

**LAND BANK OF THE PHILIPPINES**  
**ANNUAL RISK AND CONTROL SELF-ASSESSMENT (RCSA) FOR BUSINESS PROCESSES**

**LBP INSURANCE BROKERAGE, INC.**  
 For the Year 2015

Mega Process		Resource Management				
Major Process		Operations Support - Other Banking Operations Support				
Sub-Process		Insurance Brokering				
<b>A. RISK IDENTIFICATION</b>						
RISK REFERENCE	RISK	RISK DRIVER (Causes of Risk)	BASEL II RISK EVENT CATEGORIES			RISK ASSESS
			LEVEL I	LEVEL II	LEVEL III	ESTIMATED LOSS (Absolute Amount in Peso)
<b>Activity 1. Identification of new insurance products</b>						
LIBI-2015-IB-001	Sales (Business Growth)	Inability to sell and/or cross sell products and services to the Bank's key target market might result to non-achievement of the Bank's overall strategic and financial plans.	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Collateral management failure	1,000,000.00
LIBI-2015-IB-002	Sales (Business Growth)	No access on Land Bank's Central Liability File thus is uncertain on the bulk of bank's loan business with collaterals are insured thru LIBI.	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Collateral management failure	2,000,000.00
LIBI-2015-IB-003	Client Relationship Management	Inability to effectively identify and address the customer's need will negatively affect the Bank's reputation and relationship with its customers.	Execution Delivery and Process Management	Customer Intake and Documentation	Client permissions or disclaimers missed	50,000.00
<b>Activity 2. Bidding for Requests of Insurance Quotation (LBP Lending Centers, Head Office and Direct Accounts) and Proposal to LCs and Clients</b>						

B. RISK MEASUREMENT								
BASIS OF ESTIMATED LOSS		ASSESSMENT OF CONTROL			RISK ASSESSMENT OF POTENTIAL LOSS			
BASIS OF COMPUTATION (e.g., penalties/sanctions, cost of recovery, overtime pay/additional manhours, opportunity loss, actual loss, etc.)	IMPACT LEVEL	EXISTING CONTROLS	CONTROL ADEQUACY		HISTORICAL FREQUENCY		PROBABILITY (Control Adequacy Rating x Historical Frequency Rating)	POTENTIAL LOSS (Estimated Loss X Probability)
			Description	Rating	Frequency of Occurrence	Rating		
Opportunity Loss	Very Low	Pro-active marketing strategy thru maintenance of LIBI's Website enumerating our products and services with Forms readily downloadable. Reiterating our Products thru phone conversation with clients	Moderate Control in Place	50%	3 to 4 Events in a Year	50%	25.00%	250,000.00
Opportunity Loss	Very Low	1. Sending of renewal notices 60 days before expiry. 2. Monthly monitoring of accounts not yet renewed.	Tight Control in Place	25%	1 to 2 Event/s in a Year	25%	6.25%	125,000.00
Opportunity Loss	Very Low	Attending on Basic Non-Life Insurance Course for all Marketing Personnel and Effective Business Correspondence seminar.	Moderate Control in Place	50%	3 to 4 Events in a Year	50%	25.00%	12,500.00

<b>A. RISK IDENTIFICATION</b>						
RISK REFERENCE	RISK	RISK DRIVER (Causes of Risk)	BASEL II RISK EVENT CATEGORIES			RISK ASSESS
			LEVEL I	LEVEL II	LEVEL III	ESTIMATED LOSS (Absolute Amount in Peso)
LIBI-2015-IB-004	Internal Control	Failure to establish and maintain adequate internal controls that align with clients which may result to loss of documents and incorrect data in IIBS.	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Reference data maintenance	30,000.00
LIBI-2015-IB-005	Client Relationship Management	Failure to submit proposal on time to LCs/Clients due to delayed quotations from insurance companies.	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Missed deadline or responsibility	100,000.00
<b>Activity 3. Document Processing of Requests for Insurance Coverage/Renewal of Accounts</b>						
LIBI-2015-IB-006	Product Delivery & Support	Delay in the placement on Insurance coverage/endorsement and renewal due to internal change in marketing process. (re-bidding for insurance quotations of all existing accounts due for renewal)	Execution Delivery and Process Management	Monitoring and Reporting	Inaccurate external report_loss incurred	250,000.00

