



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Ave. Quezon City

ANNUAL AUDIT REPORT

on the

OVERSEAS FILIPINO BANK, INC.
(A Savings Bank of Landbank)

For the years ended December 31, 2020 and 2019

EXECUTIVE SUMMARY

INTRODUCTION

Overseas Filipino Bank, Inc. (OFB), A Savings Bank of LANDBANK, formerly known as Philippine Postal Savings Bank, Inc. (PPSBI) is a subsidiary of the Land Bank of the Philippines (LBP). On September 26, 2017, President Rodrigo Duterte issued Executive Order No. 44, which mandates the Philippine Postal Corporation and the Bureau of Treasury to transfer their PPSBI shares to Landbank at zero value. The EO further stated that PPSBI will be converted into the Overseas Filipino Bank.

On January 5, 2018, the PPSBI registered with the Securities and Exchange Commission the Amended Articles of Incorporation bearing the new corporate name. The Bangko Sentral ng Pilipinas through its Circular Letter No. CL-2018-007 dated January 18, 2018 approved the change of corporate name of the PPSBI to "Overseas Filipino Bank, Inc., a Savings Bank of LANDBANK".

As stated in its Vision, OFB is a Digital Bank servicing Overseas Filipinos and their Beneficiaries through state-of-the-art Electronic Banking Channels such as Mobile Phone, ATM and Internet which are more convenient, faster (real-time), cheaper and secure, eliminating the need for over-the-counter services.

As of December 31, 2020, the Bank had 7 organic employees and 7 seconded employees from the parent bank. Its principal place of business is at Liwasang Bonifacio, Intramuros, Manila.

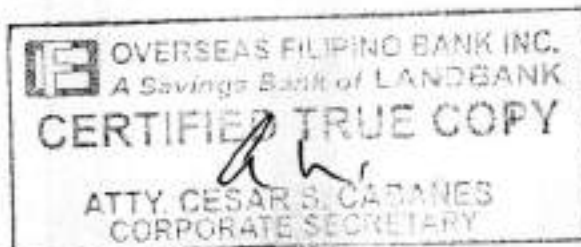
SCOPE AND OBJECTIVES OF AUDIT

The audit covered the examination, on a test basis, of transactions and accounts of OFB for the period January 1 to December 31, 2020 in accordance with the International Standards of Supreme Audit Institutions to enable us to express an opinion on the fairness of presentation of the financial statements for the years ended December 31, 2020 and 2019. Also, we conducted our audit to assess compliance with pertinent laws, rules and regulations, as well as adherence to prescribed policies and procedures.

FINANCIAL HIGHLIGHTS (In Philippine Peso)

I. Comparative Financial Position

Particulars	2020	2019 (As restated)	Decrease
Assets	3,670,802,327	5,326,100,538	(1,655,297,911)
Liabilities	2,784,460,321	4,316,549,046	(1,532,088,125)
Equity	886,341,706	1,009,551,492	(123,209,786)



II. Comparative Results of Operations

Particulars	2020	2019 (As restated)	Increase/ (Decrease)
Income	137,531,943	282,092,036	(144,560,093)
Personal services	9,365,840	90,982,140	(81,616,300)
Maintenance and other operating expenses	214,613,660	666,645,341	(452,031,681)
Financial expenses	39,978,801	131,107,126	(91,128,325)
Total expenses	263,958,301	888,734,607	(624,776,306)
Net income (loss)	(126,426,358)	(606,642,571)	480,216,213
Other comprehensive income(loss)	3,216,572	99,958,723	(96,742,151)
Total comprehensive income	(123,209,786)	(506,683,848)	383,474,062

III. Comparative Budget and Actual Expenditures

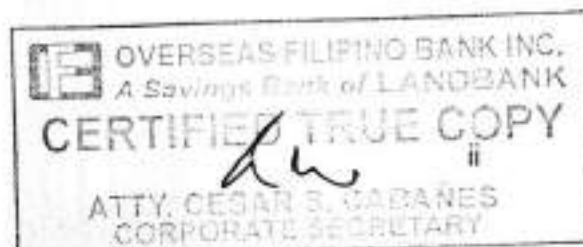
	2020		2019	
	Approved Budget	Expenditures	Approved Budget	Expenditures
Personal services	12,780,000	9,365,840	115,770,000	91,418,309
Maintenance & other operating expenses	224,270,000	214,613,660	994,390,000	661,131,687
Financial expenses	43,890,000	39,978,801	480,320,000	131,120,136
Capital outlay	20,000,000	145,960	3,523,500	3,277,263
Total	300,940,000	264,104,261	1,594,003,500	886,947,395

