

**LBP INSURANCE BROKERAGE, INC.**  
(A wholly-owned subsidiary of Land Bank of the Philippines)  
**BALANCE SHEET**  
**December 31, 2008**  
(In Philippine Peso)

	Notes	2008	2007 (As restated)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	39,805,989	70,082,484
Foreign currency held for trading		1,130,711	1,144,943
Trade and other receivables	4, 20	28,666,565	25,472,841
Other current assets	5	1,964,051	1,098,593
		<u>71,567,316</u>	<u>97,798,861</u>
<b>Non-current assets</b>			
Property and equipment	6	30,558,842	32,680,480
Investments-held to maturity	7, 20	603,875,480	513,497,566
Other non-current assets	8	943,465	66,290
		<u>635,377,787</u>	<u>546,244,336</u>
<b>TOTAL ASSETS</b>		<b>706,945,103</b>	<b>644,043,197</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	44,506,502	43,846,902
Income taxes payable		2,099,256	4,920,759
Other liabilities	10	8,389,240	4,835,354
		<u>54,994,998</u>	<u>53,603,015</u>
<b>Stockholders' Equity</b>			
Capital stock	11		
Authorized capital stock 3,000,000 common shares @ P100 par value			
Issued and outstanding 3,000,000 common shares		<u>300,000,000</u>	<u>300,000,000</u>
Retained earnings	12		
Retained earnings appropriated for expansion		67,000,000	42,000,000
Retained earnings free		284,950,105	248,440,182
		<u>351,950,105</u>	<u>290,440,182</u>
		<u>651,950,105</u>	<u>590,440,182</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>706,945,103</b>	<b>644,043,197</b>

**LBP INSURANCE BROKERAGE, INC.**  
(A wholly-owned subsidiary of Land Bank of the Philippines)  
**STATEMENT OF INCOME**  
**For the year ended December 31, 2008**  
(In Philippine Peso)

	Notes	2008	2007 (As restated)
<b>INCOME</b>			
Service fees	13	58,147,559	44,940,631
Trading income		17,968,165	13,236,094
Interest income on investments		33,940,326	37,365,407
Other income	14	1,668,965	1,577,552
		<u>111,725,015</u>	<u>97,119,684</u>
<b>EXPENSES</b>			
Manpower costs	15	16,589,615	13,776,767
Taxes and licenses		2,497,368	1,232,930
Operating expenses	16	12,222,478	9,583,461
Other expenses	17	4,438,867	2,642,522
		<u>35,748,328</u>	<u>27,235,680</u>
<b>INCOME FROM OPERATIONS</b>		75,976,687	69,884,004
PROVISION FOR INCOME TAX	18	14,466,764	11,148,781
<b>NET INCOME</b>		<u><u>61,509,923</u></u>	<u><u>58,735,223</u></u>

**LBP INSURANCE BROKERAGE, INC.**  
(A wholly-owned subsidiary of Land Bank of the Philippines)  
**STATEMENT OF CHANGES IN EQUITY**  
**December 31, 2008**  
(In Philippine Peso)

	Notes	Capital Stock	As restated		TOTAL
		Common Stock	Retained Earnings Appropriated	Unappropriated	
<b>Balance, January 1, 2007</b>		200,000,000	75,000,000	260,768,976	535,768,976
Correction of prior period error	12			(4,064,017)	(4,064,017)
Restated balances, January 1, 2007		200,000,000	75,000,000	256,704,959	531,704,959
Stock dividends declared (750,000 @ P100.00/share)	11	75,000,000		(75,000,000)	-
Stock dividends declared (250,000 @ P100.00/share)	11	25,000,000		(25,000,000)	-
Reversal of appropriation on LIBI's new office			(33,000,000)	33,000,000	-
Net income for 2007				58,735,223	58,735,223
<b>Balance, December 31, 2007</b>		<b>300,000,000</b>	<b>42,000,000</b>	<b>248,440,182</b>	<b>590,440,182</b>
Appropriated for expansion	12		25,000,000	(25,000,000)	-
Net income for 2008				61,509,923	61,509,923
<b>Balance at December 31, 2008</b>		<b>300,000,000</b>	<b>67,000,000</b>	<b>284,950,105</b>	<b>651,950,105</b>

