coverage of the Philippine countryside which the Bank has consciously prioritized its reach to LGUs with an urbanization rate of less than 50% in an effort to spur economic growth activities in these areas and promote financial inclusion.

While there remains a difficult road to economic and social recovery that we have to traverse post COVID-19, DBP is steadfast in its commitment to remain grounded, conscientious, dependable, and responsive to the evolving needs of the Filipino people in the ever-changing socioeconomic milieu. Together, we shall continue to reimagine and rebuild possibilities for the Philippines through responsive banking as we recover as a nation towards the new normal.



# 2020 in Review

## Rebuilding Possibilities

In an unprecedented year, DBP renewed its commitment to its mandate of being the country's rehabilitation bank by actively assisting the National Government in its recovery and rebuilding efforts.

### DBP welcomes two new officials

On December 2, the Bank welcomed two new members to its Board of Directors – Rafael L. Reyes and Jeannie N. Sandoval. Director Reyes is the founder and Chief Executive Officer (CEO) of FIGS, Inc. and a former Deputy Administrator of the Subic Bay Metropolitan Authority (SBMA) while Director Sandoval served as Vice Mayor of Malabon City from 2013 to 2019.

DBP Chairman Alberto G. Romulo (left) swears in Director Rafael L. Reyes and Director Jeannie N. Sandoval (right) on December 2, 2020.



# 1st

and only ATM in President Carlos P. Garcia, Bohol

DBP installed the first and only Automated Teller Machine (ATM) in President Carlos P. Garcia, Bohol, a fourth-class municipality in the province of Bohol. The ATM will enable convenient access to secure banking transactions for over 25,000 residents of the 23 barangays in the town.

### DBP inaugurates newly refurbished branch, lending center and installs new ATMs



DBP inaugurated on March 5 the newly refurbished site of its Laoag Branch and Laoag Lending Center to continually provide quality banking services to the Ilocano community.



DBP installed three ATMs to serve the unbanked municipalities of Balabagan and Malabang in Lanao del Sur as well as the Matling Industrial Commercial Corporation. This initiative benefits the residents of the municipalities and neighboring towns, including cassava farmers who had to travel up to 100 kilometers for their banking transactions.

**20**  
districts  
**129**  
barangays

Baguio City was granted a Php4.3Bn 15-year term loan for the redevelopment of the city's market. The project is expected to benefit residents of the city's 20 districts and 129 barangays and boost tourism in the country's summer capital.

**Php46.2Mn**

loan term agreement  
to partially finance the  
construction of Kallen Pullet  
Farm start-up growing project

## DBP grants loans, assistance for various beneficiaries, programs, and projects

A Php2.01Bn loan assistance was extended to the Provincial Government of Nueva Ecija to help local farmers cope with the falling palay prices. Under the Palay Price Support Program, the local government will buy palay directly from farmer-beneficiaries at a higher rate than the prevailing farm gate price to enable them to get reasonable return on production investment.



DBP signed a Php46.2Mn term loan agreement with Kallen Pullet Farm to partially finance the construction of its start-up growing project in Guinayangan, Quezon. Granted under the Broiler Contract Growing Program, the loan would be used to construct two tunnel-ventilated buildings and purchase poultry equipment and generator sets.



**1st**  
stand alone  
Cancer Center in  
the Philippines

DBP signed a Php481Mn term loan agreement with Global Care Cancer Institute Inc. (GCCII) to finance the construction of a three-storey cancer treatment facility in Bay, Laguna.



DBP granted a Php450Mn term loan facility to the provincial government of Camarines Norte for the expansion of medical facilities in the province. Part of the loan would be used to establish the new Sta. Elena District Hospital with the construction of a two-storey building with initial bed capacity of 25 beds.



## DBP extends cash aid disbursements, subsidies



DBP adopted a multi-channel approach in the disbursement of more than Php50Bn under the Small Business Wage Subsidy (SBWS) program to assist marginalized and unbanked Filipinos who were economically affected by the COVID-19 pandemic.



**900,000**

farmer  
beneficiaries

DBP signed an agreement with the Department of Agriculture (DA) on November 9 for the distribution of cash subsidies to around 900,000 marginal farmers under the DA's Cash and Food Subsidy to Marginal Farmers and Fishers (CFSMFF) program. Under the program, eligible farmers and fisherfolks who are enrolled in the Registry System for Basic Sectors in Agriculture received a subsidy of Php5,000 each, Php3,000 in cash and Php2,000 worth of food items.

## Mobile disinfection chamber donated to Makati LGU

DBP donated a mobile disinfection chamber to the local government unit (LGU) of Makati City to support the LGU's mitigation efforts against the spread of COVID-19 virus.



## Brigada Eskwela 2020

In line with its policy for donations and contributions covered by Circular 32 s. 2019, DBP allocates support for the annual school brigade in partnership with the Department of Education (DepEd).

As its response to the pandemic in 2020, DBP allocated Php200,000 to 10 schools in Bicol; Central, Eastern and Western Visayas; and Western and Southern Mindanao to help them purchase materials and equipment to ensure sanitation and disaster resiliency of the students, faculty, personnel, and classrooms as well as other operational requirements. These donations were distributed to the selected beneficiaries from July to December 2020.



## PhilRice partners with DBP for seed distribution

On September 24, DBP signed an agreement with the Philippine Rice Research Institute (PhilRice) for the implementation of the "Binhi E-Padala" program designed to enhance the delivery and distribution of seeds to rice farmers through digital technology.

## DBP partners with rural banks to boost financial inclusion drive

DBP signed a Memorandum of Understanding (MOU) with the Rural Banker's Association of the Philippines (RBAP) to implement strategic growth initiatives towards countryside development while servicing the banking needs of underserved communities.

# Distinctions



## The Asset Country Awards 2020

*Best Sustainability Bond – Financial Institution – DBP  
Php18.125Bn ASEAN Sustainability Bonds*

DBP's maiden issuance of ASEAN Sustainability Bonds, amounting to Php18.125Bn, won as Best Sustainability Bond – Financial Institution in The Asset Country Awards 2020 presented by Hong Kong-based financial publication The Asset.



## Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) Development Awards – Outstanding Development Projects

*Environmental Development Category (Merit Award) – Imperial Homes Corporation (IHC) Solar-Powered Communities Project*

*Local Economic Development Category (Merit Award) – Starhorse Shipping Lines, Inc. (SSLI)*

DBP bagged two merit awards for outstanding development projects in the environmental development and local economic development categories in the ADFIAP Development Awards 2020. The Bank's project with IHC involved the

## Karlsruhe Sustainable Finance Awards

*Outstanding Sustainable Project Financing Category – Financing Solar-Powered Resilient Communities*

DBP won the Outstanding Sustainable Project Financing Award during the Karlsruhe Sustainable Finance Awards and Certification Ceremony held in Karlsruhe, Germany. The Bank was cited for providing a Php841.66Mn loan for Imperial Homes Corporation's (IHC) Via Verde Homes Project, a residential community project that uses Connovate concrete panels that have a lower carbon footprint.

## Global Banking and Finance Awards

*Best Corporate Bank Philippines 2020*



DBP was hailed Best Corporate Bank Philippines 2020 by the Global Banking and Finance Awards. The award is an affirmation of the standards that DBP set for itself as a development bank especially during a global health emergency.

development of the state-of-the-art residential community in Sto. Tomas, Batangas. The solar-powered resilient homes use Connovate concrete panels that have a lower carbon footprint, a 100-year lifespan, earthquake-proof, offers superior resistance to fire and molds, and ensures faster construction.

DBP's project with SSLI provided an alternative mode of transportation for new missionary routes from Lucena City to Malay, Aklan; Calbayog City, Samar; Pasacao, Camarines Sur; Aroroy, Masbate; and Masbate City. This project is expected to promote and boost trade and commercial activity in Quezon Province and nearby provinces.



# Responding to the Magnitude of the Moment

2020 Operational Highlights

Precarious times call for relentless leadership. Despite the disruptions in 2020, the DBP remained committed to its mandate of being the government's development partner by providing responsive banking products and services. Among these products are new lending programs aimed at extending assistance to sectors that were badly hit by the COVID-19 pandemic.

Through the DBP RESPONSE (Rehabilitation Support Program on Severe Events) the Bank extended much-needed financing support for the rehabilitation efforts of both public and private institutions through availability of funding support, deferment of collection of loan payments, restructuring and other forms of financing accommodations.

Under the DBP RESPONSE, Php4.15Bn in projects were approved while loan moratoriums were extended to 627 borrower-accounts with Php130Bn in loans.

On the other hand, interest subsidy grants covering loans for LGUs is also made available under the DBP Assistance for Economic and Social Development for LGUs Financing Program from the Php1Bn grant funds under Bayanihan 2. As of end 2020, four LGUs were already granted allocations under the interest subsidy grant.









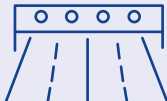






## DEVELOPMENT LENDING

DBP responds to the magnitude of the moment by remaining ever present for the community at a time of unparalleled economic and social turbulence through its four priority programs – Infrastructure and Logistics, Environment and Climate Change, Social Services and Community Development, and Micro, Small and Medium Enterprises (MSMEs).

## Infrastructure and Logistics

**CRUISE** or the Connecting Rural Urban Intermodal Systems Efficiently Program is DBP's umbrella initiative for connectivity infrastructure, 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 has a total of 166 accounts with an Outstanding Principal Balance (OPB) of Php16.19Bn.

### 2020's accomplishment highlights:

Water Transport Infrastructure and Service	 <p><b>28</b> RORO vessels with total gross tonnage of 23,552.00</p>	 <p><b>18</b> passenger vehicles with total gross tonnage of 13,191.00</p>	 <p><b>73</b> transport terminals</p>
Road Transport Infrastructure and Services	 <p><b>61</b> public utility vehicles, commuter vans and trucking including public utility jeepneys (PUJs) with total capacity of 220 passengers</p>	 <p><b>3,146 km</b> 11 farm-to-market road projects (221.78 kms) 7 barangay roads (2.54 kms) 5 provincial roads (110.77 kms) 4 municipal roads (15.68 kms) 1 bridge (72 kms)</p>	
Logistics Infrastructure and Services	 <p><b>37</b> public markets with 1,923 stalls</p>	 <p><b>6</b> cold storage facilities with 300,000 metric tons capacity</p>	 <p><b>2</b> transport storage and one warehouse with an area of 6,625 sq m, and one slaughterhouse</p>
Tourism Infrastructure and Services	 <p><b>16</b> hotels with a total of 289 rooms</p>	 <p><b>6</b> restaurants</p>	 <p><b>5</b> resorts and four pension houses/homestays</p>

**DBP PASADA** or the Program Assistance to Support Alternative Driving Approaches Program is the Bank's response to the government's initiative to modernize and replace old public utility jeepneys with energy efficient vehicles and provide the necessary support facilities to ensure the proper operation and maintenance of PUVs to achieve a well-managed, environmentally and sustainable transportation system. The program has 78 accounts with an OPB of Php2.25Bn.

The following were achieved in 2020:



**6,372**  
beneficiaries

**2,835**  
units financed

## Operational Highlights | Responding to the Magnitude of the Moment

**ICONS** Program or Infrastructure Contractors Support was created to support the national government's Build, Build, Build and its Public-Private Partnership (PPP) Program. As the country's infrastructure bank, DBP extends direct financing to construction contractors as a complementary mode to fund various types of infrastructure activities. With a total of 414 accounts, the program has an OPB of Php22.51Bn.

The following were achieved in 2020:



**414**

contractor borrowers

**288**

government contracts financed with a total OPB of Php11.89Bn

**108**

combinations of government and private contracts financed with a total OPB of Php8.65Bn.

**WATER** or Water for Everyone Program is DBP's umbrella program for the financing of water supply projects. It aims to contribute to the provision of safe and affordable water supply through financing to help achieve inclusive growth and poverty reduction. With a total of 75 accounts, it has an OPB of Php11.22Bn.

The development impacts are as follows:



**88,435,307 m<sup>3</sup>**

/year increase in water supply production

**550,143**

service/household connections

**LINIS** or Lending Initiatives for Sanitation Program is a sub-program of the WATER Program and is crafted to contribute to solutions in addressing challenges in specific market segments of the sanitation sector. It aims to contribute to the National Government's goal of achieving universal access to sanitation through the provision of credit assistance to local government units, water districts and private companies. With four accounts, it has an OPB of Php0.25Bn.

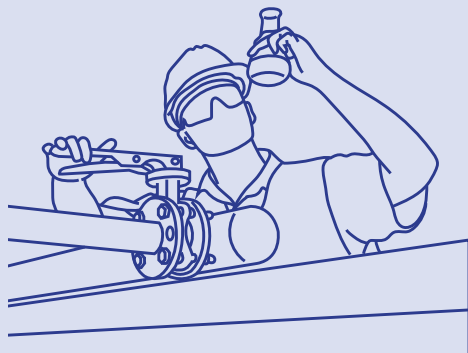
The development impacts of 2020 are as follows:

**206**

households/establishments served from sewerage, seepage and stand-alone treatment facilities

**53,717**

households served from basic sanitation facilities (toilets)



Sewerage	Seepage	Stand-alone
<b>102,170.64 m<sup>3</sup></b> volume of sewerage collected and treated	<b>2,682 m<sup>3</sup></b> volume of seepage collected and treated	<b>239,532 m<sup>3</sup></b> volume of treated effluent discharged/reused
<b>30,651 kg</b> estimated Biological Oxygen Demand (BOD) treated	<b>2,414 m<sup>3</sup></b> volume of treated effluent discharged/reused	<b>71,880 m<sup>3</sup></b> estimated BOD treated

**FUSED** or Financing Utilities for Sustainable Energy Development Program is DBP's platform for power generation and distribution sectors that aims to contribute to the increase in access to electricity services through financing to help achieve inclusive growth and poverty reduction. With a total of 79 accounts, it has an OPB of Php31.35Bn.

The development impacts as of 2020 are as follows:

**2,308.83 MW**

increase in Installed Capacity (Conventional Energy – 1,672.49 MW and Renewable Energy – 366.40 MW)

**2,308,220 MWh**

annual Energy Generation (RE – 887,248 MWh)

**169,417.39 tons**

GHG Emission Reduced (tons of CO<sub>2</sub>)



**698,556**

barrels of Fuel Oil Reduced

**101.90 MVA**

Additional Substation Capacity

**72.70 km**

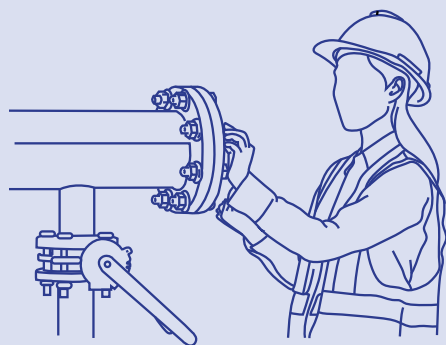
Additional Distribution Lines

**DELTA-P** or DBP's Electric Cooperative Loan Take-Out Assistance from PSALM aims to standardize the procedures and loan packaging requirements of the Lending Units for target EC's loan take out from PSALM Corp. With four accounts, the OPB is Php1.68Bn.

**DBP-MinDA** or DBP-Mindanao Development Assistance Financing Programs aims to contribute to addressing the challenges faced by Mindanaoans and to further attain peace, prosperity and poverty reduction among others for geographically isolated and disadvantaged areas in Mindanao through the provision of potable water supply and irrigation. This program was approved in the last quarter of 2020 and the local government of Taraka in Lanao Del Sur is the initial beneficiary.

## Environment

**GFP** or the Green Financing Program is DBP's umbrella program for environmental and climate change mitigation and adaptation projects, including disaster risk reduction initiatives. With 131 accounts, it has an OPB of Php27.50Bn.



The development impacts as of 2020 are as follows:

### Solid Waste Management

**1,197,251 m<sup>3</sup>**  
sanitary landfill

**361,221 m<sup>3</sup>**  
waste to energy processed

### Industrial Pollution Control

 **5.25 Mn**  
birds saved

**10,470**  
samples analyzed with  
environmental testing

**E2SAVE** or Energy Efficiency Savings Finance Program aims to institutionalize energy efficiency and conservation as a national way of life. With a total of seven accounts, it has an OPB of Php0.27Bn.



The development impacts as of 2020 are as follows:

### For Solar Rooftop Projects:

**16,752,558 kWh**  
estimated electricity generated

**7,473**  
tons estimated  
carbon dioxide  
emission avoided



**304**   
solar powered  
streetlights financed

**851**  
LED solar powered  
streetlights financed  
equivalent to savings  
of 663 kWh





## Micro, Small and Medium Enterprises (MSMEs)

**SEED** or Sustainable Enterprises for Economic Development (SEED) Program is an umbrella program for the micro, small and medium enterprises (MSMEs) that aims to spur the contribution of MSMEs to sustainable economic development. It also aims to enhance access of MSMEs to credit facilities and fast-track the credit processes. With 103 accounts, it has an OPB of Php1.15Bn.

**SAFP** or Sustainable Agribusiness Financing Program provides credit for agribusiness projects engaged in the production, harvest, processing and marketing of crops, poultry, livestock and fishery as well as other agricultural plantation projects. It has a total of 126 accounts with an OPB of Php4.49Bn.

It also has the following sub-programs:

**APP** or *Agroforestry Plantation Program* is a credit assistance program for the development, expansion, harvesting, processing, maintenance and protection of industrial foresting of at least five to 40,000 hectares of open area. APP has two accounts with an OPB of Php600,000.

**CTS Program** or *Contract-to-Sell Financing Facility* for Real Estate Development aims to provide a means for developers to grow their housing portfolios and support continuous production of housing in the country. The Program also aims to assist Key Shelter Agencies in addressing the housing requirements of the country. The program has three accounts with an OPB of Php0.051Bn.

**Rediscounting Line Facility for Financial Institutions** is part of DBP's product offerings for financial institutions by including rediscounting of Promissory Notes of eligible borrowers to augment the funds needed by wholesale borrowers. With a total of 36 accounts, it has an OPB of Php2.49Bn.

**ERCA-RCEF** or Expanded Rice Credit Assistance under the Rice Competitiveness Enhancement Fund is a credit facility to support rice farmers, their cooperatives, and for improving the productivity of local rice farmers. While it already has seven accounts, three of them have already received their funding while four have just been approved.

As of December 31, 2020, ERCA RCEF has released a total of Php616.04Mn to three farmer cooperatives, benefitting 3,666 individual farmers. The program has three accounts with and OPB of Php314.4Mn.

**DA-ACPC-DBP BuyANihan Credit Program** is a credit facility which aims to elevate direct engagement of rice cooperatives/associations in the rice industry value chain by providing credit access to working capital requirements.

This program serves as an organized approach to channel financing to the agriculture sectors and promote financial inclusion. It has one account located in Luzon with an OPB of Php200Mn.

**DBP RESPONSE to accelerate MSME-Recovery** (DBP RESPONSE-MSME RECOVERY) was created in compliance with RA No. 11494 (Bayanihan to Recover as One Act) directing DBP to introduce low interest and/or flexible term loan program for operating expenses available to businesses affected by the COVID-19 pandemic particularly those engaged in agri-fishery and non-essential businesses, including start-ups and cooperatives. There are three accounts with an approved amount of Php2.2Bn.

## Social Services and Community Development

**SHIELD** or Strategic Healthcare Investment for Enhanced Lending and Development is a program that provides credit assistance to both public and private healthcare investments to improve accessibility and delivery of quality healthcare services to the Filipino people, especially in the countryside.

The program has assisted the construction and operations of 100 private and publicly-owned healthcare facilities with a total loan portfolio amounting to Php8.25Bn.





The development impacts of the program are as follows:

**100**   
private and  
government hospitals  
supported by DBP

**9**   
Level I hospitals,  
18 Level II hospitals,  
four Level III hospitals  
and six other healthcare  
facilities financed

**1,757**   
actual beds financed  
(79% of the total  
existing bed capacity  
of the healthcare  
facilities financed or  
2% of nationwide data)

**123,302**   
in-patients serviced  
by DBP's borrowers


**161,486**   
out-patients serviced  
by DBP's borrowers

**1,670**  
in-facility deliveries  
serviced by DBP's  
borrowers

**RRFP** or Residential Real Estate Financing Program is DBP's flagship program for the housing sector. To align with DBP's strategic thrust of social development through the provision of accessible financing to support shelter production and security of tenure, the RRFP covers all phases of housing development from land acquisition to site development and shelter construction. Various dwelling types are allowed under the program with emphasis on those under the mass housing and mid-cost segments. Around 90% of DBP's financed projects coming from 46 borrowers or its portfolio of Php 3.51Bn belong to the socialized, economic and low-cost housing tiers.

The development impacts as of 2020 are as follows:

**23,980**  
families who were  
provided homes  
since RRFP's  
inception in 2014


**4,738**   
condominium units,  
191 single-detached  
units, 373 single-  
attached units, 2,973  
duplexes, 6,118 lots  
and 9,000 unclassified  
units according to type

**2,241**  
socialized housing  
units, 800 economic  
housing units, 103  
mid-cost units, 976  
high-end units and  
19,860 unclassified  
units according to  
market segment

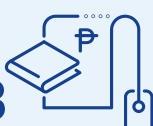
**ESKWELA Program** or Education Sector Support for Knowledge, Wisdom and Empowerment through Lending Assistance was formerly known as DBP Education Fund Program. The ESKWELA covers basic education, higher education, technical-vocational education and alternative learning to support the DBP strategic thrust of contributing to the improvement of Filipino lives through the availability of quality education.

**159**  
borrower schools

**178**   
school buildings  
constructed

**1,417**   
classrooms  
constructed and  
various other school  
improvements

**25**   
graduates  
of maritime  
courses

**263**   
granted student  
loans

## Operational Highlights | Meeting the Magnitude of the Moment

**DBP RESPONSE** or DBP Rehabilitation Support Program on Severe Events provides financing to DBP and non-DBP borrowers who have been adversely affected by calamities and/or events arising from the occurrence of such calamities. The program supports the government efforts in rebuilding and expediting the recovery process of calamity-stricken areas. It has 26 accounts with an approved amount of Php6.13Bn.

The development impacts as of 2020 are as follows:

**726**

existing borrowers offered loan moratorium

**26**

borrowers availed of extended credit assistance

**13**

large enterprises, eight MSMEs, three LGUs, one GFI and one electric cooperative with new loans

**ASENSO** or DBP Assistance for Economic and Social Development for Local Government Units Financing Program aims to provide financing assistance to all levels of local government units in the accomplishment of its projects to accelerate the infrastructure developments as one of the goals in PDP. As of 2020, the program has assisted seven LGU borrowers with an approved amount of Php689Mn. Projects to be financed varies from construction of municipal halls to acquisition of machineries and equipment that will help the LGUs in carrying out their developmental mandates.

**DBP ASENSO-BAYANIHAN ISF** is a sub-program under DBP ASENSO in compliance with R.A. No. 11494 (Bayanihan to Recover as One Act) directing DBP to implement an interest rate subsidy to new and existing loans of local government units related to COVID-19 pandemic response and recovery interventions. As of end of 2020, the Bank has already approved two LGU loans under the program with a total of Php5.98Mn interest subsidy earmarked.

### New Lending Programs

#### DBP ASENSO-ISF

The DBP ASENSO-ISF is a sub-program of the DBP ASENSO for LGUs Financing Program of the Bank, which was implemented on November 24, 2020. This was developed in line with the National Government's (NG) effort to provide assistance to the LGUs with their COVID-19 response and recovery interventions. The main feature of this program is the interest subsidy offered to the LGUs for their new and existing loans to provide a form of relief from the financial stress that the LGUs are facing.

Together with Landbank, the main implementing guidelines of the Interest Subsidy Fund were developed to ensure that all eligible LGUs will enjoy the same benefits from both GFIs. The interest rate for LGU loans enrolled under the program is set at 4% p.a. until December 31, 2022, 2% of which will come from the Php1Bn interest subsidy fund downloaded by the NG to the DBP. The interest subsidy is capped at Php10Mn per Province and City LGU borrowers, and Php5Mn for Municipal LGUs. The cap is set to ensure that the interest subsidy will be able to benefit as many LGUs as possible during its implementation period.

#### DBP Response – MSME Recovery

The DBP RESPONSE to accelerate MSME Recovery (DBP-RESPONSE – MSME RECOVERY) is a sub-program of the DBP RESPONSE program that was crafted by the Bank in compliance with Republic Act No. 11494 or the Bayanihan to Recover as One Act. It directs DBP to offer low interest and flexible terms to finance the operating expenses of businesses adversely affected by the pandemic.

The eligible borrowers under this program include duly registered MSMEs, including existing start-ups and cooperatives, that may be existing or new clients of DBP engaged in agri-fishery and non-essential businesses. The program also covers wholesale lending to institutions such as rural banks, thrift banks, micro-finance institutions that will relend to eligible MSME borrowers.

Existing DBP borrowers, including those who have availments under DBP RESPONSE, may still avail of funding support under this new program for their operational expense requirements.





Qualified borrowers can borrow up to 100% of their one-year cash operating expense based on their 2019 audited financial statements or 2020 interim financial statements. They may also take advantage of the low interest rate (3% for retail borrowers and 2.5% p.a. for wholesale borrowers) that the program offers.

The new credit facility has no collateral requirement for loans amounting to Php3Mn and below. As a government financial institution, DBP understands that it will take time for the MSMEs to fully recover and this credit facility offers a maximum grace period of up to 12 months on the principal and a maximum of three years loan tenor including grace period.

As of 2020, loans totaling to Php2.2Bn have been approved. To date, the Bank continues to help and support MSMEs stay afloat during the pandemic.

## BRANCH BANKING

The mandate of DBP's Branch Banking Sector (BBS) is to raise deposits, especially Current and Savings Accounts (CASA). The deposits fuel DBP's assets growth as the Bank moves toward its target of being a trillion peso-asset bank by 2022.

In 2020, the Bank posted a 10% increase in CASA deposits and achieved a robust 79% growth in Term Deposits, which led to a 47% increase in total deposits, putting DBP as the 7th ranked UKB in total deposits.

BBS experienced a number of challenges in 2020. First, there were delays in collections and disbursements. Second, the local government units (LGUs) had to use their funds for their aid and pandemic response. Third, the Bank's other business accounts had to drawdown their funds due to stalled cash flows and long gestation of projects that generate CASA. Lastly, BBS also had to focus on getting time deposits from clients who had limited use for their spare cash and were looking for a safe haven like DBP. Despite these challenges, BBS remained focused on CASA.

National accounts deposits of Government Owned and Controlled Corporations (GOCCs) increased by Php85Bn for 2020 while private deposits increased by Php116Bn.

Overall, it was a bumper year for all BBS Groups as they posted double-digit year-on-year deposit growth rates. The most notable is the Financial Center with 79.2% growth, Central Luzon with 23.3%, Northern Mindanao at 21.7%, Central and Eastern Visayas at 20.2%, Metro Manila at 20.1%, and Southern Luzon at 19.7%.

Through its partnerships with government agencies, DBP has cemented its role as a major intermediary in the distribution of subsidies, aid, and loans that are badly needed by Filipinos during this time of crisis. DBP implemented the following vital transactions:

- After completing the distribution of the Department of Agriculture's (DA's) Rice Farmers' Financial Assistance (RFFA) of Php1.49Bn of subsidies to 297,000 farmers, DBP started the distribution in November of DA's Cash and Food Subsidy for Marginal Farmers/Fishers (CFSMFF) Program, this time distributing Php4.58Bn to 906,635 eligible farmers, fisherfolk and indigenous people.



**906,635**

eligible farmers, fisherfolk and indigenous people received the DA's Cash and Food Subsidy for Marginal Farmers/Fishers (CFSMFF) Program.



**Php50Bn**

was given by the SSS through DBP and other cash pay-out partners for the Small Business Wage Subsidy (SBWS) program.

- When Social Security System (SSS) completed the Small Business Wage Subsidy (SBWS) program, where Php50Bn was given by the SSS through DBP and other cash pay-out partners, SSS exclusively partnered with DBP for the distribution of their members' benefits, loans, and monthly pensions to all their retirees, which started on September 30, 2020.

In all its endeavors, BBS provided a strong and dependable transaction processing platform and the day-to-day nurturing of the Bank's relationship with their clients, which resulted in the strong deposit inflows that powered DBP's Trillion-Peso Asset achievement.

## TRUST BANKING

As the fiduciary arm to government funds, DBP's Trust Banking Group (TBG) supports the National Government's directives and the Bank's developmental thrusts. In 2020, TBG paved the way for its core market segment, comprised of government agencies, to have immediate access to their funds that would assist communities adversely affected by COVID-19 and help them attain their corporate obligations.

TBG achieved 101% of its target fee-based income at Php96Mn resulting in a 125% year-on-year increase in net income. The Unit Investment Trust Funds (UITF) portfolio, on the other hand, grew to Php114Mn.

As TBG continued to play a key role in capital market development and financial intermediation, it garnered 17 new arrangements, such as Trustee to bond issuances with a total issue size of Php193Bn and an engagement for its other fiduciary services for a Php6Bn corporate notes facility.

In support of the government's objective of providing affordable housing to low-income and underserved sectors, TBG was appointed Administrator to the Building Adequate Livable Affordable and Inclusive (BALAI) Filipino Communities Bonds 2 Special Purpose Trust. BALAI Bonds 2 is the fourth securitization arrangement engineered by the National Home Mortgage Finance Corporation (NHMFC). This engagement solidifies DBP's reputation as a constant partner and top-of-mind institution for the government's securitization programs.

### TREASURY AND CORPORATE FINANCE

The year 2020 was a fruitful year for the Treasury and Corporate Finance Sector (TCFS) as it took charge of the Bank's issuance of Fixed Rate Bonds. TCFS also took the lead in supporting the government's fundraising activities.

Here are the sector's significant accomplishments for 2020:

#### 1. Successful issuance of the Bank's two-year Fixed Bonds

The Sector facilitated the issuance of two-year Fixed Rate Bonds (or "DBP Peso Bonds") in December 2020 under the Bank's approved Php50Bn Bond Program, which fetched more than four times the target issue for a total amount of Php21Bn. This is a follow-on of the Bank's well received Sustainability Bonds in 2019. This aided the Bank's fundraising activities to support the increased funding gap and helped DBP achieve its Php1.0Tn asset goal.

#### 2. Support in Various Government Fundraising Activities

The Bank acted as Joint Lead Issue Manager for the successful issuance of the Retail Treasury Bonds (RTB) Tranche 23 in February 2020 with an issue size of Php310.8Bn. Of the total amount, Php60.8Bn was submitted for the innovative "bond switch option" for RTB holdings that matured in April 2020.

The Bank again acted as a Joint Lead Manager for Tranche 24 known as "Progreso Bonds" in August 2020 which raised Php516.3Bn for the government, the highest volume raised to date. The Progreso Bonds gave Filipino investors the opportunity to contribute to nation building especially during the COVID-19 pandemic. Due to the lockdown, this issuance was also the first to utilize virtual roadshows to educate the public on investing in government securities.

Lastly, the Bank was also tapped as Joint Lead Issue Manager for the 2nd issuance of the "Premyo Bonds" of the Bureau of Treasury (BTr) that raised Php6.56Bn. The Premyo Bonds target retail clients with a smaller investment of only Php500 coupled with the chance to win cash and non-cash prizes

in quarterly raffle draws. For Premyo Bonds 2, the raffle prizes included brand new vehicles as well as spot money amounting to millions. For this issuance, more than 15% of the investors were overseas Filipinos located in 70 countries around the world.

#### 3. Awards Achieved and other Initiatives

Through the TCFS, the Bank was also recognized by various institutions for the following initiatives:

- "Best Sustainability Bond - Financial Institution Award" for its Php18.125Bn Sustainability Bond Issuance in 2019
- "Market Maker for the 4th Straight Year" for its 2020 performance as Government Security Eligible Dealer (GSED) - Market Maker
- 8th out of 45 Trading Participants and 15th out of 35 Brokering Participants - 2020 Philippine Dealing Exchange Corp.