INDEPENDENT AUDITOR'S OPINION

The Auditor rendered a qualified opinion on the fairness of presentation of the financial statements because the balances of Accrued Expense Payable (AEP) and Accounts Payable (AP) amounting to P174.106 million and P41.983 million, respectively, or an aggregated of P216.089 million as at December 31, 2020, included payables to LBP of P193.172 million which did not reconcile with the corresponding amount of receivables recognized in LBP's books showing a total variance of P121.284 million. Further out of the total recognized payables to LBP of P193.172 million, the amount of P121.314 million payables were not supported with complete documents. Hence, the faithful representation of the balances of AEP and AP as at December 31, 2020, were not established.

SIGNIFICANT AUDIT OBSERVATIONS AND RECOMMENDATIONS

For the above audit observations which caused the issuance of a qualified opinion, we recommended that Management:



- a. Identify the nature of transactions composing the variance in the payable accounts in order to reconcile the discrepancy of P121.284 million between OFB and LBP books as at December 31, 2020;
- b. Support the recognized liabilities to LBP amounting to P121.314 million with complete documents to establish the validity of the recognized obligation; and
- c. Accordingly, prepare the necessary adjusting entries to faithfully represent balances of the AEP and AP accounts as at December 31, 2020.

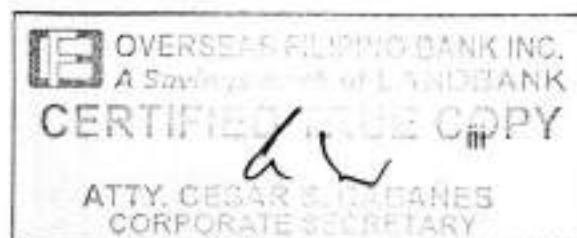
The following are the other significant audit observations and recommendations:

1. The faithful representation of Furniture, Fixture and Equipment (FFE) account totaling P141.968 million with Accumulated Depreciation of P135.461 million as at December 31, 2020 was not ascertained due to: a) physical count or an alternative procedure to establish the existence of assets was not conducted; b) the impairment of properties was not supported by a formal estimate of recoverable amount; and c) incomplete supporting documents and erroneous accounting entries on derecognition of properties, contrary to the Bank's accounting policy, COA Circular No. 2020-06 dated January 31, 2020 and COA Circular No. 80-124 dated January 18, 1980.

We recommended and Management agreed to:

- a. Conduct physical count or perform an alternative procedure to establish the existence and full accountability of all FFE;
- b. Support the computed impairment of FFE with a formal estimate of their recoverable amounts;
- c. Support the derecognition of FFE totaling P12.249 million with complete documents to establish the propriety of recorded amounts;
- d. Identify FFEs that are already unserviceable or serviceable but no longer in use and accordingly dispose pursuant to Section 79 of PD 1445 and COA Circular No. 89-296; and
- e. Prepare the necessary adjusting entries to correct the balance of the FFE account in the financial statements as at December 31, 2020.

2. Balances of Deposit Liabilities and Other Credits-Unclaimed Balances accounts amounting to P2.557 billion and P3.369 million, respectively, as at December 31, 2020 were not established due to: (a) incomplete/incorrect information classifying dormant deposit accounts transferred to LBP deposit system; and (b) dormant deposits for the preceding 10 years which were not reclassified to Other Credits-Unclaimed Balances account, contrary to BSP Financial Reporting Package and paragraph 2.13 of the Conceptual Framework for Financial Reporting.



