



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines

CORPORATE GOVERNMENT SECTOR
Cluster 1 – Banking and Credit

May 21, 2018

The Board of Directors

LBP Insurance Brokerage, Inc.
12th/F SSHG Law Center, 105 Paseo de Roxas
Legaspi Village, Makati City

Gentlemen:

Pursuant to Section 2, Article IX-D of the Philippine Constitution and Section 43 of Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines, we transmit herewith the Auditor's report on the results of audit of the accounts and transactions of **LBP Insurance Brokerage, Inc. (LIBI)** for the years ended December 31, 2017 and 2016.

The report consists of the Independent Auditor's Report, Audited Financial Statements, Observations and Recommendations, and Status of Implementation of Prior Years' Audit Recommendations.

The Auditor rendered an unmodified opinion on the fairness of presentation of the financial statements of LIBI for the years ended December 31, 2017 and 2016.

We acknowledge the support and cooperation that Management extended to the Audit Team, thus facilitating the completion of the report.

Very truly yours,

COMMISSION ON AUDIT

By:

ADELA L. DONDONILLA
Director IV
Cluster Director

Copy furnished:

The President of the Republic of the Philippines
The Vice President
The President of the Senate
The Speaker of the House of Representatives
The Chairperson – Senate Finance Committee
The Chairperson – Appropriations Committee
The Secretary of the Department of Budget and Management
The Governance Commission for Government – Owned or Controlled Corporations
The Presidential Management Staff, Office of the President
The National Library
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Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Ave., Quezon City
CORPORATE GOVERNMENT SECTOR
CLUSTER 1 – BANKING AND CREDIT

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
LBP Insurance Brokerage, Inc.
12th Floor, SSHG Law Center
105 Paseo de Roxas
Legaspi Village, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **LBP Insurance Brokerage, Inc. (LIBI)** (a wholly-owned subsidiary of Land Bank of the Philippines), which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

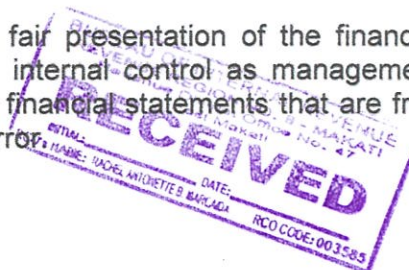
In our opinion, the financial statements present fairly, in all material respects, the financial position of the LIBI as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

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 PFRS, 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.



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In preparing the financial statements, management is responsible for assessing the LIBI'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the LIBI'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 ISSAI will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the LIBI's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 a manner that achieves fair presentation.

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



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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 supplemental information in Note 26 to the 2017 financial statements is presented for the purpose of filing with the Bureau of Internal Revenue and is not a required part of the financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits 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


ROCHIE J. FELICES
Supervising Auditor

April 11, 2018





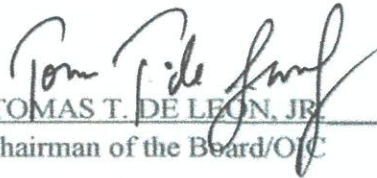
LBP INSURANCE BROKERAGE, INC.
 (A LANDBANK Subsidiary)

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
 FOR FINANCIAL STATEMENTS**

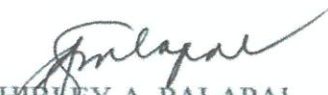
The Management of LBP (Land Bank of the Phil.) Insurance Brokerage, Inc. is responsible for preparation of financial statements as at December 31, 2017 and 2016, including the additional components attached thereto in accordance with the prescribed financial reporting framework indicated therein. The responsibility includes designing and implementing controls relevant to the preparation and fair presentation of financial statements that are free from material statement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements before such statements are issued to the regulations, creditors and other users.

The Commission on Audit has audited the financial statements of the LBP (Land Bank of the Phil.) Insurance Brokerage, Inc. in accordance with the International Standards of Supreme Audit Institutions and has express its opinion on the fairness of presentation upon completion of such audit, in its report to the Board of Directors.



 TOMAS T. DE LEON, JR.
 Chairman of the Board/OIC
 April 10, 2018
 Date Signed



 SHIRLEY A. PALAPAL
 Accounting Head

April 10, 2018
 Date Signed



 RODOLFO V. PESTANO
 General Manager/
 Authorized Representative

April 10, 2018
 Date Signed



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LBP INSURANCE BROKERAGE, INC.
(A wholly-owned subsidiary of Land Bank of the Philippines)
CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017 and 2016
(In Philippine Peso)

	Note	2017	2016
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	128,648,801	242,629,531
Receivables, net	5	81,637,069	82,849,615
Inventories	6	87,927	80,195
Other Current Assets	7	5,458,833	5,344,387
Total Current Assets		215,832,630	330,903,728
Non-Current Assets			
Receivables, net	5	44,748,015	80,872,997
Financial Assets	8	964,882,758	797,842,474
Investment Property	9	998,315	998,315
Property and Equipment, net	10	23,147,319	23,145,518
Intangible Assets	11	2,132,634	2,132,634
Deferred Tax Assets	25	3,870,148	6,817,500
Other Non-Current Assets	7	2,101,215	1,612,048
Total Non-Current Assets		1,041,880,404	913,421,486
Total Assets		1,257,713,034	1,244,325,214
LIABILITIES			
Current Liabilities			
Financial Liabilities	12	174,481,168	163,932,357
Inter-Agency Payables	13	5,867,439	8,405,067
Trust Liabilities	14	24,895,547	22,373,632
Provisions	15	4,265,703	5,211,825
Other Payables	16	439,373	1,690,054
Total Current Liabilities		209,949,230	201,612,935
Non-Current Liabilities			
Financial Liabilities	12	44,644,530	77,812,661
Trust Liabilities	14	5,009,640	13,203,342
Provisions	15	7,709,551	1,577,462
Total Non-Current Liabilities		57,363,721	92,593,465
Total Liabilities		267,312,951	294,206,400
EQUITY			
Share Capital	17	300,000,000	300,000,000
Retained Earnings	18	690,400,083	650,118,814
Total Equity		990,400,083	950,118,814
Total Liabilities and Equity		1,257,713,034	1,244,325,214

The Notes on pages 9 to 41 form part of these financial statements.



LBP INSURANCE BROKERAGE, INC.
(A wholly-owned subsidiary of Land Bank of the Philippines)
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016
(In Philippine Peso)

	Note	2017	2016
Income			
Service and Business Income	19	148,320,581	131,015,632
Gains	24.1	158,596	287,846
Other Non-Operating Income	24.1	1,391,997	1,163,868
Total Income		149,871,174	132,467,346
Expenses			
Personnel Services	20	(33,332,453)	(18,073,046)
Maintenance and Other Operating Expenses	21	(15,334,969)	(16,988,065)
Financial Expenses	22	(86,314)	(229,515)
Non-Cash Expenses	23	(5,229,939)	(6,245,442)
Other Non-Operating Loss	24.2	(42,797)	(5,000)
Total Expenses		(54,026,472)	(41,541,068)
Net Income Before Tax		95,844,702	90,926,278
Income Tax Expense	25	(18,826,295)	(19,122,156)
Net Income After Tax/			
Total Comprehensive Income		77,018,407	71,804,122

The Notes on pages 9 to 41 form part of these financial statements.



LBP INSURANCE BROKERAGE, INC.
(A wholly-owned subsidiary of Land Bank of the Philippines)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016
(In Philippine Peso)

	Share Capital (Note 17)	Retained Earnings		TOTAL
		Appropriated (Note 18)	Unappropriated	
BALANCE AT JANUARY 1, 2016	300,000,000	158,000,000	452,248,031	910,248,031
CHANGES IN EQUITY FOR 2016				
Add/(Deduct):				
Declaration of Cash Dividend			(41,407,681)	(41,407,681)
Other Adjustments			9,474,342	9,474,342
Comprehensive Income for the year			71,804,122	71,804,122
BALANCE AT DECEMBER 31, 2016	300,000,000	158,000,000	492,118,814	950,118,814
CHANGES IN EQUITY FOR 2017				
Add/(Deduct):				
Declaration of Cash Dividend			(37,758,827)	(37,758,827)
Other Adjustments			1,021,689	1,021,689
Appropriations		19,000,000	(19,000,000)	0
Reversal of Appropriations		(2,000,000)	2,000,000	0
Comprehensive Income for the year			77,018,407	77,018,407
BALANCE AT DECEMBER 31, 2017	300,000,000	175,000,000	515,400,083	990,400,083

The Notes on pages 9 to 41 form part of these financial statements.



LBP INSURANCE BROKERAGE, INC.
(A wholly-owned subsidiary of Land Bank of the Philippines)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016
(In Philippine Peso)

	Note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Inflows			
Proceeds from Sale of Foreign Currencies		1,230,465,102	2,499,218,590
Cash Received from Advance Payment of Premium		393,618,227	353,227,610
Collection of Income/Revenue		305,789,506	262,100,453
Collection of Receivables		3,918,415	29,015,830
Total Cash Inflows		1,933,791,250	3,143,562,483
Cash Outflows			
Payment for the Purchase of Foreign Currencies		(1,228,820,674)	(2,366,366,739)
Payment of Premiums to Insurance Companies		(562,038,812)	(483,374,821)
Payment of Expenses		(37,693,401)	(35,641,850)
Purchase of Inventories		(347,974)	(271,236)
Prepayments		(7,368,854)	(6,858,666)
Payments of Accounts Payable		(5,975,866)	(9,185,855)
Remittance of Personnel Benefit and Mandatory Deduction		(720,429)	(579,902)
Grant of Financial Assistance/Subsidy/Contribution		(403,613)	(2,050,000)
Payment of Income Taxes		(28,414,622)	(26,537,099)
Total Cash Outflows		(1,871,784,245)	(2,930,866,168)
Net Cash Provided by Operating Activities		62,007,005	212,696,315
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Inflows			
Proceeds from Sale of Property, Plant & Equipment		4,060	59,189
Proceeds of Matured Investments		2,593,113,537	10,383,783,867
Receipt of Interest Earned from Investments		34,028,702	27,163,331
Total Cash Inflows		2,627,146,299	10,411,006,387
Cash Outflows			
Purchase of Property, Plant, Equipment		(2,822,877)	(6,480,352)
Placement of Investments		(2,762,710,926)	(10,626,265,035)
Total Cash Outflows		(2,765,533,803)	(10,632,745,387)
Net Cash Used in Investing Activities		(138,387,504)	(221,739,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Outflows			
Payment of Cash Dividends		(37,758,827)	(41,407,681)
Cash Used in Financing Activities		(37,758,827)	(41,407,681)
Effects of Exchange Rate Changes on Cash and Cash Equivalents		158,596	287,846
Net Decrease in Cash and Cash Equivalents		(113,980,730)	(50,162,520)
CASH AND CASH EQUIVALENTS, JANUARY 1	4	242,629,531	292,792,051
CASH AND CASH EQUIVALENTS, DECEMBER 31	4	128,648,801	242,629,531

The Notes on pages 9 to 41 form part of these statements.



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LBP INSURANCE BROKERAGE, INC.
(A wholly-owned subsidiary of Land Bank of the Philippines)
NOTES TO FINANCIAL STATEMENTS
(All amounts in Philippine Peso, unless otherwise stated)

1. CORPORATE INFORMATION

1.1 Corporate Background

The LBP Insurance Brokerage, Inc. (LIBI) was organized as a wholly owned subsidiary of Land Bank of the Philippines (LBP) on October 22, 1981 under Securities and Exchange Commission (SEC) Registration No. 105764. On May 16, 1983, its Articles of Incorporation was amended increasing the number of directors of the Board from 9 to 11. This was further amended on October 17, 1994 increasing the LIBI's authorized capital stock from P20,000,000 to P300,000,000 and revising its secondary purpose.