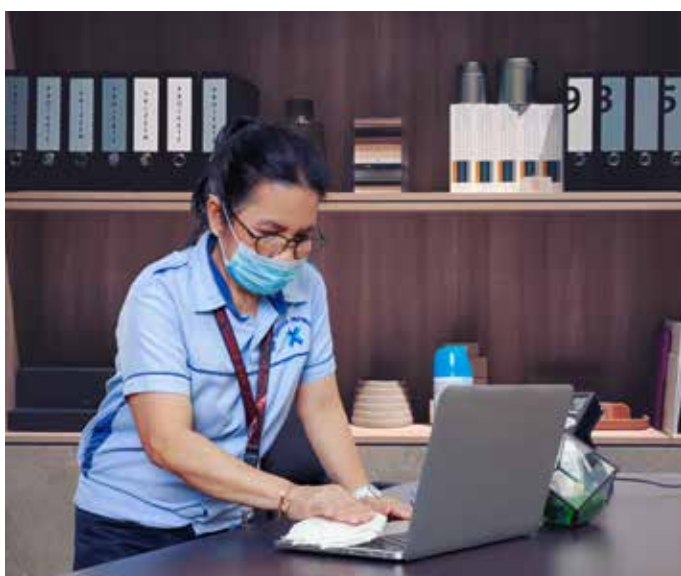


## PROCUREMENT AND FACILITIES MANAGEMENT

In 2020, the Procurement and Facilities Management Group (PFMG) initiated various projects supporting employees' welfare while maintaining the Bank's operational efficiency. Shuttle services using DBP's motor vehicles were deployed to ferry employees living in the National Capital Region (NCR), Laguna and Cavite. Towards the end of the year, the group procured a third-party transportation service to shuttle employees who reported for work under the skeleton workforce arrangement.

PFMG also made available sleeping quarters with basic amenities for employees who reside in neighboring provinces of Metro Manila.

To prevent the spread of COVID-19 in the Head Office, the Group installed acrylic and modular partitions in all DBP vehicles, pantries, new accounts and teller counters in the Financial Center to minimize contact between clients and/or employees, automatic alcohol dispensers, tire bath, provision of paper trays and tables for documents.



**"It is our collective spirit that will make us overcome our challenges in the pandemic. No virus can dampen our spirits. We are focused on our mission."**



**Atty. Lutgarda C. Baquiran-Peralta**  
Senior Vice President (SVP)/Head  
DBP Procurement and Facilities  
Management Group (PFMG)

Thermal scanning cameras were also procured and installed at Gil Puyat and Innercourt entrances to serve as the first level screening tool. This helped improve compliance with the minimum one meter physical distancing. The device also serves as a deterrent against COVID positive employees and visitors, as it sends out an alert signal for temperatures higher than 37.6 degrees and keeps a record of temperatures for easy contact tracing.

As early as March 14, 2020, the group also conducted bio-misting/germ-proofing activities at the DBP Head Office Building in addition to the daily disinfection activities being done by housekeeping personnel to limit the spread of the virus. High contact surfaces, such as door handles, counter tops, tables, doorknobs, keyboards and switches, ATM Machines among others were regularly sanitized and disinfected.

The group made sure that services and projects were arranged and implemented following the strict compliance with minimum public health and safety standards and protocols. DBP PFMG Head and Senior Vice President (SVP) Atty. Lutgarda C. Baquiran-Peralta shared that "it is the collective effort—the spirit of solidarity that made us overcome our challenges in the pandemic. No virus can dampen our spirits. We are focused on our mission."



## LEGAL SERVICES

The Legal Services Group (LSG) took advantage of opportunities to achieve new milestones in 2020:

- DBP was the first Bank to secure an unprecedented BSP approval allowing the Bank to enter into long-term leases relative to its unused or unoccupied properties nationwide booked as “Bank Premises.”
- LSG was able to secure the outright dismissal of a foreclosure annulment case before a trial court, saving the Bank millions of pesos in litigation fees and projected losses.

In the Court of Appeals (CA), LSG also caused the dismissal of a Petition/Appeal freeing the Bank from the obligation to return 164 certificates of title to properties subject of negative pledge.

- LSG spearheaded the proposal to further amend the DBP Charter to enable the Bank to effectively perform its developmental mandate.
- LSG was actively involved in the legislation of essential congressional bills related to economic stimulus packages impacting DBP, including Bayanihan to Recover as One Act (R.A. No. 11494), Financial Institutions Strategic Transfer (FIST) Act (R.A. No. 11523) and others.

## CORPORATE AFFAIRS

Amid the pandemic, the Corporate Affairs Department (CAD) continued to spread positive news about the Bank’s efforts to help unfold the country’s continuing development story through tri-media and online channels.

As the lead disseminator of internal communications, CAD also constantly implemented strategic information, education and communication (IEC) initiatives ranging from COVID-19 updates and prevention tips to maintaining a sound and healthy disposition while adjusting to the New Normal.

CAD also continued its tireless work with its partners under the DBP Corporate Social Responsibility (CSR) Program to advance the Bank’s commitment as a good corporate citizen.

CAD’s accomplishments for the year were marked by the following highlights:

- 57 news releases with exposure in a total of 528 media outlets and PR value of almost Php42Mn.
- The disbursement of Php66.57Mn assistance to CSR program beneficiaries through duly accredited and institutional partners under the DBP Forest Program (DFP), DBP Resources for Inclusive and Sustainable Education (RISE), and through various donations and contributions.
- Launching of CADTV using Microsoft Stream application as a new platform in implementing/commemorating various special and institutional celebrations and activities
- Intensified internal communication program that kept employees informed of important information on COVID-19, while keeping them engaged and motivated through various IEC materials as well as new employee-oriented activities and projects.
- The DBP Facebook Page became a more active, reliable, and relevant digital channel for the institution with its timely updates on the Bank’s services during the community quarantine as well as on its initiatives for sectors severely affected by the economic slowdown.

## INFORMATION AND COMMUNICATIONS TECHNOLOGY

In 2020, the Bank was able to accomplish three major IT projects, two of which were GCG commitments. They were the Electronic Requisition, Procurement, Inventory Control Accounting System (eRPICAS), Phase 1 of the Technical Upgrade and Data Erasure Software (DES) and the Enhanced Firewall System (EFS).

The eRPICAS Phase 1 technical upgrade is a fully integrated web-based, end-to-end procurement system. In the upgrade, the system was re-coded using a new development software, which automated the end-to-end procurement process from requisition up to booking of entries. This has considerably improved processes, resulting in shorter turnaround time and yielding operating efficiencies for the Bank.



DES is a software that erases data on storage devices. It aims to minimize the risk of data theft and unauthorized/accidental disclosure due to improper disposal of storage media.

The EFS is a new firewall system that gives the Bank enhanced capability to prevent and detect cyberattacks. This project aims to 1) address obsolescence; 2) allow for separate Firewalls for Test and Production Environments; 3) allow the creation of a dedicated and secure VPN connection; and, 4) provide external accessibility of the Disaster Recovery Center (DRC).

### **In 2020, the Bank was able to accomplish three major IT projects:**

- **Electronic Requisition, Procurement, Inventory Control Accounting System (eRPICAS)**
- **Phase 1 of the Technical Upgrade and Data Erasure Software (DES)**
- **Enhanced Firewall System (EFS)**

The group also played a pivotal role in making sure that DBP continued to deliver its mission even during Enhanced Community Quarantine. IT provided emergency provision of laptops, wireless VPN and mobile wi-fi facilities. It also provided a Working from Home (WFH) Tool for Time and Attendance Monitoring in November.

In May 2020, the group implemented the SSS/PesoNet converter for the processing of Small Business Wage Subsidy (SBWS) Program pay out and crediting. In May and December 2020, the Bank implemented the enhanced LGU Salary Loan Systems to comply with Bayanihan Act 1 and 2 respectively.

In November, the department implemented InstaPay Version 1 which enabled the sending of remittances in real time via InstaPay. Telecommunication lines were successfully upgraded for off-site ATMs by converting wireless to wired facilities. It also completed the installation of voice and data lines for the new branches/Branches like unit and lending centers.

## **PROVIDENT FUND DEPARTMENT**

The Provident Fund registered a net income of Php274.388Mn for the year, Php263.803Mn or 96.14% of which was declared as surplus and distributed to members' account. Its total resources stood at Php7.209Bn as of December 31, 2020 as it sustained the growth in assets through continuous remittances of members' personal and bank share contributions and loan repayments.

To boost generation of income and meet the target Return on Investment (ROI), Php2.090Bn was placed under long-term investments during the year. An ROI of 3.86% was achieved compared to the 3% target for the year. Total investment portfolio increased from last year's total of Php2.706Bn to Php2.962Bn.

To empower the Provident Fund members to accumulate and build up net worth, it offered various loans with competitive terms and concessional rates. Total loan portfolio stood at Php4.109Bn from the 2019 level of Php3.736Bn.

The Provident Fund Department (PFD) continuously innovated and improved programs and policies to make it more responsive to the needs of members. It also provided assistance to its members through the 2020 Health Emergency Assistance Loan (2020 HEAL), 2020 Supplementary Assistance during the Period of Pandemic (2020 SAPP) and Emergency Loans to 11 employees.

## **INTERNAL AUDIT**

The Internal Audit Group (IAG) successfully completed its internal audit activities in accordance with the approved 2020 Risk-Based Audit Plan. Soft/remote audit enabled the IAG to conduct its planned activities without the need for onsite visits while achieving overall audit objectives.

In 2020, IAG fully implemented and utilized its audit management system which is an end-to-end audit management process and tracking solution. This moved IAG to a paperless audit environment and provided a centralized platform to automate the entire audit process to continuously improve IAG's efficiency and productivity.

Quality assurance and improved programs were managed in 2020 through monitoring and self-assessments mainly focused on continuous improvement of the internal audit process for its efficiency and effectiveness. Standard work practices and key performance indicators were assessed periodically to measure IAG's performance to its key stakeholders. Policies and procedures were continuously reviewed to keep IAG aligned with best industry practices.



The background image is a composite. In the foreground, a man with dark hair and a mustache, wearing a dark suit jacket over a light blue button-down shirt, stands with his hands in his pockets, smiling. Behind him, an airport tarmac is visible with a large white commercial airplane (likely a Boeing 747) parked. The sky is blue with some clouds. The overall image has a professional, corporate feel.

# Building a Resilient Nation

## Project Features

## Providing a Lifeline to Millions of Filipinos

### ASIAN AEROSPACE CORPORATION

The COVID-19 pandemic heavily disrupted the aviation industry as mobility restrictions grounded non-essential flights.

#### Changing Trajectory

For the country's leading aircraft charter company Asian Aerospace Corporation (AAC), the disruption offered an unprecedented opportunity. When its regional and domestic charters from the private sector were severely disrupted, AAC opted to reinvent its business model.

With the financial assistance from DBP, AAC shifted their business model by providing humanitarian flights to the Department of Health (DOH) in dispatching medical equipment and test kits nationwide to enable DOH to perform their mass testing operations in different parts of the country.

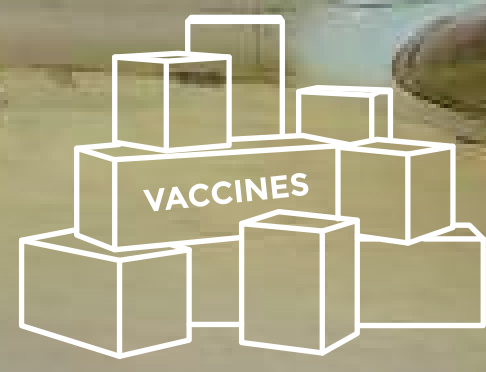
"These flights were critical to ensure essential medical supplies and equipment were transported in a timely manner all over the archipelago—through these humanitarian flights, we were able to provide life-saving medical supplies to our fellow citizens," said AAC Executive Vice President (EVP) Peter Angelo Rodriguez, Jr.





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mission flights by AAC for DOH. These flights were facilitated with the support of AAC's hero frontliners, including cargo and ramp agents, pilots and crew members.



Under the DBP Response Program, AAC was granted a Php100Mn loan to partially finance permanent working capital in view of the increase in government and social mission flights as part of the front-line team of the government.

In 2020, AAC devoted to DOH an aircraft capable of carrying five tons of cargo in one flight on a weekly basis. For the whole year, AAC serviced DOH with around 50 mission flights. These flights were facilitated with the support of AAC's hero frontliners, including cargo and ramp agents, pilots and crew members.

The key advantage is that AAC was able to provide around Php20M worth of flights to various destinations upon instruction of the DOH so the medicines, PPEs, test kits, and other medical equipment could reach the intended destinations on time.

With the demand for humanitarian flights, AAC's share/ratio of government business to private business increased from what used to be 40:60 to 90:10. Aside from DOH, AAC serviced the Bangko Sentral ng Pilipinas (BSP), Landbank and other universal banks, the Civil Aviation Authority of the Philippines (CAAP), and provided international and ground handling and flight support to the Philippine Air Force (PAF) in transporting medical supplies and test equipment from China.

### **The Beckoning**

"We are immensely thankful to AAC for answering our call for help to our request. All essential medical needs of our partner Local Government Units (LGUs) were transported on time," said DOH Undersecretary Health Undersecretary Myrna Cabotaje.

While the humanitarian flights were a new business venture for 2020, AAC has been actively providing airport and aircraft rescue and air ambulance in the emergency service sector for 24 years. An authorized aircraft operator by CAAP, AAC is comprised of a full professional organization, licensed by Civil Aeronautics Board (CAB) to operate Domestic and International Non-Schedule Aircraft Flights.

"Through this special mission, AAC provided life-saving medical supplies, which became a lifeline to millions of Filipinos during the pandemic. A precarious time indeed but it was an opportunity for us to show the spirit of solidarity with our government and the Filipino nation," said Rodriguez. ✈



FVP Francis Nicolas Chua during the RTB roadshow



## Raising Funds for Nation-building

### BUREAU OF TREASURY

Despite the challenging economic backdrop during the pandemic, the Development Bank of the Philippines (DBP) remained true to its mission of raising funds for nation-building. DBP teamed up with the Bureau of Treasury (BTr), the government funds custodian, to join the first ever virtual selling of the Retail Treasury Bonds (RTBs) to the public. The funds raised are used by the National Government to fund various sectors affected by the pandemic as well as infrastructure projects.

In 2020, the Bank participated in the 23rd and 24th Tranches of the RTBs ("RTB 23" and "RTB 24," respectively), and the 2nd Tranche of the Premyo Bonds Para sa Bayan ("PB 2") program of the BTr, where it served as Joint Issue Manager together with Landbank of the Philippines, and a consortium of other banks as Issue Managers.

In February 2020, RTB 23 was able to raise Php310Bn and RTB 24 raised Php516.3Bn, both of which are considered the largest Philippine capital market issuance at that time. In November 2020, the PB 2 was issued to the public with an affordable Php500 minimum investment. Through this the BTr raised Php6.56Bn, 116% higher than the minimum target amount of Php3Bn.

BTr Director Eduardo Anthony Mariño shared that "for an investment of Php5,000, PROGRESO bond holders were able to do their part in the government's battle against COVID-19, while at the same time earning interest on their investments."

The successful issuance of RTBs can be attributed to the strategic marketing campaign implemented by the consortium, which capitalizes on social media and online investment channels, including DBP's RTB Electronic Payment System (REPS).

"This is truly a testament to DBP's contribution to financial literacy, financial inclusion, and nation-building as we transform the Filipinos to become investors who participate in relevant securities that also yields social dividend," said Mariño. 🤝

## Offering Aid to Members

### SOCIAL SECURITY SYSTEM

The effects of COVID-19 pandemic on businesses have been unforeseen and catastrophic. As the virus spreads, periodic lockdowns become necessary to protect the population's health. This resulted in an unparalleled shock to the country's economy, leaving many workers unemployed or with fewer sources of income.

The government, through a collaboration with three major agencies—the Department of Finance (DOF), Social Security System (SSS), and Bureau of Internal Revenue (BIR)—initiated the Small Business Wage Subsidy Program (SBWS), an assistance package to help more than three million workers of small and medium-sized businesses cope in the pandemic. The program began on April 17, 2020 and was completed on June 24, 2020.

Under the SBWS program, SSS provided a salary subsidy ranging from Php5,000 to Php8,000 (based on the regional minimum wage) per month per member. With the assistance of the DBP, SSS distributed through two tranches more than approximately Php50Bn in financial aid to more than three million qualified employees across the country. The program emphasized the use of digital payment options for government assistance distribution.

A Memorandum of Agreement (MOA) was signed on April 27, 2016 to establish the Cooperative Partnership between SSS and DBP. SSS requested that DBP provide banking services, particularly the use of a payments solution for the transactions of SBWS, Benefits, and Loan proceeds to SSS members. 🤝



# Boosting Agri-economy

## Local Government of Taraka, Lanao del Sur

Water is a critical input for agricultural production and plays an important role in food security.

For decades, residents of Taraka, a 4th class municipality of Lanao del Sur, have relied on a small river that meanders through the town center on its way to Lake Lanao. Water for drinking and agriculture has been scarce and is considered a limited resource in the province.

However, this will soon change as Taraka was selected as the model community for rural development through self-sufficiency, the first of several municipalities in the Bangsamoro Region. Six solar-powered irrigation projects for Taraka rice farmers as well as a massive potable water system for its residents are in the works for construction. A Php218Mn development loan from the DBP through the Mindanao Development Authority (MinDA) would be funding these projects. The loan agreement was signed in Taraka on June 30, 2020, with DBP, MinDA, and local officials in attendance.

Taraka Mayor Nashiba Gandamra-Sumagayan requested MinDA's assistance in obtaining a financing plan during the launch of the MinDA Water Supply Program (MinDAWater) in December 2020. Through a self-reliance initiative, MinDAWater intends to provide local government units (LGUs) in Mindanao with sources of water for irrigation and domestic consumption. MinDA will also assist Taraka in the formation and management of its Economic Enterprise Office, which will operate and maintain the Solar Powered Irrigation System (SPIS).

"When completed, the Taraka SPIS Project will provide safe drinking water to the town's 25,000 population and irrigation to an estimated 600-hectares to 1,000-hectares of farmlands located in the periphery of Lake Lanao," DBP President and Chief Executive Officer Emmanuel Herbosa said.

An automated solar-powered irrigation system draws water solely from the Taraka River and regulates its flow using moisture

sensors to prevent flooding while increasing conservation. Before being supplied to farms, the water is transferred to a reservoir or irrigation facilities.

In addition, a portion of the funding would be used to acquire multiple heavy equipment units of agricultural machinery and other construction equipment the municipality would need in successfully implementing a well-planned rural model of development. DBP also granted Sumagayan's request to obtain DBP automated teller machines (ATMs) so that Taraka residents could do basic transactions such as cash withdrawals and transfers without having to travel far.

MinDA Secretary Emmanuel Piñol said "this marks the first time that residents no longer have to depend on the Taraka River for their water needs. From the 1,000-hectare fully irrigated area, the town's farmers are expected to earn at least Php300Mn a year, which will be a big boost to Taraka's economy—an initiative that will help our country achieve 100% rice self-sufficiency."



**25,000**

people who  
will be provided  
safe drinking water





# Casting a Lifeline for Farmers

## DEPARTMENT OF AGRICULTURE

The agriculture sector experienced scorched earth for months. But the biggest bane is the COVID-19 pandemic, with farmers bearing the brunt of losses of income and livelihood.

The Philippine government allocated a recovery package worth billions of pesos to help the agriculture sector. Partnering with the DBP, the Department of Agriculture (DA) launched the first of many lifelines, the Rice Farmers Financial Assistance (RFFA) program. Direct, unconditional cash transfer is disbursed to rice farmers in identified provinces to cover for revenue loss owing to a decline in rice prices because of the importation of cheap rice. Farmers eligible for the program could get a Php5,000 payout through DBP Cash Pick-Up Remittance via MLhullier, the bank's remittance tie-up partner.

Under the initiative, DBP's partnership with the DA reaches 297,244 qualifying farmers, with the bank covering 17 provinces. Launched in January 2020, the program ended in February 2021, with an almost 96% completion rate in terms of the total claimed transactions or disbursements.

Another lifeline cast through the DA and DBP partnership is the Rice Resiliency Project (RRP) to increase local rice production. The DA created a new procedure for the provision of fertilizers to farmers through reimbursement of procured fertilizers in Memorandum Order No. 31, series of 2020, and signed in June 2020. DA Secretary William Dar authorized the transfer of more than Php2Bn from the RRP Program Account to DBP to fund the RRP-Fertilizer Assistance to benefit 800,000 farmers.



# 297,244

qualified farmers  
reached by the project  
by DBP and DA

To make the process of fund distribution easier, the DA tapped DBP's financial facilities in two ways. Firstly, through Farmers' Cooperatives/Associations (FCAs) via their DBP deposit accounts. Secondly, through disbursement channels available in DBP via cash-pick-up and DBP cash payout partners, Fintech partners, bank-to-bank transfers (PesoNet), and credit to DBP accounts.

One more lifeline agreed between DA and DBP in November 2020 is the Cash and Food Subsidy to Marginal Farmers and Fishers (CFSMFF), in which cash subsidies are distributed to roughly 900,000 qualified farmers and fishers from implementing DA agencies.

DBP President and Chief Executive Officer Emmanuel Herbosa said “this newly created DA program makes use of digital payments, such as an e-voucher system, to ensure more efficient and transparent program implementation.”

In the sectors of corn, sugarcane, coconut, fisheries, and indigenous communities, each implementing agency established eligibility requirements for proposing qualified recipients. Under the Registry System for Basic Sectors in Agriculture (RSBSA), qualified recipients are processed and listed. Through DA-recognized food suppliers, the program

offered the disbursement of Php3,000 cash assistance and food subsidies worth Php2,000 in rice, chicken, and eggs.

The last lifeline is the DA RRP II Fertilizer Assistance worth Php4.50Bn. It benefitted qualified rice farmers in 16 regions with rice-producing provinces and municipalities. On October 12, 2020, the DA Memorandum Order No. 52, Series of 2020, or the Rice Resiliency Project II Implementation Guidelines for the 2020-2021 Dry Season Cropping, was signed. The DA through the said program enables farmers to buy inorganic fertilizers from authorized fertilizer dealers, distributors and accredited Farmers Cooperatives and Associations (FCAs) using an e-voucher worth Php2,000 per hectare for inbred rice and Php3,000 per hectare for hybrid rice. DBP's financial facilities were used to disburse the allocated funds. 🌱



**800,000**

farmers benefit from the RRP Program Account to DBP to fund the RRP-Fertilizer Assistance







**495,673**

farmers provided  
with hybrid rice  
seeds

## Ensuring Food Security for Filipinos

### SL AGRITECH CORPORATION

For the agriculture sector, 2020 was one of the most challenging years. On top of the global health concern, it reeled from the effects of calamities such as typhoons and volcanic eruption, and pest infestations. These resulted in falling prices of staples and slashed income for local farmers.

In addition, the United Nations' (UN) Food and Agriculture Organization (FAO) reported that about 59 million Filipinos, which translates to about 50% of the country's population, are considered food-insecure and suffer from a moderate to severe lack of consistent access to food.

#### SLAC and DA step up its efforts to ensure stable food supply amid pandemic

Despite these challenges, agriculture became the best performing sector in the country's economy in 2020. One of the main contributors to the agriculture department's outstanding performance is SL Agritech Corporation (SLAC), the biggest hybrid rice producer in the Philippines.

Seeing the need to help the government in improving rice productivity, SLAC partnered with the Department of

Agriculture (DA) in the implementation of the Rice Resiliency Project (RRP) under the Plant, Plant, Plant Program also known as "Ahon Lahat, Pagkaing Sapat (ALPAS) Laban sa Covid-19."

Together with DA, SLAC aggressively stepped up its efforts by providing quality hybrid rice seeds to farmers in 16 rice-producing regions in the country. With the funding of Php2.0Bn from the Development Bank of the Philippines (DBP), the SLAC was able to provide DA a total of hybrid rice seeds given to 495,673 farmers as subsidies under the Plant, Plant, Plant, Program.

DA Secretary William Dar said that "achieving high productivity in rice entails an integrated system of crop management and the fastest-moving interventions that could provide quick results are the use of quality seeds such that of SLAC."

"The SL-8H variety doubled or tripled our yield than the usual inbred varieties of palay. We were able to harvest close to 300 cavans per hectare and earned a regular income of Php200,000 during the dry season," said George Pasion, a recipient of RRP program from Ilocos Norte.

SLAC Chairman Dr. Henry Lim Bon Liong said "with all the technology and the availability of more rice seeds varieties, it

is now possible for Filipino farmers to aim for higher rice productivity."

#### Boosting Rice Production

Another initiative of SLAC to further boost country's rice production is the building of additional food production facilities. Through the financial assistance of DBP amounting to Php420Mn, SLAC is able to build a rice mill facility on 8.13 hectares of land in Victoria, Tarlac.

While Tarlac is part of Central Luzon known as the "rice granary of the Philippines," SLAC acknowledges the dearth of efficient rice mill facilities in the country. The new facility is expected to produce approximately 10 metric tons of milled rice per hour and will cater to SLAC's partner farmers and contract growers in Tarlac. In addition, the rice mill will generate 120 jobs and will contribute to the country's target of 95% rice adequacy self-sufficiency in 2021.

"With the provision of hybrid rice seeds to our farmers and the addition of a new rice mill facility, SLAC is one with the government in ensuring food security for Filipinos and staying true to our commitment to make the Philippines a food-secure and resilient nation," added Biong.





## Enhancing National Energy Security

UPGRADE ENERGY PHILIPPINES SOLAR 1, INC.




The COVID-19 pandemic has raised awareness about the critical role the energy sector plays. To drive a more comprehensive pandemic recovery and build back better, the recovery agenda must be aligned with the clean energy agenda.

In the name of energy security, the Upgrade Energy Philippines Solar 1, Inc. (UGEP Solar) partnered with DBP, which granted the company a Php300Mn term loan to finance the construction and installation of six photovoltaic (PV) rooftop solar power projects.

Under a Photovoltaic Installation Lease Agreement, UGEP Solar is expected to install, manage, and maintain the solar system of its commercial and industrial clients. The company is tasked to manage the system for 15 years during which its clients can enjoy the benefits of solar power.

These commercial and industrial clients are Mega Fishing Corporation (Zamboanga), Premium Megastructure (Leyte), ARC Refreshments Corporation (Iloilo), GT Industrial, Inc. and Geege Mall (Cebu), and Universal Harvesters (Bukidnon). Overall, the six PV rooftop solar power projects have a combined output of 6MWp and a projected savings of Php13.6Mn per annum.

UGEP Solar President Ruth Owen-Yu said “we offer small and medium enterprise sustainable energy and energy efficiency solutions that can generate savings on power costs. By doing so, we not only help protect the environment, but we also enhance national energy security.”

This is the second collaborative project of UGEP Solar with the Bank. DBP has been a catalyst for growth in the energy sector, as it is mandated to help the country achieve energy independence through the development of renewable energy resources. 

## Continuing the Brand Legacy

MANSFIELD INTERNATIONAL, INC.


In 2020, DBP extended billions in loans to businesses that were affected by the COVID-19 pandemic. One of those companies is Mansfield International, Inc (MII), the manufacturer of the well-known undergarments wear, Hanford. This brand is a trailblazer in the Philippine undergarments industry and the first Filipino, locally sourced briefs maker.

When the Enhanced Community Quarantine (ECQ) began, production was affected and the company needed financial support for its operations. Fortunately, MII had years of harmonious relationship with DBP.

The Bank extended a credit facility to the company, offering Php60Mn as financial assistance to MII's liquidity concerns. Through DBP's Revolving Promissory Note Line (RPNL), otherwise known as credit line, MII's manufacturing business inventory was partially financed. The RPNL became a welcome lifeline indeed.

Aside from the RPNL, MII also availed of a Term Loan under DBP's Rehabilitation Support Program on Severe Events (RESPONSE) to partially finance permanent working capital Php30Mn to restart the business after the strict and lengthy ECQ in 2020.

Since 1954, Hanford's business has grown from modest origins in the busy streets of Binondo. MII President Victor Te continued and expanded the HANFORD business that his father founded, changing the name Hanford Philippines, Inc to Mansfield International, Inc. (MII) in December 1994.

This is in keeping with the company's goals to be recognized internationally. The company sets its standards high because it believes that wearing clean undergarments is critical to a person's physical and emotional well-being. More than ever, as the pandemic continues to rage, MII gives primary importance to hygiene, health, comfort, and protection. 

## Project Features



Source: Mother Teresa of Calcutta Medical Center

## Building a Healthier Nation

### MOUNT GRACE HOSPITALS

When the pandemic hit, the country's health care system took a devastating blow as hospitals become overwhelmed with desperate patients. This health crisis casts an unblinking spotlight on the importance of strengthening the health care system through adequate funding of hospitals, including their medical staff and facilities.

DBP came up with a lifeline to sustain social services such as health care institutions. DBP's Rehabilitation Support Program on Severe Events (DBP RESPONSE) provides funding for rehabilitation operations of both public and private organizations that have been harmed by disasters such as the COVID-19 pandemic. DBP stands







5

Mount Grace hospitals have availed of DBP's financial assistance



prepared to support companies and local governments in recovering from the impact of the pandemic.

One of such recipients for loan rehabilitation is Mount Grace Hospitals, Inc. (MGHI), a member of the Philippines' largest pharmaceutical company United Laboratories (UNILAB) Group. It is a network of hospitals providing excellent medical care in strategic areas nationwide. Five of its hospitals availed of DBP's financial assistance. These are:

1. Grace General Hospital, Inc. (GGHI), San Jose del Monte, Bulacan
2. Fe Del Mundo Medical Foundation (FDMMF), Banawe, Quezon City
3. Mother Teresa of Calcutta Medical Center (MTCMC), San Fernando, Pampanga
4. Westlake Medical Center (WMC), San Pedro, Laguna
5. Manila Medical Center (MMC), Manila

MGHI's business strategy is to buy long-standing hospitals and provide expert management services to structure them under the Mount Grace brand. With their capable teams of doctors, nurses, and other medical frontliners, these hospitals have been at the vanguard of battling the COVID-19 scourge.

In the case of Mother Teresa of Calcutta Medical Center in Pampanga, under the DBP RESPONSE program, it requested deferment for its May and August amortization in the total amount of Php10Mn. According to the terms, the deferred principal including interest and GRT shall be reamortized throughout

the remaining term of the loan. The borrowed funds went largely towards constructing state-of-the-art operating theaters. These resulted in an increase in surgical procedures being regularly performed. The hospital also added more intensive care units (ICUs), which could accommodate more patients in need, particularly when COVID-19 cases increase.

For GGHI in Bulacan, the DBP RESPONSE program is an immense financial aid. Through the program, the hospital received a deferment of its June and September amortizations in the total amount of Php7.5Mn representing principal and Php1.6Mn representing interest and GRT. Through the original loan, GGHI was able to construct additional building facilities and other necessary equipment.

One of the primary objectives of the DBP RESPONSE program is to assist borrowers in recovering from the consequences of any disaster. The program involves a long repayment period of up to 15 years, including a three-year grace period and subsidized charges. Indeed, DBP shows its commitment to support such a vital social service, that is, quality health care.

"In the spirit of bayanihan, we enhance systems and upgrade facilities. Keeping our customers in mind, we support efforts to deliver competent and compassionate care. Together with our partner hospitals, we strive to serve Filipinos in their quest to stay healthy—our way of helping build a healthier nation," said MGHI Chief Executive Officer (CEO) Carlos Ejercito.



## Project Features



42

medical out- and in-patient clinics located at the new 7,428 sq m facility

# Bringing Health Services Closer to More People

## ILOILO DOCTORS' HOSPITAL

When hospitals were told by the Department of Health (DOH) to make more space as COVID-19 cases spiked, this private hospital in Iloilo was prepared.

In June 2020, the Iloilo Doctors' Hospital, Inc. (IDH) was set to complete the eight-story Medical Arts Building (MAB). This project is a partnership with DBP. Through the Strategic Healthcare Investment for Enhanced Lending & Development (SHIELD) program, IDH was granted a Php100Mn term loan for the building construction.

The new 7,428 sq m facility stands next to the old hospital and it has 42 medical out- and in-patient clinics, two rentable commercial spaces, and 49 parking spaces. With this expansion, incremental benefits are expected for the hospital, given the projected increase revenues that will come from additional rental income, room accommodation, diagnostics, and pharmacy sales.