*The Notes on pages 7 to 22 form part of these financial statements.*

**LBP INSURANCE BROKERAGE, INC.**  
(A wholly-owned subsidiary of Land Bank of the Philippines)  
**CASH FLOW STATEMENT**  
For the year ended December 31, 2008  
(In Philippine Peso)

	Notes	2008	2007 (As restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net Income (loss) before tax		75,976,687	69,884,004
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	16	2,166,271	2,192,160
Gain on disposal of property & equipment	14	(1,616)	(2,445)
Impairment loss	17	-	15,830
Provision for probable losses	17	2,438,867	-
Prior period adjustments			(4,064,017)
Changes in operating assets and liabilities:			
(Increase)/decrease in trade and other receivables		(5,632,591)	36,328,335
Decrease in foreign exchange held for trading		14,232	503,024
(Increase)/decrease in other current assets		(865,458)	322,737
Increase/(decrease) in trade and other payables		659,600	(21,467,506)
Decrease in other current liabilities		(7,612,967)	(12,066,722)
Net cash generated from operating activities		67,143,025	71,645,400
Income taxes paid		(6,975,017)	(1,078,021)
Net cash provided by operating activities		60,168,008	70,567,379
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of held to maturity (HTM) investments	7	(91,436,459)	(6,860,609)
Acquisitions of property and equipment	6	(129,018)	(324,032)
Proceeds from partial redemption of Agrarian Reform Bonds	7	1,058,545	680,299
Proceeds from disposal of property and equipment	6,14	86,000	4,451
Payment of other non-current assets		(23,571)	-
Net cash provided by (used in) investing activities		(90,444,503)	(6,499,891)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of installment purchase payable		-	(22,722,075)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(30,276,495)	41,345,413
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>		70,082,484	28,737,071
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>3</b>	<b>39,805,989</b>	<b>70,082,484</b>

*The Notes on pages 7 to 22 form part of these financial statements.*

**LBP INSURANCE BROKERAGE, INC.**  
(A wholly-owned subsidiary of Land Bank of the Philippines)  
**STATEMENT OF FINANCIAL POSITION**  
(In Philippine Peso)

	Note	2011	2010	2009
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	3	367,043,394	298,061,012	314,602,478
Foreign currency held for trading		380,706	846,947	993,718
Trade and other receivables	4, 20	48,143,853	41,972,942	40,777,402
Other current assets	5	1,244,543	850,848	1,320,701
		416,812,496	341,731,749	357,694,299
<b>Non-current assets</b>				
Property and equipment	6	26,963,938	28,694,375	30,763,248
Investments-held-to-maturity	7, 20	426,081,564	487,232,691	455,485,328
Other non-current assets	8	2,721,864	2,836,227	2,156,344
		455,767,366	518,763,293	488,404,920
<b>TOTAL ASSETS</b>		<b>872,579,862</b>	<b>860,495,042</b>	<b>846,099,219</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
<b>Current Liabilities</b>				
Trade and other payables	9	83,964,257	93,922,863	116,043,273
Income taxes payable		3,946,612	5,023,390	5,229,406
Other liabilities	10	13,116,981	19,538,019	11,826,353
		101,027,850	118,484,272	133,099,032
<b>Non-Current Liabilities</b>				
Installment purchase payable	21	-	926,584	1,481,568
		101,027,850	119,410,856	134,580,600
<b>Stockholders' Equity</b>				
Capital stock	11			
Authorized capital stock 3,000,000 common shares @ P100 par value				
Issued and outstanding 3,000,000 common shares		300,000,000	300,000,000	300,000,000
Retained earnings	12			
Retained earnings appropriated for expansion		230,000,000	141,632,437	150,000,000
Retained earnings free		241,552,012	299,451,749	261,518,619
		471,552,012	441,084,186	411,518,619
		771,552,012	741,084,186	711,518,619
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>872,579,862</b>	<b>860,495,042</b>	<b>846,099,219</b>