It was created primarily for the purpose of engaging in the business of general insurance brokerage management and consultancy more particularly as follows:

- To act as insurance broker for life, health, accident, motor car, casualty, surety and fidelity, marine cargo and hull, comprehensive liability insurance and other insurance coverage allied with and incident to the above-mentioned lines, and
- To engage in management and consultancy work on insurance and in this connection, to hold, own, purchase, acquire, underwrite, obtain participation in and manage the business of any corporation, partnership or equity.

Its secondary purpose is to engage in the business of buying and selling of foreign currencies; and buying, selling, importing, exporting and/or dealing in any manner, at wholesale or retail of goods and merchandise. However, the secondary purpose particularly the business of buying and selling of foreign currencies was discontinued on 18 May 2017 per Board Resolution No. 2017-004-016.

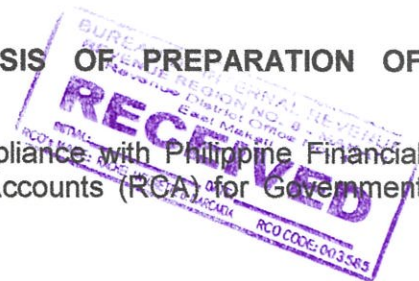
The LIBI's registered and principal office of business is located at the 12th Floor SSHG Law Centre Building, 105 Paseo de Roxas St., Legaspi Village, Makati City.

1.2 Authorization for Issue of the 2017 Financial Statements

The financial statements of LIBI for the years ended December 31, 2017 and 2016 were authorized for issue by the Board of Directors on January 31, 2018 in Board Resolution No. 2018-001-004 dated January 31, 2018 and were signed by the Chairman of the Board/Officer-in-Charge on April 10, 2018 as shown in the Statement of Management's Responsibility for Financial Statements.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) and Revised Chart of Accounts (RCA) for Government



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Corporations prescribed through COA Circular Nos. 2015-010 and 2016-006.

The accounting policies have been consistently applied throughout the year presented.

The financial statements have been prepared on the basis of historical cost except for investment in government securities which are stated at amortized cost using effective interest method.

The Statement of Cash Flows is prepared using the direct method.

The financial statements are presented in Peso, which is also the country's functional currency.

Amounts are rounded off to the nearest peso, unless otherwise stated.

The preparation of financial statements in compliance with the adopted PAS requires the use of certain accounting estimates. It also requires the entity to exercise judgment in applying the entity's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed in Note 15.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of accounting

The financial statements are prepared on accrual basis in accordance with PFRS.

3.2 Financial Instruments

a. Financial Assets

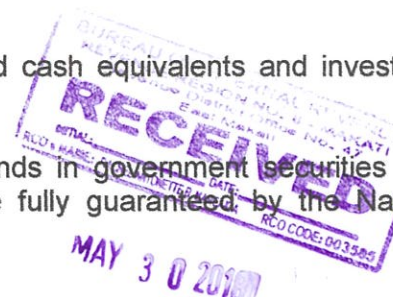
Initial recognition and measurement

Financial assets within the scope of PAS 39 – Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial assets, as appropriate. The LIBI determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognized on the trade date, i.e. the date that the LIBI commits to purchase or sell the asset.

The LIBI's financial assets include cash and cash equivalents and investment securities at amortized cost.

LIBI's existing policy is to invest excess funds in government securities (GS) because the servicing and repayments are fully guaranteed by the National Government.



Investments in GS - Fixed Treasury Notes and Retail Treasury Bonds are stated at amortized cost using effective interest method.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

1. Loans and Receivables

LIBI acts as an agent in placing the insurable risks of its clients with insurers and as such, is not liable as principal for amounts arising from such transactions. However, Accounts Receivable (Premium Receivables) were recognized upon issuance of Statement of Accounts. Accrual of service fees from accredited insurers are based on premium production.

To fairly present the net realizable value of Accrued Service Fees Receivable and Other Receivables, allowances for impairment have been provided. The allowances were then determined based on the aging schedule multiplied by the rate or per cent of loss experienced by LIBI.

2. Held-to-Maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the LIBI has the positive intention and ability to hold it to maturity.

After initial measurements, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in the statement of comprehensive income.

Derecognition

The LIBI derecognizes a financial asset or, where applicable, a part of a financial asset or part of LIBI of similar financial assets when:

1. The contractual right to the cash flows from the financial asset expired or waived; and

2. The LIBI has transferred its contractual rights to receive the cash flows of the financial assets, or retains the contractual rights to receive cash flows of the financial assets but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the condition set forth in PAS 39 – Financial Instruments: Recognition and Measurement; and either the entity has:

- Transferred substantially all the risks and rewards of ownership of the financial asset; or

- Neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but has transferred the control of the asset.

Impairment of financial assets

The LIBI assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include the following:

1. The debtors or a group of debtors are experiencing significant financial difficulty;
2. Default or delinquency in interest or principal payments;
3. The probability that debtors will enter bankruptcy or other financial reorganization; and
4. Observable data indicates a measurable decrease in estimated future cash flows e.g. changes in arrears or economic conditions that correlate with defaults.

Financial assets at amortized cost

For financial assets carried at amortized cost, the LIBI first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the LIBI determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all

collaterals have been realized or transferred to the entity. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

b. Financial Liabilities

Initial recognition and measurement

Financial liabilities within the scope of PAS 32 are classified as financial liabilities at fair value through statement of comprehensive income, or loans and borrowings, as appropriate. The entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

The LIBI's financial liabilities include insurance premium payable, accounts payable and other financial liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification.

Derecognition

A financial liability is derecognized when the obligation under the liability expires or is discharged or cancelled.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

3.3 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash in bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Foreign currency cash in bank and on hand which are used for trading in LIBI-Forex division are stated at spot exchange rate.

3.4 Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory is received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Inventories are recognized as an expense when consumed in the ordinary course of operations of the LIBI.

3.5 Investment Property

Investment property are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment property are measured using the cost model and are depreciated over their estimated useful life.

Investment property are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit or service potential is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of comprehensive income in the period of derecognition.

Transfers are made to or from investment property only when there is a change in the use. LIBI uses the cost model for the measurement of investment property after initial recognition.

3.6 Property and Equipment

Recognition

An item is recognized as property and equipment (PE) if it meets the characteristics and recognition criteria as PE.

The characteristics of PE are as follows:

- a. tangible items;
- b. are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- c. are expected to be used during more than one reporting period.

An item of PE is recognized as an asset if:

- a. it is probable that future economic benefits or associated with the item will flow to the entity; and
- b. the cost or fair value of the item can be measured reliably; and cost is at least P15,000

Measurement at recognition

An item recognized as property and equipment is measured at cost. A PE acquired through non-exchange transaction is measured at its fair value.

Cost includes the following:

- a. purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- b. expenditure that is directly attributable to the acquisition of the items; and
- c. initial estimate of the costs of dismantling and removing the items and restoring the site of which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period for the purposes other than to produce inventories during the period.

Measurement after recognition

After recognition, all PE are stated at cost less accumulated depreciation and impairment losses.

When significant parts of PE are required to be replaced at intervals, LIBI recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the PE as a replacement if the recognition criteria are satisfied.

Depreciation

Each part of an item of PE with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognized as expense unless it is included in the cost of another asset.

i. Initial recognition of depreciation

Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable the manner intended by management.

For simplicity and to avoid proportionate computation, the depreciation is for one month if the PE is available for use on or before the 15th of the month. However, if the PE is available for use after the 15th of the month, depreciation will start on the succeeding month.

ii. Depreciation Method

The straight line method of depreciation is adopted unless another method is more appropriate for entity operation.

iii. Estimated useful life

The LIBI uses the life span of PE prescribed by COA in determining the specific estimated useful life for each asset based on its experience as follows:

	Number of Years
Building	20
Furniture, Fixtures and Equipment	5
Motor Vehicle	7

iv. Residual Value

The LIBI uses a residual value equivalent to at least five percent of the cost of the PE.

Impairment

An asset's carrying amount is written down to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

Derecognition

The LIBI derecognizes items of PE and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognized.

3.7 Intangible Assets

Recognition and measurement

Intangible assets are recognized when the items are identifiable non-monetary assets without physical substance; it is probable that the expected future economic benefits or service potential that are attributable to the assets will flow to the entity; and the cost or fair value of the assets can be measured reliably.

Intangible assets acquired separately are initially recognized at cost.

If payment for an intangible asset is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as interest expense over the period of credit unless it is capitalized in accordance with the capitalization treatment permitted in PAS 23, Borrowing Costs.

Recognition of an expense

Expenditure on an intangible item is recognized when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria of an intangible asset.

Subsequent measurement

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite life are amortized over their useful lives.

The straight line method is adopted in the amortization of the expected pattern of consumption of the expected future economic benefits or service potential.

An intangible asset with indefinite useful life is not to be amortized.

Intangible assets with indefinite useful lives or an intangible assets not yet available for use are assessed for impairment annually and whenever there is an indication that the assets may be impaired.

The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in the statement of comprehensive income as the expense category that is consistent with the nature of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive income when the asset is derecognized.

3.8 Provisions, Contingent Liabilities and Contingent Assets

a. Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the LIBI expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are reviewed at each reporting date, and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provisions are reversed.

b. Contingent Liabilities

The LIBI does not recognize a contingent liability, but discloses details of any contingencies in the notes to financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

c. Contingent Assets

The LIBI does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the LIBI in the notes to financial statements.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

3.9 Changes in Accounting Policies and Estimates

The LIBI recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

The LIBI recognizes the effects of changes in accounting estimates prospectively through the statement of comprehensive income.

The LIBI corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

- a. Restating the comparative amounts for prior period(s) presented in which the error occurred; or
- b. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

3.10 Foreign Currency Transactions

Transactions in foreign currencies are initially recognized by applying the spot exchange rate between the functional currency and the foreign currency at the transaction date.

At each reporting date:

- a. Foreign currency monetary items are translated using the closing rate;
- b. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- c. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Exchange differences arising (a) on the settlement of monetary items, or (b) on translating monetary items at rates different from those at which they are translated on initial recognition during the period or in previous financial statements, are recognized in

the statement of comprehensive income in the period in which they may arise, except as those arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation.

3.11 Revenue

Beginning 2008, LIBI recognizes commission income pertaining to service fees from private insurers based on premium billings upon rendition of brokering services to the assured and upon issuance of policies by the insurer. Accrual method is used in recognizing commission income from insurers.

Interest Income from investments is recognized using the effective interest method.

Gain or losses arising from trading of foreign currency are reported in the statement of comprehensive income.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to LIBI and that revenue can be reliably measured.

3.12 Income Taxes

Income tax on the profit for the year comprises current tax only. Income tax is recognized in the statement of comprehensive income. Current income tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted as of the reporting date, and any adjustment to tax payable in respect to previous years.

Deferred Tax Asset refers to tax consequence attributable to differences between the financial reporting bases of assets and liabilities. It is measured using the tax rate applicable to taxable income in the year in which those temporary differences are expected to be recorded or settled. Deferred Tax Asset is recognized to the extent of the realization of the related Income Tax Benefit through future taxable income.