We recommended and Management agreed to:

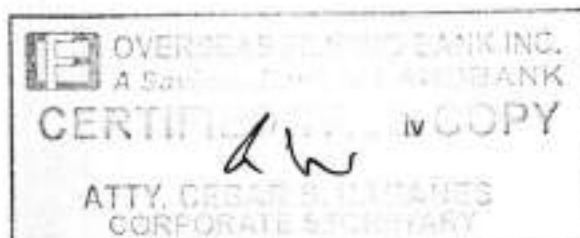
- a. Determine the correct last activity dates of all deposit accounts transferred from OFB deposit system to LBP deposit system; and
- b. Reclassify all dormant deposit accounts without activities for the preceding 10 years, to Other Credits-Unclaimed Balances.

SUMMARY OF AUDIT SUSPENSIONS, DISALLOWANCES AND CHARGES

Total disallowances amounted to P30.807 million as at December 31, 2020. There were no outstanding audit suspensions and charges as at year end.

STATUS OF IMPLEMENTATION OF PRIOR YEARS' AUDIT RECOMMENDATIONS

Out of the 16 audit recommendations embodied in the prior years' Annual Audit Reports, 10 were fully implemented, five were partially implemented and one was not implemented. Two out of the not implemented/partially implemented recommendations are reiterated in Part II of this Report.



PART I

AUDITED FINANCIAL STATEMENTS

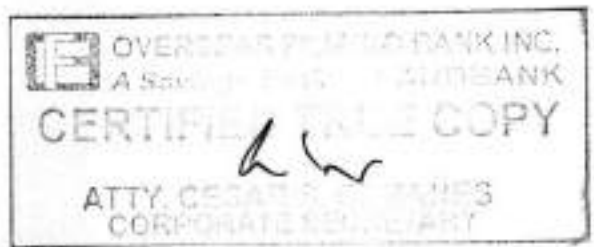


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Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines
Corporate Government Sector
Cluster 1 – Banking and Credit

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Overseas Filipino Bank, Inc.
Liwasang Bonifacio, Manila

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Overseas Filipino Bank, Inc. (OFB)**, which comprise the statements of financial position as at December 31, 2020 and 2019, 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.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section, the financial statements present fairly, in all material respects, the financial position of the OFB as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with applicable Philippine Financial Reporting Standards (PFRSs).

Basis for Qualified Opinion

As at December 31, 2020, OFB recognized Accrued Expense Payable and Accounts Payable amounting to P174.106 million and P41.983 million, respectively, or an aggregate of P216.089 million which included payables to its parent bank, LBP, of P193.172 million. The recognized payables did not reconcile with the corresponding amount of receivables recognized in LBP's books showing a total variance of P121.284 million. Out of the total recognized payables to its parent bank, the amount of P121.314 million payables were also not supported with complete documents. Due to the non-reconciliation of variances with the balances of the parent bank, and the absence of documents to support the validity of the recognized obligation to LBP, we were unable to determine whether any adjustments were necessary in respect of the Bank's payables as at reporting date. As such, we were not able to obtain sufficient appropriate evidence to establish the payables to LBP that should have been recognized as at December 31, 2020, nor we were able to satisfy ourselves by other audit procedures performed.

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the OFB in accordance with the Revised Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees together with the

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ATTY. CESAR MADANES
CORPORATE SECRETARY

ethical requirements that are relevant to our audit of the financial statements in the Philippines, 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 PFRSs, 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.

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

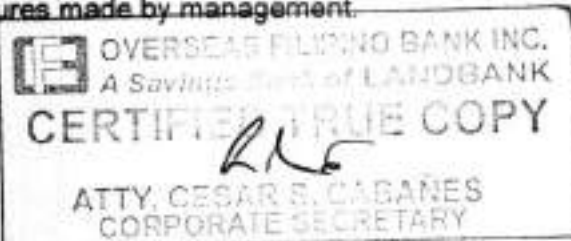
Those charges with governance are responsible for overseeing the OFB's financial reporting process.

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 ISSAIs 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 ISSAIs, we exercise professional judgement 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 OFB's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimate and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the OFB to cease to continue as a going concern.

- 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.