<b>B. RISK MEASUREMENT</b>								
<b>MENT OF ESTIMATED LOSS</b>		<b>ASSESSMENT OF CONTROL</b>			<b>RISK ASSESSMENT OF POTENTIAL LOSS</b>			
<b>BASIS OF COMPUTATION</b> (e.g., penalties/sanctions, cost of recovery, overtime pay/additional manhours, opportunity loss, actual loss, etc.)	<b>IMPACT LEVEL</b>	<b>EXISTING CONTROLS</b>	<b>CONTROL ADEQUACY</b>		<b>HISTORICAL FREQUENCY</b>		<b>PROBABILITY</b> (Control Adequacy Rating x Historical Frequency Rating)	<b>POTENTIAL LOSS</b> (Estimated Loss X Probability)
			<b>Description</b>	<b>Rating</b>	<b>Frequency of Occurrence</b>	<b>Rating</b>		
Overtime Pay, Utilities, Office Supplies.	Very Low	Maintaining of Logbook of documents received from Admin. Department. Review of Marketing Head of Request for Insurance Quotation. LIBI is on the process of canvassing Document Tracking System.	Moderate Control in Place	50%	3 to 4 Events in a Year	50%	25.00%	7,500.00
Opportunity Loss	Very Low	1. Follow up of requests for quotation from insurance companies within two (2) days after submission of quotation requests. 2. Dedicated personnel to monthly monitoring of Proposal submitted to LCs/Clients thru email, fax and registered mail. 3. Thorough follow up of policies from insurance companies through phone calls and resending previous email requests. 4. For strict implementation of 3 days submission of quotation to LC's/Clients upon receipt of 3 to 4 quotations from accredited insurance companies.	Moderate Control in Place	50%	3 to 4 Events in a Year	50%	25.00%	25,000.00
Opportunity Loss	Very Low	1. Reiterate with the Lending Center/Branches the importance of completeness of basic requirements for quotations/coverage/renewals. 2. Ensure all quotations from insurers should be received on the prescribed period of 3 days upon receipt of request for quotation (s).	Moderate Control in Place	50%	3 to 4 Events in a Year	50%	25.00%	62,500.00

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			LEVEL I	LEVEL II	LEVEL III	ESTIMATED LOSS (Absolute Amount in Peso)
			LIBI-2015-IB-007	Client Relationship Management	Failure to prioritize for processing / renewal of expired insurances inspite of various requests/follow-up memos from clients.	
LIBI-2015-IB-008	Client Relationship Management	Failure to respond or delays in response time on follow-up mails or emails from various LBP units on memos on insurance coverage	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Missed deadline or responsibility	100,000.00
LIBI-2015-IB-009	Internal Control	1. Policies previously requested for renewal by the clients were still included in the List of Unrenewed Policies. 2. Failure to establish a systematic filing system which could have facilitated the monitoring and easy retrieval of documents needed in updating the IIBS	Execution Delivery and Process Management	Customer or Client Account Management	Incorrect client records_loss incurred	10,000.00

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<b>MENT OF ESTIMATED LOSS</b>		<b>ASSESSMENT OF CONTROL</b>			<b>RISK ASSESSMENT OF POTENTIAL LOSS</b>			
<b>BASIS OF COMPUTATION</b> (e.g., penalties/sanctions, cost of recovery, overtime pay/additional manhours, opportunity loss, actual loss, etc.)	<b>IMPACT LEVEL</b>	<b>EXISTING CONTROLS</b>	<b>CONTROL ADEQUACY</b>		<b>HISTORICAL FREQUENCY</b>		<b>PROBABILITY</b> (Control Adequacy Rating x Historical Frequency Rating)	<b>POTENTIAL LOSS</b> (Estimated Loss X Probability)
			<b>Description</b>	<b>Rating</b>	<b>Frequency of Occurrence</b>	<b>Rating</b>		
Opportunity Loss	Very Low	1.Re-marketing of accounts for renewal when the existing insurer is no longer on the limit of risk exposure. (This causes the delay in processing renewal) 2. Conduct meeting to insurance companies to reiterate the turn-around-time (TAT)	Moderate Control in Place	50%	3 to 4 Events in a Year	50%	25.00%	50,000.00
Opportunity Loss	Very Low	Requests all Lending Centers to include in their emails the Head of Marketing for tracking of their requests and follow-up.	Moderate Control in Place	50%	3 to 4 Events in a Year	50%	25.00%	25,000.00
Cost of recovery, office supplies, overtime	Very Low	1. Marketing Specialist & Marketing Analyst should always see to it that the renewals they transferred to other insurance companies must be tagged in the system to avoid inclusion on our follow up for the unrenewed policies. 2. To insure that above procedure is being followed the marketing head will call back requests the system (IIBS-Processing of Expiring Policies modules) 3. Going forward, new records management policies will be observed after the quality management training.	Moderate Control in Place	50%	3 to 4 Events in a Year	50%	25.00%	2,500.00

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			LEVEL I	LEVEL II	LEVEL III	ESTIMATED LOSS (Absolute Amount in Peso)
			LIBI-2015-IB-010	Product Delivery & Support	1. Reassignment of Account Officers within Land Bank's Department & LCs resulting to delay in response to renewal notices sent by LIBI for the placement of insurance coverage/endorsement and renewals. 2. Failure of Insurance Companies to comply with agreed turn around time of three (3) days upon receipt of our requests.	
<b>Activity 4. Encoding of Statement of Accounts</b>						
LIBI-2015-IB-011	People Development & Performance	1. Erroneous tagging from List of Documentation Module of IIBS 2. Misrouted SOAs due to erroneous selection of sub-agent (profit center)	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Other task misperformance	5,000.00
LIBI-2015-IB-012	Client Relationship Management	Unissued or delayed issuance of SOAs for the renewal of expired insurance policies	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Other task misperformance	100,000.00
<b>Activity 5. Endorsement Processing</b>						