Figures are based on COA's Annual Audit Reports

**LBP INSURANCE BROKERAGE, INC.**  
(A wholly-owned subsidiary of Land Bank of the Philippines)  
**STATEMENT OF INCOME**  
(In Philippine Peso)

	Note	2011	2010	2009
<b>INCOME</b>				
Service fees	13	78,956,805	69,522,510	56,977,670
Interest income on investments		31,345,705	31,231,766	33,243,477
Trading income		12,007,278	14,532,562	18,526,873
Other income	14	1,339,683	7,390,152	9,386,454
		123,649,471	122,676,990	118,134,474
<b>EXPENSES</b>				
Manpower costs	15	18,610,309	18,780,848	17,548,640
Operating expenses	16	9,861,337	10,347,801	10,011,808
Taxes and licenses		1,812,619	1,944,000	2,432,185
Other expenses	17	4,104,679	5,332,180	3,233,289
		34,388,944	36,404,829	33,225,922
<b>INCOME FROM OPERATIONS</b>		89,260,527	86,272,161	84,908,552
<b>PROVISION FOR INCOME TAX</b>	18	17,247,066	16,293,525	15,340,038
<b>NET INCOME</b>		72,013,461	69,978,636	69,568,514

Figures are based on COA's Annual Audit Reports

**LBP INSURANCE BROKERAGE, INC.**  
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**STATEMENT OF CHANGES IN EQUITY**  
**For the years ended December 31, 2009 to 2011**  
(In Philippine Peso)

**Year 2011**

	Note	Capital Stock Common Stock	Retained Earnings		TOTAL
			Appropriated	Unappropriated	
Balance at January 1, 2011		300,000,000	141,632,437	299,451,749	741,084,186
Cash Dividend	12			(35,000,000)	(35,000,000)
Appropriation for expansion	12		90,000,000	(90,000,000)	-
Prior period adjustments	12			(5,508,250)	(5,508,250)
Application of appropriation of retirement fund	12		(1,632,437)	595,052	(1,037,385)
Net income				72,013,461	72,013,461
<b>Balance at December 31, 2011</b>		<b>300,000,000</b>	<b>230,000,000</b>	<b>241,552,012</b>	<b>771,552,012</b>
Balance at January 1, 2009		300,000,000	150,000,000	261,518,619	711,518,619
Cash Dividend	12			(30,000,000)	(30,000,000)
Prior Period Adjustments	12			(2,045,506)	(2,045,506)
Application of appropriation for retirement fund	12		(8,367,563)		(8,367,563)
Net income				69,978,636	69,978,636
<b>Balance at December 31, 2010</b>		<b>300,000,000</b>	<b>141,632,437</b>	<b>299,451,749</b>	<b>741,084,186</b>

**Year 2010**

	Note	Capital Stock Common Stock	Retained Earnings		TOTAL
			Appropriated	Unappropriated	
Balance at January 1, 2010		300,000,000	150,000,000	261,518,619	711,518,619
Cash Dividend	12			(30,000,000)	(30,000,000)
Prior period adjustments	12			(2,045,506)	(2,045,506)
Application of appropriation of retirement fund	12		(8,367,563)		(8,367,563)
Net income				69,978,636	69,978,636
<b>Balance at December 31, 2010</b>		<b>300,000,000</b>	<b>141,632,437</b>	<b>299,451,749</b>	<b>741,084,186</b>
Balance at January 1, 2009		300,000,000	67,000,000	284,950,105	651,950,105
Cash Dividend	12			(10,000,000)	(10,000,000)
Appropriated for expansion			83,000,000	(83,000,000)	-
Net income				69,568,514	69,568,514
<b>Balance at December 31, 2009</b>		<b>300,000,000</b>	<b>150,000,000</b>	<b>261,518,619</b>	<b>711,518,619</b>