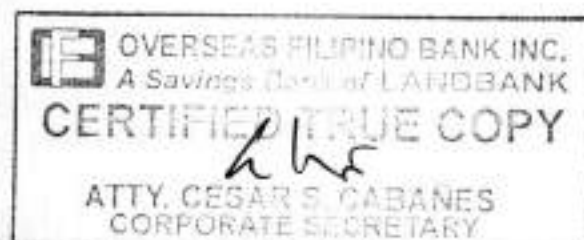
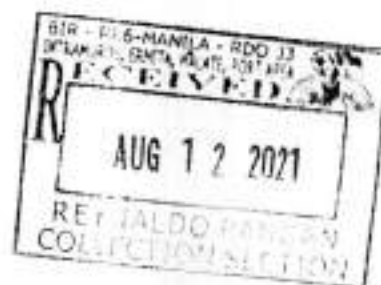
Report on Other Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under the Revenue Regulations 15-2010 in Note 25 and the Bangko Sentral ng Pilipinas Circular No. 1074 in Note 29 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and complying with the Bangko Sentral ng Pilipinas respectively, and is not a required part of the basic 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

June 25, 2021



June 25, 2021

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

The management of OVERSEAS FILIPINO BANK, INC., A Savings Bank of LANDBANK (OFBI), formerly PHILIPPINE POSTAL SAVINGS BANK, INC. (PPSBI), is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing OFB's financial reporting processes.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein and submits the same to the Stockholders, regulators, creditors and other users.

The Commission on Audit (COA), has audited the financial statements of OFB in accordance with International Standards of Supreme Audit Institutions (ISSAI), and in its report to the Board of Directors, has expressed its opinion on the fairness of presentation upon completion of such audit.



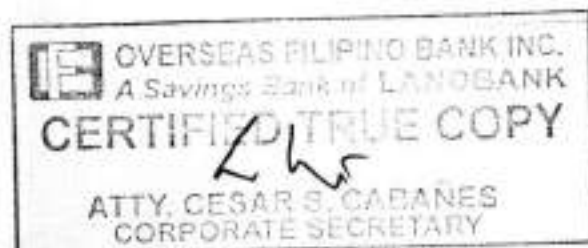
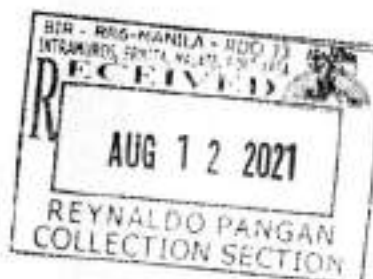
CECILIA C. BORROMELO
Chairman of the Board



LEILA C. MARTIN
President and Chief Executive Officer



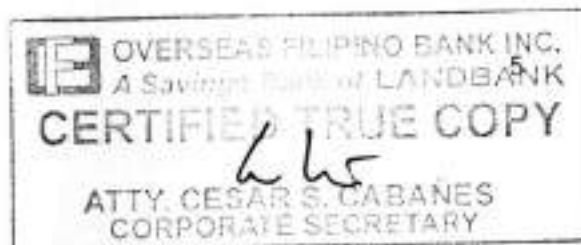
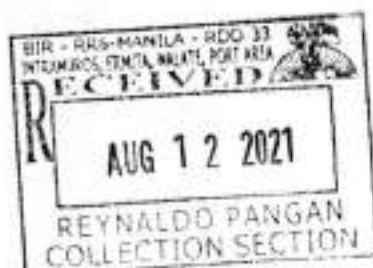
PATRICIA P. MADRIO
Head, Financial Management Unit



OVERSEAS FILIPINO BANK, INC.
(A SAVINGS BANK OF LANDBANK)
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019
(In Philippine Peso)