"The DBP supports this project as it will help address the pressing need for higher quality medical care in Iloilo and Western Visayas," said DBP President and Chief Executive Officer (CEO) Emmanuel Herbosa. "Financing infrastructure projects that will produce a ripple effect in communities remains a top priority for DBP, especially during these challenging times."

While IDH was at the forefront of battling against the pandemic, IDH remained focused on its vision of being the premier provider of quality health care in Western Visayas. With the project completion, IDH is now closer to its vision. Today, the MAB stands providing quality out- and in-patient health services to the residents of the entire city and region. As for employment, it now gives regular jobs to 20 personnel. Lastly, the hospital brings in at least Php3Mn per annum government revenue, comprising of income tax, business tax, and permits, and licenses.

Truly, the DBP will remain as a reliable developmental institution for infrastructure initiatives of the country as we constantly support the crucial needs of the health sector during this public health crisis," Herbosa added.

The COVID-19 pandemic has burdened the public health system in the Philippines since January 2020. In Western Visayas, issues have been raised on the limitations of the government's response. "We hope that with the addition of our new facility, we will be able to augment the healthcare facilities and help our government respond better this pandemic. As our slogan says we are in the business of bringing services closer to more people," said IDH VP Dr. Rolando Padilla, Jr.

IDH is the first Tertiary 300-bed facility in the region and the only DOH Accredited Level 3, PHIC Accredited with an ISO 9001:2015 Certified Quality Management System hospital. 



50  
authorized bed capacity  
as a Level 1 General  
Hospital

## Bridging the Gap in Health Care

### SURIGAO DOCTORS' HOSPITAL

At the height of COVID-19 period, Surigao del Norte was faced with a grim reality that hospital care capacity was insufficient. With only 30 beds available in three major hospitals, the province was placed in a great stress to ensure safe and timely care of 70 COVID-19 patients last October 2020.

Realizing patients' needed urgent treatment was, the two-year-old Surigao Doctors' Hospital (SDH) came to the rescue. "We were hesitant at first to accommodate the COVID patients. But there were so many cases and hospitals were running out of beds in our province. We had to admit them," said SDH Board Member Dr. Roy Ycong.

Fire is the test of gold, crisis of strong men. The health crisis became an opportune time for SDH doctors to provide quality healthcare to locals. Ycong shared that "while we admitted only nine patients at the height of the pandemic, the city government recognized our readiness and treatment. We were the only hospital giving hemoperfusion (blood filtration) and complete with stocks of medicines for COVID-19 patients."

The demand for quality medical care prompted SDH to expand its operations, especially in a province with a huge population of 535,000 and growing. In 2016, it partnered with DBP for the building of the medical facility worth Php220Mn. The completion of the construction, however, had delays due to natural calamities. On December 1, 2019, SDH was formally opened as an infirmary facility and on October 29, 2020, it was granted a license to operate as Level 1 General Hospital with 50 authorized bed capacity.

In 2021, the construction of the 150-bed medical facility is expected to finish. Once completed, the hospital will be able to serve the community better with state-of-the-art-facilities such as CT scan, ultrasound, laboratory, pulmonary station, and a tuberculosis (TB) DOTS Center. This will complement SDH's quality medical care provided by the 40 primary practitioners who are considered the best doctors in the city.

"As the healthcare landscape is going through an exciting and unprecedented transformation, we believe that our new

**"We are aware of the health inequities across the country. It is not an accident that our slogan is 'a hospital with a heart' and we hope that we can provide access to quality health care not just to the rich but also to the poorest of the poor in the society"**

**Dr. Roy Ycong**  
SDH Board Member

medical facility will help us bridge the gap in the health sector of the region. We are aware of the health inequities across the country. It is not an accident that our slogan is 'a hospital with a heart' and we hope that we can provide access quality health care not just to the rich but also to the poorest of the poor in the society," said Ycong. 🏥



Project Features

# Forging Partnership for Progress

LOCAL GOVERNMENT OF BATAAN







The people of Bataan are known for their fierce bravery against bigger foes. Since the 1600s when the Dutch naval forces attacked its coastal communities until the suicidal stand of the United States and Philippine armed forces during World War II, the province and its people have resisted and fought against all odds to preserve their way of life. Presently, the province has continued the noble struggle of providing for its people by procuring financial funding for its strategic development plans and projects.

DBP and the local government of Bataan formed a partnership for socio-economic development with a loan of Php696Mn to help fund the implementation of different infrastructure projects in the province. DBP Chairman Alberto Romulo and Bataan Governor Albert Garcia sealed a 10-year financing deal to further the province's economic and social development.

The loan would be used to complete 26 infrastructure projects, including farm-to-market highways and flood control projects. It will also be used to build a two-storey high school building and to open daycare centers. With the threat of the COVID-19 pandemic still looming, the loan would also be used to build a hospital and a health center. Part of the funds went to the purchase of complete air-conditioning systems for government hospitals in the Bataan province.

The majority of the infrastructure projects have been completed to date. Different LGU municipalities, barangays, and other local government entities were awarded these projects. These initiatives met a variety of needs for Bataan residents without requiring them to go to adjacent towns or the provincial capital. The people's quality of life has improved as a result of better health, social, educational, and livelihood services. In addition, a



**26**

infrastructure projects,  
including farm-to-  
market highways and  
flood control projects

**"DBP supports developmental initiatives of the local government unit (LGU) as these projects boost the locality's income-generating capacity, making it more economically self-sufficient in sustaining its various programs and projects."**

*Emmanuel G. Herbosa  
DBP President and  
Chief Executive Officer*

**700,000**

people from the  
province of Bataan  
will benefit from these  
infrastructure projects

portion of the approved loan was used to fund the purchase of service vehicles that were dispersed across the Bataan towns to meet the need for mobility and the continued delivery of various services.

DBP President and Chief Executive Officer Emmanuel G. Herbosa shared that "DBP supports developmental initiatives of the local government unit (LGU) as these projects boost the locality's income-generating capacity, making it more economically self-sufficient in sustaining its various programs and projects."

More than 700,000 people call Bataan their home. It has 11 municipalities and one component city.

The partner bank DBP is the sixth largest bank to date. It provides loans to strategic sectors such as infrastructure and logistics, small and medium enterprises, social services and community development, and the environment. 🤝



# Providing Better Life, Better City

## LOCAL GOVERNMENT OF MANILA

The City of Manila is founded on fulfilled dreams. Hundreds of years later, through bounty and bane, the inhabitants of the proud city are yet to fully realize its dreams. This is the battlecry of Francisco “Isko Moreno” Domagoso, the mayor of Manila, to his constituents, to continue to dream of a better life, a better city.

In January 2020, the City Government of Manila and DBP signed omnibus term loan facility worth Php5Bn to fund various projects under the local government's Medium and Long-Term Development Plan.

From the Omnibus Term Loan Facility, four main projects were planned to be completed, namely: the expansion

of Ospital ng Maynila building; the redevelopment of Manila Zoo; the construction of Tondominium 1 and 2; and the construction of Binondominium 1.

### Ospital ng Maynila

The city's health system has been challenged by the overwhelming demands of the COVID-19 pandemic. Hence, it cannot be emphasized enough that hospitals, such as the Ospital ng Maynila, play a crucial role in helping hospital workers care for countless numbers of infected patients.

In this light, the city's development project includes the construction of a 10-storey medical building with a total floor area of

**Four main projects were planned to be completed, namely:**

- Expansion of Ospital ng Maynila building
- Redevelopment of Manila Zoo
- Construction of Tondominium 1, 2
- Construction of Binondominium 1

29,951 sq m and a three-storey car park with a helipad. The total project cost is Php2.4Bn. It will house 384 beds and 12 intensive care units (ICU), and 20 private rooms.

### Manila Zoo

The 62-year-old Manila Zoo was closed down in 2019 for redevelopment. It was identified by the Department of Environment and Natural Resources (DENR) as one of Manila Bay's biggest pollutants due to dumping of raw sewage into the bay's rivers. To address DENR's concern, the City of Manila plans to renovate the Zoo and build a sewage treatment plant (STP) inside the recreational facility.

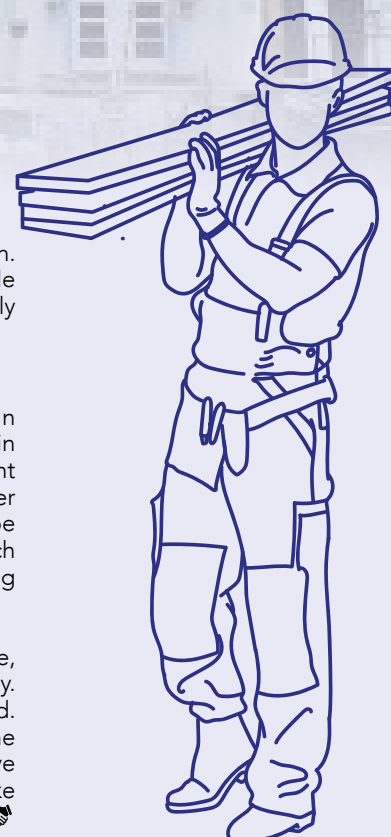
The redevelopment project would cost Php1.7Bn and cover 51,000 sq m of the recreation facility. Aside from the wastewater treatment system for the area, the City will construct a materials recycling facility (MRF) and a new veterinary hospital near the zoo. New habitats for animals, gardens, toilet facilities, a museum, a restaurant, and parking space are included in the rehabilitation plan.

### Tondominium 1 and 2

Tondominium 1 and 2 are the City Government of Manila's first in-city vertical housing projects, which are being built in Vitas, Tondo. Each tower will have a total of 15 stories and expected to house approximately 336 households. Each condominium unit will have two bedrooms and a living space of 44 sq m.







**"We will not stop our projects. True, we are facing challenging times today. But we will continue moving forward. These housing projects are part of the government's overall vision to improve the quality of life of our people and make Manila a better city."**

*Francisco "Isko Moreno" Domagoso  
Mayor, City of Manila*

The cost for this project is Php998.39Mn. Tenants will be a mix of low-to-middle income working class and informal family settlers.

#### **Binondominium 1**

Binondominium 1 is a Php401Mn 15-storey residential development in Binondo, Manila, that will provide decent housing to the city's informal settler families. Up to 126 households would be able to live in the housing complex. Each unit has approximately 40 sq m, including two bedrooms.

"We will not stop our projects. True, we are facing challenging times today. But we will continue moving forward. These housing projects are part of the government's overall vision to improve the quality of life of our people and make Manila a better city," said Domagoso. 🤝



# Board of Directors



*Front: Left to Right*

**Emmanuel G. Herbosa**  
Vice Chairman  
President and CEO

**Alberto G. Romulo**  
Chairman

**Rogelio V. Garcia**  
Director

**Rolando L. Metin<sup>†</sup>**  
Director

**Ma. Lourdes A. Arcenas**  
Director



**Luis C. Bonguyan**  
Director

**Jeannie N. Sandoval**  
Director

**Teodoro M. Jumamil**  
Director

**Miguel C. Abaya**  
Director

**Rafael L. Reyes**  
Director

**Emmanuel P. Galicia, Jr.**  
Director

# Decisive Governance: Key to Responsive Government Banking Under the New Normal

Corporate Governance



14 August 2020. (L to R) VP Rodrigo Jesus V. Mantaring, SVP Ronaldo U. Tepora, EVP Marietta M. Fondevilla, EVP Roda T. Celis, EVP Jose Gabino D. Dimayuga, EVP Susan Z. Prado with the Members of the Board and other Senior Officers who attended the physical-virtual 2021 Board Retreat. (Masks taken off for photo-op)

## RECALIBRATING OUR GOVERNANCE

The Bank surmounted the challenges brought about by the pandemic and raised corporate governance standards and practices to even greater heights in 2020. DBP took immediate steps to calibrate its performance targets and strategic objectives to help priority sectors mitigate the adverse impacts of COVID-19. A responsive banking approach was adopted to maximize available opportunities to ensure its services remained unhampered and within the reach to as many Filipinos as possible. The Bank's stakeholders were placed front and center to ensure that growth remained sustainable and inclusive.

Sensitive to the unprecedented needs of the time, the Bank provided much-needed financial resources to ensure the sustainability of priority industries in 2020. It likewise stepped up the implementation of several initiatives such as the Rehabilitation Support Program on Severe Events (RESPONSE), Assistance for Economic and Social Development (ASENSO) for Local Government Units (LGUs) Financing Program, and credit relief or payment moratorium. These significantly contributed to DBP's efforts to help its stakeholders bounce back, generate livelihood, and contribute to the country's economic recovery.

Amidst the pandemic, DBP ensured continued delivery of essential banking services to the transacting public and performance of its critical functions. The Bank aligned its operations with the series of community lockdown directives, adopted alternative work arrangements, and health protocols in the workplace were set in place and strictly implemented. The Bank also launched the #WeAreStrongTogether Project to pay homage to DBP heroes at work and encouraged DBP Family to stay united and strong in the face of the health crisis.

The Board of Directors and the Management continually espouse the Bank's Corporate Governance framework and commitment to its core values and principles in dealing with all stakeholders. Mindful of its fiduciary duty as a state-owned bank, and in keeping abreast with legal and regulatory requirements, changing business climate, and corporate culture, the Board has identified priorities, pursued policies, and agreed on actions aligned with existing laws and the National Government's strategic goals and objectives. All these not only meet the organization's mandate and obligations but also forge sustainability and long-term stability.

Likewise, on August 14, 2020, the Board together with the Management convened in a joint physical and virtual Board Retreat to reaffirm the strategic vision for the Bank as it entered a new era in development work. The Board also set the direction for the challenging task ahead of jumpstarting economic recovery post-pandemic.

**"DBP did not sit idly by this pandemic crisis. The Bank is now taking more responsive and decisive actions consistent with its vital role of supporting and sustaining economic growth while keeping in mind the health and safety of our employees."**

**Alberto G. Romulo,  
DBP Chairman**



# PROFILES

## BOARD OF DIRECTORS



### **ALBERTO G. ROMULO**

Chairman

Independent/  
Non-executive Director  
Age: 87

Mr. Romulo is the Chairman of DBP, a position he assumed in February 2017. He also serves in the governing boards of DBP subsidiaries – as Chairman of DBP Insurance Brokerage, Inc. and as Director of both DBP Leasing Corporation and DBP Data Center, Inc.

In his long career in public service, Mr. Romulo has occupied several national government positions, both elected and appointed. From 1987 to 1998, he was elected Senator and served as Senate Majority Leader from 1991 to 1996. His contribution to the development of the banking industry cannot go unnoticed. Mr. Romulo authored and/or sponsored the following laws – The New Central Bank Act, The Social Security Law, The Philippine Veterans Bank Act, and the Joint Legislative-Executive Development Council Law.

As a member of the Cabinet, Mr. Romulo lent his talents serving as Executive Secretary, Secretary of Finance, Secretary of Budget and Management, and Secretary of Foreign Affairs. He was appointed a Member of the Monetary Board during the time of President Corazon Aquino and again when President Gloria Macapagal-Arroyo assumed power.

As Secretary of Foreign Affairs, he paved the way for the passage of the Philippine Archipelagic Baseline Law in 2009 and the Veterans Benefits Enhancement Act. Mr. Romulo is a lawyer and Certified Public Account. He obtained his Doctor of Laws degree from the University of Madrid in Spain.



### **EMMANUEL G. HERBOSA**

Vice Chairman

President and  
Chief Executive Officer/  
Executive Director  
Age: 67

Mr. Herbosa assumed his position as President and Chief Executive Officer of DBP on March 1, 2019. He also serves in the governing boards of DBP Daiwa Capital Markets, Phils., Inc., LGU Guarantee Corporation, Bancnet and Bankers Association of the Philippines.

Honed by over four decades of solid banking experience, Mr. Herbosa juggled leadership roles in corporate banking, consumer banking, branch banking, and overseas banking in highly regarded financial institutions such as the Bank of Philippine Islands and Bank of Commerce, where he served as Senior Vice President and Executive Vice President, respectively. He was also Chief Operating Officer of Ayala Insurance, a bancassurance subsidiary of the Ayala Group.

Prior to his designation as DBP President and CEO, Mr. Herbosa was President and Chief Executive Officer of Philippine Guarantee Corporation. He also served directorial posts at the De La Salle School Boards, De La Salle Brothers Fund Inc., and P & Gers Fund Inc.

Mr. Herbosa graduated with a Bachelor's degree in Industrial Management Engineering from De La Salle University Manila, and obtained his Master in Business Administration from Wharton School, University of Pennsylvania.

## Board of Directors' Profiles



### **MIGUEL C. ABAYA**

Independent/  
Non-executive Director  
Age: 85

Bringing his military know-how to the fore, Brigadier General Abaya (AFP, Ret.) was appointed to the DBP Board of Directors in November 2016. He serves as Director of Al Amanah Islamic Investment Bank of the Philippines and DBP Service Corporation.

Brig. Gen. Abaya is a graduate of the Philippine Military Academy and a holder of a Masters in Public Management degree from the University of the Philippines in Cebu. He also obtained a post-graduate degree in International Defense Management from the Naval Post Graduate School in Monterey, California.



### **MARIA LOURDES A. ARCENAS**

Independent/  
Non-executive Director  
Age: 70

Director Arcenas is a clinical psychologist by training and profession. Her extensive career includes psycho-diagnostics and counselling, Human Resource Management, crisis communication, team-building, resiliency and competence development. Ms. Arcenas was appointed to the DBP board in November 2016 and also serves as Director in the DBP Service Corporation and the Al Amanah Islamic Investment Bank of the Philippines.

Ms. Arcenas graduated Cum Laude from St. Scholastica's College, Manila with a degree in Psychology. She obtained her Master of Arts degree in Clinical-Counselling Psychology from Ateneo De Manila University. She was a recipient of the Rotary Ambassadorial Scholarship at Stanford University where she obtained a Master of Science degree in International Development Education. Ms. Arcenas received accreditation certificates in Partnerships Brokering for Sustainable Development for

Deakins University in Australia and in Conflict Resolution and Peace Building from Chulalongkorn University in Thailand.

She is a senior advisor on Corporate Social Responsibility to local and international corporations in the mining, power, forestry, and infrastructure sectors. She is a strong advocate of women empowerment, a trustee of non-profit organizations Mindanao Commission on Women and current Chairperson of Women Institute for Social Entrepreneurship Inc.



### **LUIS C. BONGUYAN**

Independent/  
Non-executive Director  
Age: 72

Mr. Bonguyan began his career as a Certified Public Accountant (CPA) at LC Bonguyan & Co. CPAs. Driven by his desire to enter public service, Mr. Bonguyan served first as city councilor from 1988 to 1991 and then as Vice Mayor from 1991 to 1995 and 1998 to 2007 in the city government of Davao. He sits as a DBP board member since October 2016. He is also the Chairman of the Board of DBP Data Center Inc., and Director of DBP Insurance Brokerage Inc.

His leadership skills were evident as he held top positions in several organizations, namely President of the American Chamber of Commerce, President of the Davao Jaycee Senate, National Director of JCI Senate Philippines, and the National President of the Ambassador Club of the Philippines.

Mr. Bonguyan received numerous awards including Most Outstanding Certified Public Accountant in public practice in 1983, Tambuli Award, the highest award from the University of Mindanao Alumni Association in 2001, and Most Outstanding JCI Senator of Mindanao.



**EMMANUEL P.  
GALICIA JR.**

Regular/  
Non-executive Director  
Age: 50

With a consistent vocation in the legal profession, Atty. Galicia was appointed to the DBP Board of Directors in October 2016 and serves as the President and Chief Executive Officer of DBP Data Center Inc.

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

At present, Atty. Galicia is a senior partner at LG Law, a retained lawyer of various companies and the President and Chairman of the Board of the Independent Baptist Churches in the Philippines.



**ROGELIO V. GARCIA**

Regular/  
Non-executive Director  
Age: 72

With over 45 years of law practice under his belt, Atty. Garcia was appointed to the DBP Board of Directors in January 2017. The San Beda College alumnus is also a Director of Al Amanah Islamic Bank of the Philippines, DBP Leasing Corporation, and DBP Insurance Brokerage Inc.

Atty. Garcia was a public servant in various capacities. He was a member of Parliament in the Batasang Pambansa and Deputy Minister of the Department of Labor and Employment. His proven track record garnered Atty. Garcia various positions in the Integrated Bar of the Philippines, including IBP South Cotabato Chapter President, Governor for IBP Western Mindanao Region, and Deputy Director of IBP Commission on Bar Discipline. He was a member of the Board of Trustees of the Knights of Columbus Fraternal Association of the Philippines, Inc. from 2013 to 2016. Further, he was the JCI Senate Philippines National President in 2016.

Atty Garcia has been the Chairman of the Board of Sagay Central Inc. since 1998; a Member of the Junior Chamber International (JCI) Senate ASEAN; Region XII President of PDP Laban since 2000; the JCI Senate – TOFIL Foundation President since 2016; and the Regional President of the International Ambassador Club Philippines, Quezon City Chapter.



**TEODORO M. JUMAMIL**

Regular/  
Non-executive Director  
Age: 67

A lawyer by profession, Atty. Jumamil was appointed to the DBP Board in November 2016. He also holds the position of Director of DBP Insurance Brokerage, Inc. and Small Business Corporation.

Prior to joining DBP, Atty. Jumamil held various positions in government, including Deputy Administrator of the National Food Authority and board member of the Province of Northern Samar. He also enjoyed his stint in the private sector as President and CEO of several corporations. He currently holds the title of President of MEDOcare Health Systems, Inc.

Atty Jumamil earned his Masters Degree in National Security Administration from the National Defense College of the Philippines. A seasoned Bar Reviewing in Criminal Law and Political Law in top law schools, Atty. Jumanjil is a Master of Laws candidate from San Beda College of Law.



**ROLANDO L. METIN†**

Regular/  
Non-executive Director  
Age: 76

Dr. Metin brought his wealth of expertise in the area of development work and the environment to the DBP Board. He was appointed in October 2016 and has served as Director of LGU Guarantee Corporation, Chairman of the DBP Provident Fund, Provident Fund Representative to DBP Insurance Brokerage, Inc., and an Alternate



## Board of Directors' Profiles

Representative to Philippine International Trading Corporation and National Development Company until his passing in May 2020.

He was a consultant for the World Bank on climate change, sustainable sanitation, and the environment. He was also a Board member of the Career Executive Board and a member of the Academic Council of the Development Academy of the Philippines. As a public servant, he was a consultant on project management and institutional development for forestry, biodiversity and coastal resources at the Department of Environment and Natural Resources, and later on as Assistant Secretary of the Department.

A proud UP alumnus, Dr. Metin graduated with a degree in Political Science, a Masters in Public Administration, and Doctorate in Public Administration from the University of the Philippines in Diliman.



**RAFAEL L. REYES**

Regular/  
Non-executive Director  
Age: 52

Director Reyes joined the DBP Board on November 24, 2020.

He is the Founder and Chief Executive Officer of FIGS, Inc. Prior to his appointment to the DBP Board, he handled top management position roles including CEO of Miascor Holdings Inc.; Executive Director, Mergers & Acquisitions and Strategy of Prospector Investments Inc.; Managing Director of JG Summit Capital Services, Inc.; Executive Director, SE Asia Private Equity Head of AIG Investment Corporation; and Vice President of AIA Capital Corporation.

He was a former Deputy Administrator of the Subic Bay Metropolitan Authority and served in the board of various companies within Southeast Asia including eTelecare Global Solutions Inc; SPI Technologies Inc; Rustan Supercenters Inc; EngTeknologi Holdings Bhd; WTK Holdings Bhd; and Millennium Microtech Holdings Corp; among others. His consulting engagements include stints with a number of private companies including Lombard Investments, Energy Logics Group, and Prospector Investments and Citadel Holdings.

Director Reyes is a member of the Management Association of the Philippines, the Financial Executives Institute of the Philippines and the Tau Beta Pi Engineering Honor Society. He is a published writer and obtained both his Bachelor of Industrial Engineering and Engineering Management, and Master of Science in Industrial Engineering from Stanford University in the US.



**JEANNIE N. SANDOVAL**

Regular/  
Non-executive Director  
Age: 55

Director Sandoval was appointed to the DBP Board on October 27, 2020.

A veteran public servant, she served as Vice Mayor of Malabon City from 2013 to 2019. As vice mayor, her advocacies included primary healthcare, education, entrepreneurial programs, and other essential social services, along with women empowerment, family and children's welfare. She also served as President of Soroptimist International of Malabon, and was named Most Outstanding Club President in the Soroptimist International Philippine Region Conference for 2010 to 2012. Soroptimist International of Malabon was also named Most Outstanding Club for those years.

Director Sandoval was formerly President of Genesis Industrial Gases Corporation and Watercraft Venture Corporation and currently sits as Chairperson of the Philippine Red Cross – Malabon City Chapter after serving for six years as Director for Volunteers and External Affairs.

She earned her Bachelor's degree in Computer Science from De La Salle University Manila. Director Sandoval also completed a Local Legislation course in the University of the Philippines – National College for Public Administration and Governance and attended the International Benchmarking Programs held in Sweden and Japan which focused on local government capacity to address urban challenges and solid waste management, respectively.

# THE BOARD OF DIRECTORS

The Board of Directors is mandated to foster the long-term success of the Bank and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility taking into consideration the best interest of the Bank, the Filipino people, and other stakeholders. The Board is primarily responsible for the governance of the Bank as it is accountable to the state for the Bank's operations and performance. In line with this duty, the Board approved the 2020 DBP Strategy Map and regularly monitored the reports on DBP 2020 Performance Scorecard. The Board, likewise, sets the tone and risk tolerance by articulating the risk appetite, establishing risk management strategy and promoting a culture of risk awareness throughout the institution.

Under the Revised DBP Charter, the Board of Directors shall consist of nine (9) members, including the Chairman and the President and Chief Executive Officer (CEO), to be appointed by the President of the Philippines. All appointees to the Board have undergone the mandatory Corporate Governance seminar where they were oriented to the governance structure of the Bank as a Government Financial Institution, the applicable regulatory requirements governing its operations, as well as the expectations concomitant to their position in the Board.

Mr. Alberto G. Romulo continues to hold the position of the Chairman of the Board since his appointment in February 2017. Chairman Romulo provides leadership by ensuring effective functioning of the Board, including the continuance and sustenance of the relationship of trust among its members. He ensures that the Board makes informed decisions and encouraged critical discussions during board meetings. Likewise, Chairman Romulo sets and approves the agenda for board meetings and exercises control over the quality and timeliness of the flow of information between Management and the Board.

On the other hand, Mr. Emmanuel G. Herbosa continues to serve as DBP President and CEO starting on March 1, 2019 up to the present. As President and CEO, Mr. Herbosa also serves as Vice Chairman of the Board and is primarily responsible for executing, carrying out, and administering the policies, measures, and resolutions approved by the Board. The President and CEO exercised general supervision and authority over the regular course of business of the Bank that includes the implementation of the strategies and promotion of long-term interests of the Bank.

Pursuant to Republic Act No. 10149 or the "GOCC Act of 2011" all directors are appointed for a term of one year starting from July 1 of the current year up to June 30 of the following year. An appointive director may however continue to sit in the DBP Board until such time that his/her replacement has been appointed by the President of the Philippines. The compensation of appointive directors is rationalized under Executive Order No. 24, series of 2011, which entitled the members of the DBP Board, except for DBP President and CEO, to receive only per diems for actual meetings attended and performance-based incentive, subject to implementing guidelines of the Governance Commission on GOCCs.

Due to the COVID-19 pandemic, the Board held more meetings via remote communication. It likewise held a 'Board Retreat' via video conferencing and participated in virtual trainings and webinars on corporate governance and other related topics relevant to their responsibility to comply with the bank's continuing education program. New directors were given onboarding seminar by the Office of the Corporate Secretary on their fiduciary duties under the Revised DBP Charter and the DBP Manual of Corporate Governance as well as the roles and responsibilities they are expected to perform by regulators. New directors also attended orientation session with select business units on Bank's organizational structure and operational performance, among others.

## Board Performance

The Bank remains steadfast in its commitment to promote and maintain the highest standards of good governance by ensuring compliance with the GCG Code of Corporate Governance (Memorandum Circular No. 2012-07) and the BSP Enhanced Corporate Governance Guidelines (Circular No. 969, Series of 2017). The Bank adopted Circular 36, series of 2020, which revised the guidelines on nomination of DBP representatives to the governing board of its subsidiaries, affiliates, and other related entities, to ensure continuing compliance with the multiple board seats limit and align with the update on regulatory issuances.

The appraisal aims to clarify individual and collective roles, duties and responsibilities of the directors, and give them an objective view on how they can better perform the tasks expected of them. For CY 2020, the individual Directors were rated by their peers on the aspects of competence, independence, and preparedness as a director, practice as a director, committee activity, and development process of the corporate enterprise. Only those Directors who have served in the Board for at least six (6) months are qualified to rate and be rated in this system. Consistently as in the previous years, the collective rating of the Directors under the Peer Assessment System this year remains to be strong which signifies that the members have continuously demonstrated excellence in their service to the Bank.

Similarly, the performance assessment of the Board of Directors as a whole and the Board-Level committees is being held annually and coincides with the Peer Assessment System period. The assessment of the performance of the Board permits the Bank to measure the effectiveness of the Board in delivering the Bank's corporate objectives.

The criteria and rating system for the Board and Board-Level Committee performance highlight the effectiveness of the structure and composition, the performance of their duties and responsibilities, and the performance of individual members. In 2020, the Board maintained its Very Satisfactory rating on its performance while most of the Board-Level Committees retained their Outstanding rating.

## Board Committees

Board-Level Committees or Board Committees were created to ensure that the Bank achieves the highest level of good governance, increase efficiency, and a deeper focus in specific areas of banking operations. Under the Revised DBP Charter, the Board is empowered to delegate some of its authority to committees as it sees fit. In the face of rapid transformation, the Board Committees help address the requirements and issues in governance, compliance, internal audit, strategy, risk oversight, and information technology, among others. Moreover, Board Committees assist the Board's assessment process and in ascertaining efficient approaches consistent with the Bank's nature and culture. To this end, DBP has set up the following: 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); Related Party Transactions (RPT) Committee; and Budget Committee.

The membership of each of the Bank's Board Committees strictly observes the requirement of the regulators, particularly in terms of the number of independent directors. Independent Directors are those who are tasked to promote the independent oversight of management of the Board. They are nominated by the Bank from the incumbent members of the Board and confirmed by the Bangko Sentral ng Pilipinas and the Monetary Board. In nominating independent directors, the Bank conducts an initial evaluation of the profile and work experience of the Directors in accordance with the requirements set under Subsection 131.g of the BSP Manual of Regulations for Banks (MORB). In 2020, the Bank's independent directors are Chairman Alberto G. Romulo, Director Maria Lourdes A. Arcenas, Director Luis C. Bonguyan, and Director Miguel C. Abaya.

## Executive Committee

The Executive Committee is a scaled-down version of the Board. The ExCom is tasked with reviewing the short and long-term plans prepared by Management prior to submission to the board. It also reviews progress against plan, with emphasis on activities or units within an activity that are not performing up to the agreed-upon standards—excluding areas of Management that fall within the responsibilities of the Audit and Compliance Committee and Human Resource Committee. It is within the purview of the ExCom to ensure a complete review of all management practices at least once a year.

The Executive Committee is composed of the Chairman, the President and CEO, and three other members of the Board of Directors. The regular attendees of the Executive Committee are Chairman Alberto G. Romulo, and President and CEO Emmanuel G. Herbosa. The eight other members of the Executive Committee are designated by the Board from among the other board members on a rotation basis.

In 2020, the Executive Committee held 24 meetings where it deliberated and passed upon matters that are within the purview of its delegated authority under the DBP Amended By-Laws.