**LBP INSURANCE BROKERAGE, INC.**  
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**STATEMENT OF CHANGES IN EQUITY**  
**For the years ended December 31, 2009 to 2011**  
(In Philippine Peso)

**Year 2009**

	Note	Capital Stock Common Stock	As restated Retained Earnings Appropriated	Unappropriated	TOTAL
Balance at January 1, 2008		300,000,000	42,000,000	248,440,182	590,440,182
Cash Dividend	12		25,000,000	(25,000,000)	-
Appropriated for expansion					-
Net income				61,509,923	61,509,923
<b>Balance at December 31, 2008</b>		<b>300,000,000</b>	<b>67,000,000</b>	<b>284,950,105</b>	<b>651,950,105</b>
Balance at January 1, 2009		300,000,000	67,000,000	284,950,105	651,950,105
Cash Dividend	12			(10,000,000)	(10,000,000)
Appropriated for expansion	12		83,000,000	(83,000,000)	-
Net income				69,568,514	69,568,514
<b>Balance at December 31, 2009</b>		<b>300,000,000</b>	<b>150,000,000</b>	<b>261,518,619</b>	<b>711,518,619</b>

Figures are based on COA's Annual Audit Reports



**LBP INSURANCE BROKERAGE, INC.**  
(A wholly-owned subsidiary of Land Bank of the Philippines)  
**STATEMENT OF CASH FLOWS**  
**For the Years 2009 to 2011**  
(In Philippine Peso)

	Note	2011	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Service fees - insurance received	13	74,087,024	62,705,440	56,258,777
Net additional short-term investment	3	115,372,587	34,322,526	(201,455,488)
Trading income received		12,007,278	14,532,562	18,526,873
Interest from long-term investment		21,506,124	23,278,795	32,031,655
Other income received	14	1,805,924	7,536,923	9,401,314
Cash paid to settle manpower and operating expenses	15,16	(42,597,663)	(38,290,455)	(26,955,353)
Cash (paid) received to insurance companies	9	(19,407,722)	(25,354,149)	45,919,060
Cash paid to settle CY 2007 additional deficiency tax	12	(5,508,250)		
Cash paid for additional funding of retirement fund	12	(1,037,385)		
Cash paid to settle CY 2008 additional value added tax	12		(2,046,506)	-
		156,227,917	76,685,136	(66,273,162)
Income taxes paid		(7,362,840)	(5,267,723)	(4,995,259)
<b>Net cash provided by/(used in) operating activities</b>		<b>148,865,077</b>	<b>71,417,413</b>	<b>(71,268,421)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from maturities and reinvestments	7	(43,848,873)	(57,130,159)	356,772,948
Net acquisitions of property and equipment	6	(595,638)	(255,263)	(2,311,738)
Net (loss) gain from sale of property and equipment	14	-	(19,473)	122,132
<b>Net cash (used in)/provided by investing activities</b>		<b>(44,444,511)</b>	<b>(57,404,895)</b>	<b>354,583,342</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Cash Dividend paid	12	(35,000,000)	(30,000,000)	(10,000,000)
Cash paid to settle finance lease payable	21	(438,184)	(554,984)	1,481,568
<b>Net cash used in financing activities</b>		<b>(35,438,184)</b>	<b>(30,554,984)</b>	<b>(8,518,432)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>68,982,382</b>	<b>(16,542,466)</b>	<b>274,796,489</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>298,061,012</b>	<b>314,602,478</b>	<b>39,805,989</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	3	<b>367,043,394</b>	<b>298,060,012</b>	<b>314,602,478</b>

Figures are based on COA's Annual Audit Reports

**LBP INSURANCE BROKERAGE, INC.**  
(A wholly-owned subsidiary of Land Bank of the Philippines)  
**STATEMENT OF INCOME**  
For the year ended December 31, 2012  
(In Philippine Peso)