	Note	2020	2019 As restated
ASSETS			
Cash and cash equivalents	8	3,344,013,164	2,143,055,387
Fair value thru other comprehensive income	8	51,506,986	48,087,121
Loans and receivables - net	10, 20	2,357,110	2,417,751,975
Sales contract receivable	11	0	18,159,959
Property and equipment - net	12, 20	180,283,326	186,287,592
Non-current assets held for sale	13	0	354,463,717
Other Intangible Assets - net	14	8,555,680	7,055,534
Other assets - net	15	106,086,361	171,259,273
TOTAL ASSETS		3,670,802,627	5,326,100,538
LIABILITIES AND EQUITY			
Liabilities			
Deposit liabilities	16	2,556,674,267	3,963,516,287
Manager's/Cashier's checks		141,859	3,403,770
Accrued expenses	17, 20	174,106,380	257,681,833
Other liabilities	18, 20	53,538,415	91,947,156
Total Liabilities		2,784,460,921	4,316,549,046
Equity			
Capital stock	19	1,000,000,000	1,000,000,000
Deposit for stock subscription	19	1,272,008,000	1,272,008,000
Retained earnings deficit	20	(1,386,969,987)	(1,260,543,629)
Other comprehensive income (loss)	21	1,303,693	(1,912,879)
Total Equity		886,341,706	1,009,551,492
TOTAL LIABILITIES AND EQUITY		3,670,802,627	5,326,100,538

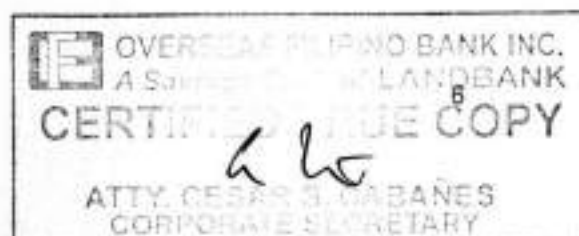
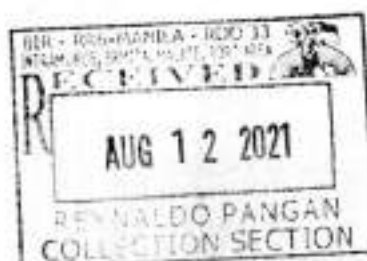
The Notes on pages 9 to 40 form part of these financial statements.



OVERSEAS FILIPINO BANK, INC.
(A SAVINGS BANK OF LANDBANK)
STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2020 and 2019
(In Philippine Peso)

	Note	2020	2019 As restated
INTEREST INCOME			
Loans & discounts		70,162,739	114,189,245
Investments		1,096,667	12,774,824
Loans and receivables arising from RA/CA/PR/SLB		12,965,416	24,795,929
Due from Bangko Sentral ng Pilipinas		51,928,922	52,658,325
Deposits with banks		47,913	25,603,842
Sales contract receivable		0	1,204,166
Others		0	474
		136,201,657	231,226,805
INTEREST EXPENSE			
Deposit liabilities		39,978,801	131,107,126
NET INTEREST INCOME		96,222,856	100,119,679
Provision for credit losses		0	13,010
NET INTEREST INCOME AFTER PROVISION FOR LOSSES		96,222,856	100,106,669
OTHER OPERATING INCOME			
Fees and commission		1,031,288	6,361,570
Foreign exchange gains from revaluation		1,043	(92,931)
Miscellaneous income	22	297,975	44,598,592
		1,330,286	50,865,231
OTHER OPERATING EXPENSES			
Compensation and fringe benefits	20.23	9,365,840	90,982,140
Provision for probable losses	20	50,313,850	360,410,668
Depreciation and amortization	20.23	7,201,626	31,200,669
Rent	20	3,668,651	16,819,478
Taxes and licenses		5,334,611	11,347,872
Miscellaneous expenses	20.24	148,094,922	246,853,644
		223,979,500	757,614,471
NET LOSS BEFORE TAX		(126,426,358)	(606,642,571)
PROVISION FOR INCOME TAX		0	0
NET LOSS FOR THE PERIOD		(126,426,358)	(606,642,571)
OTHER COMPREHENSIVE GAIN/ (LOSS)	21	3,216,572	99,958,723
TOTAL COMPREHENSIVE LOSS		(123,209,786)	(506,683,848)

The Notes on pages 9 to 40 form part of these financial statements.