	Name	Period Covered	Committee Meetings		
			Held Since Assumption	Attended	%
Chairman	Alberto G. Romulo	January 1 – December 31, 2020	24	24	100%
Vice-Chairman	Emmanuel G. Herbosa	January 1 – December 31, 2020	24	24	88%
Members	Miguel C. Abaya	January 1 - December 31, 2020	14	14	100%
	Maria Lourdes A. Arcenas	January 1 - December 31, 2020	13	13	100%
	Luis C. Bonguyan	January 1 - December 31, 2020	13	13	100%
	Emmanuel P. Galicia, Jr.	January 1 - December 31, 2020	10	10	100%
	Rogelio V. Garcia	January 1 - December 31, 2020	13	13	100%
	Teodoro M. Jumamil	January 1 - November 23, 2020	5	5	100%
	Rolando L. Metin <sup>†</sup>	January 1 – May 4, 2020	4	4	100%
	Rafael L. Reyes	November 24 – December 31, 2020	0	0	0%
	Jeannie N. Sandoval	November 24 – December 31, 2020	0	0	0%

## Audit and Compliance Committee

The Audit and Compliance Committee provides oversight over 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. Pursuant to its Charter, the ACC approves the appointment and dismissal of the bank's Chief Audit Executive. The ACC is made up of three members of the board, two of whom are independent directors, including the Chairperson of the Committee.

In the exercise of its oversight, the committee held 12 meetings during the year, where various matters involving financial, credit, operations, information systems, monitoring, and accomplishment were discussed. The ACC noted, reviewed, approved, and endorsed the annual business plans, recommendations on credit policy enhancements, independent testing frameworks, compliance, and related activities, and



performance of both IAG and CMG. Despite operational challenges and the risk of COVID-19, ACC ensured IAG and CMG's pivot towards the formal adoption of offsite or remote audit and compliance activities.

In light of the evolving banking laws and regulations, CMG continuously released various materials such as infographics and manuals not only to stir interest and maintain awareness, but also to fortify the Bank's compliance culture. It also stepped up its efforts to manage business risks and continued the timely submission of covered transactions and suspicious transactions.

Likewise, IAG conducted period monitoring of outstanding and unresolved issues to ensure timely resolution, risk mitigation, and significant improvements in the Bank's operational process and control environment. It also worked towards the full implementation and utilization of the Bank's automated Audit Management System which sped up its efficiency and productivity. These are part of IAG's work to continuously improve and innovate the Bank's internal audit process to keep its practices aligned with the best industry practices.

The Heads of IAG and CMG are senior officers whose appointments were approved by the Board of Directors. Under the ACC Charter, the appointment and removal of the Head of Internal Audit Group must be deliberated upon and approved by the ACC.

	Name	Period Covered	Committee Meetings		
			Held Since Assumption	Attended	%
Chairman	Luis C. Bonguyan	January 1 – December 31, 2020	12	12	100%
Vice Chairman	Rogelio V. Garcia	January 1 – December 31, 2020	12	12	100%
Member	Maria Lourdes A. Arcenas	January 1 – December 31, 2020	12	12	100%

## Risk Oversight Committee

The Risk Oversight Committee has remained at the forefront of the Bank's risk management initiatives and activities. The ROC has assisted the Board of Directors in fulfilling its statutory responsibilities of ensuring the adequacy of the Bank's risk management systems, operating policies, and in setting the risk culture and appetite. It also played an active role in overseeing the conduct and documentation of the Internal Capital Adequacy Assessment Process. As part of the ICAAP, the Board of Directors, through the ROC, defined the Bank's internal capital management strategies and work to augment its long-term resources through capital infusion from its stakeholders.

In 2020, the Committee held 13 meetings. It has consistently discharged its oversight responsibilities while the Bank was adapting to the new normal not only to mitigate adverse effects on financial and operations, but also to remain competitive among its peers despite the ongoing pandemic. ROC likewise took steps to implement several policies and guidelines to aid borrowers and protect information assets. In addition, the

Committee revised the Bank's various market and liquidity risk models as well as updated various limits for treasury activities. It also took the lead in enhancing DBP's Business Continuity Management Program to ensure the Bank will stay on track regardless of the situation.

Under the ROC Charter, there shall be at least three members where the majority must be independent directors, including the Chairman.

	Name	Period Covered	Committee Meetings		
			Held Since Assumption	Attended	%
Chairman	Miguel C. Abaya	January 1 – December 31, 2020	13	13	100%
Vice Chairman	Teodoro M. Jumamil	January 1 – July 1, 2020	7	7	100%
	Maria Lourdes A. Arcenas	August 3 – December 1, 2020	4	4	100%
	Rafael L. Reyes	December 2 – 31, 2020	1	1	100%
Member	Luis C. Bonguyan	January 1 – December 31, 2020	13	13	100%

## Trust Committee

The Trust Committee is composed of at least five members, including the President and CEO and the Trust Officer. The remaining 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". In 2020, the Trust Committee held 10 meetings.

This committee is a policy-making body tasked with overseeing the investment activities of DBP's Trust Banking Group (TBG) and formulating broad investment strategies for the TBG through the establishment of major policy criteria for investment decisions and the 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.

	Name	Period Covered	Committee Meetings		
			Held Since Assumption	Attended	%
Chairman	Emmanuel P. Galicia, Jr.	January 1 – December 31, 2020	10	10	100%
Vice Chairman	Teodoro M. Jumamil	January 1 – July 1, 2020	4	4	100%
	Rafael L. Reyes	December 2 – 31, 2020	-	-	-
Members	Emmanuel G. Herbosa	January 1 – December 31, 2020	9	10	90%
	Corazon D. Conde	January 1 – December 31, 2020	10	10	100%
	Ma. Teresa T. Atienza	January 1 – December 31, 2020	10	10	100%

## Governance Committee

The Governance Committee is composed of three members of the Board of Directors, two of whom must be independent directors including the Chairperson of the Committee. The Governance Committee ensures the Board's effectiveness in fulfilling its corporate governance responsibilities. Jointly with the Human Resource Committee, the Governance Committee is tasked with the review and evaluation of the qualifications of all persons nominated to positions requiring appointment by the board. In addition, it oversees the periodic performance evaluation of the board and its committees; and subsequently makes recommendations to the Board on matters regarding the continuing education of the Bank's directors and their assignment to Board Committees.

In 2020, the Governance Committee raised the bar for integrity, accountability, and efficiency in the public service through the adoption of the Conflict of Interest Disclosure Form for the Conduct of Review of Outside Activities of Senior Management, Revised Guidelines on Nominations of DBP Representatives to the Governing Board of its Subsidiaries, Affiliates and other Related Entities, Revised DBP Corporate Governance Self-Assessment System, and the Customer Experience Strategy Roadmap. With technology as an indispensable tool for governance under the new normal, the Governance Committee authorized and encouraged the conduct of virtual meetings, fora, and events. Governance Circles continue to meet through various video/teleconferencing platforms. Webinars on administrative and governance policies, as well as virtual streaming of the 6th DBP Good Governance Forum and DBP-RBAP Forum are some of the e-governance initiatives implemented.

In 2020, the Governance Committee held 12 meetings.

	Name	Period Covered	Committee Meetings		
			Held Since Assumption	Attended	%
Chairman	Maria Lourdes A. Arcenas	January 1 – December 31, 2020	12	12	100%
Vice Chairman	Emmanuel P. Galicia, Jr.	January 1 – December 31, 2020	12	12	100%
Member	Alberto G. Romulo	January 1 – December 31, 2020	12	12	100%

## IT Governance Committee

The IT Governance Committee strongly advocates the strategic importance of IT in the context of the Bank's operations. Composed of four members of the Board, the ITGC ensures that the directions set for IT are aligned with, and will sustain, the Bank's goals and objectives. The committee also ensures that the Bank's Information Systems Strategic Plan is appropriately developed to reflect the business requirements for IT; and that the same is reviewed periodically. Ensuring that the Bank's IT's performance is measured, its resources managed, and its risks mitigated are the key functions of this committee. The ITGC held 11 meetings in CY 2020.

	Name	Period Covered	Committee Meetings		
			Held Since Assumption	Attended	%
Chairman	Teodoro M. Jumamil	January 1 to July 1, 2020	6	6	100%
	Luis C. Bonguyan	August 3 - December 1, 2020	4	4	100%
Vice Chairman	Rafael L. Reyes	December 2 - 31, 2020	1	1	100%
	Emmanuel P. Galicia	January 1 – December 31, 2020	11	11	100%
Members	Miguel C. Abaya	January 1 – December 31, 2020	11	11	100%
	Rolando L. Metin <sup>†</sup>	January 1 - May 4, 2020	3	3	100%
	Jeannie N. Sandoval	December 2 - 31, 2020	1	1	100%

## Human Resource Committee

It is the mandate of the Human Resource Committee to review, screen, and formalize Management's recommendations on HR-related matters as approved by the BOD. It is also tasked with the review of bank-wide 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 proposing enhancements and promotions to meet the growing needs of the DBP organization. The HRC is composed of the President and CEO, and two members of the BOD. In 2020, the HRC held 18 meetings.

	Name	Period Covered	Committee Meetings		
			Held Since Assumption	Attended	%
Chairman	Rolando L. Metin <sup>†</sup>	January 1 - May 4, 2020	4	4	100%
Vice Chairman	Rogelio V. Garcia	May 20 - December 31, 2020	18	18	100%
Members	Rogelio V. Garcia	January 1 - May 19, 2020	18	18	100%
	Emmanuel G. Herbosa	January 1 – December 31, 2020	18	18	100%
	Emmanuel P. Galicia, Jr.	May 20 - December 1, 2020	10	10	100%
	Jeannie N. Sandoval	December 2 - 31, 2020	3	3	100%

## Development Advocacy Committee

The Development Advocacy Committee is the unifying and focal body in spearheading the Bank's drive towards accomplishing its development 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 fulfilling DBP's mandate.

The DAC is composed of six members, consisting of the DBP Chairman, four members of the Board, and the President and Chief Executive Officer. It held 12 meetings in CY 2020.

	Name	Period Covered	Committee Meetings		
			Held Since Assumption	Attended	%
Chairman	Rogelio V. Garcia	January 1 – May 19, 2020	12	12	100%
	Jeannie N. Sandoval	December 2 – 31, 2020	1	1	100%
Vice Chairman	Rolando L. Metin <sup>†</sup>	January 1 - May 4, 2020	4	4	100%
	Rogelio V. Garcia - as Vice/Presiding Chairman	May 20 to December 1, 2020	12	12	100%
	- as Vice Chairman	December 2 - 31, 2020			
Members	Alberto G. Romulo	January 1 – December 31, 2020	12	12	100%
	Emmanuel G. Herbosa	January 1 – December 31, 2020	12	12	100%
	Miguel C. Abaya	January 1 – December 31, 2020	12	12	100%
	Maria Lourdes A. Arcenas	January 1 – December 31, 2020	12	12	100%

## Related Party Transactions Committee

The Related Party Transactions Committee evaluates existing relations between and among businesses and counterparties. The Committee's main tasks are 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 at arm's length. The committee is composed of three members of the BOD, two of whom are independent directors, including the Committee Chairperson. In 2020, the RPT Committee held eight meetings.

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 policies on conflict of interest and potential conflict of interest are duly observed.

	Name	Period Covered	Committee Meetings		
			Held Since Assumption	Attended	%
Chairman	Alberto G. Romulo	January 1 – December 31, 2020	8	8	100%
Vice Chairman	Luis C. Bonguyan	January 1 - August 2, 2020	3	3	100%
	Miguel C. Abaya	August 3 - December 31, 2020	5	5	100%
Members	Rogelio V. Garcia	January 1 - December 1, 2020	7	7	100%
	Jeannie N. Sandoval	December 2 to 31, 2020	1	1	100%

## Related Party Transactions

In compliance with BSP enhanced corporate governance guidelines, the Bank continues to implement the DBP Circular No. 25, series of 2018 or the "Revised DBP Related Party Transactions Policy (RPT)." The circular provides for the clear definition and enumeration of covered related parties and transactions, including threshold limits.

All RPTs of the Bank are conducted in the regular course of business and not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances.

For the list of material RPTs entered into by the Bank in 2020, please see page 79 of the Notes to Financial Statements.





## Budget Committee

The Budget Committee, created in December 2019, is tasked to monitor, oversee, and act on the Bank's operating expenses, major capital expenditures, and other related matters. It is composed of four members of the Board. In 2020, the Budget Committee held 17 meetings.

	Name	Period Covered	Committee Meetings Held		
			Held Since Assumption	Attended	%
Chairman	Teodoro M. Jumamil	January 1 - July 1, 2020	7	7	100%
	Rogelio V. Garcia	August 3 - December 31, 2020	17	17	100%
Members	Rogelio V. Garcia	January 1- August 2, 2020			
	Luis C. Bonguyan	January 1 - December 31, 2020	17	17	100%
	Emmanuel P. Galicia, Jr.	August 3 - December 31, 2020	10	10	100%

## Board Meetings

In compliance with the DBP Manual of Corporate Governance, the Board continues to discuss and exchange views on various issues of interest twice every month. The directors, as fiduciaries, also strive to put the interests of the Bank and its stakeholders on top of their priorities to achieve the greatest possible impact.

The schedule of Board and Board-level Committee meetings in 2020 were set as early as November 2019 to give the Directors due notice and for them to be able to plan their calendars ahead. Keeping in mind the COVID-19 health and safety protocols, the Board was able to hold its scheduled regular meetings throughout the year. The Chairman has likewise been able to hold special meetings and ad referendum proceedings with the Directors to decide on urgent matters. Thus, the Board has met 100% of their scheduled and special meetings for the year.

The Board is assisted by SVP Atty. Rene A. Gaerlan, the Bank's Corporate Secretary since January 2, 2020. Among other functions, he ensures that the deliberations and decisions of the Board are properly documented and minuted. Moreover, he is primarily responsible in the proper and efficient conduct of Board and Board-level Committee meetings. He is also tasked to keep Directors abreast of issues, developments, and relevant details by providing Board materials at least five (5) days before the scheduled meeting.

## Attendance of Directors at Board Meetings

Name of Director	Regular Board Meetings			Approval Referendum/ Special Meeting		
	Held Since Assumption	Attended	%	Held Since Assumption	Attended	%
Alberto G. Romulo	23	23	100%	57	57	100%
Emmanuel G. Herbosa	23	23	100%	57	57	100%
Miguel C. Abaya	23	23	100%	57	57	100%
Maria Lourdes A. Arcenas	23	23	100%	57	57	100%
Luis C. Bonguyan	23	23	100%	57	57	100%
Emmanuel P. Galicia, Jr.	23	23	100%	57	57	100%
Rogelio V. Garcia	23	23	100%	57	57	100%
Teodoro M. Jumamil	12	12	100%	24	24	100%
Rolando L. Metin†	7	7	100%	16	16	100%
Rafael L. Reyes	2	2	100%	7	7	100%
Jeannie N. Sandoval	2	2	100%	7	7	100%

## CY 2020 Actual Date of Meeting of the Board and Board-Level Committees

### I. Board Meetings

2020	Regular Meeting	Special Meetings	Meeting via/Ad Referendum
January	8, 22	-	20, 28, 31
February	5, 19	-	13, 27, 28
March	4	-	11, 13, 17, 23, 26, 27
April	1, 22	-	1, 6, 22
May	6, 20	-	4, 6, 18, 20
June	3, 17	-	3, 17, 23, 24
July	1, 15	-	1, 8, 15, 29
August	5, 19	-	3, 5, 6, 19, 26
September	2, 16	-	2, 14, 16, 22, 24, 28, 30
October	7, 21	-	7, 13, 21, 27, 28, 29
November	4, 18	1	4, 9, 18, 23, 26
December	2, 16	-	2, 10, 16, 17, 23, 29
TOTAL	22	1	56

### II. Board-Level Committee Meetings

2020	Exe Com		TC		ROC			DAC		ACC		GC		IT Gov		HRC			RPT Committee		Budget Committee	
	Reg.	Ad Ref	Reg.	Ad Ref	Reg.	Ad Ref	Special	Reg.	Ad Ref	Reg.	Ad Ref	Reg.	Ad Ref	Reg.	Ad Ref	Reg.	Ad Ref	Special	Reg.	Ad Ref	Reg.	Ad Ref
January	15, 31	-	22	-	31	-	-	15	-	22	-	8	-	8	-	15	-	-	-	-	-	-
February	12, 26	-	-	-	26	-	-	12	-	19	-	12	-	5	-	12	-	-	-	-	-	-
March	11, 25	25	-	25	-	25	11	11	-	-	17	4	-	4	-	11	-	-	-	-	-	-
April	-	15, 29	-	29	-	29	-	-	29	22	-	1	-	-	-	-	22	-	1	-	-	-
May	-	13, 17	-	27	-	27	-	-	13	20	-	6	-	-	6	-	13	-	6	-	-	18, 26
June	-	10, 24	-	24	-	24	-	-	10	17	-	-	3	-	3	-	10	-	-	24	-	23,10, 15,22, 26
July	-	8, 22	-	13, 22	-	22	-	-	8	15	-	1	-	-	1	-	8	-	-	-	-	-
August	-	12, 26	-	-	-	26	-	-	12	19	-	5	-	5	-	-	12	-	19	-	-	6, 10, 20
September	-	9, 23	-	30	-	23	-	9	-	16	-	2	-	-	-	-	9, 21	-	-	2	-	1, 8, 10
October	-	14, 28	-	28	-	28	-	-	-	21	-	7	-	7	-	-	5,14	27	-	19, 27	21	28
November	-	11, 28	25	-	-	25	-	-	11	18	-	4	-	4	-	11, 26	-	-	-	-	-	18
December	-	9	-	-	-	16	-	9	-	16	-	2	-	2, 9	-	9	11, 26	-	-	11	-	16
TOTAL	6	18	2	8	2	10	1	5	6	11	1	11	1	8	3	6	11	1	3	5	1	16

# Training Programs Attended by the Board of Directors

ATTENDEE	COURSE TITLE	CONDUCTED BY
<b>ALBERTO G. ROMULO</b> Chairman Independent/Non-executive Director	Webinar on AML Sanctions 2020	Anti-Money Laundering Council
	Information Security Awareness	DBP Information Security Risk Management Department & Mr. Mark Almodovar
<b>EMMANUEL G. HERBOSA</b> Vice Chairman President and Chief Executive Officer/ Executive Director	Webinar on AML Sanctions 2020	Anti-Money Laundering Council
	Sustainable Finance Forum	Bankers Association of the Philippines
<b>MIGUEL C. ABAYA</b> Independent/Non-executive Director	Information Security Awareness	DBP Information Security Risk Management Department & Mr. Mark Almodovar
	Webinar on AML Sanctions 2020	Anti-Money Laundering Council
<b>MARIA LOURDES A. ARCENAS</b> Independent/Non-executive Director	Information Security Awareness	DBP Information Security Risk Management Department & Mr. Mark Almodovar
	Webinar on AML Sanctions 2020	Anti-Money Laundering Council
	First Risk Management Summit: Building Resilience in a Post Pandemic World	Indu Inferentia Management Consultancy Inc.
<b>LUIS C. BONGUYAN</b> Independent/Non-executive Director	2020 Webinar Series – Combating Money Laundering During Pandemic	Bangko Sentral ng Pilipinas
	Webinar on AML Sanctions 2020	Anti-Money Laundering Council
	Future-Ready Boards-Deep Dive	Institute of Corporate Directors
	Strengthening MSMEs: COVID-19 Strategies and Support Measures (Part II)	European Chamber of Commerce of the Philippines
	Information Security Awareness	DBP Information Security Risk Management Department & Mr. Mark Almodovar
<b>EMMANUEL P. GALICIA JR.</b> Regular/Non-executive Director	2020 Webinar Series – Combating Money Laundering During Pandemic	Bangko Sentral ng Pilipinas
	Webinar on AML Sanctions 2020	Anti-Money Laundering Council
	Information Security Awareness	DBP Information Security Risk Management Department & Mr. Mark Almodovar
<b>ROGELIO V. GARCIA</b> Regular/Non-executive Director	Crisis-Ready Boards	Institute of Corporate Directors
	2020 Webinar Series – Combating Money Laundering During Pandemic	Bangko Sentral ng Pilipinas
	Webinar on AML Sanctions 2020	Anti-Money Laundering Council
	Strengthening MSMEs: COVID-19 Strategies and Support Measures (Part II)	European Chamber of Commerce of the Philippines
	Information Security Awareness	DBP Information Security Risk Management Department & Mr. Mark Almodovar
<b>RAFAEL L. REYES</b> Regular/Non-executive Director	Information Security Awareness	DBP Information Security Risk Management Department & Mr. Mark Almodovar
	Onboarding/Orientation Briefing	Office of the Corporate Secretary & SVP Atty. Rene A. Gaerlan
<b>JEANNIE N. SANDOVAL</b> Regular/Non-executive Director	Information Security Awareness	DBP Information Security Risk Management Department & Mr. Mark Almodovar
	Onboarding/Orientation Briefing	Office of the Corporate Secretary & SVP Atty. Rene A. Gaerlan



## Corporate Governance Programs, Policies and Initiatives

DBP, through its Board of Directors, is fully committed in the continuing observance of the highest standards of ethics, integrity, and excellence in the daily operations of the Bank, as well as in all its dealings with external partners, counterparties, and the general public. The Board believes that setting the tone of good governance and ethical standards will pave the way for the entire organization to promote a transparent and responsive corporate culture in the Bank. To this end, the Bank upholds the policy of the state to promote a high standard of ethics in public service.

The DBP Code of Ethics reiterates the standards of ethics expected from all civil servants working in the government, including the members of the Board. Thus, all members of the Board, officers, and employees shall observe the norms of conduct embodied in the code by ensuring that they discharge their duties with utmost responsibility, integrity, competence, and loyalty, act with patriotism and justice, lead modest lives and uphold public interest over personal interest. Corporate principles and values are likewise enshrined in the Code of Ethics where the duties and obligations of the Bank towards its stakeholders, and the duties and responsibilities of the officers and employees towards the Bank are laid down for clear understanding and appreciation. Also, the directors, officers, and employees are made aware by the Code of Ethics of the prohibited acts and transactions whereby commission thereof will subject the personnel concerned to appropriate administrative disciplinary actions. The Bank ensures the continued implementation and observance of the provisions of the Code of Ethics through information dissemination and inclusion of the topic in the module for the orientation of new hires.

The Bank remains steadfast in its commitment to promote and maintain the highest standards of good governance by ensuring compliance with the GCG Code of Corporate Governance (Memorandum Circular No. 2012-07) and the BSP Enhanced Corporate Governance Guidelines (Circular No. 969, Series of 2017). The Bank adopted Circular 36, series of 2020, which revised the guidelines on nomination of DBP representatives to the governing board of its subsidiaries, affiliates, and other related entities, to ensure continuing compliance with the multiple board seats limit and align with the update on regulatory issuances.

In 2020, the Bank continued to build on the bedrock of good governance by continuously operationalizing Governance Circles to strengthen employee engagement and participation. Under the new normal, it served as a key venue for engaging DBP employees on the front lines or with alternative work arrangements to balance the Bank's interests and employee welfare. At present, there are more than 200 DBP Governance

Circles established across the DBP head office and regional units. These circles ensure DBP's policies, programs, and initiatives, among others, remain grounded and responsive to the needs of its stakeholders.

The Bank likewise continues to encourage open and transparent communication between the Management and the stakeholders. All officers and employees can freely report irregularities, violations of laws, rules and regulations, or even corrupt practices or non-observance of the Bank's Code of Ethics without fear of retaliation through the DBP Whistleblower Protection Policy. Interference, retaliation and other forms of retribution against whistleblowers or witnesses to a protected disclosures are considered grave administrative offenses and is dealt with in accordance with DBP Circular No. 8, series of 2020 or the Implementing Guidelines of the 2017 Revised Rules on Administrative Cases. The Bank also maintained its dedicated hotline for internal and external reporting under the Whistleblower Policy.

**"In a quest for relevance of DBP as the common good Bank, governance underlines the success of DBP to manage risks and to support sustainable business on our way to economic recovery. Good governance is the power to determine our future, the dominant accompaniment of development. Good governance is listening, thinking, making sense of our charter, understanding how to fulfill our mission. "**

*Ma. Lourdes A. Arcenas,  
Director*



# Management Committee



*Front: Left to Right*

**Perla Melanie C. Caraan**  
Senior Vice President  
Head, Human Resource  
Management Group  
Age: 60/Filipino

**Fe Susan Z. Prado**  
Executive Vice President  
Head, Branch Banking Sector  
Age: 63/Filipino

**Emmanuel G. Herbosa**  
President and  
Chief Executive Officer  
Age: 67/Filipino

**Soraya F. Adiong**  
Senior Vice President  
Chief Legal Counsel  
Age: 47/Filipino

*Back: Left to Right*

**Nomerlito A. Juatchon**  
Vice President  
Head, Anti-Money Laundering  
Department and Concurrent  
Acting Head Compliance  
Management Group  
Age: 58/Filipino

**Paul D. Lazaro**  
Senior Vice President  
Head, Lending Program  
Management Group  
Age: 62/Filipino



Front: Left to Right

**Jose Gabino D. Dimayuga**  
Executive Vice President  
Head, Development Sector  
Age: 60/Filipino

**Marietta M. Fondevilla**  
Executive Vice President  
Head, Corporate Services  
Sector and Concurrent Acting  
Head, Operations Sector  
Age: 65/Filipino

**Roda T. Celis**  
Executive Vice President  
Head, Treasury and  
Corporate Finance Sector  
Age: 57/Filipino

**Ronaldo U. Tepora**  
Vice President  
Officer in Charge, Strategic  
Planning Group  
Age: 51/Filipino

Back: Left to Right

**Catherine T. Magana**  
Senior Vice President  
Chief Risk Officer  
Age: 55/Filipino

**Ma. Cristina C. Malab**  
Vice President  
Chief of Staff  
Age: 53/Filipino

**Emmanuel Z. Muniz III**  
Special Assistant to the Corporate  
Head III, Office of the President and  
Chief Executive Officer  
Age: 53/Filipino



# MANAGEMENT COMMITTEE



The Management Committee (ManCom), DBP's highest approving body at the Management level, is collectively responsible for vetting and deliberating on all 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.

Policy and operational matters presented to the ManCom for approval cut across bank sectors and impact the whole bank. These include: (1) policy matters for determination of management's official position prior to submission for Board approval; (2) policy matters as may be delegated by the Board for ManCom deliberation and approval, and (3) administrative or operational matters that would benefit from the collective wisdom and deliberation of the ManCom as a collegial body.

Members		No. of Meetings Attended
PCEO EMMANUEL G. HERBOSA	49	
EVP JOSE GABINO D. DIMAYUGA	53	
EVP MARIETTA M. FONDEVILLA	49	
EVP BENEL D. LAGUA	3	
EVP SUSAN Z. PRADO	51	
EVP RODA T. CELIS	47	
SVP EDGAR B. TRONO	8	
SVP PERLA MELANIE C. CARAAN	53	
SVP SORAYA F. ADIONG	46	
VP RONALDO U. TEPORA	44	
FVP CHRISTINE G. MOTA	6	as OIC, TCFS
SVP LUTGARDA C. B. PERALTA	5	as OIC, CSS
VP RUBY R. RODEROS	3	as OIC, OS
VP JOSE MARIA L. VILLAREAL	5	as OIC, LSG
VP MINERVA M. VIRTUCIO	2	as OIC, OS
VP MARIA VIRGINIA M. TIPACE	1	as OIC, HRMG
VP GERONIMO ALFREDO GERALD S. CRISOLOGO	1	as OIC, BBS
VP RAUL D. MALLARI	3	as OIC, LSG
FVP MARK DENNIS S. TAN	1	as OIC, BBS
FVP DANIEL M. GONZALES	1	as OIC, DLS
SVP ANTONIO OWEN S. MARAMAG	1	as OIC, BBS
VP RODRIGO JESUS V. MANTARING	2	as OIC, SPG
SAVP VERONICA C. ERNACIO	1	as OIC, SPG
Observers		
SVP CATHERINE T. MAGANA	46	
FVP MA. CRISTINA C. MALAB	50	
VP EMMANUEL Z. MUNIZ III	51	
VP NOMERLITO A. JUATCHON	50	
SAVP JESHRYL D. ARANZASO	3	as OIC, ERMG
AVP PATRICIA T. ROQUE	4	as OIC, ERMG
SAVP JOCELYN A. CARILLO	3	as OIC, CMG
SVP PAUL D. LAZARO	7	

## ASSET LIABILITY MANAGEMENT COMMITTEE

The Asset Liability Management Committee (ALCO) has been established by the Board of Directors to assist in ensuring that liquidity, market, and interest rate risks are adequately managed both on long-term and day-to-day bases. The Committee's duties, responsibilities, and authority are set forth in the ALCO Charter. Among other functions, the ALCO is directed towards optimization of income to ensure viable and profitable operations through maximization of yields and minimization of costs relative to risk and opportunities in the market. The Committee serves as approving authority and pre-clearing body of the Bank's pricing policies, interest rate setting, investments in financial instruments, and risk management policies and limits on market, liquidity, interest rate and other related risks. It likewise undertakes notation

of reports on regulatory compliance ratios, profitability and financial performance indicators, 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 (CEO) who acts as the Chairperson. The Branch Banking Sector Head and the Treasury & Corporate Finance Sector Head are the Committee's First Vice Chairperson and Second Vice Chairperson respectively. The Committee meets every week and follows the approved Structured Agenda.

		Period Covered	Number of Meetings Upon Assumption	Number of Meetings Attended
Chairperson	President & CEO Emmanuel G. Herbosa	January 1 – December 31, 2020	50	42
First Vice Chairperson	EVP Susan Z. Prado	January 1 – December 31, 2020	50	47
Second Vice Chairperson	EVP Roda T. Celis	January 1 – December 31, 2020	50	44
Members	EVP Jose Gabino D. Dimayuga	January 1 – December 31, 2020	50	50
	EVP Marietta M. Fondevilla	January 1 – December 31, 2020	50	44
	EVP Benel D. Laguna	January 1 – February 11, 2020	6	4
	SVP Ronaldo U. Tepora	March 10 – December 31, 2020	41	38
	SVP Edgar Richard B. Trono	January 1 – March 3, 2020	9	9
	SVP Minerva M. Virtucio	January 1 – December 31, 2020	50	47
	FVP Christine G. Mota	January 1 – December 31, 2020	50	48
	SVP Perla Melanie C. Caraan, OIC CSS			1
	SVP Antonio Owen S. Maramag, OIC BBS			1
	SVP Lutgarda B. Peralta, OIC CSS			4
	FVP Mark Dennis S. Tan, OIC BBS			1
	VP Angelica G. Arile, OIC CG			1
	VP Jema D. Belza, OIC CG			2
	VP Geronimo Alfredo Gerald S. Crisologo, OIC BBS			1
	VP Rodrigo Jesus V. Mantaring, OIC SPG			2
	VP Ruby R. Roderos, OIC OPS			3
	SAVP Jeshryl D. Aranzaso, OIC ERMG			1

## CREDIT COMMITTEE

As 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. The CreCom ensures that the Bank's credit risk-taking activities are aligned with the credit risk strategy and appetite approved by the Board. Led by the President & CEO and Senior Management, the CreCom 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.

Being the bankwide 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.

		Period Covered	Number of Meetings Upon Assumption	Number of Meetings Attended
Chairperson	President & CEO Emmanuel G. Herbosa	January 1 – December 31, 2020	53	49
First Vice Chairperson	EVP Benel D. Laguna	January 1 – February 11, 2020	6	4
Second Vice Chairperson/ Vice Chairperson	EVP Marietta M. Fondevilla	January 1 – February 11, 2020 February 18 – December 31, 2020	53	48
Members	EVP Fe Susan Z. Prado	January 1 – December 31, 2020	53	46
	EVP Jose Gabino D. Dimayuga	January 1 – December 31, 2020	53	53
	EVP Roda T. Celis	January 1 – December 31, 2020	53	44
	SVP Lutgarda B. Peralta, OIC CSS		53	3
	SVP Soraya F. Adiong	January 14 – December 31, 2020		5
	SAVP Jose Maria L. Villareal	January 21 – December 31, 2020	51	43
	SVP Minerva M. Virtucio	October 6 – December 31, 2020	12	10
	VP Ruby R. Roderos	January 21 – August 25, 2020	34	25
	SVP Lutgarda B. Peralta, OIC CSS			3
	FVP Christine G. Mota			7
	VP Mary Gina T. Legaspi			7
	AVP Ma. Theresa F. Abad			1
	VP Geronimo Alfredo Gerald S. Crisologo, OIC BBS			1
	SVP Antonio Owen S. Maramag, OIC, BBS			2
	VP Ricardo Josef S. Bandal II (BBS)			1
	FVP George S. Inocencio (BBS)			1
	FVP Mark Dennis S. Tan			1
	VP Francis S. Delos Reyes			1
	VP Rene A. Gaerlan, OIC LSG			1
	VP Raul D. Mallari			3
	AVP April D. Cabeza-Torres, LSG			1
	FVP Marie Cielo T. Veran			2



## IT STEERING COMMITTEE

Guided by a governance framework that provides a formal structure and documented process, the IT Steering Committee ensures that the Bank makes informed decisions on information technology. The committee is also responsible for coming up with the strategic direction that the Bank will undertake in terms of their computerization projects. The tasks being undertaken by the committee include establishing the business case for system development and the planning principles, defining the overall scope of the project, communicating with all the business units; developing a decision framework and providing management oversight through the development and implement of the initiative.