	Note	2012	2011
<b>INCOME</b>			
Service fees	13	75,565,474	78,956,805
Interest income on investments		28,137,570	31,345,705
Trading income		10,410,688	12,007,278
Other income	14	1,195,660	1,339,683
		<b>115,309,392</b>	<b>123,649,471</b>
<b>EXPENSES</b>			
Manpower costs	15	15,994,917	18,610,309
Operating expenses	16	10,235,879	9,861,337
Taxes and licenses		1,754,637	1,812,619
Other expenses	17	2,973,549	4,104,679
		<b>30,958,982</b>	<b>34,388,944</b>
<b>INCOME BEFORE INCOME TAX</b>		<b>84,350,410</b>	<b>89,260,527</b>
PROVISION FOR INCOME TAX	18	16,767,024	17,247,066
<b>NET INCOME</b>		<b>67,583,386</b>	<b>72,013,461</b>

**LBP INSURANCE BROKERAGE, INC.**  
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**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended December 31, 2012**  
(In Philippine Peso)

	Capital Stock (Note 11)	Retained Earnings (Note 12)		TOTAL
		Appropriated	Unappropriated	
Balance at January 1, 2012	300,000,000	230,000,000	241,552,012	771,552,012
Cash dividend		36,000,000	(36,000,000)	-
Prior period adjustments			(327,995)	(327,995)
Appropriated for cash dividend			(36,000,000)	(36,000,000)
Net income			67,583,386	67,583,386
<b>Balance at December 31, 2012</b>	<b>300,000,000</b>	<b>266,000,000</b>	<b>236,807,403</b>	<b>802,807,403</b>
Balance at January 1, 2011	300,000,000	141,632,437	299,451,749	741,084,186
Cash dividend			(35,000,000)	(35,000,000)
Appropriated for expansion		90,000,000	(90,000,000)	
Prior period adjustments			(5,508,250)	(5,508,250)
Application of appropriation of retirement fund		(1,632,437)	595,052	(1,037,385)
Net income			72,013,461	72,013,461
<b>Balance at December 31, 2011</b>	<b>300,000,000</b>	<b>230,000,000</b>	<b>241,552,012</b>	<b>771,552,012</b>

The Notes on pages 7 to 28 form part of these financial statements.

**LBP INSURANCE BROKERAGE, INC.**  
(A wholly-owned subsidiary of Land Bank of the Philippines)  
**STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2012  
(In Philippine Peso)

	Note	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Service fees - insurance received	13	62,906,482	74,087,024
Interest received		28,918,852	31,878,712
Trading income received		10,410,688	12,007,278
Other income received	14	904,306	973,790
Cash paid to settle manpower and operating expenses	15,16,17	(32,229,430)	(41,847,310)
Cash paid to insurance companies	9	(11,433,785)	(19,407,722)
Cash paid to settle CY 2007 additional deficiency tax	12	-	(5,508,250)
Cash paid for additional funding of retirement fund	12	-	(1,037,385)
Cash paid to settle unclaimed insurance premium previously treated as other income in 2009	12	(327,995)	-
		59,149,118	51,146,137
Income taxes paid		(9,297,027)	(7,362,840)
<b>Net cash provided by/(used in) operating activities</b>		<b>49,852,091</b>	<b>43,783,297</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property and equipment		(1,318,349)	(595,803)
Proceeds from disposal of property and equipment		52,383	164
Redemption of Held to Maturity Investment		240,109,476	61,232,908
<b>Net cash (used in)/provided by investing activities</b>		<b>238,843,510</b>	<b>60,637,269</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash dividend paid	12	(36,000,000)	(35,000,000)
Cash paid to settle finance lease payable		-	(438,184)
<b>Net cash used in financing activities</b>		<b>(36,000,000)</b>	<b>(35,438,184)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>252,695,601</b>	<b>68,982,382</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>367,043,394</b>	<b>298,061,012</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>3</b>	<b>619,738,995</b>	<b>367,043,394</b>

The Notes on pages 7 to 27 form part of these financial statements.