3.13 Employee Benefits

In compliance with the provisions of the Retirement Law [Republic Act (R.A.) No. 7641], which requires corporation to provide retirement benefits for their employees, and the National Internal Revenue code (R.A. No. 8424), which allows tax deductibility of employer's contributions for the retirement benefits of its employees, LIBI has established a retirement fund pursuant to Board Resolution No. 2010-006-012 dated July 30, 2010. The retirement benefit plan is a defined benefit plan and is non-contributory.

The set-up of Retirement Fund Liability was approved by the Board of Directors on September 01, 2010 per Board Resolution No. 2010-007-013.

The cost of defined benefit plan is determined by using actuarial valuation; hence, LIBI engaged the services of a duly certified independent actuarial firm on December 30, 2010. Revaluation of LIBI's Retirement Plan was done on January 01, 2015 by E. M. Zalamea Actuarial Services, Inc. Below are the actuarial valuation results:

- The retirement plan covers all its officers and regular employees, 12 males and 18 females totaling 30 eligible employees;
- Average age in years is 42.1;
- Average years of remaining life of the employees group is 14.9;
- Average years of Past Service is 14.4;
- Mortality rate was based on the 2001 CSO Table- Generational (Scale AA, Society of Actuaries) and the disability rate was based on the Disability Study, Period 2, Benefit 5 (Society of Actuaries);
- The interest rate was assumed at 4 per cent, compounded annually;
- The salary increase rate was assumed at 7 per cent, compounded annually;
- The Normal Retirement Age is 60;
- The Projected Retirement Benefit is one-half month basic salary for every year of service;
- The funding method used was the Accrued Benefit Actuarial Cost Method (Projected Unit Credit);
- The employee turnover rates are 100 per cent of the following standard table:

Age	Rate (%)
19-24	7.50
25-29	6.00
30-34	4.50
35-39	3.00
40-44	2.00
≥45	0.00

Under the Accrued Benefit Valuation Method, Past Service Liability (PSL) is P11,099,195 while the Annual Normal Cost (ANC) is P670,783.

Based on LBP Trust Banking Group (TBG) Financial Report as of June 30, 2015, LIBI's Retirement Fund Book Value amounted to P6,877,288. Hence, LIBI made additional funding of P4,221,907 to totally cover the P11,099,195 PSL. The additional fund was approved in Board Resolution No. 2015-007-023 dated August 04, 2015.

LIBI appropriated its Retained Earnings from 2000 to 2008 a total amount of P10,000,000 for retirement benefit plan. On July 18, 2011, the Retirement Fund was finally set-up by LIBI of which the LBP-TBG was appointed as Trustee of the fund. LIBI treated this fund as off books in accordance with PAS 26, Accounting and Reporting by Retirement Benefit Plan. The monitoring of this Fund would be done by the LIBI Administrative Head, which would be checked periodically by the Accounting Head.

Out of the original 39 eligible employees, 14 employees availed of the Retirement Fund wherein retirement benefits totaling to P6,246,003 were withdrawn from the Fund as at December 31, 2017. The remaining balance of the Retirement Fund as at December 31, 2017 is P8,026,410. Accumulated income since the transfer of the Fund on July 18, 2011 to the LBP-TBG reached P1,962,212 as at December 31, 2017.

3.14 Related Parties

The parent company, Land Bank of the Philippines (LBP), regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the LIBI, or vice versa.

Member of key management are regarded as related party such as the corporate secretary who is an employee of the parent company, LBP.

4. CASH AND CASH EQUIVALENTS

This account consists of:

	2017	2016
Cash on Hand	50,000	225,097
Cash in Bank-Local Currency	128,598,801	241,950,183
Cash in Bank-Foreign Currency	0	454,251
Total	128,648,801	242,629,531

5. RECEIVABLES

This account consists of:

	2017			2016		
	Current	Non-Current	Total	Current	Non-Current	Total
Accounts Receivable ¹¹	66,396,489	43,223,916	109,620,405	67,085,021	76,355,176	143,440,197
Accrued Service Fees Receivable ¹²	9,156,804	9,524,710	18,681,514	9,841,552	23,103,519	32,945,071
Allowance for Impairment-Accrued Service Fees Receivable ³	(1,204,962)	(9,363,772)	(10,568,734)	0	(19,948,859)	(19,948,859)
Net Value-Accrued Service Fees Receivable	7,951,842	160,938	8,112,780	9,841,552	3,154,660	12,996,212
Interest Receivable	7,208,380	0	7,208,380	5,702,047	0	5,702,047
Sub-total	81,556,711	43,384,854	124,941,565	82,628,620	79,509,836	162,138,456
Other Receivables						
Receivable-Disallowances/Charges	0	1,363,161	1,363,161	0	1,363,161	1,363,161
Other Receivables	80,358	0	80,358	220,995	0	220,995
Sub-total	80,358	1,363,161	1,443,519	220,995	1,363,161	1,584,156
Total	81,637,069	44,748,015	126,385,084	82,849,615	80,872,997	163,722,612

¹¹ This account represents outstanding premium receivable from the assured whose insurance policies have been issued by accredited insurers. This includes unexpired premium collectible from Philippine Prudential Life Insurance Company, Inc. (PPLICI) amounting to P35,793,972 based on the result of reconciliation as at December 31, 2016.

¹² This includes the corresponding accrued service fee of P7,988,428 on the unexpired premium collectible from PPLICI.

Relative to the termination of LIBI's insurance business with PPLICI on September 2013 which the latter did not concur, the PPLICI filed a complaint on March 7, 2016 against the LBP and LIBI to the Regional Trial Court Branch 155, Pasig City docketed as Civil Case No. 75133 for sum of money relating to unpaid premiums by LIBI from 2013 to 2016.

The following are the updates on the status of the above case as of April 2018:

The hearing was held on 27 February 2018 but reset due to the absence of the liquidator of the plaintiff. In the scheduled hearing, LIBI's Counsel, LIBI's General Manager (GM) and PPLICI's Counsel appeared. Upon checking the records, the Court noted that notices to PPLICI's Liquidator were sent to the wrong address, prompting the Court to reset the Judicial Dispute Resolution (JDR) on 20 March 2018 at 2:00pm and to resend the notice to the Liquidator. LBP's Counsel appeared late in the proceedings.

On 20 March 2018, the LIBI's GM, PPLICI's Conservator and their respective counsels appeared. The Judge in his opening statement encouraged both parties to have the case settled amicably. PPLICI representative's appeal/prayer is to resume business operations with them which the LIBI's General Manager said was no longer possible and seconded by the Judge. Another demand by PPLICI is the payment of prospective premiums amounting to P100 million and payment of outstanding premiums. However, no documents were presented to back up their claims. The Judge then requested PPLICI and LIBI to submit additional documents and set a final hearing on 07 May 2018.

As of April 19, 2018, the case is reset for JDR on May 7, 2018 because the presiding judge advised both parties to support their allegations with figures, for purposes of setting-off claims. The plaintiff is willing to compromise and willing to settle if the defendants are willing to pay the unpaid premiums from 2013 to 2016. However, the LBP stated that it is still awaiting the resolution of the case filed before the CA. The LIBI, on the other hand, is not amenable to pay the premiums considering that the accounts had already been transferred to another insurance provider sometime in 2013. Nevertheless, parties agreed to extend the JDR proceedings to give amicable settlement a chance.

¹³ For the current year, allowance for impairment of P2,455,719 were provided for Accrued Service Fees Receivable recorded in CYs 2015 and 2016 and for the period January to September 2017, while a total of P11,835,844 was reversed during the year due to collection (Note 25).

Changes in the Allowance for Impairment - Accrued Service Fee Receivable during the year are as follows:

Particulars	Amount
At January 1	19,948,859
Provisions for the year	2,455,719
	<u>22,404,578</u>

Particulars	Amount
Adjustments:	
Reversal of allowance on accounts not qualified per GSIS pre-qualification (with other perils and premium payments received beyond the 30-day period)	(2,185,269)
Reversal of allowance due to non-payment of extra remuneration by GSIS	(5,330,160)
Reversal of allowance on Extra Remunerations from GSIS for years 2007-2013 due to subsequent collections	(1,162,945)
Reversal of CYs 2016 and 2015 provisions on accrued service fees receivable from private insurance due to collection	(3,157,470)
	11,835,844
At December 31	10,568,734

6. INVENTORIES

This account consists of inventories held for consumption, namely:

	2017	2016
Office supplies inventory	59,170	33,533
Accountable forms inventory	21,364	44,430
Non-accountable forms	7,393	2,232
	87,927	80,195

Reconciliation of carrying amounts:

	2017	2016
Carrying Amount, January 1	80,195	107,690
Additions/Acquisitions during the year	347,974	270,695
Consumption during the year	(340,242)	(298,190)
Carrying Amount, December 31	87,927	80,195

7. OTHER ASSETS

This account consists of:

	2017			2016		
	Current	Non-Current	Total	Current	Non-Current	Total
Prepayments	5,365,408	2,003,446	7,368,854	5,324,387	1,534,279	6,858,666
Deposits	93,425	97,769	191,194	20,000	77,769	97,769
Total	5,458,833	2,101,215	7,560,048	5,344,387	1,612,048	6,956,435

The prepayments consist of tax withheld receivable, creditable withholding taxes, prepaid insurance and other prepayments.

8. FINANCIAL ASSETS

This account consists of investment securities at amortized cost. Below is the summary of changes in this account during the year:

As at December 31, 2017

	Retail Treasury Bonds	Fixed Treasury Notes	DBP Tier II	Treasury Bills	Total
Balance, January 1, 2017	552,524,935	150,521,747	75,000,000	19,795,792	797,842,474
Additional investment	70,000,000	118,704,661	0	29,763,532	218,468,193
Amortization of discount	0	238,699	0	430,603	669,302
Amortization of premium	(1,625,743)	(481,541)	0	0	(2,107,284)
Investment sold/collected	0	0	0	(49,989,927)	(49,989,927)
Balance, December 31, 2017	620,899,192	268,983,566	75,000,000	0	964,882,758

As at December 31, 2016

	Retail Treasury Bonds	Fixed Treasury Notes	DBP Tier II	Treasury Bills	Agrarian Reform Bonds	Total
Balance, January 1, 2016	537,944,076	0	75,000,000	100,470,827	119,821	713,534,724
Additional investment	30,000,000	150,641,917	0	0	0	180,641,917
Amortization of discount	0	0	0	177,173	1,530	178,703
Amortization of premium	(1,564,141)	(120,170)	0	0	0	(1,684,311)
Investment sold/collected	(13,855,000)	0	0	(80,852,208)	(121,351)	(94,828,559)
Balance, December 31, 2016	552,524,935	150,521,747	75,000,000	19,795,792	0	797,842,474

Held to maturity investments of LIBI carry interest rates at December 31 as follows:

	2017	2016
Retail Treasury Bonds	6.125%, 3.50% and 4.625%	6.125%, 3.50% and 3.250%
DBP-Tier II	4.875%	4.875%
Fixed Treasury Notes	3.50%	1.675%

Board Resolution No. 2014-009-027 dated October 29, 2014 approved the request of LBP Leasing and Finance Corporation (LLFC), for the assignment of LIBI's P500,000,000 worth of government securities – Retail Treasury Bonds as partial collateral for LLFC's existing short term loan from Land Bank of the Philippines. The Deed of Assignment by way of security was executed on October 31, 2014 by and between LIBI and LLFC for a period of two years. In consideration of the assignment, LLC shall pay LIBI a guarantee/assignment fee equivalent to 1/8 of 1 per cent or P625,000 per annum or P52,083.33 per month. The guarantee/assignment fee is being paid by LLFC on a quarterly basis. However, due to the maturity of the Retail Treasury Bonds on August 19, 2015 and March 03, 2016 totaling P82,855,000, the assignment fee was reduced to P530,638.92 per annum or P44,219.91 per month which was based on the remaining amount of P424,511,129.56 with the same guarantee/assignment fee rate. LLFC did not request for replacement of the matured assigned investment.