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<b>BASIS OF COMPUTATION</b> (e.g., penalties/sanctions, cost of recovery, overtime pay/additional manhours, opportunity loss, actual loss, etc.)	<b>IMPACT LEVEL</b>	<b>EXISTING CONTROLS</b>	<b>CONTROL ADEQUACY</b>		<b>HISTORICAL FREQUENCY</b>		<b>PROBABILITY</b> (Control Adequacy Rating x Historical Frequency Rating)	<b>POTENTIAL LOSS</b> (Estimated Loss X Probability)
			<b>Description</b>	<b>Rating</b>	<b>Frequency of Occurrence</b>	<b>Rating</b>		
Opportunity Loss	Very Low	1. Sending of renewal notices sixty (60) days before expiry and monthly monitoring of accounts not yet renewed. In case of no replies from clients/LCs within ninety (90)days, the Marketing Head manually encode in the IIBS "NO REPLY" for renewal notices then the IIBS will automatically tag as expired. 2. Ensure all quotations from insurers should be received on the prescribed period of 3 days upon receipt of the quotation. 3. Thorough follow up of policies from insurance companies through phone calls and resending previous email requests. 4. Strict implementation from Insurance Companies to delivers the policies/endorsements within 3 days from receipt of our requests.	Moderate Control in Place	50%	3 to 4 Events in a Year	50%	25.00%	50,000.00
overtime, office supplies	Very Low	1. Prooflisting of encoded transactions prior to printing 2. Ensure inputs in the IIBS are accurate	Moderate Control in Place	50%	3 to 4 Events in a Year	50%	25.00%	1,250.00
Opportunity loss	Very Low	Meeting held with insurance companies to reiterate the turn around time on the policy issuance.	Moderate Control in Place	50%	3 to 4 Events in a Year	50%	25.00%	25,000.00



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			LIBI-2015-IB-013	Product Delivery & Support	1. Failure of delay to respond requests for endorsements from LCs/assureds due to incomplete documents, information or reason for cancellation. 2. Failure of the Lending Centers to promptly requests for endorsements causing insurance company to decline the request (e.g. flat cancellation) .	
LIBI-2015-IB-014	Client Relationship Management	Delay or non-collection of insurance premium due to unresponded request for endorsement	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Missed deadline or responsibility	300,000.00
<b>Activity 6. Claims Processing</b>						
LIBI-2015-IB-015	Product Delivery & Support	1. Failure to notify insurers of notice claims within the prescribed period. 2. Failure to update assured on the status/evaluation of claim. 3. Failure to meet customer's expectations might lead to loss business of affect the LIBI's reputation. 4. Denial of claim due to type of risk not covered in the policy	Execution Delivery and Process Management	Customer Intake and Documentation	Legal documents missing or incomplete	30,000.00

# CLASS B

## Exhibit 1.a

BRMD RCSA Form 1 - OpsRisk Head Office

B. RISK MEASUREMENT								
MENT OF ESTIMATED LOSS		ASSESSMENT OF CONTROL			RISK ASSESSMENT OF POTENTIAL LOSS			
BASIS OF COMPUTATION (e.g., penalties/sanctions, cost of recovery, overtime pay/additional manhours, opportunity loss, actual loss, etc.)	IMPACT LEVEL	EXISTING CONTROLS	CONTROL ADEQUACY		HISTORICAL FREQUENCY		PROBABILITY (Control Adequacy Rating x Historical Frequency Rating)	POTENTIAL LOSS (Estimated Loss X Probability)
			Description	Rating	Frequency of Occurrence	Rating		
actual loss (service fee, Utilities)	Very Low	1. Ensure completeness of documents and underwriting information. 2. Ensure correctness of details of the requests of LCs/Assured. 3. Remind insurance companies to issue Endorsement(s) within 3 days upon receipt of our requests.	Moderate Control in Place	50%	3 to 4 Events in a Year	50%	25.00%	25,000.00
actual loss (service fee, Utilities)	Very Low	1. Assignment of a staff to follow-up requests for endorsements every first day of the week. 2. Ensure insurance company/ies to comply the turn around time (TAT) which is three (3) days upon receipt of our request/s.	Moderate Control in Place	50%	3 to 4 Events in a Year	50%	25.00%	75,000.00
Opportunity Loss	Very Low	1. Ensure completeness of documents required to file a claim to the insurer by comparing them against the checklist prior to submission to the insurer. 2. Follow-up status of filed claim three days after submission thru letter, phone and email copy furnishing the assured for status update. 3. Updates claims diary regularly.	Tight Control in Place	25%	1 to 2 Event/s in a Year	25%	6.25%	1,875.00