OVERSEAS FILIPINO BANK, INC.
(A SAVING BANK OF LANDBANK)
STATEMENTS OF CHANGES IN EQUITY
December 31, 2020 and 2019
(In Philippine Peso)

	Capital Stock	Deposit for Stock Subscription	Other Comprehensive Income (Loss)	Retained Earnings Deficit	Total Equity
	Note 19		Note 21	Note 20	
Balance as of January 1, 2019, before restatement	1,000,000,000	0	(101,871,602)	(726,806,000)	171,322,398
Net prior period adjustments		0	(101,871,602)	(653,901,058)	244,227,340
Balance as of January 1, 2019, as restated	1,000,000,000	0	(101,871,602)	(653,901,058)	1,272,008,000
Deposit for Stock Subscription		1,272,008,000			99,958,723
Other Comprehensive Income			99,958,723		(606,642,571)
Net loss for CY 2019, as restated			(1,912,879)	(1,260,543,629)	1,009,661,492
Balance as of December 31, 2019, as restated	1,000,000,000	1,272,008,000	(1,912,879)	(1,260,543,629)	3,216,572
Other Comprehensive Income			3,216,572		(126,426,358)
Net loss for CY 2020				(126,426,358)	(126,426,358)
Balance as of December 31, 2020	1,000,000,000	1,272,008,000	1,303,693	(1,386,969,987)	886,341,706

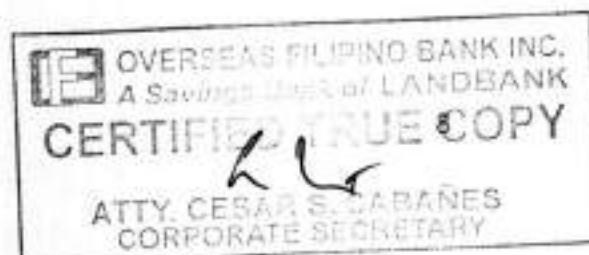
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CORPORATE SECRETARY

OVERSEAS FILIPINO BANK, INC.
(A SAVINGS BANK OF LANDBANK)
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2020 and 2019
(In Philippine Pesos)

	Note	2020	2019 As restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		83,547,010	252,341,181
Interest paid		(49,191,498)	(132,353,739)
Fees and Commissions		1,277,526	38,510,382
Loss on financial assets and liabilities at fair value thru profit or loss		0	(28,664,704)
Miscellaneous Income		51,717	12,447,801
General and Administrative Expenses		(290,571,867)	(376,067,008)
Operating loss before changes in operating assets and liabilities		(254,887,112)	(233,786,107)
Changes in operating assets and liabilities			
(Increase) / Decrease in operating assets:			
Fair value thru profit or loss		0	44,660,866
Loans and Receivables		2,433,304,633	634,357,315
Other Resources		44,605,561	36,553,672
Increase / (Decrease) in operating liabilities:			
Deposit Liabilities		(1,406,842,020)	(4,352,726,729)
Treasurer's, Manager's and Cashier's Checks		(3,261,911)	(14,218,455)
Other Liabilities		33,923,139	(32,330,978)
Net Cash Provided by/ (Used in) Operating Activities		846,842,290	(3,917,490,415)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	12	(145,960)	(3,601,390)
Additions to Investment Property		0	(20,035,381)
Disposal of Non-Current Assets Held for Sale	13	354,463,717	11,225,614
Decrease in Fair value thru other comprehensive income		0	528,759,125
Net Cash Provided by Investing activities		354,317,757	516,347,969
CASH FLOWS FROM FINANCING ACTIVITIES			
Deposit for Stock Subscription	19	0	1,272,008,000
Net Cash Provided by Financing Activities		0	1,272,008,000
EFFECTS OF EXCHANGE RATE CHANGES ON CASH & CASH EQUIVALENTS		(202,250)	(92,931)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,200,957,797	(2,129,227,378)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD			
	5	2,143,055,367	4,272,282,745
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD			
	5	3,344,013,164	2,143,055,367

The Notes on pages 9 to 40 form part of these financial statements.



OVERSEAS FILIPINO BANK, INC.
(A Savings Bank of LANDBANK)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

(All amounts in Philippine Peso unless otherwise stated)

1. Corporate Information

Overseas Filipino Bank, Inc., a Savings Bank of LANDBANK (OFB or the Bank) formerly known as Philippine Postal Savings Bank, Inc. (PPSBI) is a subsidiary of the Land Bank of the Philippines (LBP or the Parent Bank or LANDBANK) acquired by the latter at zero value as stated on Executive Order no. 44 dated September 26, 2017.