	Duration	Attended No. of meetings held during the year	Approval/ Notation by Referendum (5)
<b>Chairperson</b>			
PCEO Emmanuel G. Herbosa	January – December 2020	11	4
<b>Members</b>			
Dir. Teodoro M. Jumamil	January – March 2020	1	1
EVP Marietta M. Fondevilla	January – December 2020	8	4
EVP Susan Z. Prado	January – December 2020	8	5
EVP Jose Gabino L. Dimayuga	January – December 2020	7	5
EVP Roda T. Celis	January – December 2020	10	5
EVP Benel D. Laguna	January – February 2020	-	-
SVP Soraya F. Adiong	January – December 2020	6	4
SVP Edgar Richard B. Trono	January – February 2020	1	2
SVP Catherine T. Magana*	January – December 2020	9	N/A
VP Normelito A. Juatchon*	January – December 2020	7	N/A
VP Emmanuel Z. Muñiz*	January – December 2020	11	N/A
SVP Ryan R. Gabinete*	January – December 2020	2	N/A
VP Cristopher C. Realina*		9	N/A
(Represented SVP Gabinete)			
Mr. Celestino M. Medina	January – December 2020	11	N/A

## Office of the President and CEO



Front: Left to Right

**Soraya F. Adiong**  
Senior Vice President

**Ma. Teresa T. Atienza**  
Senior Vice President

**Emmanuel G. Herbosa**  
President & CEO

**Ryan R. Gabinete**  
Senior Vice President

**Rose Marie Q. Quilantang**  
First Vice President

**Ma. Veronica B. Bautista**  
First Vice President



Front: Left to Right

**Mary Rachelle R. Sañez-Hernandez**  
Vice President

**Camilo G. Sanchez**  
Vice President

**Ronaldo U. Tepora**  
Vice President

**Menchie D. Castañeda-Villacorta**  
Vice President

**Jose Marie A. Bonto**  
Vice President

**Jose Maria L. Villareal**  
Vice President



Front: Left to Right

**Catherine T. Magana**  
Senior Vice President

**Airene Petronila D. Estrella**  
Vice President

**Emmanuel Z. Muñiz III**  
Vice President

**Rene A. Gaerlan**  
Senior Vice President

**Nomerlito A. Juatchon**  
Vice President

**Ardy D. Gomez**  
Vice President



Front: Left to Right

**Raul D. Mallari**  
Vice President

**Cristopher C. Realina**  
Vice President

**Rodrigo Jesus V. Mantaring**  
Vice President

**Jose M. De Vera**  
Vice President

**Stella A. Sampayan**  
Vice President

**Ma. Cristina C. Malab**  
Vice President

**Ernesto R. Purugganan**  
Vice President



## Branch Banking Sector



Front: Left to Right

**Mark Dennis S. Tan**  
First Vice President

**Madeleine F. Aldana**  
Senior Vice President

**Neogen M. Chaves**  
Senior Vice President

**Ricardo Josef S. Bandal II**  
Vice President

**Helbert Antoine A. Achay**  
Vice President

**Antonio Owen S. Maramag**  
Senior Vice President

**Fe Susan Z. Prado**  
Executive Vice President

**Fernando G. Lagahit**  
Senior Vice President

**George S. Inocencio**  
First Vice President



Front: Left to Right

**Nelito H. Tingzon**  
Vice President

**Francis Thaddeus L. Rivera**  
Vice President

**Rosemarie C. Callanta**  
Vice President

**Roderick P. Barbado**  
Senior Assistant  
Vice President

**Rustum H. Corpuz Jr.**  
Vice President

**Maria Dolores C. Guevarra**  
Vice President

**Geronimo Alfredo  
Gerald S. Crisologo**  
Vice President

**Joel G. Jalbuena**  
Senior Assistant  
Vice President

**Rebecca G. Reyes**  
Vice President

## Development Lending Sector



Front: Left to Right

**Paul D. Lazaro**  
Senior Vice President

**Abelardo L. Monarquia**  
Senior Vice President

**Sisinio S. Narisma**  
Senior Vice President

**Daniel M. Gonzales**  
First Vice President

**Carolyn I. Olfindo**  
Senior Vice President

**Jose Gabino D. Dimayuga**  
Executive Vice President

**Ana Marie E. Veloso**  
Senior Vice President



Front: Left to Right

**Marissa P. Aniño**  
Senior Assistant  
Vice President

**Rustico Noli D. Cruz**  
Vice President

**Roxann D. Morales**  
First Vice President

**Jeanne D. Adamos**  
Vice President

**Catherine T. Camarao**  
Vice President

**Ma. Lourdes B. Gumba**  
First Vice President

**Suzanne S. Aquino**  
Vice President



## Operations Sector



Front: Left to Right

**Sonia G. Torres**  
Vice President

**Minerva M. Virtucio**  
Senior Vice President

**Jema D. Belza**  
Vice President

**Mary Gina T. Legaspi**  
Vice President

**Angelica G. Arile**  
Vice President

**Marietta M. Fondevilla**  
Executive Vice President

**Ruby R. Roderos**  
Vice President

## Treasury and Corporate Finance Sector



Front: Left to Right

**Lorena Go-Español**  
Vice President

**Francis Nicolas M. Chua**  
First Vice President

**Allen Robert M. Adecera**  
Vice President

**Christine G. Mota**  
Vice President

**Francis S. Delos Reyes**  
Vice President

**Roda T. Celis**  
Senior Vice President

**Mario Rey T. Morales**  
Vice President



## Corporate Services Sector



Front: Left to Right

**Perla Melanie C. Caraan**  
Senior Vice President

**Marietta M. Fondevilla**  
Executive Vice President

**Romeo B. Carandang**  
Vice President

**Lutgarda C. Baquiran-Peralta**  
Senior Vice President

**Marie Cielo T. Veran**  
First Vice President



Front: Left to Right

**Maria Virginia M. Tipace**  
Vice President

**Zandro Carlos P. Sison**  
Vice President

**Madeleine M. Casas**  
Vice President

**Isabelita S. Lopez**  
Vice President

**Romeo A. Aguilar**  
Vice President

**Heidi G. Macasaet**  
Vice President

# Reinvigorating our Growth

## Risk Management

In 2020, DBP managed to sustain its profitable operations and posted a Capital Adequacy Ratio (CAR) of 13.29% on a consolidated basis. This is almost 3% more than the BSP's regulatory minimum CAR of 10%. It also posted CET 1 and Tier 1 Ratios of both 11.71% on a consolidated basis and were both above regulatory thresholds.

The Bank is committed to maintain adequate capital ratios to ensure availability of sufficient resources to efficiently respond to the banking needs of their stakeholders. 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.

With the implementation of 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. The Bank has institutionalized the ICAAP by successfully integrating it in its Strategic Planning Exercise and Enterprise Risk Management (ERM) framework.

## Management of Risks

Risk management resides in all levels of the organization with the Board of Directors (BOD) responsible for the Bank's overall risk management. They set the tone and risk tolerance by articulating the Bank's risk appetite, establishing the risk management strategy and promoting a culture of risk-awareness.

The Enterprise Risk Management Group (ERMG), as a management unit, is primarily responsible for ensuring that the Bank's risk profile is aligned with business strategies approved

by the BOD. ERMG develops and implements an effective risk management framework from which emanates recommended policies, procedures, controls, and methodologies. Risk and capital management are then performed at all levels of the organization.

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 – the Executive Committee, the Governance Committee, the 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, the Management Committee, and the IT Steering Committee.

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

## Credit Risk

Credit risk is the Bank's biggest risk exposure arising mainly from its lending, trade-financing, treasury, and underwriting businesses.

Given the Bank's primary thrust of financing development to stimulate economic activities, 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 through its credit evaluation and assessment process, credit policies, controls, and monitoring structures. The Bank has an established credit limit structure, which provides for safeguards to manage credit concentration risk. Credit risk mitigation is likewise employed through the acceptance of eligible collaterals and guarantees. An enhanced internal credit risk rating system (ICRRS) enables monitoring of the portfolio quality and risk level and individual credit profile.

The Bank's total credit risk-weighted assets as of December 31, 2020 amounted to Php454.65Bn, broken down as follows:

Credit Risk-Weighted Assets As of December 31, 2020 (In PHP Millions)	Group	Parent
Total Risk-Weighted On-Balance Sheet Assets (Schedule A)	426,660	422,568
Total Risk-Weighted Off-Balance Sheet Assets (Schedule B)	26,874	26,874
Total Counterparty Risk-Weighted Assets in Banking Book (Derivatives and Repo-Style Transactions) (Schedule C)	971	971
Total Counterparty Risk-Weighted Assets in Trading Book (Derivatives and Repo-Style Transactions) (Schedule D)	141	141
Total Risk-Weighted Amount of Credit Linked Notes in the Banking Book	0	0
Total Risk-Weighted Securitization Exposures	0	0
Total Gross Risk-Weighted Assets	454,646	450,553
Deductions	0	0
<b>TOTAL CREDIT RISK-WEIGHTED ASSETS</b>	<b>454,646</b>	<b>450,553</b>

<b>Schedule A ASSETS - Group As of December 31, 2020 (In PHP Millions)</b>	<b>Total Credit Risk Exposure after Risk Mitigation</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Total Credit Risk- Weighted Assets</b>
Cash on Hand	5,975	-	-	-	-	-	-
Checks and Other Cash Items	1	1	-	-	-	-	0
Due from Bangko Sentral ng Pilipinas (BSP)	295,805	-	-	-	-	-	-
Due from Other Banks	9,533	185	8,121	-	1,227	-	5,324
Financial Assets Designated at Fair Value through Profit or Loss	-	-	-	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	46,270	1,615	11,105	-	9,828	-	15,703
Financial Assets at Hold to Collect (HTC)	203,965	694	26,521	-	47,282	-	60,682
Loans and Receivables	359,276	11,998	34,116	-	308,065	5,097	335,168
Loans and Receivables Arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse, and Securities Lending and Borrowing Transactions	16,017	-	145	-	-	-	72
Sales Contract Receivable	11	-	-	-	-	11	17
Real and Other Properties Acquired	1,043	-	-	-	-	1,043	1,564
<b>Total Exposures, Excluding Other Assets</b>	<b>937,897</b>	<b>14,493</b>	<b>80,007</b>	<b>0</b>	<b>366,402</b>	<b>6,151</b>	<b>418,530</b>
Other Assets	10,713	-	-	-	8,130	-	8,130
<b>Total Exposures, Including Other Assets</b>	<b>948,610</b>	<b>14,493</b>	<b>80,007</b>	<b>0</b>	<b>374,532</b>	<b>6,151</b>	<b>426,660</b>
<b>Total Risk-Weighted On-Balance Sheet Assets not covered by CRM</b>	<b>948,610</b>	<b>2,899</b>	<b>40,004</b>	<b>-</b>	<b>374,532</b>	<b>9,227</b>	<b>426,661</b>
<b>Total Risk-Weighted On-Balance Sheet Assets covered by CRM</b>	<b>86,217</b>						
<b>TOTAL RISK-WEIGHTED ON-BALANCE SHEET ASSETS</b>	<b>1,034,826</b>	<b>2,899</b>	<b>40,004</b>	<b>-</b>	<b>374,532</b>	<b>9,227</b>	<b>426,660</b>

<b>Schedule A ON-BALANCE SHEET ASSETS - Parent As of December 31, 2020 (In PHP Millions)</b>	<b>Total Credit Risk Exposure after Risk Mitigation</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Total Credit Risk- Weighted Assets</b>
Cash on Hand	5,966	-	-	-	-	-	-
Checks and Other Cash Items	1	1	-	-	-	-	0
Due from Bangko Sentral ng Pilipinas (BSP)	295,454	-	-	-	-	-	-
Due from Other Banks	9,402	185	8,121	-	1,096	-	5,194
Financial Assets Designated at Fair Value through Profit or Loss	-	-	-	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	46,270	1,615	11,105	-	9,828	-	15,703
Financial Assets at Hold to Collect (HTC)	203,935	694	26,521	-	47,282	-	60,682
Loans and Receivables	355,720	11,998	34,004	-	304,622	5,095	331,666
Loans and Receivables Arising from Repurchase Agreements, Certificates of Assignment/Participation with Recourse, and Securities Lending and Borrowing Transactions	15,965	-	145	-	-	-	72
Sales Contract Receivable	11	-	-	-	-	11	17
Real and Other Properties Acquired	1,029	-	-	-	-	1,029	1,544
<b>Total Exposures, Excluding Other Assets</b>	<b>933,753</b>	<b>14,493</b>	<b>79,896</b>	<b>0</b>	<b>362,828</b>	<b>6,135</b>	<b>414,877</b>
Other Assets	10,273	-	-	-	7,691	-	7,691
<b>Total Exposures, Including Other Assets</b>	<b>944,026</b>	<b>14,493</b>	<b>79,896</b>	<b>0</b>	<b>370,519</b>	<b>6,135</b>	<b>422,568</b>
<b>Total Risk-Weighted On-Balance Sheet Assets not covered by CRM</b>	<b>944,026</b>	<b>2,899</b>	<b>39,948</b>	<b>-</b>	<b>370,519</b>	<b>9,203</b>	<b>422,568</b>
<b>Total Risk-Weighted On-Balance Sheet Assets covered by CRM</b>	<b>86,217</b>						
<b>TOTAL RISK-WEIGHTED ON-BALANCE SHEET ASSETS</b>	<b>1,030,243</b>	<b>2,899</b>	<b>39,948</b>	<b>-</b>	<b>370,519</b>	<b>9,203</b>	<b>422,568</b>



Schedule B OFF-BALANCE SHEET ASSETS (In PHP Millions)	Group	Parent
Direct credit substitutes (e.g. general guarantees of indebtedness and acceptances)	2,274	2,274
Transaction-related contingencies (e.g., performance bonds, bid bonds, warranties and stand-by LCs related to particular transactions)	24,592	24,592
Trade-related contingencies arising from movement of goods (e.g., documentary credits collateralized by the underlying shipments) and commitments with an original maturity of up to one (1) year	7	7
Other commitments which can be unconditionally cancelled at any time by the bank without prior notice and those not involving credit risk	-	-
<b>TOTAL RISK-WEIGHTED OFF-BALANCE SHEET ASSETS</b>	<b>26,874</b>	<b>26,874</b>

Schedule C COUNTERPARTY ASSETS IN THE BANKING BOOK (In PHP Millions)	Group	Parent
A. Derivative Exposures	-	-
1. Interest Rate Contracts	-	-
2. Exchange Rate Contracts	-	-
3. Equity Contracts	-	-
4. Credit Derivatives	-	-
B. Counterparty Exposures arising from Financial Assets Sold/Lent under Repurchase Agreements, Certificates of Assignment/ Participation with Recourse, Securities Lending and Borrowing Agreements (Repo-style Transactions)	971	971
<b>TOTAL COUNTERPARTY RISK-WEIGHTED ASSETS IN THE BANKING BOOK</b>	<b>971</b>	<b>971</b>

Schedule D COUNTERPARTY ASSETS IN THE TRADING BOOK (In PHP Millions)	Group	Parent
A. Derivative Exposures		
1. Interest Rate Contracts	-	-
2. Exchange Rate Contracts	141	141
3. Equity Contracts	-	-
4. Credit Derivatives	-	-
B. Counterparty Exposures arising from Financial Assets Sold/Lent under Repurchase Agreements, Certificates of Assignment/ Participation with Recourse, Securities Lending and Borrowing Agreements (Repo-style Transactions)	-	-
<b>TOTAL COUNTERPARTY RISK-WEIGHTED ASSETS IN THE TRADING BOOK</b>	<b>141</b>	<b>141</b>

## Market Risk

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

While capital requirements are accounted for with the standardized approach, the Bank complements its capital adequacy assessment by using several measures to monitor market risk from its portfolio: (1) measuring of sensitivity of exposure to market factors; (2) estimating maximum potential loss through Value-at-Risk calculation, and (3) analysis of vulnerabilities through scenario analysis and stress testing.

The table below provides a summary of Parent Company's VaR profile by risk class for 2020:

VALUE-AT-RISK PROFILE (In PHP Millions)	2020 Year end	December 2019 - December 2020 Average	Min	2019 Year end	2019 Average
Fixed Income Trading	18	54	5	18	54
Foreign Exchange Trading	-	2	-	-	2

As of end 2020, total market risk-weighted assets stood at Php12.53Bn, where 77.27% is accounted for by foreign exchange exposures while interest rate exposures account for the remaining 22.73%.

MARKET RISK-WEIGHTED ASSETS (In PHP Millions)	2020	2019
Using Standardized Approach		
1. Interest Rate Exposures	2,848	2,372
2. Equity Exposures	-	-
3. Foreign Exchange Exposures	9,681	4,494
4. Options	-	-
<b>TOTAL MARKET RISK-WEIGHTED ASSETS</b>	<b>12,529</b>	<b>6,866</b>

Market Risk Management Department – Market and Liquidity Risk Unit (MRMD-MLRU) handles risk management for the Bank's treasury operations. The unit provides the BOD, Senior Management and Treasury Group with comprehensive analytics for market risk. It also establishes and reviews controls imposed on the Bank's trading and investment portfolio. The unit regularly monitors the activities of the Treasury Group to ensure that their activities are conducted within established limits, aligned with market regulation, and adheres to high ethical standards.

## Liquidity and Interest Rate Risks

The Bank designed the liquidity risk management process with three main elements linked to each other: (1) Risk profiling using the Maximum Cumulative Outflow (MCO) and Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and other liquidity ratios; (2) Analysis of vulnerabilities using Liquidity Stress Testing; and (3) Defining concrete operational strategies during crisis events in the Contingency Funding Plan (CFP). This design helps ensure the Bank's ability to meet its maturing obligations.

The MCO is the Bank's core measurement and monitoring tool in managing liquidity risk as it captures cash flow mismatch from assets and liabilities including off-balance sheet commitments. The Bank also employs liquidity ratio analysis to determine significant changes in its liquidity profile, identify potential points of liquidity stress, and serve as gauge for industry comparison. The Bank uses the LCR to monitor and assess its ability to withstand significant liquidity shocks that can last 30 calendar days. The NSFR is also measured by the Bank to assess its longer-term funding resilience. The Bank's LCR and NSFR are both compliant with the 100% prescribed minimum level by the BSP.

LCR in Single Currency	As of Dec. 31, 2019	As of Dec. 31, 2020
Solo	127.78%	141.10%
Consolidated	127.68%	141.37%

NSFR in Single Currency	As of Dec. 31, 2019	As of Dec. 31, 2020
Solo	119.86%	127.22%
Consolidated	119.51%	126.93%

Other Liquidity Ratios <sup>1/</sup>	DBP Ratios	Industry Ratio <sup>2/</sup>
Stable Funding vs. Non-Liquid Assets	22%	16%
Liquid Assets vs. Volatile Funding	43%	36%
Liquid & Less Liquid Assets vs. Volatile Funding	49%	38%
Key Liquidity Provider Sourced Funding vs. Total Liabilities	8%	6%
Liquid Assets Ratio	35%	28%

<sup>1/</sup> Liquidity Ratios computed internal to DBP

<sup>2/</sup> Top 10 Universal Banks in terms of assets excluding DBP as of September 30, 2020

The Bank also considers funding concentration as possible source of liquidity risk as it is related to its funding profile. As a development bank, it has access to Overseas Development Assistance (ODA) facilities from foreign governments and supranational development banks. However, the majority of funds are sourced from deposits thus the Bank is vulnerable to unexpected withdrawals. To manage this risk, core deposit levels are closely monitored to keep track of significant movements and potential funding requirements.

To reinforce the Bank's liquidity risk management, the BOD and ROC set the risk tolerance reflected through the various liquidity risk limits and internal thresholds in place. Liquidity Stress Testing is processed monthly to anticipate worse case scenarios and test the capacity of the Bank's liquidity position. In case of liquidity crisis events, the Bank's CFP outlines the strategic courses of action to be taken.

Interest Rate Risk in the Banking Book (IRRBB) is the risk of unexpected adverse change in net interest income. Two complementary approaches are used in the assessment and measurement of interest rate risk: (1) changes in expected earnings through the Earnings at Risk (EaR) measure, and (2) changes in economic value provided by Economic Value of Equity (EVE) measure.

The Bank's IRRBB is mainly sourced from timing differences of maturity (for fixed-rate instruments) and/or re-pricing (for floating-rate instruments) of assets and liabilities. This is initially measured through the Interest Rate Gap (IRGap) analysis where interest-bearing liabilities are subtracted from interest-earning assets per identified time band to determine whether the gap is either asset-sensitive or liability-sensitive. Asset-sensitive indicates positive gap wherein interest rate-sensitive assets are more than liabilities that will be repriced and is vulnerable to declining interest rate.

To determine the potential decline in interest income due to movements in interest rate under normal scenario, the Bank uses the EaR methodology computed by subjecting the IRRGap to an interest rate factor using a 99% confidence level computed EaR per time band is aggregated within the one-year period and is compared to limits based on the Bank's tolerance and capital capacity to absorb losses. Alongside EaR measurement, various stress testing scenarios and sensitivities are employed by the Bank to evaluate its impact on capital and set up adequate buffer to mitigate the risks. The frequency of EaR's measurement and reporting to the ALCO and ROC is on a monthly basis. On

the other hand, the BOD is the final approving authority on the levels of movements in interest rates to sensitize the Bank's IR risk portfolio together with methodologies used in measuring IRRBB.

The following table shows the impact of reasonable changes in interest rates to the Bank's net income as of December 2019 and December 2020:

IMPACT OF CHANGE IN INTEREST RATE TO NET INCOME (In PHP Millions)						
Currency	-200 bps	-100 bps	-50 bps	50 bps	100 bps	200 bps
<b>2019</b>						
PHP	972	486	243	(243)	(486)	(972)
USD	1,058	529	265	(265)	(529)	(1,058)
JPY	18	9	5	(5)	(9)	(18)
<b>2020</b>						
PHP	(1,203)	(602)	(301)	301	602	1,203
USD	247	124	62	(62)	(124)	(247)
JPY	32	16	8	(8)	(16)	(32)

To strengthen the management of IRRBB exposures, the Bank initiated quarterly reporting of EVE in 2020. The Bank uses the EVE model to capture the economic value of interest rate-sensitive assets, liabilities and off-balance sheet accounts through the calculation of net present value of all future cash flows from the said accounts.

As of December 2020, the greatest decline or change in EVE resulted from non-parallel/steepening shocks across the time bands, which extends to the maturity of the interest-sensitive accounts.

Further, sensitivity to change in interest rates may impact the Bank's capital as of December 2020:

IMPACT OF CHANGE IN INTEREST RATE TO CAPITAL (In PHP Millions)						
Currency	-200 bps	-100 bps	-50 bps	50 bps	100 bps	200 bps
PHP	(8,421)	(4,476)	(2,308)	2,457	5,073	10,819
USD	(1,400)	(700)	(350)	350	700	1,399
JPY	6,649	3,557	1,842	(1,981)	(4,115)	(8,899)
EUR	350	188	98	(105)	(219)	(477)
<b>TOTAL</b>	<b>(2,821)</b>	<b>(1,430)</b>	<b>(718)</b>	<b>720</b>	<b>1,438</b>	<b>2,842</b>

As the economic situation changed in 2020, the Bank crafted additional liquidity and interest rate risk stress scenarios factoring in various assumptions on potentially affected accounts to assess capacity to withstand further complications. Results of the risk assessment are comprehensively included in the regular reports.

MRMD-MLRU handles risk management for the Bank's liquidity and interest rate risks exposures. The unit establishes the parameters for the liquidity and interest rate risk management tools such as MCO, IR Gap, EaR and EVE. More importantly, analyses of the results of these monitoring tools are provided to the Treasury Group, Senior Management and Board of Directors to guide decision-making.

## Operational Risk

The Bank's operational risk capital change 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 an automated system for tracking operational losses call the Enhanced operational Loss Monitoring Module (eOLMM) 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 at Php3.54Bn:

OPERATIONAL RISK-WEIGHTED ASSETS (In PHP Millions)	Group	Parent
Using Basic Indicator Approach (BIA)		
Year 3	2,459	2,435
Year 2	2,823	2,800
Year 1	3,219	3,195
Average	2,834	2,810
Adjusted Capital Charge	3,542	3,512
<b>TOTAL OPERATIONAL RISK-WEIGHTED ASSETS</b>	<b>35,423</b>	<b>35,125</b>

The Bank aims to provide significant improvement in the way it facilitates its risk management functions through automation of data and information collection. One step in attaining this improvement is through the implementation of the Operational Risk Information System (ORIS) which was introduced on December 16, 2019.

ORIS is a Risk Management tool that automates the Risk and Control Self-Assessment (RCSA), Business Impact Analysis (BIA) and the Information Security Risk Assessment (ISRA). ORIS was implemented to achieve the following:

- Systematic collection of operational risk information;
- Quicker access to historical risk assessment results;
- Easier monitoring of Business Units risk assessments, KRIs, and RTPs, and
- Timely generation of required risk reports

ORIS is accessible to all Bank Units' authorized personnel for data collection, which will be used to assist top management in its decision-making relative to the identification, mitigation and management of operational risks.

The RCSA is conducted across the institution to identify risk areas and vulnerabilities. Top level risk assessment is performed by the BOD and Senior Management in its annual Strategic Planning exercise. This is complemented by a bottom-up RCSA conducted by business units, where high risk areas are identified and risk responses are determined.

The BIA enables the Business Units (BUs) to identify business functions that have the most impact in the Bank and determines the effect of an interruption of services resulting from business disruptions.

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, the Bank continually exerts efforts to improve its business continuity management. 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 disruptions.



Regular tests are scheduled and performed to ensure all Bank units are able to recover their business operations. Complementing the detailed contingency measures, the Bank's disaster recovery facilities are regularly assessed and maintained.

For Risk Management awareness, infographics are issued and sessions are conducted on Operational Risk Management and Business Continuity Management.

Each business unit has a designated Operational Risk Coordinator who ensures continuity in the implementation of various regulatory requirements in incident reporting, operational loss monitoring, business continuity management, and operational risks.

## Information Security / Information Technology (IS/IT) Risk

The 2017 Manual of Regulations for Banks mandates the establishment of robust and effective technology risk management processes, governance structures, and cybersecurity controls. The Bank's strategy for expanded digital presence, pervasive use of emerging technology and associated digital platforms raises the need to protect the Bank's information assets and privacy of its customers against increasing and complex cyber-attacks. Its protection shall ensure that the benefits derived from technological innovations can be fully optimized without compromising financial stability, financial stability, operational resilience, and consumer protection. Moreover, information security risk should be managed and integrated into the organization's information security program and enterprise-wide risk management system.

DBP has an Information Security Risk Management Program that manages the Bank's information security (IS) and Information Technology (IT)-related risks. It adheres to the Bank's established risk management lifecycle process, forming part of the overall enterprise risk management system. It adheres to the Bank's established risk management lifecycle process. The goal of information security is to manage the risks faced by the Bank 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 is based on data reported and the results of the assessment. IS/IT risks are reassessed via an annual risk assessment exercise to provide a comprehensive analysis of evolving threats, accounting for both external and internal factors impacting identified risks. The output is a set of strategies to manage associated risks and places additional safeguards where necessary.

## Compliance and Legal Risk

Through the Compliance Management Group (CMG), DBP implements a Compliance Program, which contains the processes involved in the implementation of the Bank's compliance system.

The Compliance Program discusses the general framework for the Bank's compliance policy to applicable laws and regulations, CMG functions, delineation of functions between Internal Audit Group (IAG) and CMG, responsibilities of CMG personnel, Compliance Monitoring System, Compliance Testing Process, and reporting.

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, regular monitoring of ongoing cases and 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 is opened. 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 previous year's 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 (or the win-loss probability expressed in percentage); and (3) amount of possible liability/loss for ongoing cases that were identified by the litigation lawyers. No capital charge will be provided for cases with lesser probability of loss (or more than 30% winning probability).

## Reputation Risk

Risk identification is crucial in successfully managing reputation risk. Thus, it is 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 and news coverage involving and relevant to the Bank is undertaken to immediately identify any negative publicity.

Effective communication is the foundation of an excellent reputation, thus, the Bank actively implements an external communications campaign to maintain its image as a proactive development financial institution. The campaign includes advertising, marketing and promotions activities, media activities, and public relations events. To achieve a wider reach, the Bank has also utilized the social media platform, specifically Facebook, to promote the image of the Bank.

The Bank is also vigilant about keeping its good name and reputation and 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 implement BSP's Financial Customer Protection Regulations, the Bank created the Customer Experience Management Department (CEMD), a business unit responsible for receiving and monitoring the resolution of inquiries, requests, feedback, and complaints. The Bank also contracted a third-party agency to conduct an independent assessment of the level of overall customer satisfaction and engagement across the Bank's product and services with the objective of enhancing the customer service quality of DBP.

Finally, Reputation risk is managed through good corporate governance. Members of the governing board and senior management set the tone of good governance and cascade this to officers and employees of the Bank.

## Consumer Protection Risk Management System

The Bank's Senior Management through the Customer Experience (CX) Circle is responsible for the implementation of consumer protection practices affecting the well-being of its clients. It is also responsible for the operationalization of the Bank's CX Strategy that will allow DBP to level up its customer engagement process. The Board exercises oversight and reviews the effectiveness of the Bank's Financial Consumer Framework consistent with the DBP Consumer Protection Risk Management System (CPRMS) and the DBP Consumer Assistance Management System (CAMS) All these ensure that

consumer satisfaction is paramount in the Bank's activities. The Bank's adherence to the Consumer Protection Standards of Conduct by providing Disclosure and Transparency, Protection of Client Information, Fair Treatment, Effective Recourse Mechanism, and Financial Education and Awareness is the foundation of the mutually beneficial relationship with financial consumers.

The DBP CPRMS is an integral component of the Bank's Financial Consumer Protection Framework and is integrated into the Bank's existing enterprise risk management processes and risk governance framework. It enables the Bank to identify, measure/assess, monitor/report, and control/mitigate consumer protection risks inherent in its operations. Identified consumer protection risks shall be assessed using a Likelihood-Impact Analysis Approach and results of risk assessment shall be included in the Bank's Internal Capital Adequacy Assessment Process. As part of risk governance, the Board of Directors, through the Senior Management, is the final approving authority on the results of risk assessment and its corresponding mitigants.

The DBP CPRMS also includes the related Bank policies and procedures, which take into consideration the consumer protection standards of conduct to ensure that the Bank and its employees comply with customer protection laws, rules and regulations. The quality and effectiveness of the CPRMS and its implementing policies and procedures are assessed by independent control functions of the Bank.

## 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 the 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. Periodic review of actual performance versus set objectives is done by the Management Committee and the Board of Directors.

## Capital Structure and Capital Adequacy

Effective January 1, 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 and commercial banks. In addition, the Group complied with BSP Circular No. 881 s. 2015 or the Implementing Guidelines on the Basel III Leverage Ratio Framework. The circular provides the implementing guidelines on the Leverage Ratio Framework in accordance with Basel III Standards.

BSP Circular No. 781 sets out a minimum Common Equity Tier 1 (CET1) Ratio of 6% and Tier 1 Capital Ratio of 7.5% and also introduced a capital conservation buffer of at least 2.5%

comprised of CET1 Capital. With the issuance of BSP Circular No. 1024 s. 2018, banks must comply with both the CCB and Countercyclical Capital Buffer (CCyB). Currently, the CCyB is set at 0.00%. The existing requirements for total Capital Adequacy Ratio (CAR) is still at 10.00%. Meanwhile, BSP Circular No. 881 stipulates that the Leverage Ratio must be less than 5.00%. These ratios shall be maintained by the Bank at all times.