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			LIBI-2015-IB-016	Succession Planning	Failure to create and implement a feasible continuance plan for the key LIBI's positions and employees might adversely affect the stability of organizational leadership and business continuity.	
LIBI-2015-IB-017	Client Relationship Management	Sudden closure or bankruptcy of accredited insurance company	Clients Products and Business Practice	Suitability Disclosure and Fiduciary	Fiduciary breaches or guideline violations	30,000.00
LIBI-2015-IB-018	Client Relationship Management	Insurance claims remained outstanding/unsettled due to frequency of preparation of follow-ups with the insurance companies was not established and provided in the Manual of Operations. No concrete basis in validating timeliness of performance of this function.	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Missed deadline or responsibility	50,000.00
LIBI-2015-IB-019	Client Relationship Management	Checklist of requirements was not maintained for every claim to properly monitor accounts with lacking documents	Execution Delivery and Process Management	Customer Intake and Documentation	Legal documents missing or incomplete	10,000.00

# CLASS B

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BASIS OF COMPUTATION (e.g., penalties/sanctions, cost of recovery, overtime pay/additional manhours, opportunity loss, actual loss, etc.)	IMPACT LEVEL	EXISTING CONTROLS	CONTROL ADEQUACY		HISTORICAL FREQUENCY		PROBABILITY (Control Adequacy Rating x Historical Frequency Rating)	POTENTIAL LOSS (Estimated Loss X Probability)
			Description	Rating	Frequency of Occurrence	Rating		
Opportunity Loss	Very Low	1. Send off personnel to trainings and seminars to obtain appropriate skills. 2. Hired Claims Consultant to develop claims tracking process; developing performance standards for assigned adjusters and to develop claims data mining and analytics capability - a crucial adjunct of the risk modelling program for long-term strategy 3. To hire additional manpower to assist to help update claims diary regularly.	Tight Control in Place	25%	1 to 2 Event/s in a Year	25%	6.25%	1,875.00
Opportunity Loss	Very Low	1. Updated list and financial standing of accredited insurance companies from LBP's Financial Institution Department (FID) 2. Updated list of active insurance companies from Insurance Commission. 3. Placement of insurance based on risk exposure limits	Tight Control in Place	25%	1 to 2 Event/s in a Year	25%	6.25%	1,875.00
overtime, utilities (telephone, fax, email, courier fees)	Very Low	Strict implementation of newly approved LIBI guidelines and documentary requirements.	Some Control in Place	75%	5 to 6 Events in a Year	75%	56.25%	28,125.00
overtime, utilities (telephone, fax, email)	Very Low	Strict implementation of newly approved LIBI guidelines and documentary requirements.	Some Control in Place	75%	5 to 6 Events in a Year	75%	56.25%	5,625.00

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			LEVEL I	LEVEL II	LEVEL III	ESTIMATED LOSS (Absolute Amount in Peso)
LIBI-2015-IB-020	People Development & Performance	Monitoring and ultimately reducing the number of unsettles insurance claims was not possible due to lack of manpower to perform this function.	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Missed deadline or responsibility	50,000.00
LIBI-2015-IB-021	Internal Control	Claims Diary were not checked / noted by the supervisor	Execution Delivery and Process Management	Monitoring and Reporting	Failed mandatory reporting obligation	5,000.00
<b>Activity 7. Processing of Collections (online payments, other forms of payments and over-the-counter payments)</b>						
LIBI-2015-IB-022	Product Delivery & Support	1. Delay in the issuance of Official Receipts for payment credited to on-call account due to lack and erroneous details in the collection report. 2. Delay in dispatching of official receipts	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Missed deadline or responsibility	8,000.00
LIBI-2015-IB-023	Internal Control	Erroneous encoding of Official Receipt could result to misinformation, under recognition and over recognition of amount.	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Other task misperformance	500.00
<b>Activity 8. Placement and Monitoring of Investment</b>						

<b>B. RISK MEASUREMENT</b>								
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<b>BASIS OF COMPUTATION</b> (e.g., penalties/sanctions, cost of recovery, overtime pay/additional manhours, opportunity loss, actual loss, etc.)	<b>IMPACT LEVEL</b>	<b>EXISTING CONTROLS</b>	<b>CONTROL ADEQUACY</b>		<b>HISTORICAL FREQUENCY</b>		<b>PROBABILITY</b> (Control Adequacy Rating x Historical Frequency Rating)	<b>POTENTIAL LOSS</b> (Estimated Loss X Probability)
			<b>Description</b>	<b>Rating</b>	<b>Frequency of Occurrence</b>	<b>Rating</b>		
manpower, overtime, utilities (telephone, fax, email)	Very Low	1.To hire personnel to help in documentation of claims and follow up. Target date of hiring: August 2015 2.Strict implementation of newly approved LIBI guidelines and documentary requirements.	Some Control in Place	75%	5 to 6 Events in a Year	75%	56.25%	28,125.00
overtime, utilities (telephone, fax, email)	Very Low	1.To hire personnel to help in documentation of claims and follow up. Target date of hiring: August 2015 2.Strict implementation of newly approved LIBI guidelines and documentary requirements.	Some Control in Place	75%	5 to 6 Events in a Year	75%	56.25%	2,812.50
Overtime Pay	Very Low	1. Call the originating LBP Branches and Head Office account for the details of the transactions and request the concerned LBP Branches to fax or send the copy of credit advice. 2. Ensure on time dispatching of official receipts to LCs and clients	Moderate Control in Place	50%	3 to 4 Events in a Year	50%	25.00%	2,000.00
Cost of Office Supplies	Very Low	1. Regular supervisory review and monitoring 2. Callbacking of transactions against source documents.	Tight Control in Place	25%	1 to 2 Event/s in a Year	25%	6.25%	31.25