9. INVESTMENT PROPERTY

This account consists of assets acquired through dacion en pago from the former employee with outstanding obligation amounting to P998,315. The dacioned properties consist of two parcels of land containing a total area of 5,847 square meters are located at Catbalogan, Western Samar. The appraised value of these properties amounted to P2,924,000 per appraisal report of the LBP Property Valuation and Credit Information Department dated 22 May 2017.

10. PROPERTY AND EQUIPMENT

This account consists of the following:

As at December 31, 2017

	Office Equipment	Information and Communi- cation Technology	Furniture and Fixtures	Building	Motor Vehicles	Total
Cost, January 1	5,717,187	3,175,368	2,394,689	38,670,505	3,349,214	53,306,963
Acquisitions	474,846	1,255,531	16,607	0	1,075,893	2,822,877
Disposal	(411,521)	0	0	0	0	(411,521)
Cost, December 31	5,780,512	4,430,899	2,411,296	38,670,505	4,425,107	55,718,319
Accumulated Depreciation, January 1	4,138,260	390,063	1,983,557	21,786,604	1,862,961	30,161,445
Depreciation	368,826	126,687	43,912	1,911,019	323,776	2,774,220
Adjustments	(364,666)	0	0	1	0	(364,665)
Accumulated Depreciation, December 31	4,142,420	516,750	2,027,469	23,697,624	2,186,737	32,571,000
Net Carrying Amount, December 31	1,638,092	3,914,149	383,827	14,972,882	2,238,370	23,147,319

As at December 31, 2016

	Office Equipment	Information and Communi- cation Technology	Furniture and Fixtures	Building	Motor Vehicles	Total
Cost, January 1	5,863,342	745,792	2,176,028	37,777,151	3,349,214	49,911,527
Acquisitions	748,481	2,432,576	218,661	893,354	0	4,293,072
Disposal	(894,636)	0	0	0	0	(894,636)
Cost, December 31	5,717,187	3,175,368	2,394,689	38,670,505	3,349,214	53,306,963
Accumulated Depreciation, January 1	4,716,726	291,379	1,962,027	20,050,018	1,495,829	28,515,979
Depreciation	307,978	98,684	21,530	1,736,586	367,132	2,531,910
Disposal	(886,444)	0	0	0	0	(886,444)
Accumulated Depreciation, end	4,138,260	390,063	1,983,557	21,786,604	1,862,961	30,161,445
Net Carrying Amount, December 31	1,578,927	2,785,305	411,132	16,883,901	1,486,253	23,145,518

11. INTANGIBLE ASSETS

This account consists of the cost of computer software upgrade of the LIBI's existing Integrated Insurance Business System (IIBS) version 3.3 to 4.0 web version systems which development is in progress. The total cost of the project is P6,439,219. The project duration to upgrade the LIBI IIBS was extended until March 31, 2018. As of December 31, 2017, the down payment amounted to P2,084,790.

This account also includes on-going upgrade of LIBI's payroll system costing P47,844.

12. FINANCIAL LIABILITIES

This account consists of:

	2017			2016		
	Current	Non-Current	Total	Current	Non-Current	Total
Insurance/Reinsurance						
Premium Payable ¹¹	114,522,179	44,116,065	158,638,244	94,357,474	77,425,112	171,782,586
Accounts Payable ¹²	52,996,230	525,921	53,522,151	62,182,980	387,549	62,570,529
Due to Officers and Employees ¹³	144	2,544	2,688	64,127	0	64,127
Other Financial Liabilities						
Handling Fees Payable ¹⁴	6,962,615	0	6,962,615	7,327,776	0	7,327,776
Total	174,481,168	44,644,530	219,125,698	163,932,357	77,812,661	241,745,018

¹¹ This pertains to insurance premiums payable to insurance companies as at December 31, 2017.

¹² This includes unreleased checks and authority to debit totaling P43,532,783 for payment of insurance premiums to various insurance companies that remain under the custody of the Cashiering Unit as at December 31, 2017 awaiting corresponding tax certificates (BIR Form 2307) from various insurance companies. This also includes accrual of expenses awaiting billing from suppliers.

¹³ This refers to tax refunds and excess health medical insurance due for refund to officers and employees.

¹⁴ This account consists of handling fees payable to LBP units, lending centers, branches which are due every March and September of the year.

13. INTER-AGENCY PAYABLES

This account consists of:

	2017	2016
Due to BIR	449,739	671,984
Value Added Tax Payable	1,549,698	1,429,797
Income Tax Payable	3,868,002	6,303,286
Total	5,867,439	8,405,067

14. TRUST LIABILITIES

This account consists of:

	2017			2016		
	Current	Non-Current	Total	Current	Non-Current	Total
Customer's Deposits Payable ¹	24,645,547	4,784,440	29,429,987	22,148,432	13,203,342	35,351,774
Guaranty/Security Deposits Payable	250,000	225,200	475,200	225,200	0	225,200
Total	24,895,547	5,009,640	29,905,187	23,373,632	13,203,342	36,576,974

¹This refers to the advance payments of premiums by clients/assured awaiting issuance of insurance policies and/or matching of premium invoices. Transactions representing excess payments of premiums are also recorded under this account awaiting instruction from assured/LBP for its refund or application to future renewal of policies.

15. PROVISIONS

This account consists of:

	2017			2016		
	Current	Non-Current	Total	Current	Non-Current	Total
Leave Benefits Payable	1,036,896	2,539,485	3,576,381	1,075,492	449,029	1,524,521
Pension Payable ¹	753,293	1,341,566	2,094,859	670,783	744,433	1,415,216
Other Provisions ²	2,475,514	3,828,500	6,304,014	3,465,550	384,000	3,849,550
Total	4,265,703	7,709,551	11,975,254	5,211,825	1,577,462	6,789,287

¹ This account pertains to the accrual of Annual Normal Cost (ANC) under the Accrual Benefit Valuation Method.

² This account refers to the estimated Performance Based Bonus (PBB) of LIBI's officers and staff and the Performance Based Incentive (PBI) of LIBI's Board of Directors for CYs 2015, 2016 and 2017.

16. OTHER PAYABLES

This account consists of:

	2017	2016
Undistributed Collection ¹	439,373	1,640,234
Other Payables	0	49,820
Total	439,373	1,690,054

¹ This account pertains to unreceipted credit advices (UCA) issued by bank as of the close of the transaction date due to lack of details.

17. SHARE CAPITAL

As at December 31, 2017, the total authorized, paid, issued and outstanding shares are 3,000,000 shares with par value of P100.

The Board of Directors approved the declaration of stock dividends of P75,000,000 or 750,000 shares per Board Resolution No. 07-03-006 dated March 28, 2007.

Additional 250,000 shares or P25,000,000 was declared and approved by the Board of Directors on September 25, 2007 representing full subscription of the Corporation's authorized capital stock.

18. RETAINED EARNINGS

Declaration of CY2016 cash dividend of P37,758,827 was approved on April 07, 2017 per Board Resolution No. 2017-003-010 and payment of such dividend to the National Government was made directly to Bureau of Treasury on May 16, 2017.

The Board in its Resolution No. 2017-004-020 dated May 31, 2017 approved the total appropriations of P19,000,000. The appropriation for office expansion amounting to P2,000,000 was reversed because its purpose had already been served.

As at December 31, 2017, total appropriations amounted to P175,000,000 detailed as follows:

Particulars	Amount
Appropriation for the technology and computer upgrades	18,000,000
Appropriation for other contingencies	30,000,000
Appropriation for non-collection of refund of premium from Prudential Life	63,000,000
Appropriation for the reversal of related service fee	15,000,000
Appropriation for procurement of Risk Modeling System	27,000,000
Appropriation for trainings and seminars for ISO/GQMSS certification	3,000,000
Appropriation for procurement of office equipment, furniture and fixtures	1,000,000
Appropriation for procurement of Variable Refrigerant Flow (VRF) air-conditioning system	8,000,000
Appropriation for procurement of 2 units motor vehicle	3,000,000
Appropriation for replacement of lighting system and replacement of office ceiling	3,000,000
Appropriation of premium internet gateway service	1,000,000
Appropriation for email system upgrade	800,000
Appropriation for PABX	700,000
Appropriation for structured cabling of data	500,000
Appropriation for Operating System and Microsoft Office 2016	500,000
Appropriation for Anti-Virus system	300,000
Appropriation for CCTV camera	200,000
	175,000,000

Other adjustments to the Retained Earnings for CY 2017 and 2016 are presented below:

CY2017

Accounts Affected	Particulars	Amount
Allowance for probable losses- Accrued Service Fee Receivable (ASFR) and Deferred Tax Asset	Reversal of allowance for probable losses and corresponding deferred tax asset due to collection and non-payment by the GSIS of accrued service fee in prior years	1,155,004
Deferred Tax Asset	Reversal of deferred tax asset relating to allowance for probable losses on COA disallowance	(133,315)
		1,021,689

CY2016

Accounts Affected	Particulars	Amount
Allowance for probable losses- Accrued Service Fee Receivable (ASFR) and Deferred Tax Asset	Reversal of allowance for probable losses and corresponding deferred tax asset due to non-payment by the GSIS of accrued service fee in prior years	7,128,426
Allowance for probable losses	Reversal of allowance for probable losses relating to COA disallowance	1,363,161
Allowance for probable losses	Reversal of allowance for probable losses relating to tax withheld receivable	982,755
		9,474,342

19. SERVICE AND BUSINESS INCOME

	2017	2016
Service Income		
Fees and Commission Income ¹¹	123,645,238	104,970,340
Other Discounts	(11,071,174)	(10,010,237)
Net Fees and Commission Income	112,574,064	94,960,103
Business Income		
Interest Income ¹²	33,090,385	27,163,331
Other Business Income ¹³	2,656,132	8,892,198
Total Business Income	35,746,517	36,055,529
Total	148,320,581	131,015,632

¹¹ The fees and commission income were derived from performance of services to customers/clients, while the other discounts pertains to the handling expenses /incentives given to LBP branches, groups, units and subsidiaries for appraisal, inspection of property to be insured and for performance of other administrative matters such as collection of payments of insured properties.

¹² This pertains to interest income earned from investments at amortized cost such as Retail Treasury Bonds, DBP-Tier II, Fixed Treasury Notes and Treasury Bills totaling

P964,882,758 as at December 31, 2017. This account also includes interest income earned from current and savings depository accounts.

¹³ This refers to income earned from buying and selling, and brokering of foreign currencies with a volume totaling USD26,030,399 covering the period January 02, 2017 to May 18, 2017, while a volume totaling USD82,817,656 was for CY 2016.

LIBI-Forex discontinued its business operations effective 19 May 2017 per Board Resolution No. 2017-004-016 dated 18 May 2017 due to lack of accredited Forex Corporation counterparties that resulted to continuous decline in its trading operations and not meeting its targets for the last five years. During those years, there were more brokering transactions instead of trading transactions which led the members of the Board to decide to discontinue the operations of Forex to avoid exposure to risks and possible fraudulent activities.