At present, the Bank has one issuance that is fully compliant with Basel III regulations, which is in the 10-year Php10Bn Unsecured Unsubordinated Notes issued by the Bank in November 2013. Pursuant to BSP Circular No. 781 on treatment as regulatory capital, the notes were subject to a 60% discount by end-2020.

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

On a consolidated basis, the Bank's Total Qualifying Capital amounted to Php66.79Bn as of December 31, 2020. Tier 1 Capital wholly consisting of Common Equity Tier 1 accounted for 88.09% at Php58.83Bn and Tier 2 Capital at 11.91% or Php7.96Bn.

CAPITAL ADEQUACY (Amounts in PHP Millions)	Group	Parent
Qualifying Capital		
Common Equity Tier 1 (CET 1) Capital	58,830	57,898
Tier 1 Capital	58,830	57,898
Tier 2 Capital	7,957	7,447
TOTAL QUALIFYING CAPITAL	66,787	65,345
CAPITAL CONSERVATION BUFFER	12,565	12,455
COUNTERCYCLICAL CAPITAL BUFFER	-	-
SURPLUS / (SHORTFALL) CET1 CAPITAL	16,109	15,551
Risk-Weighted Assets (RWA)		
Credit RWA	454,646	450,553
Market RWA	12,529	12,529
Operational RWA	35,423	35,125
TOTAL RWA	502,597	498,207
Qualifying Capital Requirements (10.0% of RWA)		
Credit Risk	45,465	45,055
Market Risk	1,253	1,253
Operational Risk	3,542	3,512
TOTAL QUALIFYING CAPITAL REQUIREMENT	50,260	49,821
CET 1 Ratio (CET 1 Capital ÷ Total RWA)	11.71%	11.62%
Tier 1 Ratio (Tier 1 Capital ÷ Total RWA)	11.71%	11.62%
Capital Adequacy Ratio (CAR) (Qualifying Capital ÷ Total RWA)	13.29%	13.12%
Exposure Measure		
On-Balance Sheet Exposures	1,027,851	1,023,320
Derivative Exposures	166	166
Securities Financing Transaction (SFT) Exposures	15,871	15,819
Off-Balance Sheet Exposures	31,744	31,744
TOTAL EXPOSURE MEASURE	1,075,632	1,071,048
Leverage Ratio (Tier1 Capital ÷ Total Exposure Measure)	5.47%	5.41%

Capital requirement for credit risk is at Php45.47Bn, Php1.25Bn for market risk, and Php3.54Bn for operational risk. The Bank's risk-based CAR of 13.29% is well above the 10.55% internal and 10.00% regulatory minimum levels while CET 1 and Tier 1 Ratios are calculated at 11.71%. The Bank maintained the minimum Capital Conversation Buffer (CCB) and Countercyclical Capital Buffer (CCyB) as required. Similarly, the Bank's Leverage Ratio of 5.47% is well above the 5.35% internal and 5.00% regulatory minimum levels.

The Bank posted solo CAR, Tier 1, CET 1 Ratio, and Leverage Ratio of 13.12%, 11.62%, 11.63% and 5.41% respectively as of end-2020.

Common Equity Tier I Capital Tier 1 Capital and Qualifying Capital are computed in accordance with the provisions of Part II of BSP Circular No. 781. Further, risk-weighted assets (RWA) are the sum of (1) credit risk-weighted assets, (2) market risk-weighted assets, and (3) operational risk-weighted assets.

RWA consists of total assets less non-risk assets and other non-risk items determined by the Monetary Board (MB) of the BSP. As of December 31, 2020, 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 RWA were based on collateralized transactions as well as guarantees by the Philippine National Government and those guarantors and exposures with highest credit ratings. 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 (LGUs), Government Corporations and Corporates. Market RWA and Operational RWA are computed using the Standardized and Basic Indicator approaches, respectively.

As of December 31, 2020, the Php1.07Bn difference between the Bank's Qualifying Capital of Php64.27Bn and the total capital of Php65.35Bn reported in the Audited Financial Statements (AFS) was mainly due to the following:

In PHP Millions	
Unsecured Subordinated Debt Classified as Tier 2 Capital	4,000
General Loan Loss Provision	3,447
Regulatory Adjustments to CET 1 Capital	(6,374)
	1,073

Exposure Measure is computed in accordance with the provisions stated in BSP Circular No. 881. It is composed of on-balance sheet exposures, derivative exposures, securities financing transactions (SFT) exposures and off-balance sheet exposures.

As of December 31, 2020, the Php17.4Bn difference between the Bank's On-Balance Sheet Exposures of Php1.03Tn and the total Resources of Php1.05Tn per published financial statements was mainly due to the following:

In PHP Millions	
Loans and Receivables arising from RRP	15,871
Derivatives Exposure (Replacement Cost)	98
Regulatory Adjustments to CET 1 Capital	5,391
General Loan Loss Provision	(3,957)
	17,403

## Compliance Management Group

In 2020, the Compliance Management Group (CMG) started releasing creative compliance infographics to raise awareness among bank employees on relevant banking laws and regulations but also to fortify the compliance culture of DBP.

CMG's major accomplishments for the year included the development of the enhanced ML risk assessment form and updating of certain programs/manuals, such as:

- Money Laundering and Terrorism Financing Prevention Program
- Written Supervisory Program
- Financial Consumer Protection Program and the
- Implementing Guidelines Covering the Use of the AML System

As compliance risk management is an integral part of the culture and risk governance of the Bank, CMG remains committed to managing business risks that may be detrimental to the Bank's operations. Primarily, CMG's purposes to increase the Bank's effort to contribute to the country's fight against money laundering, terrorism financing and related activities by its continuous timely submission of covered transactions (CTRs) and suspicious transaction (STRs) – CMG reported a total of 447.19 CTRs and 246 STRs in 2020.

## Anti-money Laundering

The Bank remains highly committed to its continuing efforts aimed towards the effective prevention of the spread of money laundering, terrorism financing and proliferation financing within the financial sector and the country at large. At the very heart of this endeavor is the Bank's Board-approved Money Laundering and Terrorism Financing Prevention Program (MTPP) which represents the institutionalization of DBP's general Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) policies and procedures as carried out all throughout the institution and embedded within the hearts and minds of the DBP employees.

The Bank's MTPP saw its latest major amendment last December 2020 to enable continuing alignment with newly-issued laws and regulations and to integrate noted best practices prescribed by regulators and observed in the industry. The MTPP is anchored on four main pillars, which serve as basic foundations for the established controls aimed at effective prevention and combatting of money laundering and terrorism financing -- (a) Risk-based Know-Your-Customer (KYC) and Customer Due Diligence (CDD), (b) Covered and Suspicious Transaction Reporting; (c) Record-Keeping; and (d) Continuing Education and Training. Further, additional emphasis has likewise been placed on the critical role covered persons play in carrying out of obligations relative to established partnerships with regulators and other government agencies including the proper handling of targeted financial sanctions

Up-to-date awareness and knowledge of their roles and responsibilities in terms of AML/CTF compliance will ensure the Bank employees' full compliance with the instituted policies, procedures and controls. This is achieved through constant provision of relevant trainings and awareness sessions covering newly hired and existing employees based on a set prescribed frequency of attendance.

Compliance levels of the Bank's business units relative to their duties and responsibilities are duly assessed through the continuing conduct of Compliance Risk Testing facilitated by the Compliance Management Group and audit by the Internal Audit Group.



# DBP ReBOOT

(REthinking Banking to Optimize Opportunities and Trends) for the New Normal



The anticipated wide-scale disruption of COVID-19 made it necessary for businesses to rethink their strategies. Rethinking meant evaluating its current product and service mix, its relationship with its stakeholders and its relevant role in the community. The Bank's response to this was the ReBOOT (REthinking Banking to Optimize Opportunities and Trends), which culminated into one of the Bank's first joint physical and virtual strategic planning sessions held last June 5, 2020, a few weeks after the first Metro Manila-wide lockdown was de-escalated.

In a sense, the Bank instituted an organizational ReBOOT beginning with a rapid environmental scan, leading to a reevaluation of its then existing vision and mission, and possible strategic shifts as opposed to simply resuming business as usual. Top management and key planning personnel came up with new strategies, tactics and priorities that supported new workplace environments.

**Rethinking Banking** involved a rapid scanning of the socio-economic and business environment surrounding banking as well as an internal examination of what has come out as the Bank's predominant strengths and weaknesses in disruptive scenarios. It forwarded initiatives towards formalizing alternative work arrangements within the institution and identifying support structures to realize and prepare the Bank for similar future scenarios. This included among others, review and adjustment of the Bank's procurement plans to prioritize IT infrastructure supporting remote working, rewriting

performance indicators to maximize efficiency in alternative work structures, and reprioritization of projects supporting digitalization shifts.

**Optimizing Opportunities and Trends** on the other hand, involved tactical adjustments as well as medium to long term strategic planning that addressed shifting consumer behaviour and redefined development banking mandates as the country attempted to restart the economy after a period of contraction.

Moreover, as a development bank, DBP's main objective was to swiftly and efficiently direct available funding to initiatives that can be parlayed into even greater synergistic wins in the community.





## A New Way of People Engagement

New workplace environments and practices also called for a new way of people management.

During the pandemic year 2020, the Bank's Human Resource Management Group faced a challenging year of ensuring productivity given new workplace arrangements while remaining sensitive to realities faced by the Bank's employees and their families at home.

Anticipating health-related expenses, the Bank ensured the prompt release of compensation, institutional benefits and financial assistance to the Bank's most important resource. It also granted COVID-19 hazard pay and food subsidy for organic and outsourced employees who physically reported for work during the enhanced community quarantine (ECQ). A Special Risk Allowance (SRA) was granted to the Bank's frontline Public Health Workers (PHW) who took care of the health and safety of all DBP employees across the country almost 24/7.

In 2020, Manpower strengthening was also a priority, executed through organizational development strategies as well as personnel movement.

The Bank also saw the need for the creation of two new sectors that are aimed to support the organization's transition into a new digital development bank, attuned to the most pressing development needs of the country and then submitted proposed to GCG.

The Bank welcomed 443 new employees and recognized and commended 463 high-performing talents through promotion to the next higher salary level. To intensify presence and closer interaction of HRMG with people in the field operations, the office deployed its HR Relations Officer in Mindanao to extend hands-on personnel assistance and HR policy guidance. This endeavor is aimed at bringing HR closer to field personnel that would boost their morale and encourage stronger engagement.

## Innovating the Way We Learn and the Way We Work

The Bank's primary asset has always been its manpower resource. Based on the completed competency baseline assessment for 16 job groups in the Bank, its manpower competency scores a high of 2.59 out of 3.

Unrelenting in its quest to fine-tune its workforce, the HRMG continued to provide learning and development interventions, developing online-based programs to ensure continuous development of Bank officers and staff through Learn-From-Home (LFH) programs and optimized the use of iLearn, DBP's e-Learning facility.

With these interventions, the HRMG achieved its target of ensuring that at least 95% of employees are able to receive training interventions within the year. Additionally, the total number of personnel taking up Master's programs and specialized short courses also increased from previous years.

**"At DBP, 'employee engagement' is a key metric that powers our organizational culture and helps drive company performance. When we learned about the concerns of our employees during the pandemic, we provided them with support mechanisms. We did our best to ensure that our employees were not only safe at home, but productive and well-supported. In so far as compliance to the health and safety protocols and guidelines is concerned, DBP was able to observe and comply with them. Despite the pandemic, it was business as usual in serving the needs of our customers."**



*Atty Perla Melanie C. Caraan,  
DBP Senior Vice President & HRMG Head*



The Bank was also able to establish the Developing Executives, People Managers in Transition and High Potential Successors (DEPTHS), an umbrella program that integrates and beefs up the existing management and leadership programs. As part of the initial offerings is the Leadership Development (LEAD) Reimagined, a turn-key leadership development intervention that aims to unlock one's transformation and growth potential in the future of work.

## Succession Planning

The enhance policy of the DBP Succession Management System was adopted last year to ensure leadership continuity in all key positions. Towards this end a baseline on the DBP succession plan was conducted in 2019 where talent reviews were undertaken for 14 sectors/groups and corporate offices. Through the talent review exercises, the Sector and Group Heads were guided in finding the hidden gems within and outside their sectors, taking into account two major criteria for succession – individual performance and leadership potential.

## Alt+Work

DBP implemented Alt-Work, a framework, which ensures business continuity during the pandemic, while also providing for the health and safety of DBP employees. It is a joint effort of HRMG with the Strategic Planning Group (SPG) and the Enterprise Risk Management Group (ERMG).

Under Alt-Work, Business Units were classified as Critical, Primary, and Secondary services. It also ensured the continued measure of performance and productivity through setting of performance agreements, proper communication lines and conducting feedback and reporting meetings.

SVP Caraan added that “safety was our utmost priority. We implemented the program days before the government implemented quarantine guidelines. This arrangement saw as much as 70% of our employees working from home while

**“Our organization faced enormous challenges as we tried to combat the COVID-19 pandemic. Overall, with preparedness and strong collaboration across departments, we were able to mitigate the effects of the virus to our people and the Bank’s operations”**



*Dr. Alex Olivares,  
DBP Health & Wellness Department*

employees with critical operational roles were allowed to work onsite under an alternating schedule and by regulation of company supervisors.”

Given the unprecedented challenges with the outbreak of the COVID-19 pandemic in 2020, health measures had to be enforced to ascertain the safety and well-being of personnel tasked to ensure unhampered delivery of the Bank’s financial services.

DBP came up with Circular No. 16 – Implementing Guidelines on DBP’s Health and Wellness Protocols to mitigate the effects of COVID-19 in the Bank’s operations

With no available vaccine to combat the virus, Health Protocols had to be implemented to mitigate the effects of the pandemic in Bank operations and the safety of the employees as well as the transacting public in general. Safety protocols were put in





placed within the Bank premises coupled with the distribution of personal protective equipment (PPE) such as face masks and face shields. The DBP Health and Wellness provided the needed medical assistance for swab testing of employees with probable COVID-19 virus and monitoring of COVID-19 positive employees for quarantine/confinement.

Sanitation remained the top priority to promote the safety of the employees with non-contact temperature checks, alcohol sanitizers and footbaths were installed in all entrances of the bank. A Health Declaration Checklist is regularly accomplished by the employees and guests. Roving guards were assigned to keep social distancing among employees. Various advisories and infographics were disseminated as reminders regarding the safety and health protocols.

Led by the relentless efforts of the DBP Medical Team, infection and spread of the virus had been kept in check and the well-being of employees had been adequately guarded. A total of 9,860 patients visited the clinic seeking medical, surgical, EENT (Eye, Ear, Nose and Throat), dental procedures and teleconsultations.

## Engaging the DBP Employee CommUNITY

Ensuring continued service to the Filipino people, DBP frontliners worked around health and safety protocols, sometimes spending extended days away from their families in temporary lodging facilities, in order to ensure that the Bank remains operational and that it is able to serve the financing needs of the community.

In recognition of their commitment and sacrifice, the Bank institutionalized the “Lingkod Katapatan” Loyalty Award Program for DBP Employees wherein in 2020, a total of 77 deserving employees received the commendation.



## Integrated Communication Campaign

Compassionate leadership was imperative in order to not dampen the employees' spirit of service. Through an integrated communication campaign DBP launched #WeAreStrongerTogether, aimed to inspire hope, unity and strength through timely implementation of key information, education and communication (IEC) initiatives for DBP stakeholders.

The Bank strengthened its information drive through internal communication activities that focused on helping to keep DBP officers and employees updated on the disease and its impact.

### “Kwento ko, Kwento mo?” #DBPHeroesAtWork Special

“Kwento ko, Kwento mo?” is a regular employee engagement activity introduced in 2019. For its special series in 2020, it adopted the handle “#DBPHeroesAtWork” as a tribute to DBP employees' dedication to provide continued public service to the Bank's stakeholders.

Weekly kwentos (or feature stories) highlight the heroic narratives of how DBP employees gallantly prevailed over the struggles and challenges to fulfill their duties and responsibilities as public servants. This special series featured 22 stories of courage, grit, and inspiration that were regularly disseminated via email blast.

### #DBPHeroesAtWork morale-boosting publicity materials

DBP's frontliners were also feted in special publicity materials that aimed to boost team morale. Disseminated via regular email blasts, these publicity materials were a mini-gallery that showcased DBP officers and staff in the Head Office, branches and lending centers as they remained undaunted by risks to their own health and safety to ensure that essential banking services were made available to the public.

**“It was a tough year that tested the way we care for the most important asset of the organization and that of course is our employees. We had to ensure that our workforce is healthy—physically and mentally, while we expect them to perform their tasks efficiently. The well-being and safety of our personnel is of paramount importance to us.”**



**Romeo B. Carandang,**  
Head, Provident Fund Department  
and Concurrent Head, Employee  
Relations Department

## Note to Self

Recognizing the potential psychosocial effects of the pandemic, the Bank launched the "Note to Self" video series, an internal communication initiative that primarily aims to strengthen the employees' mental well-being and positive coping strategies. It also focuses on helping reinforce the employees' stance against feelings of isolation, demotivation, fear and anxiety. A total of 34 "Note to Self" video materials were released in 2020 that raised awareness on the importance of maintaining optimal mental health and reminded employees to remain safe, calm and optimistic.

## The Morning Tune

The Bank also tapped the public address (PA) system in the Head Office through the weekly edition of "The Morning Tune." Simultaneous with the Head Office airing over the PA system, the program also has an email broadcast to branches and lending centers every Monday. An in-house talent acts as a disc jockey (DJ) and delivers the weekly morning tune to light up the mood at the start of the work week.



## Social Media

DBP also launched the #WeAreStrongerTogether campaign on social media to extend efforts in promoting hope and inspiration to Filipinos' everywhere. Under the campaign, the Bank encouraged Facebook users to share social media cards posted in the DBP Facebook page, with their name along with their pledge, as part of their commitment to contribute towards curbing the COVID-19 crisis.

## "Know More, Fear Less" infographic series

Released regularly via email blast and digital display on LED monitors in the DBP Head Office, "Know More, Fear Less" is an infographic series that aims to educate employees on COVID-19 by providing important information and relevant updates about the pandemic. A total of 39 infographics were released.

## Remuneration

The Revised Charter of the DBP exempts the Bank from the Salary Standardization Law (SSL) and authorizes the Board to provide a compensation plan comparable with the prevailing compensation plans in the private sector. The DBP Compensation Plan includes the salary structure, the standard benefits, and allowances such as the Mid-Year Bonus and other emoluments, benefits and allowances in addition to SSL benefits.

Accordingly, the compensation of the President, CEO and the four highest compensated senior officers of the Bank is dictated by the Bank's compensation plan. In particular, salaries of these officials are within the salary range of their respective levels. Increases in salaries are determined based on the individual performance rating and ranking.

## Performance and Rewards Management

The performance of all DBP employees, including senior management, is evaluated using the CSC-approved Strategic Performance Management System (SPMS) on a yearly basis. Performance of Senior Executives is assessed and rated annually based on their delivery of the office and individual commitments aligned with the Bank's Performance Agreement with the GCG and various regulatory compliance requirements.

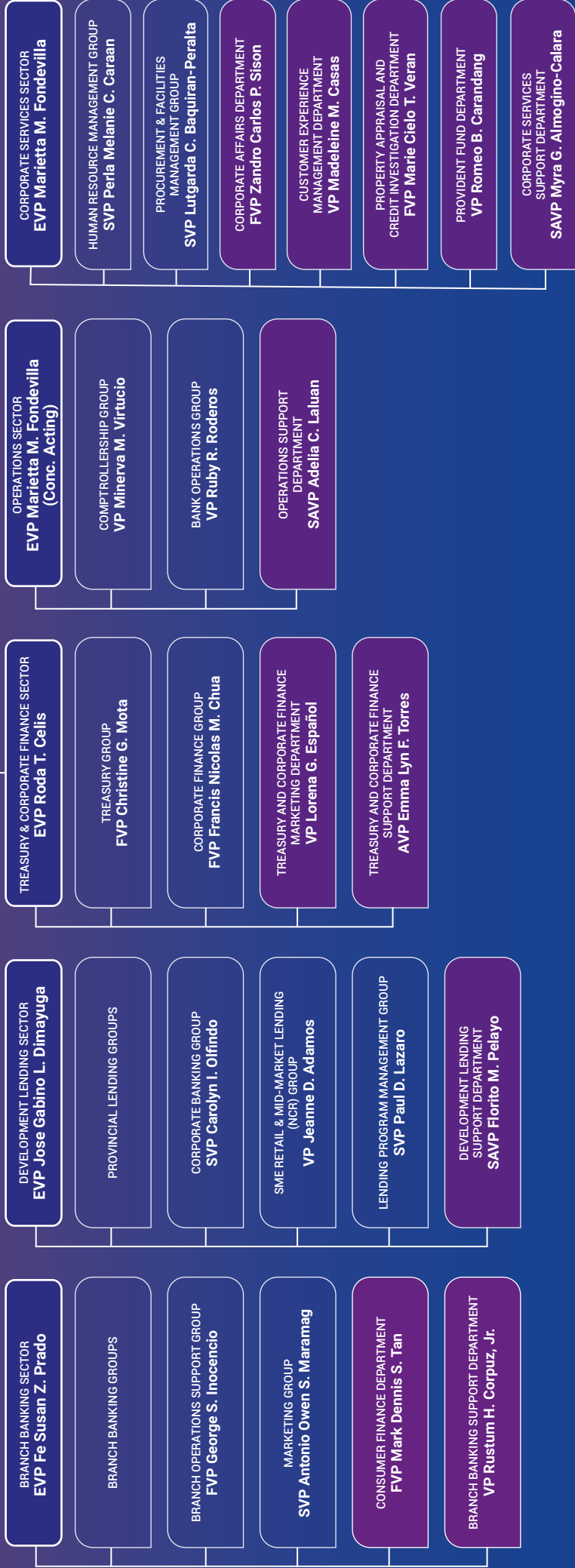
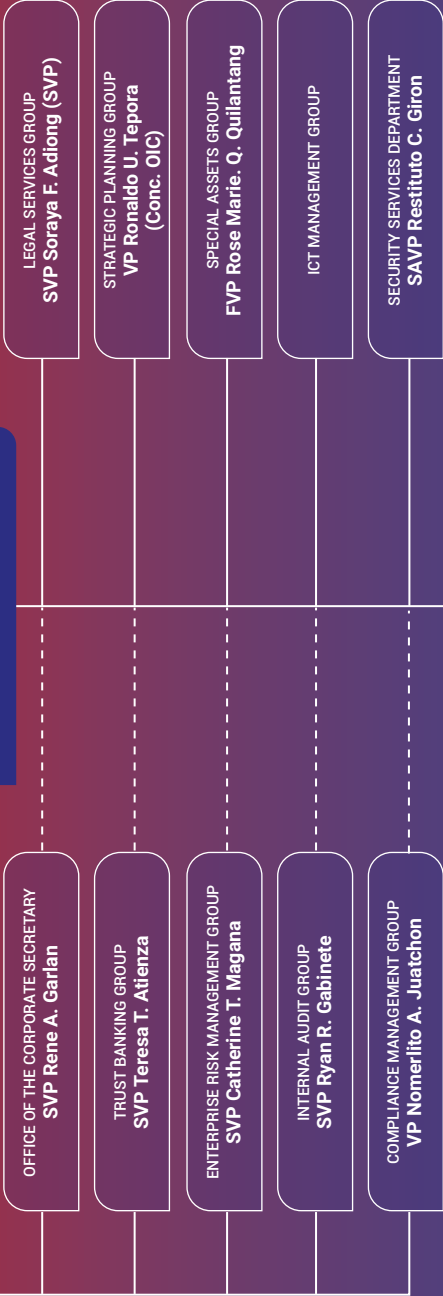
The DBP-SPMS is focused on linking individual performance vis-à-vis the Bank's organization vision, mission and strategic goals. It is envisioned as a performance monitoring technology composed of strategies, methods and tools for ensuring fulfillment of the functions of the Bank Units and its personnel as well as for assessing accomplishments.

The DBP-SPMS' core objective is to provide the means through which better results can be obtained from the Bank, its offices, and individuals by managing performance. Specifically, the objectives of the DBP-SPMS are the following:

- To align individual performance and competencies with the DBP's strategic goals/ vision putting premium on performance results of the Bank.
- To ensure organizational effectiveness and improvement of individual employee efficiency by cascading institutional accountabilities to the various levels of the organization anchored on the establishment of rational and factual basis for performance targets and measures;
- To link performance management with other Human Resource systems using one platform, that is, only one basis shall be used in performance evaluation, HR planning and interventions, rewards and incentives, discipline and personnel actions. It aims to improve office and individual performance through a systematic approach in the assessment of the officers and employees' core competencies that will serve as basis in the development/upgrading of their skills to cope-up with the challenges of the dynamic business environment as well as demands of its base clientele and stakeholders

BOARD OF DIRECTORS

PRESIDENT AND CEO  
PCEO Emmanuel G. Herbosa





# Communicating A New Way of Customer Care



## Financial Consumer Protection

The goal of the DBP Consumer Assistance Management System (DBP-CAMS) is to adequately fulfill the requirements of Circular No. 857 – BSP Regulations on Financial Consumer Protection. It is consistent with efforts to provide stakeholders DBP-CAMS represents a firm commitment in the continuous improvement of the Bank's protection initiatives.

Aligned with the DBP Financial Consumer Protection Framework, the Bank's consumer assistance strategy is anchored on quality service and customer satisfaction through the effective management of customer complaints and feedback.

This set of policies and procedures aims to foster an environment that protects and serves the interest of the Bank's customers. This will guide stakeholders towards the effective resolution of consumer concerns and issues following an established system based on identified responsibilities and specific course of action to ensure compliance with BSP regulations, and other related regulatory issuances.

A Customer Service Survey was conducted in 2020 and based on the results, DBP had an overall very satisfied rating of 4.40 (with 90.91% positive raters). Among business/organization clients, the total overall customer satisfaction rating of DBP is 4.43 ("very satisfied" with 91.93% positive raters). Individual customers rated 4.36 ("very satisfied," with 90.08% positive raters)

All customer groups garnered ratings above 90%, where the lending and trust client groups garnered the highest rating at 94%.

While the overall satisfaction index for 2020 was lower than the previous year, the majority of respondents were highly satisfied.

Except for the National Capital Region (NCR), most areas gave DBP positive ratings. The majority of the respondents in Luzon (91.2%), Visayas (92.5%) and Mindanao (92.7%) were positive raters. Positive raters from the NCR were only 77.1% but this did not adversely affect the mean overall satisfaction.



**91%**  
customer  
satisfaction



From the 2020 customer satisfaction survey, clients considered staff attribute, deposit accounts and fast transaction times as contributors to overall satisfaction. Respondents were not satisfied with DBP's website information and communication as it was not user-friendly and difficult to navigate. Complaints handling and record keeping were other areas for improvement.

Through the Bank's Customer Experience Management Department (CEMD), the Bank was able to achieve full compliance with the submission of the BSFIs Consolidated Complaints Report (BCCR) requirement to BSP and Consumer Assistance Management (CAM) Report to Management and Board. It also completed the BSP required gap analysis and action plans in compliance with the Financial Consumer Protection Framework.

### Financial Consumer Protection Framework

#### Consumer Assistance Management System

- It is the primary responsibility of all business units to adhere to the BSP Financial Consumer Protection regulations and the DBP Financial Consumer Protection Framework.
- All Business Units must exercise their functions in the customer feedback and complaints handling process.
- The DBP CAMS shall be made accessible and transparent to the public and presented in a clear and comprehensible manner.
- The DBP CAMS shall provide an effective system where customer feedback and complaints may be sent.

### Corporate structure of handling complaints

- All DBP business units are required to receive any customer concern or complaint.
- All concerns or complaints received by any business unit are handled, escalated when warranted, received, closed and are recorded and reported to the CEMD on a monthly basis.
- CEMD consolidates the submitted reports, monitors compliance of business units to the CAMS.
- CEMD analyzes the results of the consolidated report, identifies root causes of recurring complaints, and provides recommendations to address recurring complaints for subsequent reporting to the ManCom and the Board for notation.
- CEMD submits the mandatory BSP report on complaints on a quarterly basis through the Compliance Management Group (CMG).





# Stepping Up Responsible Business

Corporate Citizenship



Mask taken off for photo-op

## Corporate Social Responsibility (CSR)

As a catalyst for a progressive and poverty free Philippines, DBP is committed to upholding its corporate citizenship program through initiatives that promote the welfare of the Filipino people particularly the underprivileged.

In line with its CSR policy, the Bank's programs and initiatives are pillared in three sectors – environment, education, and outreach. For the environment, the DBP Forest Program is specifically devised to reduce denudation and restore the country's forest cover through organized collaboration with government and non-government organizations (NGOs), state universities and colleges, people's organizations (POs) and other qualified forest partners.

On the other hand, the DBP Resources for Inclusive and Sustainable Education (RISE) sends indigent but deserving high school students to college, in partnership with accredited partner schools. The scholarship assistance covers a whole range of the students' requirements, including tuition, books, cost of living and allowances.

DBP also advocates for community development by supporting various advocacy projects and outreach activities. The Bank extends assistance to charitable institutions, organizations, and LGUs for projects aimed at augmenting the provision of basic social services to select vulnerable groups of society and for calamity and disaster relief operations.

In 2020, the Bank launched a new forest project in partnership with the OISCA Farm Multi-Purpose Cooperative in Marawi City. It entailed the forestation of 100 hectares of land, which will also support around 150 new farmer-beneficiaries. At the same time, DBP sustained the implementation of active forest projects and successfully released Php859,000 financial assistance to its forest partners.

DBP RISE started implementing its 3rd batch in partnership with 10 partner schools for the benefit of at least 500 indigent students nationwide. It has also maintained its support for its 1st and 2nd batches of scholars with Php49.8Mn financial assistance for the year.

During the same period, the Bank's outreach activities through its donations and contributions fund successfully supported 28 charitable and disaster relief activities, providing a total of Php13.3Mn worth of assistance. Part of the assistance is DBP's support to the Department of Education's Brigada Eskwela in partnership with 11 public basic and secondary schools in Visayas and Mindanao.







Mask taken off for photo-op

Moving forward, DBP aims to sustain its forestation advocacy through the launch of at least two new forest projects with a Php6Mn fund allocation to cover 200 more hectares and 75 more farmer-beneficiaries in 2021. DBP RISE will also launch its 4th batch with the target of supporting another 500 scholars from indigent families across the country. The Bank also aims to implement its Adopt-A-School Program in partnership with Bitoon and Lubiya Elementary Schools located in Daanbantayan Island, Cebu and Polomolok, South Cotabato, respectively.

At the organizational level, the ERD Employee Engagement Unit initiated their own CSR projects by providing aid to those affected by the Taal Volcano eruption in Sto. Tomas and Tanauan City, Batangas. Donations were in the form of ready-to-eat foods, bottled drinking water, beddings, hygiene kits, towels, clothes, and undergarments. A total of 43 employees from the Bank and its subsidiaries volunteered in the activity.

DBP initiated another call for donations “Damihin: Bayanihan para sa Pamilya (DBP)” for the Bank’s workers under the Institutional COS (e.g. DBPSC and Lockheed Security personnel) who physically reported to work during the Enhanced Community Quarantine (ECQ) and Modified ECQ.

DBP employees were requested to extend assistance once again in November for the victims of Typhoons Rolly and Ulysses. Donations in kind such as clothes, canned goods, bottled water, hygiene kits, facemasks, toiletries and over-the-counter medicines were also provided by most employees.

## Environmental Policy

DBP’s Environmental Policy portrays the Bank’s commitment to environmental protection and sustainable development through the application of sound environmental management practices in its operations and services, asset management, and business decisions.

Through the years, DBP has been a key player in nation-building by contributing to the improvement of the lives of Filipinos. In this light, the Bank assists various business sectors and industries, promotes entrepreneurship and advances environmental protection to help build more productive communities especially in the countryside.

Sustainability forms part of DBP’s business strategy as reinforced by the Bank Sustainability Strategy and Transition Plan, which seeks to institutionalize sustainability policies and procedures leading towards a sustainable enterprise.

Apart from the compliance obligation, DBP’s Sustainability Strategy also aligns with the Principles for Responsible Banking (PRB) espoused by the United Nations Environment Programme Finance Initiative (UNEP FI) of which DBP is one of the founding signatories and the only Philippine bank signatory at this point.