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			LEVEL I	LEVEL II	LEVEL III	ESTIMATED LOSS (Absolute Amount in Peso)
			LIBI-2015-IB-024	Forecasting	1. Inability to anticipate sudden decrease in interest rates on investments resulting to lower interest income. 2. Investments are limited only to Government Securities	
LIBI-2015-IB-025	Accounting, Reporting and Disclosure	Failure to submit accurate reports	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Accounting error or entity attribution error	3,000.00
<b>Activity 9. Release of Payments to Clients ( remittances to insurers, refunds and other payment to clients/payees</b>						
LIBI-2015-IB-026	Internal Control	Failure to monitor cash available for use due to untimely preparation of Daily Cash Position Report	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Other task misperformance	100,000.00
<b>Activity 10. Handling of Petty Cash Fund (PCF)</b>						
LIBI-2015-IB-027	Internal Control Fraud	1. Non-availability of fund to accommodate emergency/urgent expenses 2. Willful and malicious action of employees to submit tampered receipts	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Missed deadline or responsibility	1,000.00
<b>Activity 11. Official Receipts Reconciliation, Analysis and monitoring of Creditable Withholding Tax (CWT) Certificates</b>						

B. RISK MEASUREMENT								
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BASIS OF COMPUTATION (e.g., penalties/sanctions, cost of recovery, overtime pay/additional manhours, opportunity loss, actual loss, etc.)	IMPACT LEVEL	EXISTING CONTROLS	CONTROL ADEQUACY		HISTORICAL FREQUENCY		PROBABILITY (Control Adequacy Rating x Historical Frequency Rating)	POTENTIAL LOSS (Estimated Loss X Probability)
			Description	Rating	Frequency of Occurrence	Rating		
Opportunity Loss	Very Low	1. LIBI observes diversified GS portfolio, varied maturity spectrum and optimum yields in deciding the type and term of investment. 2. conduct periodic Mark to Market to determine value of investment. 3. Ensure increase in collection rate to be able secure fresh funds for investment.	Tight Control in Place	25%	1 to 2 Event/s in a Year	25%	6.25%	55,746.69
Overtime Pay	Very Low	1. Prepares monthly schedule of Investment, Interest Income and Portfolio fees to compare with Financial Report of LBP Trust Department. Prepares adjusting entry if any.	Tight Control in Place	25%	1 to 2 Event/s in a Year	25%	6.25%	187.50
Opportunity Loss	Very Low	Up-to-date preparation of Daily Cash Position Report & printing of snapshots and schedules of Check/Authority for Fund Transfer (Payables to clients and insurers).	Tight Control in Place	25%	1 to 2 Event/s in a Year	25%	6.25%	6,250.00
actual loss	Very Low	1. Monitoring o PCF Level and timely replenishment of PCF thru maintenance of Petty Cash Book 2. Ensure receipts submitted are not tampered and no same document shall be allowed to support two or more Petty Cash Voucher 3. Conducting surprise cash count of PCF	Tight Control in Place	25%	1 to 2 Event/s in a Year	25%	6.25%	62.50



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			LIBI-2015-IB-028	Accounting, Reporting and Disclosure Internal Control	1. Inaccurate recording or encoding of details in the Official Receipt 2. Failure to secure from LCs / clients CWT certificates simultaneous with their payments resulting to forfeiture of tax credits	
LIBI-2015-IB-029	Internal Control	Callbak of transactions performed by the Bookkeeper is not being checked / suprvised by the supervisor concerned	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Missed deadline or responsibility	3,000.00
<b>Activity 12. Collections and Reconciliation of Accounts Receivable-Trade</b>						
LIBI-2015-IB-030	Operational Risk (non-collection)	1. Failure to collect insurance premium from LCs/clients 2.Failure to strictly observe "No payment, no policy" or COD basis on Direct accounts.	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Missed deadline or responsibility	1,000,000.00
LIBI-2015-IB-031	Client Relationship Management	Delay or slow response from accredited insurance companies the requests for endorsements ny LCs/ clients resulting to delay in collection	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Missed deadline or responsibility	200,000.00
LIBI-2015-IB-032	Measuring & Monitoring of Major Initiatives	Non-attainment of collection target	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Missed deadline or responsibility	100,000.00