As at 19 May 2017, the financial performance of Forex Division is summarized as follows:

Trading/Service Income	2,656,132
Other Income	232,406
Total Income	2,888,538
Total Expenses	1,645,505
Profit Before Tax	1,243,033
Income Tax	350,767
Profit After Tax	892,266
Total Assets	94,842,827
Total Liabilities	3,073,495
Accumulated Surplus	91,769,332

The assets, liabilities and accumulated surplus of LIBI-Forex were transferred to LIBI-Insurance Books. Nominal accounts were closed to Retained Earnings.

20. PERSONNEL SERVICES

	2017	2016
<i>Salaries and Wages</i>		
Salaries and Wages-Regular	17,999,671	7,895,981
Salaries and Wages-Contractual	911,798	951,088
	18,911,469	8,847,069
<i>Other Compensation</i>		
Other Bonuses and Allowances		
Christmas Raffle	1,750,000	1,340,000
Rice Allowance	1,277,050	962,900
Performance Based Bonus	746,757	924,260
Mid-year Bonus	784,800	544,070
Medical, Dental and Hospitalization	507,000	440,917
Anniversary Bonus	306,000	278,000
Productivity Enhancement Incentive	240,000	169,000
Other Bonuses and Allowances	0	114,974
Teller's Allowance	7,200	10,800

	2017	2016
Overtime and Night Pay	2,526,302	933,898
Year-End Bonus	1,559,598	737,970
Representation Allowance	522,000	348,813
Transportation Allowance	279,000	248,000
Cash Gift	218,000	172,500
Longevity Pay	169,714	112,464
Clothing/Uniform Allowance	162,009	160,179
	11,055,430	7,498,745
<i>Personnel Benefit Contributions</i>		
Employees Compensation Insurance Premium	558,217	448,877
PhilHealth Contributions	112,763	88,725
Pag-IBIG Contributions	49,450	42,300
	720,430	579,902
<i>Other Personnel Benefits¹⁷</i>	2,645,124	1,147,330
Total	33,332,453	18,073,046

¹⁷ The other personnel benefits pertain to the money value of leave credits that were earned by LIBI personnel.

21. MAINTENANCE AND OTHER OPERATING EXPENSES

	2017	2016
Travelling Expenses	751,294	297,472
Training and Scholarship Expenses	173,160	246,700
Supplies and Materials Expenses		
Office Supplies Expenses	582,257	625,631
Accountable Forms Expenses	125,133	98,966
Non-Accountable Forms	2,746	5,287
	710,136	729,884
Utility Expenses		
Electricity Expenses	901,442	965,023
Water Expenses	107,692	26,213
	1,009,134	991,236
Communication Expenses		
Postage and Courier Services	693,980	502,168
Telephone Expenses	433,097	392,426
Internet Subscription Expenses	179,127	179,127
	1,306,204	1,073,721
Professional Fees		
Auditing Services	1,026,748	321,750
Legal Services	240,000	340,000
Other Professional Services	46,852	201,919
	1,313,600	863,669
Other General Services		
Other General Services	840,573	1,590,904
Security Services	249,288	281,675
Janitorial Services	29,747	278,076
	1,119,608	2,150,655

	2017	2016
<i>Repairs and Maintenance</i>		
Repairs and Maintenance-Transportation Equipment	223,296	130,903
Repairs and Maintenance-Machinery and Equipment	16,013	42,379
Repairs and Maintenance-Semi-Expendable Machinery and Equipment	15,536	14,186
Repairs and Maintenance-Furniture, Fixture and Books	7,219	62,046
	262,064	249,514
<i>Taxes, Insurance Premium and Other Fees</i>		
Taxes, Duties and Licenses	1,366,560	1,901,363
Insurance Expenses	186,675	206,954
	1,553,235	2,108,317
<i>Other Maintenance and Operating Services</i>		
Directors' and Committee Members' Fees	3,796,000	3,663,250
Representation Expenses	1,548,726	895,675
Donations	403,613	2,050,000
Rent/Lease Expenses	280,843	309,623
Advertising, Promotional and Marketing	29,010	31,571
Membership Dues and Contribution to Organizations	12,000	12,000
Subscription Expenses	4,050	4,800
Other Maintenance and Operating Expenses	1,062,292	1,309,978
	7,136,534	8,276,897
Total	15,334,969	16,988,065

22. FINANCIAL EXPENSES

	2017	2016
Other Financial Charges ¹¹	61,994	209,390
Bank Charges	24,320	20,125
Total	86,314	229,515

¹¹This account pertains to broker's fee and other incidental charges in placement or sale of investment securities.

23. NON-CASH EXPENSES

	2017	2016
<i>Depreciation</i>		
Depreciation-Building	1,911,019	1,736,586
Depreciation-Office Equipment	368,826	307,978
Depreciation-Motor Vehicles	323,776	367,132
Depreciation-Information and Communication Technology	126,687	98,684
Depreciation-Furniture and Fixtures	43,912	21,530
	2,774,220	2,531,910

	2017	2016
<i>Impairment Loss</i>		
Impairment Loss-Receivables	2,455,719	3,705,340
Impairment Loss-Property and Equipment	0	8,192
	2,455,719	3,713,532
Total	5,229,939	6,245,442

24. NON-OPERATING INCOME, GAINS OR LOSSES

24.1 Non-Operating Income/Gain

	2017	2016
Gains		
Gain from Forex	158,596	287,846
Other Non-Operating Income		
Dividend Income	0	29,089
Rental income	810,000	607,500
Miscellaneous Income	581,997	527,279
Total	1,391,996	1,163,868

24.2 Non-Operating Losses

	2017	2016
Loss on sale of unserviceable property and equipment	42,797	0
Other Losses	0	5,000
Total	42,797	5,000

25. INCOME TAX EXPENSE

The provision for/(benefit from) income tax consists of the following:

	2017	2016
Income tax expense	19,563,011	20,233,758
Income tax benefit	(736,716)	(1,111,602)
	18,826,295	19,122,156

Reconciliation of Income before income tax against taxable income is as follows:

	2017	2016
Income before income tax	95,844,702	90,926,278
Non-deductible expenses		
Impairment loss-loans and receivables	2,455,720	3,705,340
Impairment loss-property and equipment	0	8,192
Non-taxable income and income subjected to final tax:		
Interest income	(33,090,385)	(27,163,331)
Dividend income	0	(29,089)

	2017	2016
Bond discount	0	(1,530)
	(30,634,665)	(23,480,418)
Net taxable income	65,210,037	67,445,860
Income tax rate	30%	30%
Income Tax Expense	19,563,011	20,233,758

Deferred tax asset/Income tax benefit is computed as follows:

	2017	2016
Balance, beginning of year	6,817,500	8,760,938
Reversal of CYs 2016 and 2015 provisions on accrued service fees receivable from private insurance due to collection	(3,157,470)	(291,624)
Reversal of provisions on receivable-extra remuneration due to collection:		
PY2013 accrued extra remuneration	(969,607)	(263,405)
PY2012 accrued extra remuneration	0	(1,451,529)
PY2011 accrued extra remuneration	(12,676)	(1,973,829)
PY2010 accrued extra remuneration	(9,727)	(1,163,449)
PY2009 accrued extra remuneration	(69,781)	(1,313,096)
PY2008 accrued extra remuneration	(41,281)	(2,574,454)
PY2007 accrued extra remuneration	(59,873)	(1,152,079)
	(1,162,945)	(9,891,841)
Reversal not qualified per GSIS pre-qualification (with other perils and premium payments received beyond the 30-day period):		
PY2013 accrued extra remuneration	(565,590)	0
PY2012 accrued extra remuneration	(675,953)	0
PY2011 accrued extra remuneration	(383,331)	0
PY2010 accrued extra remuneration	(214,394)	0
PY2009 accrued extra remuneration	(331,542)	0
PY2008 accrued extra remuneration	(10,682)	0
PY2007 accrued extra remuneration	(3,777)	0
	(2,185,269)	0
Reversal due to non-payment of extra remuneration by GSIS:		
PY2013 accrued extra remuneration	(324,948)	0
PY2012 accrued extra remuneration	(437,762)	0
PY2011 accrued extra remuneration	(1,056,927)	0
PY2010 accrued extra remuneration	(1,747,635)	0
PY2009 accrued extra remuneration	(854,622)	0
PY2008 accrued extra remuneration	(52,304)	0
PY2007 accrued extra remuneration	(855,962)	0
	(5,330,160)	0
Total reversals	(11,835,844)	(10,183,465)
Provision for probable losses recorded at year end :		
Accrued service fees receivable from private insurance recorded in CYs 2015, 2016 and January to September 2017	2,455,719	0
Uncollected extra remuneration from GSIS:		
PY2013 accrued extra remuneration	0	1,061,775
PY2012 accrued extra remuneration	0	1,282,622
PY2009 accrued extra remuneration	0	1,360,942
	9,380,125	(6,478,126)
Prevailing income tax rate	30%	30%
Deferred tax asset/income tax benefit reversed at year end	(2,814,037)	(1,943,438)
Reversal of deferred tax asset on allowance provided to the receivable from COA disallowance	(133,315)	0
Balance, end of year	3,870,148	6,817,500

Income tax benefits shall be deducted from the LIBI's future tax obligations to the extent of the amount of provision for accrued service fees receivable that will have no economic benefits to the Corporation.

26. SUPPLEMENTARY INFORMATION ON REVENUE REGULATION

In compliance with the requirements set forth in RR 15-2010, hereunder are the information on taxes, duties and license fees paid and accrued during the taxable year.

A. LBP Insurance Brokerage, Inc. is a VAT- registered Corporation with VAT output tax declaration of P14,652,978 based on actual collections during the year of service fees and rental income amounting to P122,108,151. Actual VAT paid for the year amounted to P11,984,469 after applying Input Tax of P994,114 and creditable withholding tax of P124,697. The VAT payable of P1,549,698 (Note 13) was remitted in the following month/year. Government VAT of P361,593 withheld from payments to suppliers of goods and services was also remitted to the BIR within the reglementary period.

LIBI's secondary purpose is to engage in the business of buying and selling of foreign currencies and paid gross receipt tax for the period January to May 2017 totaling P185,929 recorded under the Taxes and licenses account pursuant to RR 9-2004 and based on the amount reflected in the Trading income account of P2,656,132.

Changes in the balance of the input tax are as follows:

Balance, beginning of year		789,024
Current year's purchases:		
Capital goods	344,080	
Goods other than for resale or manufacture	165,446	
Services lodged under other accounts	594,357	
Input taxes claimed for the year	(994,114)	109,769
Balance, end of year		898,793

B. Other taxes and licenses recorded under Taxes and licenses account are as follows:

Local		
Mayor's permit		831,799
Real property tax		188,403
Real estate tax		101,353
Community tax certificate		10,500
Fire realty tax and inspection fee		1,387
Barangay clearance		2,200
		1,135,642
National		
Gross receipts tax		185,929
License and filing fee – Insurance Commission		38,631
Registration of motor vehicle at LTO		5,258
BIR annual registration		500
Tax clearance certification		300
Certification 2016 Audited Financial Statements		300
		230,918
		1,366,560

C. The income taxes/withholding taxes paid/accrued for the year amounted to:

Corporate tax	
Income Tax	7,030,765
Creditable withholding tax at source (paid in advance by LIBI and used as tax credits)	12,532,246
	<u>19,563,011</u>
Tax on compensation and benefits	2,485,363
Expanded withholding tax from suppliers	466,516
	<u>22,514,890</u>

The income tax payable as of December 31, 2017 amounted to P3,868,002 (Note 13).

