

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 |
|---------------------------------|------|--------------------|--------------------|
| INCOME | | | |
| 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 |
| | | 115,309,392 | 123,649,471 |
| EXPENSES | | | |
| 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 |
| | | 30,958,982 | 34,388,944 |
| INCOME BEFORE TAX | | 84,350,410 | 89,260,527 |
| PROVISION FOR INCOME TAX | 18 | 16,767,024 | 17,247,066 |
| NET INCOME | | 67,583,386 | 72,013,461 |

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

| | Note | Capital Stock | Retained Earnings | | TOTAL |
|---|------|--------------------|--------------------|--------------------|--------------------|
| | | Common Stock | Appropriated | Unappropriated | |
| Balance at January 1, 2012 | | 300,000,000 | 230,000,000 | 241,552,012 | 771,552,012 |
| Cash dividend | 12 | | 36,000,000 | (36,000,000) | - |
| Prior period adjustments | 12 | | | (327,995) | (327,995) |
| Appropriated for cash dividend | 12 | | | (36,000,000) | (36,000,000) |
| Net income | | | | 67,583,386 | 67,583,386 |
| Balance at December 31, 2012 | | 300,000,000 | 266,000,000 | 236,807,403 | 802,807,403 |
| 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) |
| Appropriated 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 |
| Balance at December 31, 2011 | | 300,000,000 | 230,000,000 | 241,552,012 | 771,552,012 |

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 |
|--|------|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Service fees - insurance received | | 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 | | 904,306 | 973,790 |
| Cash paid to settle manpower and operating expenses | | (32,229,430) | (41,847,310) |
| Cash paid to insurance companies | | (11,433,785) | (19,407,722) |
| Cash paid to settle CY 2007 additional deficiency tax | | - | (5,508,250) |
| Cash paid for additional funding of retirement fund | | - | (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) |
| Net cash provided by/(used in) operating activities | | 49,852,091 | 43,783,297 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| 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 |
| Net cash (used in)/provided by investing activities | | 238,843,510 | 60,637,269 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Cash dividend paid | 12 | (36,000,000) | (35,000,000) |
| Cash paid to settle finance lease payable | | - | (438,184) |
| Net cash used in financing activities | | (36,000,000) | (35,438,184) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AT BEGINNING | | 252,695,601 | 68,982,382 |
| CASH AND CASH EQUIVALENTS AT END | | 367,043,394 | 298,061,012 |
| CASH AND CASH EQUIVALENTS AT BEGINNING | 3 | 619,738,995 | 367,043,394 |