Towards the end, the Bank has designated its Chief Sustainability Officer who is backed by an organization and functional structure that supports enterprise resiliency and sustainability.

With DBP’s sustainability vision of becoming a steward of sustainability community building, the Bank focuses its efforts on the following:

- Increasing environmental loan portfolio
- Strengthening environmental and social risk management, and
- Driving operational resource efficiency.

These objectives are then followed through by way of supporting strategies that include:

- Building the Bank’s sustainability governance and culture; and
- Communicating and engaging both internal and external stakeholders.

As part of the DBP’s internal environmental management procedures intended to support conservation of resources, DBP continues to transition to the use of energy efficient facilities such as installation of more energy-efficient LED lights and inverter type air-conditioning units.

To date, DBP’s Head Office and 47 off-site offices have completed their upgrading to LED lights while 57 off-site offices have been installed with inverter type air-conditioning units. To set the tone from the top, and in support of DBP’s Paper Lite campaign, the Bank made use of tablet PCs for meetings of the Management Committees.

# Statement of Management's Responsibility for Financial Statements

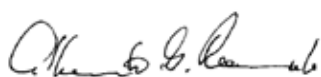
The Management of the Development Bank of the Philippines and Subsidiaries (the Group) and of the Development Bank of the Philippines (the Parent) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Group's and the Parent's financial reporting processes.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the regulators, creditors, and other users.


The Commission on Audit has audited the financial statements of the Group and of the Parent in accordance with the International Standards of Supreme Audit Institutions, and in its report to the Board of Directors, has expressed its opinion on the fairness of the presentation upon completion of such audit.



ALBERTO G. ROMULO  
Chairman of the Board



EMMANUEL G. HERBOSA  
President and Chief Executive Officer



MARIETTA M. FONDEVILLA  
EVP and Concurrent Acting Head, Operations Sector



# Independent Auditor's Report

The Board of Directors  
Development Bank of the Philippines  
Makati City

## *Report on the Audit of the Financial Statements*

### Opinion

We have audited the financial statements of the Development Bank of the Philippines (DBP) and its subsidiaries (the Group), and of DBP (Parent Bank), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and of the Parent Bank as at December 31, 2020 and 2019, and their financial performance and their cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued by the Bangko Sentral ng Pilipinas (BSP) and approved by the Securities and Exchange Commission (SEC), as described in Note 2.2 to the financial statements.

### Basis for Opinion

We conducted our audits in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Parent Bank in accordance with the Revised Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, 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 opinion.

### Emphasis of a Matter

We draw attention to Note 2.2 to the financial statements, which indicate that the financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued by the BSP and approved by the SEC in response to the COVID-19 pandemic. The reliefs cover only current year transactions/events and do not impact the comparative period. The impact of the application of the financial reporting reliefs on the 2020 financial statements is discussed in detail in Note 2.2. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued by the BSP and approved by the SEC, as described in Note 2.2 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's and the Parent Bank'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 and the Parent Bank or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the 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 ISSAIs 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 financial statements.



As part of an audit in accordance with ISSAIs, 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 and the Parent Bank'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 and the Parent Bank'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 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 and the Parent Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued by the BSP and approved by the SEC, as described in Note 2.2 to the financial statements.

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.

#### Report on Other Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 47 and BSP Circular No. 1074 in Notes 6, 16 and 45 to the financial statements are presented for purposes of filing with the Bureau of Internal Revenue and the BSP, respectively, and is not a required part of the basic financial statements. Such supplementary information is the responsibility of the management of the Parent Bank and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

#### COMMISSION ON AUDIT

MARIE FRANCES HAZEL S. ACEBEDO  
OIC, Supervising Auditor

June 30, 2021

# Statement of Financial Position

As of December 31, 2020 and 2019  
(In thousand pesos)

		Group		Parent	
	Note	Audited 2020	Restated 2019	Audited 2020	Audited 2019
<b>ASSETS</b>					
Cash and other cash items	8	5,159,888	4,036,805	5,150,944	4,024,395
Due from Bangko Sentral ng Pilipinas	9	295,805,474	118,121,748	295,454,189	117,892,249
Due from other banks	10	9,790,485	7,662,249	9,784,589	7,656,442
Interbank loans receivable	11	23,772,833	15,947,812	23,772,833	15,947,812
Securities purchased under agreement to resell	12	16,017,118	41,504,481	15,965,252	41,413,655
Financial assets at fair value through profit or loss (FVTPL)	13	9,007,597	6,752,170	9,007,597	6,752,170
Financial assets at fair value through other comprehensive income (FVOCI)	14	47,132,700	43,430,040	47,086,062	43,383,720
Financial assets at amortized cost (Held to Collect)	15	203,803,358	156,065,463	203,776,523	156,036,611
Financial assets at amortized cost (Loans and receivables, net)	16	417,265,767	352,994,654	414,675,573	350,097,994
Bank premises, furniture, fixtures and equipment - net	17	2,900,121	2,885,035	2,847,316	2,855,192
Investment property - net	18	942,866	1,150,832	942,866	1,150,832
Equity investment in subsidiaries - net	19	0	0	1,647,161	1,657,050
Equity investment in associates and joint venture - net	20	216,246	112,932	43,295	44,290
Non-current assets held for sale - net		201,570	234,912	201,570	234,912
Deferred Tax Assets	22	3,754,159	3,000,908	3,706,461	2,956,704
Intangible Assets - net	23	431,183	399,582	427,276	397,532
Other assets - net	24	8,788,578	9,597,276	7,915,449	8,741,863
<b>TOTAL ASSETS</b>		<b>1,044,989,943</b>	<b>763,896,899</b>	<b>1,042,404,956</b>	<b>761,243,423</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Liabilities</b>					
Deposit liabilities	25	817,576,607	554,527,603	817,562,416	554,183,010
Bills payable	26				
Official Development Assistance (ODA)		45,670,809	49,560,768	45,670,809	49,560,768
Non-ODA		33,183,817	42,295,713	31,197,413	40,479,148
		78,854,626	91,856,481	76,868,222	90,039,916
Bonds Payable	27	53,526,885	33,301,823	53,526,885	33,301,823
Due to Bangko Sentral ng Pilipinas/Other banks	28	2,985	5,023	2,985	5,022
Manager's checks and demand drafts outstanding	29	318,999	904,706	312,813	884,356
Accrued taxes, interests and expenses	30	5,914,616	5,640,773	5,528,053	5,302,979
Unsecured subordinated debt	31	10,000,000	10,000,000	10,000,000	10,000,000
Deferred credits and other liabilities	32	14,677,671	8,191,918	14,149,212	7,698,720
<b>TOTAL LIABILITIES</b>		<b>980,872,389</b>	<b>704,428,327</b>	<b>977,950,586</b>	<b>701,415,826</b>
<b>EQUITY</b>					
Capital stock	33	19,500,000	19,500,000	19,500,000	19,500,000
Retained earnings		43,136,801	39,756,276	43,515,084	40,156,551
Retained earnings reserves	34	259,414	256,812	239,414	236,812
Accumulated other comprehensive income/(loss)	35	1,222,294	(43,663)	1,199,872	(65,766)
		64,118,509	59,469,425	64,454,370	59,827,597
Non-controlling interest		(955)	(853)	0	0
<b>TOTAL EQUITY</b>		<b>64,117,554</b>	<b>59,468,572</b>	<b>64,454,370</b>	<b>59,827,597</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,044,989,943</b>	<b>763,896,899</b>	<b>1,042,404,956</b>	<b>761,243,423</b>

See accompanying Notes to Financial Statements

# Statement of Profit or Loss

For the Years Ended December 31, 2020 and 2019  
(In thousand pesos, except per share amounts)

	Group		Parent Bank	
Note	2020	2019 Restated	2020	2019
<b>INTEREST INCOME</b>				
Loans and receivables	17,655,459	18,065,122	17,643,732	18,047,184
Financial assets - debt securities	9,834,284	9,674,118	9,831,988	9,671,959
Deposits with banks	2,555,995	726,051	2,443,995	602,005
Interbank loans receivable/Securities purchased under agreement to resell	541,633	1,282,941	539,499	1,275,546
	<u>30,587,371</u>	<u>29,748,232</u>	<u>30,459,214</u>	<u>29,596,694</u>
<b>INTEREST EXPENSE</b>				
Bills payable and other borrowings				
ODA Borrowings	2,028,114	2,186,383	2,028,114	2,186,383
Other Borrowings	2,776,524	3,038,149	2,669,408	2,940,181
Deposits	7,884,612	7,807,981	7,884,983	7,807,951
	<u>(12,689,250)</u>	<u>(13,032,513)</u>	<u>(12,582,505)</u>	<u>(12,934,515)</u>
<b>NET INTEREST INCOME</b>	17,898,121	16,715,719	17,876,709	16,662,179
Provision for impairment	21 (4,047,762)	(1,960,834)	(4,037,145)	(1,952,636)
<b>NET INTEREST INCOME AFTER PROVISION FOR IMPAIRMENT</b>	13,850,359	14,754,885	13,839,564	14,709,543
<b>OTHER INCOME</b>				
Profits/(loss) from investment and securities trading	436,918	635,865	436,918	635,865
Foreign exchange profit/(loss)	179,758	59,993	179,758	59,993
Service charges, fees and commissions	1,156,318	1,208,271	1,154,807	1,206,186
Dividends - equity investments	877,098	848,612	881,478	852,130
Miscellaneous income	37 662,112	895,304	384,040	488,604
	<u>3,312,204</u>	<u>3,648,045</u>	<u>3,037,001</u>	<u>3,242,778</u>
<b>OTHER EXPENSES</b>				
Compensation and fringe benefits	4,689,325	4,758,463	4,427,734	4,340,670
Taxes and licenses	39,47 4,045,170	3,017,363	4,019,069	2,990,601
Occupancy expenses	94,491	139,003	83,136	124,688
Other operating expenses	38 3,780,626	3,385,596	3,754,795	3,391,554
	<u>(12,609,612)</u>	<u>(11,300,425)</u>	<u>(12,284,734)</u>	<u>(10,847,513)</u>
Profit before tax	4,552,951	7,102,505	4,591,831	7,104,808
Provision for income tax	39 (1,058,704)	(1,528,298)	(1,049,220)	(1,500,705)
<b>PROFIT FOR THE YEAR</b>	<u>3,494,247</u>	<u>5,574,207</u>	<u>3,542,611</u>	<u>5,604,103</u>
Attributable to:				
Equity holder of DBP	3,494,350	5,574,297		
Non-controlling interest	(103)	(90)		
	<u>3,494,247</u>	<u>5,574,207</u>		
Earnings per share	17.92	28.59	18.17	28.74

See accompanying Notes to Financial Statements



# Statement of Profit or Loss and Other Comprehensive Income

For the years ended December 31, 2020 and 2019

(In thousand pesos)

	Group		Parent Bank		
	Note	2020	2019 Restated	2020	2019
NET INCOME FOR THE YEAR		3,494,247	5,574,207	3,542,611	5,604,103
Other comprehensive income/(loss)					
Items that may be reclassified subsequently to profit or loss:					
<i>Debt instruments at Fair Value through Other Comprehensive Income (FVOCI)</i>					
Net change in fair value during the year	35	1,265,957	2,513,420	1,265,638	2,514,855
Net unrealized gains/(losses) on financial investments at FVOCI		1,265,957	2,513,420	1,265,638	2,514,855
Total items that may be reclassified subsequently to profit or loss		1,265,957	2,513,420	1,265,638	2,514,855
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		4,760,204	8,087,627	4,808,249	8,118,958
Attributable to:					
Equity Holder of DBP		4,760,307	8,087,717		
Non-controlling interest		(103)	(90)		
		4,760,204	8,087,627		

See accompanying Notes to Financial Statements

# Statement of Changes in Equity

For the Years Ended December 31, 2020 and 2019  
(In thousand pesos, except per share amounts)

	Group				
	Attributable to the Equity holder of DBP				
	Capital Stock (Note 33)	Retained Earnings	Retained Earnings Reserves (Note 34)	Accumulated Other Comprehensive Income/(Loss) (Note 35)	Non-Controlling Interest
					Total
Balances at December 31, 2018	19,500,000	34,151,144	254,738	(2,557,083)	(763)
Adjustment from adaption of PFRS 16		12,522			
BEGINNING BALANCE, UNDER PFRS 16	19,500,000	34,163,666	254,738	(2,557,083)	(763)
Total Comprehensive income, net of tax					
Net Income for the year		5,559,399			(90)
Net change in fair value of debt instrument at FVOCI				2,870,805	
Net change in fair value of equity instrument at FVOCI				(357,385)	
Dividends		(26,678)			
Reclassification to (from) Surplus Free					
Set up of reserve for Trust Business		(2,074)	2,074		
Adjustment					
Written-off investment accounts		(12,325)			
Prior Period adjustments		(8,696)			
	0	(21,021)	0	0	0
BALANCE AT DECEMBER 31, 2019	19,500,000	39,673,292	256,812	(43,663)	(853)
Cumulative effect of prior period adjustments		82,984			
RESTATE BALANCE AT DECEMBER 2019	19,500,000	39,756,276	256,812	(43,663)	(853)
Total Comprehensive income, net of tax					
Net Income for the year		3,494,350			(103)
Net change in fair value of debt instrument at FVOCI				1,636,395	
Net change in fair value of equity instrument at FVOCI				(370,438)	
Dividends		(19,405)			
Reclassification to (from) Surplus Free					
Set up of reserve for Trust Business		(2,602)	2,602		
Adjustment					
Tax deficiency assessments for CY 2016		(136,840)			
DCI staff supplementation differential for 2017-2019		(17,539)			
DBP-SC's security/clerical/messengerial/janitorial services for 2019		(27,617)			
Other prior period adjustments		90,178			1
	19,500,000	43,136,801	259,414	1,222,294	(955)
BALANCE AT DECEMBER 31, 2020	19,500,000	43,136,801	259,414	1,222,294	(955)
	Parent				
	Capital Stock (Note 33)	Retained Earnings	Retained Earnings Reserves (Note 34)	Accumulated Other Comprehensive Income/(Loss) (Note 35)	Non-Controlling Interest
					Total
Balances at December 31, 2018	19,500,000	34,564,022	234,738	(2,580,621)	
Adjustment from adaption of PFRS 16		12,522			
BEGINNING BALANCE, UNDER PFRS 16	19,500,000	34,576,544	234,738	(2,580,621)	
Total Comprehensive income, net of tax					
Net Income for the year		5,604,103			
Net change in fair value of debt instrument at FVOCI				2,872,240	
Net change in fair value of equity instrument at FVOCI				(357,385)	
Reclassification to (from) Surplus Free					
Set up of reserve for Trust Business		(2,074)	2,074		
Adjustment					
Written-off investment accounts		(12,325)		0	
Prior Period adjustments		(9,697)			
	19,500,000	40,156,551	236,812	(65,766)	
BALANCE AT DECEMBER 31, 2019	19,500,000	40,156,551	236,812	(65,766)	
Total Comprehensive income, net of tax					
Net Income for the year		3,542,611			
Net change in fair value of debt instrument at FVOCI				1,663,736	
Net change in fair value of equity instrument at FVOCI				(398,098)	
Reclassification to (from) Surplus Free					
Set up of reserve for Trust Business		(2,602)	2,602		
Adjustment					
Tax deficiency assessments for CY 2016		(136,840)			
DCI staff supplementation differential for 2017-2019		(17,539)			
DBP-SC's security/clerical/messengerial/janitorial services for 2019		(27,617)			
Other prior period adjustments		520			
	19,500,000	43,515,084	239,414	1,199,872	
BALANCE AT DECEMBER 31, 2020	19,500,000	43,515,084	239,414	1,199,872	

See accompanying Notes to Financial Statements

# Statement of Cash Flows

For the years ended December 31, 2020 and 2019  
(In thousand pesos)

	Group		Parent Bank	
Note	2020	2019 Restated	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Interest income received	26,826,945	28,106,677	26,771,632	27,908,024
Interest expense paid	(12,641,902)	(12,090,746)	(12,535,187)	(11,992,861)
Bank commission, service charges and fees received	1,343,114	1,208,271	1,154,807	1,206,186
Profits from investment and securities trading	306,903	500,491	306,903	500,491
Dividend and other income	1,661,668	1,930,738	1,574,773	1,529,261
General and administrative expenses paid	(11,674,874)	(10,944,072)	(11,416,931)	(11,454,847)
Changes in operating assets and liabilities:				
(Increase) Decrease in operating assets:				
Financial assets - FVTPL	(1,670,021)	(1,810,368)	(1,670,021)	(1,735,643)
Financial assets at Amortized Cost (Loans and receivables, net)	(67,264,504)	(89,218,739)	(67,570,582)	(88,882,262)
Non-current assets held for sale	32,593	90,868	32,593	90,868
Other assets	1,865,307	5,715,874	1,885,543	5,882,731
Increase (Decrease) in operating liabilities:				
Deposit liabilities	265,728,417	75,738,367	266,058,820	75,817,793
Due to Bangko Sentral ng Pilipinas/other banks	(2,038)	(324)	(2,038)	(324)
Manager's checks and demand drafts outstanding	(585,707)	332,146	(571,543)	320,377
Accrued taxes, interest and expenses	229,304	249,590	180,535	187,927
Deferred credits and other liabilities	7,215,936	(550,771)	7,181,224	244,095
Cash generated from (used in) operating activities	211,371,141	(741,998)	211,380,528	(378,184)
Income taxes paid	(1,771,176)	(2,003,864)	(1,758,200)	(1,979,001)
Net cash provided/(used) in operating activities	209,599,965	(2,745,862)	209,622,328	(2,357,185)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
(Increase) Decrease in:				
Financial assets - FVOCI	(3,994,603)	7,241,197	(3,994,603)	7,241,197
Financial assets at Amortized Cost (HTC)	(48,525,827)	(2,330,847)	(48,525,701)	(2,325,708)
Equity investment in subsidiaries	0	0	9,890	0
Equity investment in associates and joint ventures	(15,157)	20,889	995	0
Bank premises, furnitures, fixtures and equipment	(533,922)	(498,488)	(496,898)	(473,415)
Investment properties	238,185	39,038	238,186	39,038
Intangible assets	(80,480)	(2,741)	(78,452)	(7,005)
Net cash provided/(used) in investing activities	(52,911,804)	4,469,048	(52,846,583)	4,474,107
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase (Decrease) in:				
Borrowings	(11,933,857)	(11,955,101)	(12,103,697)	(12,294,196)
Bonds Payable	21,000,000	18,006,500	21,000,000	18,006,500
Financial Lease Liability - ROU	74,635	282,009	57,984	274,254
Cash dividends paid	(19,405)	(26,678)	0	0
Payment of 2016 Tax Deficiency Assessment	(136,840)	0	(136,840)	0
Payment to DCI for Staff Supplementation Differential FTP 2017-2019	(17,539)	0	(17,539)	0
Payment to DBPSC for 2019 Security, Clerical, Messengerial, and Janitorial Service	(27,617)	0	(27,617)	0
Net cash provided/(used) in financing activities	8,939,377	6,306,730	8,772,291	5,986,558
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	(2,293,940)	967,652	(2,293,940)	967,652
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	163,333,598	8,997,568	163,254,096	9,071,132
Cash and cash equivalents	8			
Beginning of year	187,180,120	178,182,552	186,841,631	177,770,499
End of year	350,513,718	187,180,120	350,095,727	186,841,631

See accompanying Notes to Financial Statements



# DBP Subsidiaries

As its subsidiaries, DBP Data Center (DCI), Al-Amanah Islamic Bank (AAIB), DBP Leasing Corporation (DBP-LC) and DBP Management Corporation remained focused on their vision of inclusive development towards nation-building and commitment to enrich the life of the Filipino people and a sustainable future for the Philippines.

By performing their respective specialized services, DBP's subsidiaries play a key role in establishing the parent bank's presence and extending its reach.



Al-Amanah Islamic Investment Bank of the Philippines (AIIBP) was created in 1990 through R.A.6848, replacing Philippine Amanah Bank, the purpose of which is to "to promote and accelerate the socio-economic development of the Autonomous Region by performing banking, financing and investment operations and to establish and participate in agricultural, commercial and industrial ventures based on the Islamic concept of banking". Due to the lack of government regulations on Islamic Banking and the issue on undercapitalization, not to mention that it is the only Islamic Bank in the Philippines, AAIBP has been struggling to fully operate under its mandate. Despite these challenges, we continued to strengthen the bank's corporate governance and marketing strategies in order to be relevant in addressing economic and social problems primarily in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) which has always been the bank's priority.

Among the products developed by AAIBP to participate in socio-economic development, financial inclusion and poverty alleviation are:

1. General Islamic Investment Account (GIIA) – This operates as a Mudarabah Account where the funder or investors become partners in pursuit of a specific economic activity or project.
2. Trust Waqf Facilities (TWF) – This operates as a Trust Fund with intention to generate income out of the Humanitarian Assistance Programs of AAIBP by offering humanitarian Islamic Microfinance for the purpose of funding the Charitable Assistance Programs of the Bank including but not limited to scholarship program, health & medical assistance program, and women welfare assistance program.

## ORGANIZATIONAL QUALIFICATION

Currently being the sole Islamic Bank in the Philippines, AAIBP is the only financing institution empowered and authorized to offer Islamic banking products and services in the country. With the needed funding support, it has the full capacity to function according to its mandate and become an essential tool in fostering inclusive economic growth.

Although it is restricted by its limited capital, it has built up its corporate governance policies and procedures. As a government-owned and controlled corporation, it is required to comply with all rules and regulations for banks intended to guide the bank with respect to its management, accounting and reporting. Essentially, AAIBP is bounded by strict supervisory and regulatory requirements in the conduct of its operations.

## AAIBP 2020 ROADMAP

The AAIBP 2020 Roadmap for Rehabilitation, Sustainability and Growth is aimed for the transformation of AAIBP into full Islamic banking concomitant to its compelling rehabilitation including the following:

- Rehabilitation through the Institutionalization of the First Islamic Microfinance window in the Philippines by AAIBP for its essential and responsive participation in poverty alleviation program of the Government, primarily in BARMM and her similarly situated neighbors in Mindanao.
- Transformation of AAIBP to Full Islamic Banking, Financing and Investment to realize its significance as an economic vehicle for socio-economic development in pursuit to nation building.
- Participation of AAIBP in the Development of Takaful or Islamic Insurance in the Philippines to promote its promising potential role in national economic stability.

## ISLAMIC MICROFINANCE

AAIBP's Islamic Microfinance was essentially crafted to afford financing assistance to small enterprises, merchants, farmers and fisher folks to establish or enhance their source of livelihood. It was carefully crafted to become efficient, relevant and responsive to the needs of the target beneficiaries (or clients), particularly to Muslim Filipinos in the BARMM and their similarly situated neighbours.

The Institutionalization of Islamic Microfinance Window is the first phase of AAIBP's 2020 Roadmap to Sustainability and Growth. However, this phase shall require at least Php3Bn funding. Since the Islamic Microfinance Window shall operate under the Humanitarian Assistance Program of AAIBP (HAP), AAIBP are looking for partners who may be interested to extend "financial grant" for the Institutionalization of the first Islamic Microfinance Banking Window in the Philippines. Once the IM Window, operating under the HAP, starts to generate income, it shall establish and support the AAIBP's Charitable Assistance Programs (CAP).

## GENERAL ISLAMIC INVESTMENT ACCOUNT (GIIA)

AAIBP's GIIA is based on Islamic concept of Mudarabah which is partnership between two or more persons who put together their funds in pursuit of a business or economic activity with intention to share proportionately in the profit and loss. It is intended to pool funds from domestic and foreign investors to capitalize an asset-based or asset backed economic activity or project of the government or private person or entity for a definite period of time.

On December 8, 2020, AAIBP and its project partners signed a tripartite Memorandum of Agreement (MOA) at the Manila Hotel for the development of Waste to Energy (WTE) facility which will be piloted in Cagayan Economic Zone Authority. The WTE project will be outsourced through AIB's General Islamic Investment Account. The AIB acts as conduit for the project proponent and the investor.

In consonance to AIB's mission to support green finance and participate in national socio-economic development, this project will benefit the Local Government Unit (LGU) of Cagayan as it will generate jobs in the area and it will generate income from the sales of energy such as biochar and feedstock derived from processed and converted waste.

As the Philippine economy suffered harshly during the COVID-19 pandemic, this project is timely because the economy is gradually opening and the government has prepared an economic recovery plan for various sectors including the Energy sector.

## AAIBP SADQAH

Under the leadership of Chairman & CEO Alex P. Bangcola and through the initiative of Chief Operating Officer/Legal Counsel Imelda Tarhata F. Macarambon, the officers and employees of the Almanah Islamic Bank raised funds out of their own salary to extend sadqah (charitable assistance) to students of Mindanao State University who were stranded inside its campus or areas where its Units are situated due to sudden Declaration State of Health Emergency by President Rodrigo Duterte on March 8, 2020, which placed the entire Nation under Enhanced Community Quarantine (ECQ) or Lockdown. The sadqah (donated amount) for food and other basic provision to affected students was handed to MSU Crisis Management Committee on Covid 19 through MSU President Habib W. Macaayong at his Office in MSU Campus, Marawi City.

## 2020 ISLAMIC BANKING AND FINANCE TRAINING

The Officers of Amanah Islamic Bank participated in a series of Islamic Banking Training for Bankers and other Stakeholders granted by the Asian Development Bank's (ADB) Knowledge and Support Technical Assistance on Islamic Finance for the Philippines. These trainings are in line with the Bangko Sentral ng Pilipinas' (BSP) thrust to promote Islamic Banking in the country as part of its financial inclusion agenda which were held in the BSP Headquarters in Manila on January 27-31 and February 6-7, 2020.

The topics discussed are Foundations of Islamic Finances, Shari'ah Governance, Islamic Banking, Microfinance, Islamic Capital Markets, and the Foundations and Principles of Takaful. These insightful and highly educational topics were facilitated by the Islamic Finance Advisory and Assurance Services (IFAAS) Group. The Bank also tapped ADB for a possible exclusive training focused on Islamic product development for AAIBP.



DCI has been continuously supporting DBP's Information Technology infrastructure for the past 38 years. In 2020, 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 the Bank's systems and applications. Further, DCI also started to seek opportunities to increase revenues by expanding its customer base to include government agencies and instrumentalities via an Agency-to-Agency Agreements.

Aligned with DCI's strategic plan, DCI pursues an aggressive business plan to deliver high-quality services, build an excellent team, and capture competitive market share in the industry.

Below are some of DCI's notable accomplishments/performance in 2020.

### a. DBP Opportunities

DBP IT Staffing - Among DCI's core competencies is identifying the right people suitable for augmenting the IT staffing needs of the Bank. As of December 31, 2020, DCI has a total of eighteen (18) strong workforce working closely with the Bank's IT requirements.

### b. Non-DBP Opportunities

The Corporation has started opportunities and negotiations on non-DBP projects focusing on government agencies and instrumentalities such as:

1. **Zamboanga Del Norte Medical Center** – This is an on-going project (5-year contract) where DCI provides Hospital Information System for the LGU hospitals.
2. **Jose B. Lingad Memorial Regional Hospital** – This is a DOH hospital where we offered the Hospital Information System (HIS) BPO project with a contract of five (5) years. Live-Production started in July 14, 2016. Implementing changes to hospital processes and workflows and monitoring End-User compliance to ensure smooth operations and correctness of data gathered by the system. This is an ongoing project.
3. **Bangko Sentral ng Pilipinas** - This is an on-going engagement that entails supply, delivery, installation, configuration, testing, and implementation of Human Resource Information System (HRIS).
4. **Dr. Jose N. Rodriguez Memorial Hospital** – This is a DOH hospital where we offered the Hospital Information System (HIS) BPO project with a contract of seven (7) years. Contract was signed in February 2018. Implementing changes to hospital processes and workflows and monitoring End-User compliance to ensure smooth operations and correctness of data gathered by the system. This is an ongoing project.
5. **James L. Gordon Memorial Hospital** – This is a LGU hospital where we offered the Hospital Information System (HIS) BPO project with a contract of five (5) years.  
  
Implementing changes to hospital processes and workflows and monitoring End-User compliance to ensure smooth operations and correctness of data gathered by the system. Contract was signed in August 2018. This is an ongoing project.
6. **Philippine International Trading Corporation (PITC)** – This is a consulting service for the design and development of Trading Management Information System (TMIS) – Business Process Automation. Contract was signed May 2018.
7. **Food and Drug Administration (FDA)** – This is a cloud migration project.
8. **Eastern Visayas Regional Medical Center (EVRMC)** – This is a DOH hospital where we offered the Hospital Information System (HIS) BPO project with a contract of seven (7) years. Contract was signed in May 2018. Implementing changes to hospital processes and workflows and monitoring End-User compliance to ensure smooth operations and correctness of data gathered by the system. Inflow of income comes in middle of 2019. This is an ongoing project.
9. **Tondo Medical Center (TMC)** – This is a DOH hospital where we offered the Hospital Information System (HIS) BPO project with a contract of seven (7) years. Contract was signed in April 2019. Implementing changes to hospital processes and workflows and monitoring End-User compliance to ensure smooth operations and correctness of data gathered by the system. Live production starts in September 2019. This is an ongoing project.
10. **Provincial Government of Sorsogon (Dr. Fernando S. Duran Sr. Memorial Hospital)** - This is a DOH hospital where we offered the Hospital Information System (HIS) BPO project with a contract of six (6) years. Contract was signed in September 2019. Implementing changes to hospital processes and workflows and monitoring End-User compliance to ensure smooth operations and correctness of data gathered by the system. This is an ongoing project.
11. **Department of Energy (DOE)** – This is an application development project. Development of web-based application and online Database System to achieve the online submissions intended for Philippine Energy Standards and Labeling Program (PESLP), Government Energy Management Program (GEMP), Minimum Energy Performance for the Commercial, Industrial and Transport Sectors (MEP – CIT). MOA was signed January 2019.
12. **Governance Commission for GOCCs (GCG)** - This is an on-going engagement that entails supply, delivery, installation, configuration, testing and implementation of Enterprise Planning Solution.
13. **Philippine Science High School (PSHS)** - This is an on-going engagement that entails supply, delivery, installation, configuration, testing and implementation of New Freshmen Admission Processing System (NFAPS) and Student Information System (SIS).



DIBI's mission is to ensure that DBP's insurable assets and loan related interest are provided with the most adequate and cost effective insurance protection available in the market.

## Significant Achievements for CY 2020

### 1. Increased in Premium Production by 13% against Actual Growth –Year on Year

	2019 (in Million)	2020 (in million)	Growth (Variance)
Gross Commission	Php45.72	Php51.78	13.25%
Service Fee (DBP)	Php12.39	Php14.11	13.88%
Net Income After Tax	Php14.14	Php17.14	21.21%

### 2. Launched the Incentive Program

10% of the increase in annual paid commission in excess of last year's commission will be paid to the producing Lending Center and/or Branch Group.

#### Year 2021 Strategies/Project List

1. Hiring of the new General Manager of DIBI effective April 13, 2021.
2. Transfer to a new working area/facility, from DBP office to Lockton Headquarters provided that we will put up a Help Desk and assign one (1) person to assist all inquiries/needs of DBP personnel.
3. Continuously review the current process and procedure and allow necessary adjustments. We will do regular reviews, updates and revisions to our business plan in order to maintain business success.
4. Hiring an additional staff particularly on Claims and Marketing to support the needs of the client and to provide quality service



DBP Leasing Corporation's (DBPLC) profitability suffered in 2020 as a result of the slowdown in economic activities due to the pandemic. Net income after tax in 2020, albeit still positive, went down to Php16.47million compared to Php41.63Mn in 2019. Earnings before interest taxes, depreciation and amortization (EBITDA) rate was at 12.79% while ROE was at 1.51%.

Gross revenues decreased by 10.79% to Php203.67Mn in 2020 from Php228.32Mn in 2019. The stringent restrictions imposed on the operations of major public transportation operators, which comprise a large portion of the company's accounts, caused these customers to stop operations and defer payments of their obligations, thus resulting in reduced revenues for DBPLC.