There are outstanding Letter Notices (LN) No. 047-RLFTRS-12-00-00402 and No. 047-RLF-11-00-00123 dated June 10, 2014 and January 28, 2013, respectively regarding the discrepancies resulting from Reconciliation of Listing for Enforcement (RELIEF) and Third Party Matching – Tax Reconciliation system (TRS) as declared in LIBI's tax returns filed for CY2012 and 2011 particularly VAT returns filed by suppliers. The required documents needed to refute the findings were forwarded to the BIR.

27. RELATED PARTY DISCLOSURES

The financial statements include various transactions with its parent and affiliated companies. The more significant related party transactions, arising from normal course of business include the following:

a. To defray expenses in the appraisal, inspection of property to be insured and other administrative matters such as collection of insurance premium payments of insured properties; handling fees are given to LIBI's clients, the LBP units, branches and subsidiaries. For the current year, handling fee accrued and payable to LBP units, branches and subsidiaries reached P11,071,174 (Note 19).

b. Compensation of key management personnel for 2017 and 2016 are as follows:

	2017	2016
For the President and General Manager		
Total salaries and wages	3,152,400	1,508,411
Total short-term employee benefits (RA, PEI, per diem, bonuses, medical benefits)	1,282,143	1,260,942
	<u>4,434,543</u>	<u>2,769,353</u>
For Corporate officers who are employees of the parent company, LBP:		
Total short-term employee benefits (per diems and reimbursable expenses)	174,500	253,000
	<u>4,609,043</u>	<u>3,022,353</u>

c. A Trust Agreement was made and entered into by and between LBP Insurance Brokerage, Inc. (LIBI) and LBP – Trust Banking Group (LBP-TBG) on July 18, 2011 thereby appointing the latter as the Trustee of the LIBI's Retirement Benefit Plan. The essential terms and conditions of the agreement are as follows:

- The Trustor (LIBI) shall deliver and pay to the Trustee such sums representing the annual contributions of the Trustor as provided in the Plan, starting with the contribution for the current year in the amount of PESOS: Ten Million One Thousand Pesos (Php10,001,000.00).
- The Trustor hereby waives all its rights and interest to the money or properties which are and will be paid or transferred to the Fund, to the extent required to provide the benefits pursuant to the Plan.
- The Trustee shall hold the title to the Fund to be held in trust for the purpose stated in and subject to all the terms and conditions of the Agreement as well as the Plan, which shall be deemed part of this Agreement. The Trustee shall invest and re-invest the Fund, together with all increments and proceeds in fixed-income government securities like Treasury Bills or Notes, Agrarian Reform Bonds, Retail Treasury Bonds, BSP Special Deposit Account and other financial instruments duly guaranteed by the Republic of the Philippines; deposit arrangements/special deposit account with reputable banks including the Trustee's own commercial banking sector; and common or preferred shares of stocks, bonds or note issued by blue-chips private and government-owned corporations. Other investment outlets shall require prior written approval of the Trustor.
- To cause any asset acquired from the investment/reinvestment of the Fund to be held, registered and issued in its own name as Trustee or in the name of its nominee, provided, that the books and records of the Trustee shall at all times show that all such properties are part of the Fund. To pay all costs, fees, charges and such other expenses connected with the investments, administration, reservation and maintenance of the Fund and to charge the same to the Fund.
- In the management of the fund, the Trustee shall pay to the beneficiaries the benefits under the Plan upon written advice of the Trustor. To keep and maintain books of accounts and/or records of the management and operations of the Fund, which the Trustor or its authorized representative may inspect from time to time. At the end of every calendar quarter, to submit the financial reports, investment activity reports or such other reports as may be requested by the Trustor. The Trustee shall administer the funds held in trust with such degree of skill and care as a prudent man would exercise in the conduct of an enterprise of like character and with similar aims.
- For its services, the Trustee shall be entitled to a fee equivalent to 0.75 per cent per annum of the average total assets of the Fund, computed daily and collected at the end of each quarter. The Trustee is

hereby authorized to debit its fees from the Fund. The above fee is quoted with the understanding that the same may be reviewed at the request of either party and adjusted in a mutually satisfactory basis.

- Except for fraud, bad faith or gross negligence, the Trustee shall not be liable for any losses or depreciation in the value of the Fund resulting from investments or reinvestments thereof as authorized herein, or from the performance of any act in accordance with the provision of the Agreement. This Agreement shall not guarantee a yield, return of income on the investment/reinvestments of the Fund as the same can fall as well as rise depending on prevailing market conditions and is not covered by Philippine Deposit Insurance Corporation. Losses, if any, shall be for the account of the Trustor (pursuant to Section X409.1 of the Manual of Regulations for Banks-Part IV).
- The Agreement shall remain in full force and effect until the termination of the Plan unless sooner terminated by either party hereto by giving thirty days advance notice to the other.

28. EVENTS AFTER THE REPORTING PERIOD

On April 25, 2018, the Board approved the declaration of cash dividend to the National Government and Land Bank of the Philippines totaling P79,474,126 through its Resolution No. 2018-004-017.

On even date, the Board also approved additional appropriations of P183,350,000 for LIBI's various projects and reversal of appropriations in prior year totaling P38,200,000 through its Resolution No. 2018-004-018, details are as follows:

Particulars	Amount
<i>Appropriations</i>	
Appropriation for procurement of office space	150,000,000
Appropriation for additional retirement fund due to SSL implementation	20,000,000
Appropriation for Virtual Assistant (Chat Bot)	3,000,000
Appropriation for Document Management System	3,000,000
Appropriation for Career Program in Life/Non-life Insurance Data Analytics/Non-life Actuarial Science	3,000,000
Appropriation for directors' training on Good Governance	2,000,000
Appropriation for one vehicle for employees' service	1,600,000
Appropriation for replacement of carpets	500,000
Additional appropriation for structured cabling of data	250,000
	183,350,000
<i>Reversal of appropriations</i>	
Appropriation for Risk Modeling System	27,000,000
Appropriation for VRF air-conditioning system	8,000,000
Appropriation for 2 units Motor Vehicles	3,000,000
Appropriation for CCTV camera	200,000
	38,200,000

This in effect reduced the Retained Earnings-Unappropriated by P224,624,126.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

LIBI recognizes the importance of an effective financial risk management program and a Risk Management Manual was finalized and approved by the members of the Board in 2009.

The objective of the Manual is to serve as basis and reference for consistent risk management that is applicable to all employees of LBP Insurance Brokerage, Inc. (LIBI). It aims to create a culture of risk-awareness, not risk-aversion based on the prudential framework required by BSP circulars. It provides a general set of risk principles delegated to each business unit through its reporting and approval procedures.

An Audit and Risk Management Committee was created to be primarily responsible for the development and oversight of the risk management programs of LIBI which include oversight of management functions and approval of proposals regarding LIBI's policies, procedures and best practices relative to asset and liability management, credit, market and business operations risks ensuring that: (a) insurance requirements of its parent, Land Bank of the Philippines, and their lending units are passed on to LIBI; (b) system of limits remain effective; and (c) immediate corrective actions are taken whenever limits are breached or whenever necessary.

As part of identification risk, the following are classified as major risks that LIBI manages in the course of its business.

Market Risk

Market risk can be generally defined as risk of loss, immediate or over time, due to adverse, fluctuations in price or market value of instruments, products and transactions in LIBI's overall portfolio. Market risks are central focus of risk measurement methodologies and limits, as well as gauge by which LIBI can determine returns it will require for its activities.

Net premium volume produced during the year reached P611,503,931 representing an increase of P34,209,603 or 5.93 per cent compared to last year's P577,294,328 net premium volume. This was primarily due to the increase in premium in loan releases from LBP Agricultural Development Lending Sector (ADLS).

Net service fees from insurance brokering for the year of P112,574,064 is P17,613,961 or 18.55 per cent higher compared to last year's P94,960,103 net service fees (Note 19).

LIBI, as a subsidiary of LBP, has already captured LBP as market for its products and services. Nonetheless, LIBI continues to intensify its campaign to solicit more direct business from private corporations and other government entities.

Liquidity Risk

It is the risk that LIBI will be unable to make a timely payment of any of its financial obligations to customers or counterparties in any currency. Trading Liquidity risk refers to inability to unwind positions created from markets, exchanges and counterparties due to temporary or permanent factors.

Prudent liquidity risk management implies sufficient cash and cash equivalents and marketable securities. Insurance cash inflows from operations and readily marketable government securities investments provide the bulk of LIBI's liquidity buffer.

Interest Rate Risk

This is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. LIBI's fixed rate investments in held-to-maturity investments are exposed to such risk. Interest income derived from investments and savings deposits this year of P33,090,385 was higher by 21.82 per cent or equivalent to P5,927,054 compared to last year's interest income of P27,163,331.

It is the policy of LIBI to invest excess funds in government securities (GS) where the servicing and repayments are fully guaranteed by the government. The investment in GS may be placed with the LBP Treasury and Investment Banking Group or LBP Trust Banking Group.

LIBI's Investment Committee observes diversified GS portfolio, varied maturity spectrum and optimum yields in deciding the type and term of investment. When yields of GS are expected to go down, LIBI buys long-term GS in order to lock-in on high yielding GS. Conversely, when yields are expected to go up, it buys short-term GS to stay liquid and be able to switch to high yielding GS when rates start to pick up.

LIBI's principal financial instruments comprise of cash deposits, held-to-maturity investments consisting primarily of investment in government securities like Retail Treasury Bonds and DBP Tier-II (Note 8). These are not subjected to mark-to-market valuation but impairment testing is being done on HTM in RTBs.

Total investments at amortized cost as at December 31, 2017 is P964,882,758 which is 76.72 per cent of the LIBI's total assets of P1,257,713,034. Liquid assets of P128,598,801 are 0.613 times the current liabilities of P209,949,230.

The table below summarizes the Maturity Profile of the Corporation's Assets and Liabilities.

	Up to 3 mos.	3 to 6 mos.	6 mos. to 1 year	More than 1 year	TOTAL
ASSETS					
Cash and Cash equivalents	128,648,801	0	0	0	128,648,801
Receivables, net	58,815,977	15,737,042	7,084,050	44,748,015	126,385,084
Inventories	49,042	6,520	32,365	0	87,927
Financial Assets				964,882,758	964,882,758
Investment Property				998,315	998,315
Property and Equipment, net				23,147,319	23,147,319
Intangible Assets				2,132,634	2,132,634
Deferred Tax Assets				3,870,148	3,870,148
Other Assets	3,534,766	1,558,920	365,147	2,101,215	7,560,048
Total Assets	191,048,586	17,302,482	7,481,562	1,041,880,404	1,257,713,034
LIABILITIES					
Financial Liabilities	145,099,030	22,092,035	7,290,103	44,644,530	219,125,698
Inter-agency payables	5,867,439	0	0	0	5,867,439
Trust liabilities	18,091,284	3,354,513	3,449,750	5,009,640	29,905,187
Provisions	4,265,703	0	0	7,709,551	11,975,254

	Up to 3 mos.	3 to 6 mos.	6 mos. to 1 year	More than 1 year	TOTAL
Other payables	439,373	0	0	0	439,373
Total Liabilities	173,762,829	25,446,548	10,739,853	57,363,721	267,312,951
Asset-Liability Gap	17,285,757	(8,144,066)	(3,258,291)	984,516,683	990,400,083

Return on Equity (ROE) for CY 2017 is 7.94 per cent, while Return on Asset (ROA) is 6.16 per cent, higher by 0.38 per cent and 0.39 per cent compared to last year's ROE of 7.56 per cent and ROA of 5.77 per cent, respectively. Likewise, per capita income is P1.71 million, higher by P0.080 million or 4.91 per cent compared to the per capita income of P1.63 million last year.

