

16 October 2026

ATTY. SUZY CLAIRE R. SELLEZA

The Head, Issuer Compliance Disclosure Department
Philippine Dealing & Exchange Corp.
29/F, BDO Equitable Tower
8751 Paseo De Roxas, Makati City

Subject: **Bilyonaryo and Bankero News Articles**

Dear Atty. Selleza:

This refers to five (5) news articles¹ recently published online by news outlets **Bilyonaryo** and **Bankero**, which were referenced from the Observations and Recommendations of the Commission on Audit (COA) contained in its Annual Audit Report (AAR) for the years ended December 31, 2025 and 2024, posted on the website of Land Bank of the Philippines (LANDBANK).

We emphasize that LANDBANK has consistently received an **unmodified opinion** for its audited financial statements, including for the year 2025. LANDBANK continues to work constructively with COA to address audit observations and strengthen its systems and controls.

Reflecting its commitment to strong governance and accountability, LANDBANK was among the top awardees at the 2025 GCG Awards and has been the National Government's top dividend-contributing GOCC for three consecutive years, remitting ₱32.12 billion in 2024, ₱33.53 billion in 2025, and ₱32.35 billion in 2026.

LANDBANK remains fully supportive of transparency and accountability. We believe, however, that public discourse is best served by reporting and presenting issues with accuracy and fairness.

We would like to provide the following clarifications and context on the matters raised. The COA AAR cited in the articles presents not only the audit observations but also LANDBANK's corresponding explanations, responses, and corrective actions.

1. Personnel expenses reflect authorized compensation and retirement costs

LANDBANK's salaries, incentives, allowances, and benefits are governed by the Compensation and Position Classification System (CPCS), approved by the Governance Commission for GOCCs (GCG). The CPCS standardizes compensation across covered government corporations based on factors including position responsibilities and qualifications, GOCC performance, and contribution to the national economy. LANDBANK is classified in the top category under the CPCS compensation scale.

The reported ₱7.1-billion increase in personnel expenses represents authorized compensation adjustments and other benefits of over 12,000 employees, including retirement obligations.

2. MRT-3 investment remains subject to valuation

LANDBANK's ₱1.24-billion MRT-3 preferred shares remain classified as Fair Value Through Profit or Loss (FVTPL), consistent with the definition of asset under PFRS 9 (Philippine Financial Reporting Standards). The fair market value has yet to be determined and will be completed in accordance with applicable valuation methodologies. This remains subject to LANDBANK's exhaustive efforts to obtain responses and additional information from external parties to support and substantiate the valuation process.

3. Dormant accounts are fully accounted for

LANDBANK continues to strengthen its systems through digitalization and technology transformation initiatives. The ₱244.86 million cited by COA was not reported as missing, lost, or improperly withdrawn, but relates to dormant or unclaimed balances that remained classified as deposit liabilities. LANDBANK has already implemented a system enhancement to address the observation.

4. Contractor credit facility

COA's observation on the contractor's increased credit line focused on the timing and documentation of contract validation under the former BUILDERS Program. The facility was processed under applicable LANDBANK policies and guidelines, and in collaboration with COA, we have enhanced relevant policies and procedures and implemented additional safeguards for credit evaluation, documentation, and monitoring under its NEXTBUILD Lending Program.

5. Expanded Rice Credit Assistance – Rice Competitiveness Enhancement Fund (ERCA-RCEF) transaction

The arrangement was temporarily adopted in 2021 amid COVID-19 restrictions and logistical constraints, with Special Powers of Attorney (SPAs) executed by the farmers. The farmers remained individually accountable for their loans. LANDBANK considers this an isolated case and has strengthened controls on loan releases, documentation, validation, and program deviations.

In view of the foregoing, LANDBANK respectfully submits that the COA AAR, viewed in full context, provides a complete perspective on the matters raised, including LANDBANK's explanations and corrective actions.

Sensationalized headlines and unsupported inferences create misleading narratives that undermine institutional credibility and overshadow the strong governance, accountability, and public service that LANDBANK continues to uphold and value.

We trust that the foregoing sufficiently clarifies the matters raised.

Thank you.

Sincerely,



Digitally signed by
Cesar S. Cabañes
Date: 2026.10.16
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ATTY. CESAR S. CABAÑES
Corporate Information Officer

1. *BANKERO : Bawas tao, payroll paldo! Lynette Ortiz-led LandBank compensation surges P7.1B to P27.4B; management benefits hit P567M*
2. *BILYONARYO Business : Parang DBP, ampaw din! COA flags Lynette Ortiz-led LandBank's P1.24B MRT-3 shares as potentially worthless, citing Bank of New York lawyer*
3. *BANKERO : May Al na, mano-mano pa rin! Lynette Ortiz's LandBank can't shake basic reporting problem on 7,272 dormant accounts with P245M*
4. *BILYONARYO Business : Listahan lang, may P100 M na! Ortiz-led LandBank triples lucky contractor's credit line without validated DPWH, NIA contracts*
5. *BANKERO : Supplier na, fund manager at buyer pa! Ortiz-led LandBank deposited P18.45M in loans for 123 farmers into seed vendor's account*