Lending operations in 2020 was severely curtailed due to the impact of the pandemic on overall economic activities. Consequently, lease and loan portfolio went down to Php2.93Bn in 2020, a decrease of 7.68% from its 2019 level. Meanwhile, total assets rose by 6.14% to Php3.55Bn from Php3.45Bn in 2019 as cash position was shored up to ensure liquidity. Despite the surge in payment defaults from clients in the early part of the quarantine period, coupled with the grace period

on loan payments allowed under the Bayanihan To Heal as One Law, the company's focused collection strategy enabled it to significantly improve collection by more than 90% in the last quarter of 2020.

DBPLC remitted Php17.72Mn in dividends to the Bureau of Treasury due to net profits earned in 2019.

Public Sector/ SMEs accounted for 34.8% of total credit portfolio while private and priority sectors comprised 65.2%. Majority of customers are established private corporations, now numbering 69 companies coming from 28 different types of industry sub-sectors. The total number of productive equipment and assets the company has financed grew to 642 units with 30% deployed outside National Capital Region.

DBPLC has obtained re-certification of its Quality Management System for the years 2019-2021 and remains the only ISO 9000-2015 certified financing company in the country. It is also the first company in the DBP Group whose 2020 financial statements were certified by the Commission on Audit with an unqualified opinion.



The DBP Management Corporation (DBPMC) was created in 1981 primarily to assist DBP in the management of its distressed accounts and disposal of acquired assets. DBPMC's mandate was to purchase, or otherwise dispose of real and personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign and to carry on and on to manage the general business of any company.

As early as April 20, 2016, the Governance Commission for GOCCs (GCG) has already classified DBPMC as "inactive" and that the Corporation functions mainly as a support unit of the Parent Corporation, DBP. Given this situation, DBPMC's operations have been limited to investing in low-risk investment outlets like time deposit and special savings.

On April 26, 2017, the DBP Board approved the amendment of DBPMC's Articles of Incorporation mainly for shortening its corporate life. The DBP Board likewise gave instruction for the Parent Bank, DBP, to initiate the dissolution of DBPMC and subsequent transfer of the remaining assets to DBP subject to final approval of GCG.

On June 20, 2018 and April 3, 2019, the DBP Board approved the nomination of representatives to the Board of DBPMC to pass upon and approve the various undertakings in the preparation for DBPMC's dissolution and subsequent transfer of the remaining assets to DBP. Said dissolution, subject to clearance by GCG, did not progress as there were delays in the approvals by GCG of the nine-man Board of DBPMC.

However, on October 7, 2020, the DBP Board resolved to resume active operations of DBPMC in anticipation of the enactment of the Financial Institutions Strategic Transfer (FIST) Act in which DBPMC's participation might be tapped by DBP. The DBP Board revoked the 2017 Board Resolution No. 0142 approving amendments of DBPMC's Articles of Incorporation for the shortening of DBPMC's corporate life and its subsequent dissolution.

On October 29, 2020, the DBP Board sought endorsement of the DOF Secretary for GCG's approval of the DBP representatives to the respective Boards of subsidiaries including the nine-man Board of DBPMC. GCG's approval is necessary to resume active operations of DBPMC.

As of 31 December 2020, DBPMC's assets amounted to Php99.32Mn with net income of Php0.44Mn for the year, derived mainly from interest on time deposits.



# DBP Subsidiaries Officers



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

In photo from 1st to 2nd row: Compliance Unit Head Aprilie Mae B. Malacay, Communications Officer Rowena C. Thakur, Investment Unit Head Arleth A. Mendoza, CEO Atty. Imelda Tarhata F. Macarambon, Operations Unit Head Atty. Jomaila G. Rangiris, Branch Banking Services Department Head Lilian Q. Dubal, and Marketing Department Head Reina M. Gayak

## ***DBP Leasing Corp.***

**VP Agnes Z. Bengco**  
Chief Finance Officer/  
VP for Finance

**Danilo T. Reyes**  
President & CEO



## ***Data Center Inc (DCI)***

**Gina A. Gonzales**  
Operations Department Head

**Emmanuel P. Galicia, Jr.**  
President & CEO

**Marco A. Ustaris**  
HR Division Head

# DBP Products and Services

## BRANCH BANKING SECTOR

### FINANCIAL CENTER

#### a. Savings Account

An interest earning deposit account which comes with an ATM or an ATM with Passbook. Provides both interest income and liquidity to accountholder. Funds may be accessed via over-the-counter (OTC), online, ATM or Point-of-Sale (POS) terminals (for Peso Accounts) and OTC (for US Dollar accounts)

#### b. Deposit Account for Financial Inclusion

A Peso savings account with ATM, with simplified account opening requirements, lowered required initial deposit and zero required minimum monthly average daily balance

#### c. Current Account

Provides easy access to funds of corporates and individuals for payment of their financial transactions. Choice between maintaining a non-interest or interest bearing Peso checking account at low initial deposit, minimum monthly ADB and ADB to earn interest requirement

#### d. Young Earner's Savings Account

A Peso and US Dollar Savings Account for kids 0-19 years old (In trust for Account for 7 years old and below) to encourage the habit of saving. Offers low initial deposit which allows a one year grace period from account opening date to build up the balance up to the required ADB to earn interest. The YES account earns an interest of a regular savings account + premium.

#### e. Zero Balance Account

A zero opening and maintaining balance Savings or Current Account available for corporates and individuals performing online settlement of government contributions/ payments to SSS, PhilHealth, Pag-IBIG through the bank's online payment system. It is also available to clients of Trust Banking Group (TBG), both individuals and corporates, to serve as TBG's settlement facility for the interest income and any proceeds from its Clients' investment funds

#### f. Payroll Account

For Payroll requirements of local institutional clients.

#### g. Pensioner's Account

A Peso savings account for PVAO and SSS Pensioners. Accountholders enjoy priority servicing.

#### h. Wisdom Account

Peso or US Dollar Savings or Time Deposit account for senior citizens 60 years old and above. It offers a premium over savings and time deposit rates and priority processing.

#### i. Electronic Cash (EC) Card

A special ATM savings intended for OFWs & OFW beneficiaries that has the following features: (i) no initial deposit required to open the account; (ii) minimum of Php500.00 ADB to earn interest; (iii) no maintaining balance required; and (iv) the EC Card is EMV-compliant, can be used for bills payment, POS transactions, and can be enrolled online. The accountholder can also withdraw OTC at any DBP branches nationwide

#### j. Time Deposit

Peso and US Dollar Time Deposit for individual and corporate clients which earn higher interest than the regular savings account.

#### k. Special Savings

A high yield Peso fixed term deposit for individual and corporate clients. With passbook for easy tracking of investment

#### l. Option Savings Account

A high yield Peso fixed term deposit for individual and corporate clients with temporary short term liquidity. Client may opt for a shorter term and still enjoy a higher interest rate. With passbook for easy tracking of investment.

#### m. High Earner Time Deposit

A Peso or US Dollar Time Deposit for individual and corporate clients with long term placement requirements. Offers higher interest rate than a Time Deposit. Interest earning is paid upon placement which may be used for liquidity or reinvestment.

#### n. Special Investor's Resident Visa (SIRV)

A Peso Time Deposit for foreign investors who intend to reside and invest in the Philippines acceptable to the Board of Investments.

## OFW & REMITTANCE MARKETING DEPARTMENT

#### a. Inward Foreign & Domestic Remittance Services

DBP offers a combination of traditional and electronic-based remittance services through our Branches, Remittance Partners (like Pawnshops and Money Transfer Operators), and Correspondent Bank Accounts (through SWIFT).

Services/Features:

1. *Credit to DBP Account* – direct credit of inward remittance to the beneficiary's DBP account.
2. *Bank to Bank Credit* – Fast and worry-free credit of remittances to any Peso or US dollar-denominated bank accounts in the Philippines through the BSP PESONet, InstaPay and Phil. Domestic Dollar Transfer System (PDDTS) channels and through Society for Worldwide Interbank Financial Telecommunication (SWIFT)/Real Time Gross Settlement (RTGS).
3. *Cash Pick-up* – Claim remittances at any DBP branches or at any of the accredited/authorized payout outlets nationwide such as MLhuillier and Cebuana Lhuillier.
4. *Payment to institutions* – Remittance of the OFW monthly contributions or loan payments to Social Security System (SSS) and Philhealth.

#### b. Electronic Cash (EC) Card

The DBP EC Card is special ATM (EMV-compliant and VISA-enabled) Savings Account distinct from a regular ATM Savings Deposit Account intended for OFWs and OFW Beneficiaries and has the following features: (i) no initial deposit required to open the account; (ii) minimum of Php500.00 Average Daily Balance to earn interest; (iii) no maintaining balance required; and (iv) the EC Card is EMV-compliant, can be used for bills payment, POS transactions, and can be enrolled online. The accountholder can also withdraw OTC at any DBP branches nationwide.

## CARDS & ATM MANAGEMENT DEPARTMENT

### DBP CARDS and ATM

#### a. BP Prepaid Card

The DBP Prepaid Card is a customizable and reloadable VISA-branded card that can be used through local and international ATMs, payment via POS Terminals and online payment gateways through BancNet and VISA networks.

Validity: 5 years

Maintaining Balance: None

Interest Earning: No

#### b. DBP ATM-ID Debit Card

A multi-functional payroll ATM Card that also serves as the institutional client's company identification card. The DBP ATM-ID Debit Card is linked to an interest earning Savings/Current Account with a Php100 maintaining balance and utilizes a customized card design that is EMV compliant and can be equipped with an RFID functionality for contactless interface capability.

Validity: No card expiration

Maintaining Balance: Php100.00

Interest Earning: Yes

#### c. DBP PAG-IBIG Prepaid Card

A reloadable prepaid card issued for the crediting, disbursement and release of the proceeds of the Pag-IBIG Fund Members' Short -Term Loan Program. This is a co-branded card which is EMV compliant and is enabled for contactless transactions.

Validity: 5 years

Maintaining Balance: None

Interest Earning: No

#### d. DBP VISA Debit Card

The DBP Regular Debit Card is the standard card, with EMV Compliant and PayWave enabled, issued by the bank. This is directly linked to an interest earning Savings/Current Account providing cardholders the accessibility on payment transactions and cash withdrawals through POS and ATMs.

Validity: 5 years

Maintaining Balance: Php100.00

Interest Earning: Yes

#### e. Automated Teller Machine (ATM)

A self-service specialized computer that allows the public to conduct safe and secure financial transactions. DBP ATMs offer the following services:

- Cash Withdrawals
- Balance Inquiry
- PIN Change
- Funds Transfer
- Bills Payment
- Checkbook Reorder

Network Affiliation: VISA, MasterCard, Diners, Discover, EXK, JCB, DFTC via BancNet

Denomination: Philippine Peso

**f. Proprietary Bills Payment**

A closed loop proprietary bills payment facility in partnership with Electric Cooperatives and Water Districts for promoting financial inclusion by means of paying utility bills electronically using DBP Automated Teller Machines.

**Source of Fund:** DBP Debit or Prepaid Card

**Usage and Functionalities:** Alternative mode of payment for utility bills with the use of a DBP Debit or Prepaid Card on a DBP Automated Teller Machine (ATM)

**CONSUMER FINANCE DEPARTMENT**

**a. DBP EC Credit Salary Loan**

The DBP EC Salary Loan is a short-term to mid-term multi-purpose unsecured personal loan to employees of accredited participants - Local Government Units (LGUs), National Government Agencies and Offices, Government Owned and Controlled Corporations (GOCCs), State Universities and Colleges (SUCs), Local Water Districts (LWDs) and Electric Cooperatives (ECs). Loan repayment under this program is via salary deduction.

**b. Back to Back Loans**

Short term secured loan available to existing Peso and USD Deposit Account holders.

**CASH MANAGEMENT & TRANSACTION BANKING DEPARTMENT**

**a. Cash@Point of Sale (POS)**

Cash@POS facility utilizes Bancnet's Cash-Out service that expands the functions of a Point-of-Sale (POS) terminal to include processing of withdrawal transactions using ATM cards.

From a cardholder's point-of-view, the process will be similar to withdrawing cash from an ATM except cash is disbursed by personnel of the partner institution.

**b. DBP Digital Banking Portal (DBP2)**

DBP Digital Banking Portal is an on-line banking facility that will enable Institutional Clients to access their accounts and do banking transactions via the Internet.

**c. DBP Point of Sale (POS)**

The DBP Point of Sale (POS) Facility is a complete payment system that enables the authentication of payments using various cards issued by any member bank of local (Bancnet) and international networks (Visa and Mastercard).

**d. Internet Payment Gateway Facility (IPG)**

The DBP Internet Payment Gateway (IPG) is a web-based collection solution for institutions with interactive or transactional website. DBP serves as the enabler for VISA/MC and BancNet card acceptance through the websites of accredited institutions.

**e. BancNet e-Gov**

e-Gov is a BancNet Online facility that enables the Bank's Corporate Employers and Government institutions to facilitate their payments using their e-Gov Bank account to the following Government agencies:

1. Philhealth
2. HDMF (Pag-ibig)
3. SSS is currently disabled due to system enhancement

Benefits to the Clients:

1. Convenient way of paying Government contributions and loans anytime and anywhere.
2. Reduce operational and administrative expenses.
3. No service fees.
4. No additional ADB requirement.

**DEVELOPMENT LENDING SECTOR**

**INFRASTRUCTURE AND LOGISTICS**

**a. Connecting Rural Urban Intermodal Systems Efficiently (CRUISE Program)**

An umbrella program for connectivity infrastructure in the transportation, logistics, tourism sectors and their related information technology (IT) and climate change adaptation/risk mitigation requirements.

**b. Financing Utilities for Sustainable Energy Development Program (FUSED Program)**

DBP's platform for power generation and distribution sectors that aims to contribute in the increase access to electricity services through financing in order to help achieve inclusive growth and poverty reduction. FUSED Program is aligned with the Philippine Energy Plan 2012-2030 of the Department of Energy.

**c. DBP's ELECTRIC COOPERATIVE LOAN TAKE-OUT FROM PSALM (DELTA-P)**

DELTA-P aims to standardize the procedures and loan packaging requirements of the Lending Units for target EC's loan take out from PSALM Corp. DELTA-P shall be subsumed under the FUSED Program which caters to power generation and power distribution projects.

**d. Water For Every Resident (WATER Program)**

An umbrella program for the financing of water supply projects. It aims to contribute in the provision of safe and affordable water supply through financing in order to help achieve inclusive growth and poverty reduction.

**e. Infrastructure Contractors Support (ICONS Program)**

ICONS was created to support the national government's thrust of promoting infrastructure growth in the country under its BUILD, BUILD, BUILD Program including its Public-Private Partnership Program. DBP, as the country's Infrastructure Bank, extends direct financing to construction contractors as a complementary mode to fund various types of infrastructure activities.

**f. DBP Program Assistance to Support Alternative Driving Approaches (DBP PASADA)**

Contributes to the attainment of Philippine Development Plan 2017-2022- Accelerating Infrastructure Development- Transport and the United Nation's Sustainable Development Goal II- Sustainable Cities and Communities by supporting the development of sustainable transport system. It is DBP's response to the government's call for support to modernize and replace old jeepneys with brand-new and energy-efficient public transport vehicles and to include also support facilities necessary for the proper operation and maintenance of PUVs to achieve a well-managed, environmentally and sustainable transportation system.

**g. Lending Initiative For Sanitation (LINIS) Program**

Cognizant of the pressing problem on sanitation and the need to shift from thematic to market based approach program, the LINIS Program is crafted to contribute to solutions in addressing challenges in specific market segment of the sanitation sector.

It aims to contribute in the National Government's goal of achieving universal access to sanitation through provision of credit assistance to local government units, water districts & private companies and thus help them address compliance to:

- Clean Water Act of 2014 (R.A. 9275)
- Order of the Supreme Court for the clean-up, rehabilitation & preservation of several bodies of water (all LGUs in Metro Manila, Bataan, Bulacan, Cavite, Laguna, Pampanga & Rizal)
- Presidential Directive No. 2018-0081 dated February 12, 2018 requiring all resorts to have water treatment facility

**h. DBP-Mindanao Development Assistance (DBP-MinDA) Financing Program**

Aims to contribute to addressing challenges faced by Mindanaoans and further attaining Peace, Prosperity and Poverty Reduction, among others, for geographically isolated and disadvantaged areas in Mindanao through provision of potable water supply and irrigation

**MICRO, SMALL AND MEDIUM ENTERPRISES**

**a. Sustainable Enterprises for Economic Development (SEED) Program**

An umbrella program for the micro, small and medium enterprises, it aims to spur the contribution of MSMEs to sustainable economic development. It likewise aims to enhance access of MSMEs to credit facilities and fast track the credit process.

Under this program are the following credit facilities:

- Retail Lending for Micro and Small Enterprises (RLM)
- Medium Enterprise (ME) and Other Business Enterprise (OBE) Lending
- DBP-Credit Surety Fund (CSF) Credit Facility
- Inclusive Lending for Aspiring Women Entrepreneurs (ILAW)
- DBP Bankability Enhancement of SETUP Technopreneurs (DBP BEST) Program
- OFW Reintegration Program (OFW-RP)

**1. Retail Lending for Micro and Small Enterprises (RLM)**

It is a retail lending facility which aims to enhance micro and small enterprises' access to credit through simplified loan procedures and shorter turnaround time.

**2. Medium Enterprise (ME) and Other Business Enterprise (OBE) Lending**

It is a lending facility which aims to provide credit assistance to Medium Enterprises and Other Business Enterprises

**b. Sustainable Agribusiness Financing Program (SAFP)**

A credit assistance program for agribusiness projects engaged in the production, harvesting, processing and marketing of crops, poultry, livestock, and fishery.

**1. Sustainable Agribusiness Financing Program for the Dairy Industry** A sub-program under the Sustainable Agribusiness Financing Program that provides credit access for dairy production, processing, marketing, and acquisition of fixed assets for dairy projects.

**2. Broiler Contract Growing Program (BGCP)**

A sub program under the Sustainable Agribusiness Financing Program (SAFP), it is designed to encourage contract growers to expand their business by facilitating the financing of poultry broiler contract growing projects through shortened loan processing.



It likewise aims to finance the promotion of agribusiness for countryside development while responding to the food requirements of the country.

**c. Agroforestry Plantation Program (APP)**

Formerly the Tree Plantation Financing Program, APP is a credit assistance program for the development, expansion, harvesting, processing, maintenance and protection of industrial forest-based plantation in qualified private and public land consisting of at least 5 to 40,000 hectares of open area.

**d. Expanded Rice Credit Assistance Under the Rice Competitiveness Enhancement Fund (ERCA-RCEF)**

The ERCA-RCEF is a credit facility to support rice farmers, their cooperatives, and for improving the productivity of local rice farmers and increasing their income amidst liberalization of the Philippine rice trade policy.

The ERCA is one of the components of the government's recently approved law, Republic Act 11203 or commonly known as the Rice Tariffication Law of 2019. Under this law, Php1Bn is allotted annually for credit assistance within a period of six (6) years, which will be equally divided between Development Bank of the Philippines (DBP) and the Land Bank of the Philippines (LBP).

The fund shall be made available in the form of credit facility with minimal interest rates and with minimum collateral requirements to the rice farmers. ERCA- RCEF shall be over and above the regular credit programs of Land Bank and DBP for rice farming.

**e. Contract-to-Sell Financing Facility for Real Estate Developers (CTS Program)**

The Contract-to-Sell Financing Facility for Real Estate Developers (CTS Program) aims to address the widening gap for housing production in the country through the following key objectives:

1. To provide residential real estate developers means to grow its housing portfolio efficiently; and
2. To assist Key Shelter Agencies (KSAs) in addressing the housing requirements of the country.

**f. Rediscounting Line Facility For Real Estate Developers**

The Rediscounting Line Facility for Financial Institutions is a credit facility to supplement or augment funds needed by wholesale borrowers, where, availments on the rediscounting line are made against promissory notes of sub-borrowers. It includes not only those project/ business-based enterprises but also those for eligible salary based general purpose consumption loans.

**g. DA-ACPC-DBP BuyAnihan Credit Program**

BuyAnihan is a credit facility which aims to elevate direct engagement of rice cooperatives/ associations in the rice industry value chain by providing credit access to working capital requirement.

**h. DBP RESPONSE-MSME Recovery**

DBP RESPONSE-MSME Recovery is a sub-program of DBP RESPONSE created in compliance to RA No. 11494 (Bayanihan to Recover As One Act) directing DBP to introduce low interest and/or flexible term loan program for operating expenses available to businesses affected by the COVID-19 pandemic particularly those engaged in agri-fishery and non-essential businesses, including start-ups and cooperatives.

## ENVIRONMENT AND CLIMATE CHANGE

**a. Green Financing Program**

An umbrella program to support the Bank's strategic thrust of environmental protection and the country's green growth strategy. It was designed primarily to assist strategic sectors, industries and local government units in adopting environment-friendly processes and technologies and incorporating climate change adaptation and mitigation and disaster risk reduction measures by providing financing and technical assistance.

**b. Energy Efficiency Savings (E2SAVE) Financing Program)**

Designed in support of Republic Act (R.A.) 11285 or Energy Efficiency and Conservation Act that aimed to institutionalize energy efficiency and conservation as a national way of life. By harnessing new technologies, E2SAVE aims to improve productivity of public and private institutions to promote the efficient and judicious utilization of energy.

The Program aims to provide credit assistance to both private and public sectors' energy efficiency and renewable energy projects for own-use or net metering to enable them to harness the available new technologies and thus contribute in the effort of reducing greenhouse gas emissions. It likewise aims to provide credit assistance to Energy Service Companies or Energy Service Providers (ESPs) to further promote the development of energy efficiency and renewable energy projects.

## SOCIAL SERVICES AND COMMUNITY DEVELOPMENT

**a. Residential Real Estate Financing Program (RRFP)**

DBP's umbrella program to support the Bank's strategic thrust of social development through the provision of accessible financing to support shelter production and secure tenure delivery.

**b. Strategic Healthcare Investments for Enhanced Lending & Development (SHIELD)**

Formerly called Sustainable Health Care Investment Program (SHCIP), SHIELD is a program that responds to the financing needs of the country's health sector. It extends credit facility for health care investment projects with the aim of making health services more available, accessible and affordable to communities throughout the country, especially to people belonging to the lowest income group.

**c. Education Sector Support For Knowledge, Wisdom And Empowerment Through Lending Assistance (ESKWELA) Program**

Formerly the DBP Educational Fund Program, ESKWELA is DBP's lending program for schools covering i.) basic education, ii.) higher education, iii.) technical-vocational education & iv.) alternative learning system (ALS). ESKWELA intends to support the Bank's strategic thrust of contributing to the improvement of lives of Filipinos across the nation by supporting the availability of quality education.

**d. DBP Rehabilitation Support Program On Severe Events (DBP RESPONSE)**

DBP RESPONSE provides rehabilitation financing support to DBP and non-DBP borrowers, both public and private institutions, who have been adversely affected by calamities and/or events arising from the occurrence of such calamities.

**e. Assistance for Economic and Social Development (Asenso) For Local Government Units Financing Program**

Aims to provide financing assistance to all levels of local government units in the accomplishment of its projects to accelerate the infrastructure developments as one of the goals in PDP.

## OPERATIONS SECTOR

### LOANS ADMINISTRATION DEPARTMENT-TRADE FINANCE UNIT

**a. Import Letter of Credit (ILC)**

A payment instrument issued by a bank, at the request of the applicant (importer), in which the bank promises to pay a specified amount of money to the named foreign beneficiary (exporter) upon his presentation of documents as stipulated in the credit.

**b. Domestic Letter of Credit (DLC)**

A payment instrument issued by a bank, at the request of the applicant (buyer), in which the bank promises to pay a specified amount of money to the named local beneficiary (seller) upon his presentation of documents as stipulated in the credit.

**c. Foreign Standby Letter of Credit (FSLC)**

A guarantee of payment issued by a bank to a foreign beneficiary on behalf of its client (applicant) that is used as "payment of last resort" should the client fail to fulfill a contractual commitment with a third party. An FSLC is called/drawn upon only if there is default.

**d. Domestic Standby Letter of Credit (DSLCL)**

A guarantee of payment issued by a bank to a local beneficiary on behalf of a client (applicant) that is used as "payment of last resort" should the client fail to fulfill a contractual commitment with a third party. A DSLCL is called/drawn upon only if there is default.

**e. Document Against Acceptance (DA)**

The seller ships the goods directly to the buyer and sends the shipping documents and bill of exchange or time draft drawn on the buyer through a bank, which shall release the documents to the buyer upon the buyer's acceptance of the draft and confirmation of the draft's maturity date.

**f. Document Against Payment (DP)**

The seller ships the goods to the buyer and sends the shipping documents and a sight draft drawn on the importer through a bank for purposes of handling the release of documents to the importer only upon payment of the import bill. The bank shall only release the shipping documents to the buyer if the latter has paid the import bill amount plus the charges.

**g. Open Account (OA)**

Exporter/seller ships the goods and sends shipping documents directly to the buyer without courting the shipping documents through the bank, upon the importer's promise to pay at some future date after shipment. (minimum of 30 calendar days after delivery or BL/AWB shipment date)

**h. Direct Remittance (DR)**

Exporter/seller ships the goods and sends shipping documents directly to the buyer without courting the shipping documents through the bank, upon the importer's promise to pay at some future date after shipment. (within 29 calendar days after delivery or BL/AWB shipment date)

- i. **Advance Payment**  
The buyer/importer pays in advance, either partial or full, the seller/exporter for goods/services ordered. Seller ships out the goods/performs the services only upon receipt of good funds.
- j. **Trust Receipt (TR) Financing**  
A loan/facility given to the buyer/importer where the goods are released to him allowing him physical possession of the goods as a trustee. The bank retains title to the goods until such time that the buyer/importer remits the proceeds of sale/pays the TR loan (TR amount plus interest) goods to the bank.
- k. **Collection of Customs Duties**  
Collection and remittance of import/export duties to the Bureau of Customs (BOC) upon receipt of payment from the client.
- l. **Shipside Bond/Shipping Guaranty Issuance**  
Written undertaking issued by the bank at the importer's request, to a named carrier/shipping company requesting release to the named importer of the specified shipment in case the goods arrive prior to the receipt by the bank of the original copies of the transport documents and/or documents required under the LC.
- m. **Air Waybill Endorsement/Advance Release**  
Endorsement by the bank at the importer's request to a named airline company of the certified true copy of an Air Waybill (AWB) authorizing them to release to the named importer of the specified shipment in case the goods arrive prior to the receipt by the bank of the original copies of the transport documents and/or documents required under the LC.
- n. **Export Bills Purchase (EBP)**  
The handling of export documents and discounting/advancing the value of the draft/bill of exchange, which are presented to the bank by the exporter.
- o. **Outward Bills for Collection (OBC)**  
A collection process which the bank may offer to exporters who do not need financing of a particular shipment at a particular period of time. The export documents are presented for collection purpose only.
- p. **Export LC/SBLC Advising (LA)**  
Advising to the client of the LC/SBLC received, but holds no obligation on the part of the bank.
- q. **Inward Trade Remittance**  
Crediting of trade proceeds to the exporter client's peso/dollar account based on the received SWIFT message and supporting documents to be provided by the client.

## TREASURY & CORPORATE FINANCE SECTOR

### TREASURY

- a. **Government Securities**  
Government Securities (GS) are unconditional obligations of the Republic of the Philippines. These are relatively free from credit risk because the principal and interest are guaranteed by the National Government, backed by the full taxing power of the sovereignty. However, there may be market risks due to changes in the interest rates.  
  
The Philippine Government issues both Peso and US Dollar denominated securities. There are two kinds of Peso Government Securities (GS): (1) Treasury Bills and (2) Treasury Bonds. Treasury Bills are obligations with maturity of one year or less, issued at a discount to the maturity value. Treasury Bonds are obligations with maturities ranging from 2 years to 25 years, issued at par with periodic coupon payments to be made up to final maturity. Some bonds may be issued without coupons and these are known as zero coupon bonds.  
  
As for the dollar denominated GS, it has tenors of up to 25 years. Interest rates are paid semi-annually based on a fixed coupon rate.
- b. **Corporate Bonds/Bank Notes**  
Corporate Bonds/Bank Notes are debt securities issued by a corporation/bank and sold to investors. Compared to Government Securities, Corporate Bonds/Bank Notes offer better yield to maturity. However, it is not covered by the PDIC insurance since it is not a deposit product. Client's exposure is on the Issuer. These are subject to both market risks and credit/default risks.
- c. **Foreign Exchange**  
Provides prices in buying and selling of foreign currencies to service FX trade and non-trade requirements of clients.

### CORPORATE FINANCE SERVICES

- a. **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 government regulators, to ensure a successful issuance on a timely and cost-effective manner.

- b. **Fixed-income Underwriting**  
DBP capitalizes on its experience with various fund-raising activity in the credit evaluation of investment securities and loan arrangements to determine the appropriate distribution channel to ensure the success of the arrangement.
- c. **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.
- d. **Structural/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.
- e. **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 GROUP

- a. **Unlad Kawani Money Market Fund**  
Launched on September 12, 2014, the Unlad Kawani UITF is open to all individuals who are employed by the Philippine Government. Minimum amount of initial and subsequent participation is Php25.00. Unlad Kawani allows its investors to access rates higher than regular term deposits.
- b. **Unlad Panimula Multiclass Money Market Fund (UNLAD PANIMULA)**  
Launched on June 14, 2016, the Unlad Panimula UITF allows its investors to access rates higher than regular term deposits. It is open to all individual and institutional investors.
- c. **Investment Management Account (Institutional)**  
An investment Management Account (IMA) is an agency arrangement which enabled principals to enjoy their tailor-fit portfolio based on their liquidity and growth needs. For a minimum of Php5Mn. investment outlets they can tap include deposit products, government securities, investment grade bonds and promissory notes.
- d. **Employee Benefit**  
Institutional clients can entrust the management of their retirement funds to TBG which can manage and administer it to maximize its earnings for the benefit of their qualified employees.
- e. **ESCROW**  
Assets can be held by TBG on behalf of at least two parties until the occurrence of agreed conditions / events.
- f. **SAFEKEEPING**  
TBG can provide security for documents (ex. TCTs, securities, titles, etc.) through safekeeping and regular inventory.
- g. **Credit Surety Fund**  
TBG manages funds from contributions of cooperatives, NGOs and LGUs which can serve as security for loans obtained by MDMs in the area.
- h. **Special Purpose Trust**  
TBG can act as Special Purpose Trust (SPT) in monetizing regular cash flow streams (e.g. real estate loan receivables) through securitization.
- i. **Directors' and Officers' Liability Fund (DOLF)**  
A DOLF is a trust fund intended to indemnify the directors and officers of GOCCs against the cost of litigation and liability in the course of performing their fiduciary duties and obligations.
- j. **Mortgage/Collateral Trust Indenture**  
For corporate loans secured by a pool of assets, TBG can monitor the Borrower's compliance with the collateral requirements for and on behalf of the various lenders.
- k. **Facility/Loan Agency**  
In syndicated loans, TBG can act as an agent / intermediary between the borrower and the lenders and perform acts indicated in the relevant loan agreement. This service assures creditors that their interests are protected and provides convenience to the borrower by centralizing the transactions with TBG.
- l. **Public Trusteeship**  
The Public Trustee is an agency arrangement necessary in any public issuance of an Unsecured Subordinated Debt (USD).

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992-5819  
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**DIPOLOG BRANCH**

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**ZAMBOECOZONE BRANCH**

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## DEVELOPMENT LENDING

### NORTH & CENTRAL LUZON LENDING GROUP

2F DBP Bldg., Paseo del Congreso, Brgy. Catmon, City of Malolos, Bulacan 3000  
Email: nc-lg@dbp.ph  
Tel: (044) 796-0325

#### BAGUIO LENDING CENTER (BENGUET)

2F DBP Bldg., Session Rd. cor. Perfecto St., Baguio City 2600  
Email: benguet-lc@dbp.ph  
Tel: (074) 442-7109

#### CABANATUAN LENDING CENTER (NUEVA ECIIJA)

DBP Bldg., Burgos Ave. cor. Gabaldon St., Cabanatuan City, Nueva Ecija 3100  
Email: nuevaecija-lc@dbp.ph  
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#### CEBU NORTH LENDING CENTER (CEBU 2)

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