Credit Risk

a. Direct Credit Risk is the risk that a customer or counterparty will be unable to pay obligations on time or in full as expected or previously contracted, subjecting LIBI to a financial loss. It lasts for the entire tenor and is set at full amount of a transaction. The possibility of non-collection of Accounts Receivable within one year is moderate due to intensified collection through faster sending of Statement of Accounts thru fax, email, mail and frequent follow-ups by phone. LIBI's collection rate of 91 per cent for the current year is one per cent higher than the 90 per cent collection rate last year.

b. The Management has negotiated with Land Bank of the Philippines for the advance payment of policies by the branches/lending units.

30. COMMITMENT

LIBI has renewed its Full Service and Maintenance Agreement (FSMA) with Fuji Xerox Philippines, Inc. for another term of 48 months that commenced on July 11, 2017 and shall expire on July 11, 2021. New and upgraded equipment had been installed to replace the old model. The renewed FSMA contains same terms and conditions as with the previous one.




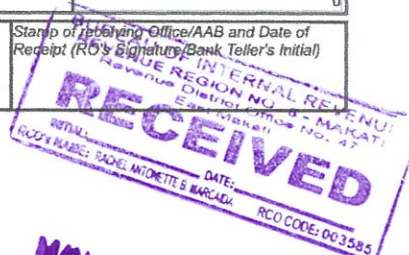
Reference No : 121800025446652
 Date Filed : May 30, 2018 01:09 AM
 Batch Number : 0

For BIR Use Only BCS/Item



1702-RT06/13P1

 Republika ng Pilipinas Kagawaran ng Pananalapi Kawanihan ng Rentas Internas		Annual Income Tax Return For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate <i>Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.</i>			BIR Form No. 1702-RT June 2013 Page 1	
1 For <input checked="" type="radio"/> Calendar <input type="radio"/> Fiscal 2 Year Ended (MM/20YY) 12 / 2017		3 Amended Return? <input type="radio"/> Yes <input checked="" type="radio"/> No 4 Short Period Return? <input type="radio"/> Yes <input checked="" type="radio"/> No		5 Alphanumeric Tax Code (ATC) IC055 Minimum Corporate Income Tax (MCIT) <input checked="" type="checkbox"/>		
Part I - Background Information						
6 Taxpayer Identification Number (TIN) 000 - 160 - 097 - 000				7 RDO Code 047		
8 Date of Incorporation/Organization (MM/DD/YYYY)						
9 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) LBP LAND BANK OF THE PHIL INSURANCE BROKERAGE INC						
10 Registered Address (Indicate complete registered address) 12/F SSHG LAW CENTRE 105 PASEO DE ROXAS LEGASPI VILLAGE MAKATI CITY CITY OF MAKATI						
11 Contact Number 8937224			12 Email Address s_palapal@yahoo.com			
13 Main Line of Business ACTIVITIES AUXILIARY TO INSURANCE AND PENSION FUNDING					14 PSIC Code 6820	
15 Method of Deductions <input checked="" type="radio"/> Itemized Deductions (Section 34 (A-J), NIRC) <input type="radio"/> Optional Standard Deduction (OSD) - 40% of Gross Income (Section 34(L), NIRC as amended by RA No. 9504)						
Part II - Total Tax Payable (Do NOT enter Centavos)						
16 Total Income Tax Due (Overpayment) (From Part IV Item 44)						19,563,011
17 Less: Total Tax Credits/Payments (From Part IV Item 45)						19,563,011
18 Net Tax Payable (Overpayment) (Item 16 Less Item 17) (From Part IV Item 46)						0
19 Add: Total Penalties (From Part IV Item 50)						0
20 TOTAL AMOUNT PAYABLE (Overpayment) (Sum of Item 18 and 19) (From Part IV Item 51)						0
21 If Overpayment, mark "X" one box only (Once the choice is made, the same is irrevocable) <input type="checkbox"/> To be refunded <input checked="" type="checkbox"/> To be issued a Tax Credit Certificate (TCC) <input type="checkbox"/> To be carried over as tax credit next year/quarter						
We declare under the penalties of perjury that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If Authorized Representative, attach authorization letter and indicate TIN)						
Signature over printed name of President/Principal Officer/Authorized Representative TOMAS T. DE LEON JR.			Signature over printed name of Treasurer/Assistant Treasurer CRISPINA CENTENO			
Title of Signatory			Number of pages filed		8	
22 <input checked="" type="radio"/> Community Tax Certificate (CTC) Number <input type="radio"/> SEC Reg No.		00205510		23 Date of Issue (MM/DD/YYYY)		01/16/2018
24 Place of Issue MAKATI CITY			25 Amount, if CTC		10,500	
Part III - Details of Payment						
Details of Payment		Drawee Bank/Agency		Number		Amount
25 Cash/Bank Debit Memo						0
27 Check						0
28 Tax Debit Memo						0
29 Others (Specify Below)						0
Machine Validation/Revenue Official Receipts Details (If not filed with an Authorized Agent Bank)				Stamp of Issuing Office/AAB and Date of Receipt (RO's Signature, Bank Teller's Initial)		



MAY 30 2018

Annual Income Tax Return Page 2		BIR Form No. 1702-RT June 2013		1702-RT06/13P2	
Taxpayer Identification Number (TIN)			Registered Name		
000	-160	-097	-000	LBP LAND BANK OF THE PHIL INSURANCE BROKERAGE INC	
Part IV - Computation of Tax (Do NOT enter Centavos)					
30 Net Sales/Revenues/Receipts/Fees (From Schedule 1 Item 6)				116,040,197	
31 Less: Cost of Sales/Services (From Schedule 2 Item 27)				0	
32 Gross Income from Operation (Item 30 Less Item 31)				116,040,197	
33 Add: Other Taxable Income Not Subjected to Final Tax (From Schedule 3 Item 4)				740,593	
34 Total Gross Income (Sum of Items 32 & 33)				116,780,790	
Less: Deductions Allowable under Existing Law					
35 Ordinary Allowable Itemized Deductions (From Schedule 4 Item 40)				51,570,753	
36 Special Allowable Itemized Deductions (From Schedule 5 Item 5)				0	
37 NOLCO (only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Schedule 6A Item 8D)				0	
38 Total Itemized Deductions (Sum of Items 35 to 37)				51,570,753	
OR [in case taxable under Sec 27(A) & 28(A)(1)]					
39 Optional Standard Deduction (40% of Item 34)				0	
40 Net Taxable Income (Item 34 Less Item 38 OR 39)				65,210,037	
41 Income Tax Rate				30.0%	
42 Income Tax Due other than MCIT (Item 40 x Item 41)				19,563,011	
43 Minimum Corporate Income Tax (MCIT) (2% of Gross Income in Item 34)				2,335,616	
44 Total Income Tax Due (Normal Income Tax in Item 42 or MCIT in Item 43, whichever is higher) (To part II Item 16)				19,563,011	
45 Less: Total Tax Credits/Payments (From Schedule 7 Item 12) (To Part II Item 17)				19,563,011	
46 Net Tax Payable (Overpayment) (Item 44 Less Item 45) (To Part II Item 18)				0	
Add Penalties					
47 Surcharge				0	
48 Interest				0	
49 Compromise				0	
50 Total Penalties (Sum of Items 47 to 49) (To part II Item 19)				0	
51 Total Amount Payable (Overpayment) (Sum Item 46 & 50) (To Part II Item 20)				0	
Part V - Tax Relief Availment (Do NOT enter Centavos)					
52 Special Allowable Itemized Deductions (30% of Item 36)				0	
53 Add: Special Tax Credits (From Schedule 7 Item 9)				0	
54 Total Tax Relief Availment (Sum of Items 52 & 53)				0	
Part VI - Information - External Auditor/Accredited Tax Agent					
55 Name of External Auditor/Accredited Tax Agent					
COMMISSION ON AUDIT					
				56 TIN	000 - 865 - 425 - 000
57 Name of Signing Partner (If External Auditor is a Partnership)					
				58 TIN	- - - -
59 BIR Accreditation No.			60 Issue Date (MM/DD/YYYY)		61 Expiry Date (MM/DD/YYYY)
00	-000000	-000	-0000	01/01/2018	01/01/2021

Annual Income Tax Return
Page 3 - Schedules 1 & 2

BIR Form No.
1702-RT
June 2013



1702-RT06/13P3

Taxpayer Identification Number (TIN)			Registered Name		
000	-160	-097	-000	LBP LAND BANK OF THE PHIL INSURANCE BROKERAGE INC	

Schedule 1 - Sales/Revenues/Receipts/Fees (Attach additional sheet/s, if necessary)

1 Sale of Goods/Properties	0
2 Sale of Services	115,230,197
3 Lease of Properties	810,000
4 Total (Sum of Items 1 to 3)	116,040,197
5 Less: Sales Returns, Allowances and Discounts	0
6 Net Sales/Revenues/Receipts/Fees (Item 4 Less Item 5) (To Part IV Item 30)	116,040,197

Schedule 2 - Cost of Sales (Attach additional sheet/s, if necessary)

Schedule 2A - Cost of Sales (For those Engaged in Trading)

1 Merchandise Inventory - Beginning	0
2 Add: Purchases of Merchandise	0
3 Total Goods Available for Sale (Sum of Items 1 & 2)	0
4 Less: Merchandise Inventory, Ending	0
5 Cost of Sales (Item 3 Less Item 4) (To Schedule 2 Item 27)	0

Schedule 2B - Cost of Sales (For those Engaged in Manufacturing)

6 Direct Materials, Beginning	0
7 Add: Purchases of Direct Materials	0
8 Materials Available for Use (Sum of Items 6 & 7)	0
9 Less: Direct Materials, Ending	0
10 Raw Materials Used (Item 8 Less Item 9)	0
11 Direct Labor	0
12 Manufacturing Overhead	0
13 Total Manufacturing Cost (Sum of Items 10, 11 & 12)	0
14 Add: Work in Process, Beginning	0
15 Less: Work in Process, Ending	0
16 Cost of Goods Manufactured (Sum of Items 13 & 14 Less Item 15)	0
17 Finished Goods, Beginning	0
18 Less: Finished Goods, Ending	0
19 Cost of Goods Manufactured and Sold (Sum of Items 16 & 17 Less Item 18) (To Sched. 2 Item 27)	0

Schedule 2C - Cost of Services

(For those Engaged in Services, indicate only those directly incurred or related to the gross revenue from rendition of services)

20 Direct Charges - Salaries, Wages and Benefits	0
21 Direct Charges - Materials, Supplies and Facilities	0
22 Direct Charges - Depreciation	0
23 Direct Charges - Rental	0
24 Direct Charges - Outside Services	0
25 Direct Charges - Others	0
26 Total Cost of Services (Sum of Items 20 to 25) (To Item 27)	0

27 Total Cost of Sales/Services (Sum of Items 5, 19 & 26, if applicable) (To Part IV Item 31)	0
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Annual Income Tax Return
Page 4 - Schedules 3 & 4