# CLASS B

## Exhibit 1.a

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BASIS OF COMPUTATION (e.g., penalties/sanctions, cost of recovery, overtime pay/additional manhours, opportunity loss, actual loss, etc.)	IMPACT LEVEL	EXISTING CONTROLS	CONTROL ADEQUACY		HISTORICAL FREQUENCY		PROBABILITY (Control Adequacy Rating x Historical Frequency Rating)	POTENTIAL LOSS (Estimated Loss X Probability)
			Description	Rating	Frequency of Occurrence	Rating		
actual loss	Very Low	1. Callbacking of transactions against supporting documents 2. Regular supervisory review and monitoring 3. Incessant follow-up of CWT certificates from LCs/ clients	Tight Control in Place	25%	1 to 2 Event/s in a Year	25%	6.25%	3,125.00
overtime pay	Very Low	Checking and supervision is now being done	Moderate Control in Place	50%	3 to 4 Events in a Year	50%	25.00%	750.00
Opportunity Loss, utilities, manpower cost, loss of service fees	Very Low	1. Sending of collection letters on a monthly basis thru email and daily follow up thru phone. 2. Ensure strict observance of "no payment, no policy" or cash basis method on direct accounts.	Tight Control in Place	25%	3 to 4 Events in a Year	50%	12.50%	125,000.00
Opportunity Loss, utilities, manpower cost, loss of service fees	Very Low	1. Weekly follow-up requests of endorsements from insurance companies by the Marketing Unit 2. Provide weekly schedule of accounts with pending endorsements to Marketing Unit	Moderate Control in Place	50%	3 to 4 Events in a Year	50%	25.00%	50,000.00
opportunity loss	Very Low	1. Sending of collection letters on a monthly basis thru email and daily follow up thru phone. 2. Ensure strict observance of "no payment, no policy" or cash basis method on direct accounts. 3. Provide weekly schedule of accounts with pending endorsements to Marketing Unit	Tight Control in Place	25%	1 to 2 Event/s in a Year	25%	6.25%	6,250.00

<b>A. RISK IDENTIFICATION</b>						
RISK REFERENCE	RISK	RISK DRIVER (Causes of Risk)	BASEL II RISK EVENT CATEGORIES			RISK ASSESS
			LEVEL I	LEVEL II	LEVEL III	ESTIMATED LOSS (Absolute Amount in Peso)
			LIBI-2015-IB-033	Accounting, Reporting and Disclosure	Discrepancies on the aging schedule of depository liability versus aging of advanced payments-detailed due to unresolved SIR	
LIBI-2015-IB-034	Measuring & Monitoring of Major Initiatives	Non-collection of insurance premium due to unresponded request for endorsement	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Missed deadline or responsibility	2,000,000.00
<b>Activity 13. Monitoring / matching of Accounts Payable-Trade (advance payments)</b>						
LIBI-2015-IB-035	Client Relationship Management	1. Delay in matching / application of payment due to incomplete information 2. Depositor's name from Official Receipt differs with the Statement of Account (SOA)	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Miscommunication	50,000.00
LIBI-2015-IB-036	IT Integrity	Erronous entries generated by the system	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Accounting error or entity attribution error	100,000.00
LIBI-2015-IB-037	Accounting, Reporting and Disclosure	Late recognition of income due to delay in matching premium payments	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Missed deadline or responsibility	100,000.00
<b>Activity 14. Disbursements (processing of premium remittances to insurance companies, suppliers, tax payments and service providers)</b>						

<b>B. RISK MEASUREMENT</b>								
<b>MENT OF ESTIMATED LOSS</b>		<b>ASSESSMENT OF CONTROL</b>			<b>RISK ASSESSMENT OF POTENTIAL LOSS</b>			
<b>BASIS OF COMPUTATION</b> (e.g., penalties/sanctions, cost of recovery, overtime pay/additional manhours, opportunity loss, actual loss, etc.)	<b>IMPACT LEVEL</b>	<b>EXISTING CONTROLS</b>	<b>CONTROL ADEQUACY</b>		<b>HISTORICAL FREQUENCY</b>		<b>PROBABILITY</b> (Control Adequacy Rating x Historical Frequency Rating)	<b>POTENTIAL LOSS</b> (Estimated Loss X Probability)
			<b>Description</b>	<b>Rating</b>	<b>Frequency of Occurrence</b>	<b>Rating</b>		
Overtime Pay, Utilities	Very Low	1. Prepares manual journal entries to correct erroneous entry made by the system (i.e. other forms of payment) 2. Prepare SIR and forwarded to IT for resolution	Moderate Control in Place	50%	3 to 4 Events in a Year	50%	25.00%	1,250.00
Actual Loss (Service fee)	Very Low	1. Sending of collection letter to LCs on a monthly basis; daily follow up through phone and email 2. Conduct reconciliation with LCs	Tight Control in Place	25%	1 to 2 Event/s in a Year	25%	6.25%	125,000.00
Opportunity Loss / utilities	Very Low	1. Provide weekly schedule of Accounts Payable-Trade to Marketing Unit 2. Call concerned LCs to gather accurate details of payment	Tight Control in Place	25%	1 to 2 Event/s in a Year	25%	6.25%	3,125.00
opportunity loss	Very Low	1. Prepares System Incident Report (SIR) in case error occurs or identified. 2. Prepares manual journal entry to correct erroneous entry	Tight Control in Place	25%	1 to 2 Event/s in a Year	25%	6.25%	6,250.00
opportunity loss	Very Low	1. Provide weekly schedule of Accounts Payable-Trade to Marketing Unit 2. Fax or communicate with LCs regarding payments with no details	Tight Control in Place	25%	1 to 2 Event/s in a Year	25%	6.25%	6,250.00