The PPSBI is a subsidiary of the Philippine Postal Corporation (PPC) re-established and re-opened by virtue of PPC Board Resolution No. 94-34 dated February 24, 1994 in fulfillment of the intents and purposes of Republic Act No. 7354, otherwise known as Postal Services Act of 1992, which was enacted by the Congress on April 03, 1992. The re-establishment of PPSBI was finally approved under the Bangko Sentral ng Pilipinas Board Resolution No. 267 dated March 18, 1994. The PPSBI was incorporated on June 22, 1994 and started operations as a savings and mortgage bank on July 21, 1994. The PPSBI shall mobilize savings and promote entrepreneurship to widen economic opportunities and to provide the Filipino people with a full range of professional banking and financial resources accessible in all areas of the country, and shall promote the values of thrift, industry and prudence especially in the youth.

In December 2016, the National Government directed the LBP to initiate the acquisition of PPSBI as its subsidiary, with the plan of eventually converting it to a bank for Overseas Filipino Workers.

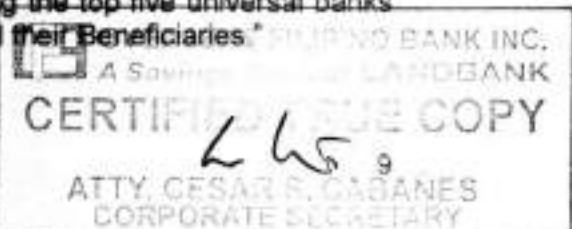
On September 26, 2017, President Rodrigo Duterte issued Executive Order No. 44, which mandates the PPC and the Bureau of Treasury (BTR) to transfer their PPSBI shares to LBP at zero value.

On January 5, 2018, the PPSBI registered with the Securities and Exchange Commission the Amended Articles of Incorporation bearing the new corporate name.

The Bangko Sentral ng Pilipinas through its Circular Letter no. CL-2018-007 dated January 18, 2018, approved the change of corporate name of the PPSBI to "Overseas Filipino Bank, Inc., a Savings Bank of LANDBANK".

On March 2018, the BTR and PPC transferred and conveyed to LBP the 3,802,428 and 2,999,998 common shares respectively at P100 per share.

As stated in its Vision/Mission: "OFB is a Digital Bank servicing Overseas Filipinos and their Beneficiaries through state-of-the-art Electronic Banking Channels such as Mobile Phone, Automate Teller Machine and Internet which are more convenient, faster (real-time), cheaper and secure, eliminating the need for over-the-counter services. By 2023, LANDBANK through OFB will be the market leader among the top five universal banks in terms of online transactions from Overseas Filipinos and their Beneficiaries."



Its principal place of business is at Liwasang Bonifacio, Intramuros, Manila.

As of December 31, 2020, the Bank had seven organic employees and seven seconded employees from the Parent Bank.

The accompanying comparative financial statements were authorized for issue by the Board of Directors per Secretary's Certificate issued on June 25, 2021.

2. Statement of Compliance and Basis of Financial Statements Preparation

2.1 Statement of Compliance

The Bank's financial statements have been prepared in accordance with the applicable accounting principles generally accepted in the Philippines and as set forth in the Philippine Financial Reporting Standards/Philippine Accounting Standards (PFRSs/PASs).

2.2 Basis of Financial Statements Preparation

The financial statements have been prepared on historical cost basis unless otherwise stated.

Fair Value through Other Comprehensive Income (FVOCI), Fair Value through Profit or Loss (FVTPL), and Non-Current Asset Held for Sale (NCAHS) are measured at fair value while Loans and Receivables are measured at amortized cost.

The accompanying financial statements include the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The financial statements prepared for these units are combined after eliminating inter-unit accounts. The functional currency of RBU and FCDU is Philippine Peso and United States Dollar (USD), respectively. For financial reporting purposes, FDCU accounts and foreign currency-denominated assets and liabilities in the RBU are translated in Philippine Peso based on the Bankers Association of the Philippines (BAP) closing rate prevailing at the end the year.

The preparation of financial statement requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies.

The accounting policies adopted are consistent with those of the previous year.

The financial statements are presented in Philippine Peso and all values are rounded to the nearest peso except when otherwise indicated.