BIR Form No.
1702-RT
June 2013



1702-RT06/13P4

Taxpayer Identification Number (TIN)			Registered Name		
000	-160	-097	-000	LBP LAND BANK OF THE PHIL INSURANCE BROKERAGE INC	

Schedule 3 - Other Taxable Income Not Subjected to Final Tax (Attach additional sheet/s, if necessary)

1	GAIN ON FOREIGN EXCHANGE	158,596
2	MISCELLANEOUS INCOME	581,997
3		0
4	Total Other Taxable Income Not Subjected to Final Tax (Sum of Items 1 to 3) (To Part IV Item 33)	740,593

Schedule 4 - Ordinary Allowable Itemized Deductions (Attach additional sheet/s, if necessary)

1	Advertising and Promotions	29,010
Amortizations (Specify on Items 2, 3 & 4)		
2		0
3		0
4		0
5	Bad Debts	0
6	Charitable Contributions	403,613
7	Commissions	0
8	Communication, Light and Water	2,315,338
9	Depletion	0
10	Depreciation	2,774,220
11	Director's Fees	3,796,000
12	Fringe Benefits	13,700,554
13	Fuel and Oil	0
14	Insurance	186,675
15	Interest	0
16	Janitorial and Messangerial Services	29,747
17	Losses	42,797
18	Management and Consultancy Fee	0
19	Miscellaneous	1,078,342
20	Office Supplies	710,136
21	Other Services	840,573
22	Professional Fees	1,313,600
23	Rental	280,843
24	Repairs and Maintenance - (Labor or Labor & Materials)	209,217
25	Repairs and Maintenance - (Materials/Supplies)	52,847
26	Representation and Entertainment	1,548,726
27	Research and Development	0
28	Royalties	0
29	Salaries and Allowances	18,911,469

Annual Income Tax Return
Page 5 - Schedules 4, 5 & 6

BIR Form No.
1702-RT
June 2013



1702-RT06/13P5

Taxpayer Identification Number (TIN)				Registered Name	
000	-160	-097	-000	LBP LAND BANK OF THE PHIL INSURANCE BROKERAGE INC	

Schedule 4 - Ordinary Allowable Itemized Deductions (Continued from Previous Page)

30 Security Services	249,288
31 SSS, GSIS, Philhealth, HDMF and Other Contributions	720,430
32 Taxes and Licenses	1,366,560
33 Tolling Fees	0
34 Training and Seminars	173,160
35 Transportation and Travel	751,294
<i>Others (Specify below; Add additional sheet(s), if necessary)</i>	
36 OTHER FINANCIAL CHARGES	61,994
37 BANK CHARGES	24,320
38	0
39	0
40 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 39) (To Part IV Item 35)	51,570,753

Schedule 5 - Special Allowable Itemized Deductions (Attach additional sheet/s, if necessary)

	Description	Legal Basis	Amount
1			0
2			0
3			0
4			0
5 Total Special Allowable Itemized Deductions (Sum of Items 1 to 4) (To Part IV Item 36)			0

Schedule 6 - Computation of Net Operating Loss Carry Over (NOLCO)

1 Gross Income (From Part IV Item 34)	0
2 Less: Total Deductions Exclusive of NOLCO & Deduction Under Special Law	0
3 Net Operating Loss (To Schedule 6A)	0

Schedule 6A - Computation of Available Net Operating Loss Carry Over (NOLCO)

Net Operating Loss			B) NOLCO Applied Previous Year
Year Incurred	A) Amount		
4	0	0	0
5	0	0	0
6	0	0	0
7	0	0	0

Continuation of Schedule 6A (Item numbers continue from the table above)

	C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied)
4	0	0	0
5	0	0	0
6	0	0	0
7	0	0	0
8 Total NOLCO (Sum of Items 4D to 7D) (To Part IV Item 37)		0	

Annual Income Tax Return
Page 6 - Schedules 7, 8 & 9

BIR Form No.
1702-RT
June 2013



1702-RT06/13P6

Taxpayer Identification Number (TIN)				Registered Name			
000	-160	-097	-000	LBP LAND BANK OF THE PHIL INSURANCE BROKERAGE INC			

Schedule 7 - Tax Credits/Payments (attach proof) *(Attach additional sheet/s, if necessary)*

1	Prior Year's Excess Credits Other Than MCIT	352,590
2	Income Tax Payment under MCIT from Previous Quarter/s	0
3	Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	6,791,987
4	Excess MCIT Applied this Current Taxable Year <i>(From Schedule 8 Item 4F)</i>	0
5	Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	8,550,432
6	Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	3,629,223
7	Foreign Tax Credits, if applicable	0
8	Tax Paid in Return Previously Filed, if this is an Amended Return	238,779
9	Special Tax Credits <i>(To Part V Item 53)</i>	0
Other Credits/Payments <i>(Specify)</i>		
10		0
11		0
12	Total Tax Credits/Payments <i>(Sum of Items 1 to 11) (To Part IV Item 45)</i>	19,563,011

Schedule 8 - Computation of Minimum Corporate Income Tax (MCIT)

	Year	A) Normal Income Tax as Adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1		0	0	0
2		0	0	0
3		0	0	0

Continuation of Schedule 8 *(Line numbers continue from table above)*

	D) Excess MCIT Applied/Used for Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s
1	0	0	0	0
2	0	0	0	0
3	0	0	0	0
4	Total Excess MCIT <i>(Sum of Column for Items 1F to 3F) (To Schedule 7 Item 4)</i>			0

Schedule 9 - Reconciliation of Net Income per Books Against Taxable Income *(Attach additional sheet/s, if necessary)*

1	Net Income/(Loss) per books	95,844,702
Add: Non-deductible Expenses/Taxable Other Income		
2	IMPAIRMENT LOSS-LOANS AND RECEIVABLES	2,455,719
3		0
4	Total <i>(Sum of Items 1 to 3)</i>	98,300,421
Less: A) Non-taxable Income and Income Subjected to Final Tax		
5	INTEREST INCOME	33,090,384
6		0
B) Special Deductions		
7		0
8		0
9	Total <i>(Sum of Items 5 to 8)</i>	33,090,384
10	Net Taxable Income (Loss) <i>(Item 4 Less Item 9)</i>	65,210,037

Annual Income Tax Return Page 8 - Schedules 12 & 13		BIR Form No. 1702-RT June 2013	 1702-RT06/13P8
Taxpayer Identification Number (TIN)		Registered Name	
000 -160 -097 -000	LBP LAND BANK OF THE PHIL INSURANCE BROKERAGE INC		

Schedule 12 - Supplemental Information (Attach additional sheet/s, if necessary)

j) Gross Income/Receipts Subjected to Final Withholding	A) Exempt	B) Actual Amount/Fair Market Value/Net Capital Gains	C) Final Tax Withheld/Paid
1 Interests	0	42,688,632	8,537,726
2 Royalties	0	0	0
3 Dividends	0	0	0
4 Prizes and Winnings	0	0	0

ii) Sale/Exchange of Real properties	A) Sale/Exchange #1	B) Sale/Exchange #2
5 Description of Property (e.g. land, improvement, etc.)		
6 OCT/TCT/CCT/Tax Declaration No.		
7 Certificate Authorizing Registration (CAR) No		
8 Actual Amount/Fair Market Value/Net Capital Gains		
9 Final Tax Withheld/Paid		

iii) Sale/Exchange of Shares of Stock	A) Sale/Exchange #1	B) Sale/Exchange #2
10 Kind (PS/CS)/Stock Certificate Series No.		
11 Certificate Authorizing Registration (CAR) No.		
12 Number of Shares		
13 Date of Issue (MM/DD/YYYY)		
14 Actual Amount/Fair Market Value/Net Capital Gains		
15 Final Tax Withheld/Paid		

iv) Other Income (Specify)	A) Other Income #1	B) Other Income #2
16 Other Income Subject to Final Tax Under Sections 57(A)/127/others of the Tax Code, as amended (Specify)		
17 Actual Amount/Fair Market Value/Net Capital Gains		
18 Final Tax Withheld/Paid		

19 Total Final Tax Withheld Paid (Sum of Items 1C to 4C, 9A, 9B, 15A, 15B, 18A & 18B)	8,537,726
---	-----------

Schedule 13 - Gross Income/Receipts Exempt from Income Tax

1 Return of Premium (Actual Amount/Fair Market Value)	0
---	---

i) Personal/Real Properties Received thru Gifts, Bequests, and Devices	A) Personal/Real Properties #1	B) Personal/Real Properties #2
2 Description of Property (e.g. land, improvement, etc.)		
3 Modes of Transfer (e.g Donation)		
4 Certificate Authorizing Registration (CAR) No.		
5 Actual Amount/Fair Market Value		

ii) Other Exempt Income/Receipts	A) Other Exempt Income #1	B) Other Exempt Income #2
6 Other Exempt Income/Receipts Under Sec. 32 (B) of the Tax Code, as amended (Specify)		
7 Actual Amount/Fair Market Value/Net Capital Gains		

8 Total Income Receipts Exempt From Income Tax (Sum of Items 1, 5A, 5B, 7A & 7B)	0
--	---

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 000-160-097-000
Name	: LBP LAND BANK OF THE PHIL INSURANCE BROKERAGE INC
RDO	: 047
Form Type	: 1702
Reference No.	: 121800025446652
Amount Payable (Over Remittance)	: 0.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2017
Date Filed	: 05/30/2018
Tax Type	: IT

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Subject: eSubmission Validation Report

From: esubmission@bir.gov.ph

To: s_palapal@yahoo.com

Date: Wednesday, 30 May 2018, 8:39:06 AM GMT+8

ACKNOWLEDGEMENT RECEIPT NUMBER: 20180530-H505468

This is to confirm receipt of the file(s) as stated below:

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Date of Submission: 05/30/18 1:59:27 AM

Filename(s):

- 1. Attachment : 00016009700001020171702Q.ZIP
 - A. 00016009700001020171702Q.DAT - VALID
CONFIRMATION RECEIPT NUMBER - 2018-0000921656
- 2. Attachment : 00016009700001120171702Q.ZIP
 - A. 00016009700001120171702Q.DAT - VALID
CONFIRMATION RECEIPT NUMBER - 2018-0000921657
- 3. Attachment : 00016009700001220171702Q.ZIP
 - A. 00016009700001220171702Q.DAT - VALID
CONFIRMATION RECEIPT NUMBER - 2018-0000921658

VALIDATION REPORT:

- 1. Attachment : 00016009700001020171702Q.ZIP
 - A. Attachment (zipped): 00016009700001020171702Q.DAT
TIN of Withholding Agent TIN: 000160097-0000
Alphalist Form : 1702Q
Taxable Month : 10/2017

LINE NUM	SCHEDULE	ERROR DESCRIPTION
0000000000		No Errors Encountered

- 2. Attachment : 00016009700001120171702Q.ZIP
 - A. Attachment (zipped): 00016009700001120171702Q.DAT
TIN of Withholding Agent TIN: 000160097-0000
Alphalist Form : 1702Q
Taxable Month : 11/2017

LINE NUM	SCHEDULE	ERROR DESCRIPTION
0000000000		No Errors Encountered

- 3. Attachment : 00016009700001220171702Q.ZIP
 - A. Attachment (zipped): 00016009700001220171702Q.DAT

Alphalist Form : 1702Q
Taxable Month : 12/2017

LINE NUM	SCHEDULE	ERROR DESCRIPTION
0000000000		No Errors Encountered

Thank You.

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