<b>A. RISK IDENTIFICATION</b>						
RISK REFERENCE	RISK	RISK DRIVER (Causes of Risk)	BASEL II RISK EVENT CATEGORIES			RISK ASSESS
			LEVEL I	LEVEL II	LEVEL III	ESTIMATED LOSS (Absolute Amount in Peso)
			LIBI-2015-IB-038	Client Relationship Management	Delay/non-processing of remittance (delay in processing of disbursement vouchers)	
LIBI-2015-IB-039	Client Relationship Management	Delay in the processing of payments to suppliers, service providers and tax payments	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Missed deadline or responsibility	50,000.00
<b>Activity 15. Preparation of various schedules and Financial Reports</b>						
LIBI-2015-IB-040	Accounting, Reporting and Disclosure	Late submission of regulatory reports (BSP, SEC, BIR, IC, etc.)	Execution Delivery and Process Management	Monitoring and Reporting	Failed mandatory reporting obligation	50,000.00
LIBI-2015-IB-041	Measuring & Monitoring of Major Initiatives	Failure to attain yearly targets and objectives	Execution Delivery and Process Management	Transaction Capture Execution and Maintenance	Missed deadline or responsibility	1,000,000.00
LIBI-2015-IB-042	Accounting, Reporting and Disclosure	Inaccurate recording and reporting of material financial transactions not in accordance with Philippine Financial Reporting Standards or regulatory body circulars (PFRSC, BSP, SEC, BIR, IC)	Execution Delivery and Process Management	Monitoring and Reporting	Failed mandatory reporting obligation	100,000.00
<b>Activity 16. Administrative and Personnel Services</b>						

<b>B. RISK MEASUREMENT</b>								
<b>MENT OF ESTIMATED LOSS</b>		<b>ASSESSMENT OF CONTROL</b>			<b>RISK ASSESSMENT OF POTENTIAL LOSS</b>			
<b>BASIS OF COMPUTATION</b> (e.g., penalties/sanctions, cost of recovery, overtime pay/additional manhours, opportunity loss, actual loss, etc.)	<b>IMPACT LEVEL</b>	<b>EXISTING CONTROLS</b>	<b>CONTROL ADEQUACY</b>		<b>HISTORICAL FREQUENCY</b>		<b>PROBABILITY</b> (Control Adequacy Rating x Historical Frequency Rating)	<b>POTENTIAL LOSS</b> (Estimated Loss X Probability)
			<b>Description</b>	<b>Rating</b>	<b>Frequency of Occurrence</b>	<b>Rating</b>		
Opportunity Loss,Overtime Pay	Very Low	1. Preparation of disbursement vouchers, ATDs and checks 2 to 3 days before deadline. 2. Monitor availability of signatories thru inquiry with their secretaries	Completely Under Control	0%	0 Event in a Year	0%	0.00%	-
Penalties/sanctions	Very Low	1. Preparation of disbursement vouchers, ATDs and checks 2 to 3 days before deadline. 2. Monitor availability of signatories thru inquiry with their secretaries	Completely Under Control	0%	0 Event in a Year	0%	0.00%	-
Penalties/sanctions	Very Low	1. Maintenance of list of regulatory agencies' deadline. 2. Keep abreast with revenue regulations circulars, memoranda, announcements, etc.	Tight Control in Place	25%	1 to 2 Event/s in a Year	25%	6.25%	3,125.00
opportunity loss	Very Low	1. Unit Heads should disseminate to all employees the yearly targets approved by LIBI's Board at the beginning of the year. 2. Monthly monitoring of Targets against actual performances to ensure attainment of targets and objectives	Tight Control in Place	25%	1 to 2 Event/s in a Year	25%	6.25%	62,500.00
penalties/sanctions	Very Low	1. Ensure strict compliance with acceptable accounting principles and standards, applicable laws, regulations and LIBI's Manual of Operations 2. Ensure accuracy of recording of transaction for accurate Financial Reports.	Completely Under Control	0%	0 Event in a Year	0%	0.00%	-

<b>A. RISK IDENTIFICATION</b>						
RISK REFERENCE	RISK	RISK DRIVER (Causes of Risk)	BASEL II RISK EVENT CATEGORIES			RISK ASSESS
			LEVEL I	LEVEL II	LEVEL III	ESTIMATED LOSS (Absolute Amount in Peso)
			LIBI-2014-IB-043	Property & Supplies Management	Natural calamities (earthquake, typhoon, flood, fire, tsunami, lightning, etc.)	
LIBI-2015-IB-044	People Development & Performance	Unprofessional manner of delivering services to clients	Execution Delivery and Process Management	Customer or Client Account Management	Incorrect client records_loss incurred	100,000.00
LIBI-2015-IB-045	Ethics	Personnel Code of Conduct manual	Employment Practices and Workplace Safety	Employee Relations	Compensation benefit termination issues	12,000.00
LIBI-2015-IB-046	Reputation	Slow in delivery of services to clients due to voluminous transactions	Execution Delivery and Process Management	Customer or Client Account Management	Incorrect client records_loss incurred	50,000.00
<b>Activity 17. Information Technology Services</b>						
LIBI-2015-IB-047	Information Security and Confidentiality	Leak of information and classified data	Internal Fraud	Theft and Fraud	Theft or extortion or embezzlement or robbery	650,000.00
LIBI-2015-IB-048	Information Security and Confidentiality	Leak of information and classified data	Execution Delivery and Process Management	Monitoring and Reporting	Inaccurate external report_loss incurred	50,000.00

B. RISK MEASUREMENT								
MENT OF ESTIMATED LOSS		ASSESSMENT OF CONTROL			RISK ASSESSMENT OF POTENTIAL LOSS			
BASIS OF COMPUTATION (e.g., penalties/sanctions, cost of recovery, overtime pay/additional manhours, opportunity loss, actual loss, etc.)	IMPACT LEVEL	EXISTING CONTROLS	CONTROL ADEQUACY		HISTORICAL FREQUENCY		PROBABILITY (Control Adequacy Rating x Historical Frequency Rating)	POTENTIAL LOSS (Estimated Loss X Probability)
			Description	Rating	Frequency of Occurrence	Rating		
Actual loss / Replacement cost	Major	All company assets are insured yearly a month before expiry.	Completely Under Control	0%	0 Event in a Year	0%	0.00%	-
opportunity loss	Very Low	1. Periodic evaluation of employees' competencies and performance 2. Send employees to seminars to hone / improve communication skills.	Moderate Control in Place	50%	3 to 4 Events in a Year	50%	25.00%	25,000.00
Actual loss / office supplies	Very Low	1. LIBI's personnel manual is used as reference in issuances of memo to. 2. Employee Code of Ethics manual is on-going	Moderate Control in Place	50%	3 to 4 Events in a Year	50%	25.00%	3,000.00
opportunity loss	Very Low	1. Hired additional personnel to assists the Account Officers. 2. Canvassing of tracking system and more improved insurance system	Moderate Control in Place	50%	3 to 4 Events in a Year	50%	25.00%	12,500.00
Actual loss / Replacement cost	Very Low	1. Security controls thru codes and passwords are strictly confidential. 2. Acquired licensed anti-virus software but automatically update virus defintions. 3. Blocked websites that can be harmful to the system and installation of unauthorized software is strictly prohibited. 4. Procured Advanced Security License & Support Firewall	Completely Under Control	0%	0 Event in a Year	0%	0.00%	-
Opportunity Loss	Very Low	1. To acquire Document Management System (DMS) 2. In the process of preparation of INFOSEC guidelines.	Completely Under Control	0%	0 Event in a Year	0%	0.00%	-



<b>A. RISK IDENTIFICATION</b>						
RISK REFERENCE	RISK	RISK DRIVER (Causes of Risk)	BASEL II RISK EVENT CATEGORIES			RISK ASSESS
			LEVEL I	LEVEL II	LEVEL III	ESTIMATED LOSS (Absolute Amount in Peso)
LIBI-2015-IB-049	IT Availability	With existing system but no support	Business Disruption and Systems Failures	Systems	Software	650,000.00
<b>Activity 18. Compliance Monitoring</b>						
LIBI-2015-IB-050	Non-compliance to regulations or requirements of the regulatory agencies	Non-monitoring of new circulars, revision and pronouncement from regulatory agencies	Execution Delivery and Process Management	Monitoring and Reporting	Failed mandatory reporting obligation	50,000.00

<b>SUMMARY</b>	
<b>Total Estimated Loss</b>	<b>Php34,743,112.00</b>
<b>Total Potential Loss</b>	<b>Php1,388,340.44</b>
<b>Overall Risk Level for Process Risk</b>	<b>Very Low</b>

<b>B. RISK MEASUREMENT</b>								
<b>MENT OF ESTIMATED LOSS</b>		<b>ASSESSMENT OF CONTROL</b>			<b>RISK ASSESSMENT OF POTENTIAL LOSS</b>			
<b>BASIS OF COMPUTATION</b> (e.g., penalties/sanctions, cost of recovery, overtime pay/additional manhours, opportunity loss, actual loss, etc.)	<b>IMPACT LEVEL</b>	<b>EXISTING CONTROLS</b>	<b>CONTROL ADEQUACY</b>		<b>HISTORICAL FREQUENCY</b>		<b>PROBABILITY</b> (Control Adequacy Rating x Historical Frequency Rating)	<b>POTENTIAL LOSS</b> (Estimated Loss X Probability)
			<b>Description</b>	<b>Rating</b>	<b>Frequency of Occurrence</b>	<b>Rating</b>		
Actual Loss	Very Low	1. IT personnel used third party application as remedy for the system failure / concerns. 2. System backup and archiving performed as daily maintenance.	Tight Control in Place	25%	1 to 2 Event/s in a Year	25%	6.25%	40,625.00
penalties/sanctions	Very Low	1. Regularly visit to website of regulatory agencies to look for new circulars or updates. 2. Attend seminars offered by the government regulatory bodies.	Tight Control in Place	25%	1 to 2 Event/s in a Year	25%	6.25%	3,125.00